



SOLDO LTD

**Annual Report and Financial Statements
For the financial year ended 31 December 2019**

Registration no. 09233754

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Grant Thornton SOLDO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2019

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Grant Thornton SOLDO LTD

DIRECTORS AND COMPANY INFORMATION

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company number 09233754

The board of directors

Carlo Corrado Gualandri	
Roberto Bonanzinga	(Resigned 9 July 2019)
Andrea Gerosa	(Resigned 14 February 2020)
Paolo Mazzoni	(Resigned 9 July 2019)
Sonali De Rycker	(Resigned 9 July 2019)
Luigi Berlusconi	(Resigned 9 July 2019)
Dynshaw Italia	(Appointed 1 April 2020)

Registered office 119 Marylebone Road
C/O Wework London
NW1 5PU

Auditor Grant Thornton
Chartered Accountants & Statutory Auditors
13-18 City Quay
Dublin 2

Bankers HSBC UK Bank plc
196 Oxford Street
London W1D 1NT
United Kingdom

Barclays Bank
Leicester
Leicestershire LE87 2BB
United Kingdom

Solicitors Marriott Harrison
11 Staple Inn, Holborn
London, WC1V 7QH
United Kingdom



PRINCIPAL ACTIVITIES

Soldo Ltd (The 'Company') is registered and incorporated and domiciled in England and Wales on 24 September 2014.

The Company is a member of the Soldo Group, which provides a modern technological, regulatory and operational platform for real time transactional banking supporting multiple jurisdictions, languages and currencies.

BUSINESS REVIEW

The Company launched its software services dedicated to small and medium-sized enterprises (SMEs) in February 2017, in the UK and across Europe. Since its formal launch in 2017, the Company has steadily increased its customer base and thus revenues. The Company holds the SaaS revenue received from companies in all jurisdictions.

The Company does not use complex KPIs in monitoring the business. Monthly subscriptions fees for the use of the software and the related operating expenses are the principal components of the Company's operations and therefore forms the basis of the Company's KPIs. In this regard, Management are targeted with growing monthly revenues.

During the year ended 31 December 2019, the Company generated total SaaS and platform revenues including other revenues amounting to £2,385,902, which is 265% higher than the previous year revenues of £654,258. In absolute and percentage terms, gross margin in 2019 increased to £2,201,011 (92%) from £585,640 (90%) in 2018. Operating losses continue to increase as the Company attempts to expand in other European markets with important marketing investments and continues to invest in the development of its proprietary software. For this reason, the Company had a loss on ordinary activities after taxation of £12,883,110 (2018: £6,845,843).

The Company will focus on investing in further customer-base growth by continuing to expand into new markets as well as developing its product. Further losses are anticipated as the business grows, however, the directors believe that the Company will continue to be able to access funding to meet this expansion.

FUTURE DEVELOPMENTS

The Company plans to continue its present activities and accelerate business growth by optimizing acquisition focused on the business SMEs program and scale up operations and marketing.

PRINCIPAL RISK AND UNCERTAINTIES

As at the year-end date, the Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, currency risk, strategic risk, capital risk, financial crime risk, information technology risk and economic risk. The Company has adequate procedures in place to monitor these risks and seeks to limit the adverse effects on the financial performance of the Company.



The principal risks facing the Company are:

Credit risk

The amount of exposure to any individual counterparty is monitored and assessed on a case by case basis. The credit risk is primarily in relation to the Company's bank balances.

Liquidity risk

The Company maintains cash reserves ensuring it has sufficient amount available to meet its obligations as they fall due. These are monitored at a company and wider group level. The directors will continue to raise funds through loan stock or new round of equity financing to have sufficient funds to mitigate any of such circumstances.

Currency risk

The Company is funded with euro (€) denominated debt, incurs most of its expenses in sterling (£) whilst earning significant portions of its income in both euro and sterling. The ultimate shareholder is comfortable with this risk and the ultimate group prefers to leave this exposure unhedged.

Strategic risk

The Company is dealing with competitive pressure as new entrants come into the market forcing the Company to stay ahead of the curve in terms of product and price proposition.

Capital risk

This is the risk that the business has insufficient capital resources to meet the operational capital requirements and to absorb the expected losses generated by its high growth business plans, and unexpected losses if any were to occur.

Financial crime risk

As a financial services provider, the Company is subject to heightened risks of criminal activity and money laundering. In order to mitigate these types of risks, the Company has robust know-your-customer ('KYC') and anti-money laundering ('AML') procedures in place, including ongoing transactions monitoring, and has invested heavily to address these risks from its inception.

Information technology risk

This is associated with system interruptions of its own or of its partners, for example if the card processing partner fails.

Economic risk

The risk around Brexit has been mitigated to a degree with the incorporation of the new Irish holding Company of the Group, Soldo Software and Services Limited, in February 2018 such that the Group will continue to benefit from EU 'passporting' financial provisions.

Due to the recent outbreak of the Coronavirus (COVID-19), the Company's operations in the local market as well as in foreign countries expose us to certain risks inherent in doing business, which may adversely



Grant Thornton **SOLDO LTD**

STRATEGIC REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2019

affect our business, results of operations or financial condition. Uncertainty about global economic conditions due to the Coronavirus could result in difficulties providing services, unemployment, negative financial news and/or declines in income or asset values. At this point, the extent to which the coronavirus may impact our results is uncertain and the directors continue to monitor and assess the ongoing development and respond accordingly.

This report was approved by the board and signed on its behalf.

Director

Date Signed : 28/8/20



DIRECTORS' REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2019

RESULTS, DIVIDENDS AND BUSINESS REVIEW

The results for the financial year ended 31 December 2019 are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 14. Loss before taxation amounted to £12,883,110 (2018: £7,002,070).

No ordinary dividends were paid. The directors have not recommended a dividend during the year (2018: Nil)

BRANCHES OUTSIDE THE UNITED KINGDOM

Soldo Ltd has a branch in Italy with offices in Milan (Piazza Quattro November 7) and in Rome (Via Adolfo Rava 124).

DIRECTORS AND SECRETARY

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

Carlo Corrado Gualandri

Roberto Bonanzinga

Andrea Gerosa

Paolo Mazzoni

Sonali De Rycker

Luigi Berlusconi

(Resigned 9 July 2019)

(Resigned 14 February 2020)

(Appointed 28 June 2017 Resigned 9 July 2019)

(Appointed 28 June 2017 Resigned 9 July 2019)

(Appointed 28 June 2017 Resigned 9 July 2019)

The following director was appointed after the year end:

Dynshaw Italia

(Appointed 1 April 2020)

GOING CONCERN

At 31 December 2019 the Company reported a loss of £12,883,110 (2018: £6,845,843) and net assets of £1,022,474 (2018: £1,895,076). The Company is forecast to continue incurring losses, in line with its business plan. To date the Company has financed its operations through equity financing at group level.

The Directors have considered the adequacy of the Company funding, borrowing facilities, cash flows and profitability for at least the next twelve months from the date of approval these financial statements. The Company's revenues continue to grow month on month and projections for 2020, whilst somewhat suppressed as a result of the Covid19 pandemic, remain strong with continued year on year growth.

As at the date of signing of these financial statements, there are sufficient cash flows projected for the next twelve months to enable the Company to repay its debts as they fall due. The sufficiency of financial resources available to the Company is dependent upon continued financial support from parent company, Soldo Software and Services Limited, access to credit facilities and availability of equity funding at Group level.

The directors have sought and obtained confirmation from its parent that it will continue to provide financial support including a commitment that sums due to group companies shall not be called for repayment until the company has sufficient financial resources available to do so.



DIRECTORS' REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors can confirm that the Company has sufficient financial resources and are confident in raising additional financial resources as and when required. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the company. Management does not see a significant negative impact on the Company's activities as revenue in the first six months of 2020 have been stable. Management will continue to monitor the global developments of this new virus and respond accordingly.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial period ended 31 December 2019.

CHARITABLE CONTRIBUTIONS

The Company made no charitable contributions during the period (2018: Nil).

RESEARCH AND DEVELOPMENT COSTS

Research and development expenditure in the year amounted to £2,457,356 (2018: Nil) of which £2,205,442 (2018: Nil) was capitalised.

POLITICAL DONATIONS

No political donations were made by the Company during the period (2018: Nil).

AUDITOR

The Company has appointed Grant Thornton, Chartered Accountant and Statutory Audit Firm, as our auditors for the period, in accordance with Section 485 of the Companies Act, 2006.

STATEMENT ON RELEVANT AUDIT INFORMATION

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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



Grant Thornton **SOLDO LTD**

DIRECTORS' REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2019

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act, 2006.

This report was approved by the board and signed on its behalf.

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Director

Date Signed : 28/8/20



DIRECTORS' RESPONSIBILITIES STATEMENT

FINANCIAL YEAR ENDED 31 DECEMBER 2019

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Signed on behalf of the board on 28 August 2020.

Director

Date Signed : 28/8/20



SOLDO LTD

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of Soldo Ltd (the 'Company'), which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows for the financial year ended 31 December 2019, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, Soldo Ltd's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with the requirements of the Companies Act, 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the disclosures made in the Directors' Report and Note 3 to the financial statements concerning the Company's ability to continue as a going concern. As stated in Note 3, the Company incurred an operating loss of £12,835,312 during the financial year (2018: £6,845,843). These conditions, along with the other matters explained in the Directors' Report and Note 3 to the financial statements, indicate the existence of a material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting is dependant upon future planned growth and continued financial support from parent company, Soldo Software and Services Limited, access to credit facilities and availability of equity funding at Group level. The consolidated financial statements of Soldo Software and Services Limited for the year ended 31 December 2019 are prepared on a going concern basis. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Other matter

The financial statements for the year ended 31 December 2018 were audited by a predecessor auditor. Their audit report was unqualified, and was signed on 8 July 2019.



SOLDO LTD

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Other information

Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, 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.



SOLDO LTD

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Responsibilities of management and those charged with governance for the financial statements (continued)

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will 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 their 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 management.
- Conclude on the appropriateness of management's 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 they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the 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 matter that achieves a true and fair view.



Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SOLDO LTD

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Responsibilities of the auditor for the audit of the financial statements (continued)

The auditor communicates 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 may be identified during the audit.

The purpose of our audit and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act, 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

COLIN FEELY, FCA (Senior Statutory Auditor)

For and on behalf of

GRANT THORNTON

Chartered Accountants & Statutory Auditors

13-18 City Quay

Dublin 2

D02 NY19

Ireland

28 August 2020



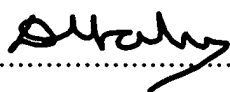
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue	7	2,385,902	654,258
Cost of sales		(184,891)	(68,618)
Gross profit		2,201,011	585,640
Operating expenses	8	(15,628,005)	(7,618,820)
Foreign exchange gain		591,682	36,397
Operating (loss)		(12,835,312)	(6,996,783)
Finance income (costs)	9	(47,798)	846
Loss on reorganisation			(6,133)
Loss before taxation		(12,883,110)	(7,002,070)
Tax on loss	10	-	156,227
Loss for the financial year		(12,883,110)	(6,845,843)
Other comprehensive income/(loss):			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		69,596	(13,009)
Other comprehensive income/(loss) for the financial year, net of tax		69,596	(13,009)
Total comprehensive loss for the financial year		(12,813,514)	(6,858,852)

All amounts relate to continuing operations.

Signed on behalf of the board on **28** August 2020.



Director

The accounting policies and notes on pages 18 to 45 form part of these financial statements.



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
ASSETS			
Non-current assets			
Investments in subsidiaries	11	1,724,348	1,724,348
Intangible assets	12	2,525,761	1,193,328
Property and equipment	13	81,216	41,250
		4,331,325	2,958,926
Current assets			
Cash and cash equivalents	14	1,085,771	4,075,227
Trade and other receivables	15	8,119	121,355
Other assets	16	716,365	399,170
Amounts due from group undertakings	19	1,120,072	468,109
		2,930,327	5,063,861
TOTAL ASSETS		7,261,652	8,022,787
LIABILITIES			
Non-current Liabilities			
Borrowing	17	274,498	-
Current liabilities			
Trade and other payables	18	2,121,735	1,053,260
Amounts due to group undertakings	19	3,316,825	5,074,451
Borrowing	17	526,120	-
		5,964,680	6,127,711
TOTAL LIABILITIES		6,239,178	6,127,711
EQUITY			
Share capital	21	2,144	2,144
Share premium	22	16,511,450	16,511,450
Capital contribution reserve	22	11,940,912	-
Accumulated losses		(27,285,851)	(14,402,741)
Foreign currency translation reserve		(146,181)	(215,777)
TOTAL SHAREHOLDERS' FUNDS		1,022,474	1,895,076
TOTAL LIABILITIES AND EQUITY		7,261,652	8,022,787

Signed on behalf of the board on 28 August 2020.

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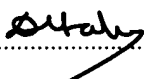
Director

The accounting policies and notes on pages 18 to 45 form part of these financial statements.

SOLDO LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Share capital £	Share Premium £	Capital contribution £	Foreign currency reserve £	Accumulated losses £	Total equity £
Balance at 1 January 2019		2,144	16,511,450	-	(215,777)	(14,402,741)	1,895,076
Loss for the financial year		-	-	-	-	(12,883,110)	(12,883,110)
Other comprehensive income		-	-	-	69,596	-	69,596
Total comprehensive loss		-	-	-	69,596	(12,883,110)	(12,813,514)
Capital contribution reserve	22	-	-	11,940,912	-	-	11,940,912
Balance at 31 December 2019		2,144	16,511,450	11,940,912	(146,181)	(27,285,851)	1,022,474
Balance at 1 January 2018		2,144	16,511,450	-	(202,768)	(7,556,898)	8,753,928
Loss for the financial year		-	-	-	-	(6,845,843)	(6,845,843)
Other comprehensive income		-	-	-	(13,009)	-	(13,009)
Total comprehensive loss		-	-	-	(13,009)	(6,845,843)	(6,858,852)
Capital contribution reserve		-	-	-	-	-	-
Balance at 31 December 2018		2,144	16,511,450	-	(215,777)	(14,402,741)	1,895,076

Signed on behalf of the board on 28 August 2020.

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Director

The accounting policies and notes on pages 18 to 45 form part of these financial statements.

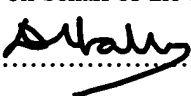


STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Loss for the financial year		(12,883,110)	(6,845,843)
Adjustments to cash flow from non-cash items:			
Depreciation charge	13	25,336	19,547
Amortisation	12	944,886	505,489
Finance (income) costs	9	47,798	(846)
Corporate tax credit	10	-	(156,227)
Foreign currency revaluation (gain)		(591,682)	(36,397)
		<u>(12,456,772)</u>	<u>(6,514,277)</u>
Changes in working capital and provisions:			
Decrease (Increase) in trade and other receivables		113,236	393,468
(Increase) in other assets		(317,195)	(399,170)
(Increase) in amounts due from group undertakings		(651,963)	(468,109)
Increase in trade and other payables		1,068,475	194,004
(Decrease) Increase in amounts due to group undertakings		(1,757,626)	5,079,050
Cash (used in) operations		(14,001,845)	(1,715,034)
Tax credit		-	156,227
Net cash (used in) operating activities (A)		(14,001,845)	(1,558,807)
Cash flows from investing activities			
Internally developed intangible assets	12	(2,233,751)	(44,077)
Disposal of internally developed intangible assets	12	(43,568)	-
Purchase of property and equipment	13	(69,828)	(31,211)
Disposal of property and equipment, net	13	4,526	26,734
Interest received (paid)	9	(47,798)	846
Net cash (used in) investing activities (B)		(2,390,419)	(47,708)
Cash flows from financing activities			
Proceeds from borrowings, net of loan fees	17	800,618	(50)
Capital contribution reserve	22	11,940,912	-
Exchange differences on translating foreign operations		69,596	(13,009)
Foreign exchange gain		591,682	36,397
Net cash generated from financing activities (C)		13,402,808	23,338
Net change in cash and cash equivalents (A+B+C)		(2,989,456)	(1,583,177)
Cash and cash equivalents, beginning of financial year		4,075,227	5,658,404
Cash and cash equivalents, end of financial year		1,085,771	4,075,227

Signed on behalf of the board on 28 August 2020.



Director

The accounting policies and notes on pages 18 to 45 form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2019

1. General information and statement of compliance with IFRS

Company information

Soldo Ltd (The 'Company') is a private company limited by share capital, incorporated and domiciled in England and Wales. The registered office is 119 Marylebone Road, C/O Wework London, NW1 5PU and the Company registration number is 09233754.

The Company is a member of the Soldo Group, which is a Fin Tech software company developing a modern technological, regulatory and operational platform for real time transaction banking supporting multiple jurisdictions, languages and currencies.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and the Companies Act, 2006. They have been prepared under the assumption that the Company operates on a going concern basis.

The financial statements for the year ended 31 December 2019 were approved and authorised for issue by the board of directors on 28 August 2020.

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.

2. Summary of Significant Accounting Policies

2.1. Basis of preparation

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.21.

The financial statements are presented in UK pound sterling (£) which is the Company's functional currency.



2.2. New or revised Standards and Interpretations

Standards, amendments and interpretations effective in the year beginning 1 January 2019

There are a number of standards, amendments and interpretations that became applicable for the first time during the accounting period beginning 1 January 2019. Listed below are the amendments relevant to the Company:

- IFRS 16 'Leases'

IFRS 16 'Leases' is a new standard which replaces IAS 17 'Leases', and introduces a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating and finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The effective date of the standard is for years beginning on or after 1 January 2019.

The Company has adopted the standard for the first time in these financial statements. The Company performed an assessment on its rent contracts and has determined that the right to control the use of the identified asset is not conveyed in the arrangement. Under IFRS 16, the right to control the use of the identified asset should be established for an agreement to constitute a lease. Therefore, the Company has determined that the rent contracts are not within the scope of the standard.

- Amendments to IAS 12 'Income Taxes: Annual Improvements to IFRS 2015 – 2017 cycle'

The amendment specifies that the income tax consequences on dividends are recognised in profit or loss, other comprehensive income or equity accounting to where the entity originally recognised the events or transactions which generated the distributable reserves.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The Company has adopted the amendment for the first time in these financial statements. The impact of this is not material.

- IFRIC 23 Interpretation 'Uncertainty over Income Tax Treatment'

IFRIC 23 interpretation clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes' are applied where there is uncertainty over income tax positions. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

The effective date of the interpretation is for years beginning on or after 1 January 2019.

This interpretation does not have a significant impact on these financial statements.



Standards, amendments and interpretations issued but not yet effective in the year beginning 1 January 2019 and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company and no material impact is expected:

- IFRS 17 Insurance Contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Conceptual Framework for Financial Reporting

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations neither adopted nor listed above have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

2.3. Consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act, 2006 as it is a wholly owned subsidiary of Soldo Software and Services Limited and its results are included in the consolidated financial statements of that company which are available at 33 Sir John Rogerson's Quay, Dublin 2, D02 XK09. These financial statements therefore present information about the Company as an individual entity alone.

2.4. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

2.5. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Revenue is shown net of sales/value added tax and discounts.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.



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Revenue arises from subscription contracts with corporate clients. Subscription revenues are recognised over time, as the clients simultaneously obtains the benefits while consuming software services from the Company through access of the Soldo Group's financial platform and tools. Transaction price is fixed in nature and is readily determinable at inception of the subscription contract.

2.6. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

2.7. Finance costs

Finance costs are expensed in the period in which they are incurred, with the exception of loan issue costs which are prepaid and amortised over the life of the loan to which they relate.

2.8. Investment in subsidiary

The Company's investment in subsidiary is accounted for under the cost method less accumulated provision for impairment losses, if any. A subsidiary is an entity in which the Company exercises control over the company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

2.9. Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is recorded as the excess of the cost of an acquisition of a subsidiary compared with the fair value at the date of acquisition of the net identifiable assets acquired and liabilities assumed. Goodwill is tested annually for impairment as well as when events or circumstances change that would make it more likely than not that an impairment may have occurred.

An impairment charge is recognised immediately in the statement of profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to those cash generating units or groups of cash generating units that are expected to benefit from the business combination and which represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is carried at cost less accumulated impairment losses.



2.10. Other intangible assets

Initial recognition

The Company capitalises the purchase cost from external developer for development of software under Soldo license on a monthly basis. It supports the Soldo Financial Platform that is the base of the Company's main business.

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the software
- the software will generate probable future economic benefits.

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date.

The following useful lives are applied:

- Software development and license costs Straight line over 5 years

Capitalised internally developed software that is not yet ready for use is not amortised but is subject to impairment testing.

Amortisation has been included within operating expenses.

Subsequent expenditures on the maintenance of intangible assets are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.



2.11. Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. An item of property and equipment is derecognised upon disposal or when no longer in use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognised.

Property and equipment is depreciated in order to write them off over their expected useful life to their residual values on the following basis:

- Computer and office equipment Straight line over 3 years

Property and equipment is reviewed annually for impairment. Any impairment identified is charged in the Statement of Profit or Loss and Other Comprehensive Income.

2.12. Leases

Accounting policy applicable from 1 January 2019

The Company as lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Company assesses whether the contract meets the following key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.
- The Company assess whether it has the right to direct 'how and for what purpose' the asset is use throughout the period of use.

Measurement and recognition of leases as a lessee

The Company has determined that the rent contracts do not constitute a lease as no right to direct the use of an identified asset is conveyed. The Company recognises payments in relation to the rent contracts as an expense in profit or loss on a straight line basis over the agreed term.

Accounting policy applicable before 1 January 2019

Operating leases

All leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Rent free periods are treated as discounts and recognised on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. A finance lease gives rise to the recognition of a leased



asset and finance lease liability. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is reasonable certainty that we will obtain ownership of the leased asset at the end of the lease term. Interest expense is recognised over the lease term using Effective Interest Rate (EIR).

2.13. Impairment testing of goodwill, intangible assets and property and equipment

Non-financial assets, except for deferred tax assets, are reviewed for possible indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate possible impairment. If any such indication exists, then the assets recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit, or CGU').

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is accounted in the same caption of the income statement as the impairment loss. An impairment loss in respect of goodwill is not reversed.

2.14. Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:



- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within operating expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.



In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected losses using a provision matrix.

The Company assess impairment of trade receivables on a customer by customer basis. The expected credit loss provision for trade and other receivables is based on historical counterparty default rates and adjusted trade and other receivables for relevant forward looking information, when required. As the Company does not extend credit to customers due to the nature of the business, historical default rates are low and the lifetime expected credit loss allowance for trade and other receivables is remote.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables, borrowings and other financial liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.15. Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at proceeds received net of issue costs.



2.16. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

2.17. Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Accumulated losses include all current and prior period retained profits and losses.

Foreign currency reserves comprise foreign currency translation differences arising from the translation of financial statements of the Company's Italian branch into Sterling.

The Company's parent, Soldo Software and Services Limited, made capital contributions amounting to £11,940,912 (2018: £Nil).

2.18. Post-employment benefits and short-term employee benefits

Retirement benefit costs

The costs charged in the financial statements represent contributions payable by the Company during the period into publicly or privately administered defined contribution pension plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are recognised as expense and current liability, included in pension and other employee obligations, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement, unless those costs are required as part of the cost of stock or non-current asset.

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

2.19. Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the



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present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

2.20. Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.21. Critical accounting estimates and judgements

The application of the Company's accounting policies requires the use of estimates and assumptions. If different assumptions or estimates were applied, the resulting values would change, impacting the net assets and income of the Company.



The areas involving significant estimates and judgements are:

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and physical obsolescence that may change the utility of certain property and equipment.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Leases

The Company has adopted IFRS 16 for the first time. The standards set out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements. The standards include two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less).

Critical judgement was required by the Company in determining whether or not a contract contains a lease. The Company assessed if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Management applied the available practical expedient wherein short-term leases exemptions were applied to leases with lease term that ends within 12 months at the date of initial application. No contracts contained a lease.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

3. Going concern

At 31 Decemebr 2019 the Company reported a loss of £12,883,110 (2018: £6,845,843) and net assets of £1,022,474 (2018: £1,895,076). The Company is forecast to continue incurring losses, in line with its business plan. To date the Company has financed its operations through equity financing at group level.

The Directors have considered the adequacy of the Company funding, borrowing facilities, cash flows and profitability for at least the next twelve months from the date of approval these financial statements.

As at the date of signing of these financial statements, there are sufficient cash flows projected for the next twelve months to enable the Company to repay its debts as they fall due. The sufficiency of financial resources available to the Company is dependent upon continued financial support from parent company, Soldo Software Services Limited, access to credit facilities and availability of equity funding at Group level.

The directors have sought and obtained confirmation from its parent that it will continue to provide financial support including a commitment that sums due to group companies shall not be called for repayment until the company has sufficient financial resources available to do so.

The directors can confirm that the Company has sufficient financial resources and are confident in their ability to raise additional equity capital when required. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

4. Employees

The average monthly number of persons (including directors) employed by the company during the financial year was as follows:

	2019 Number	2018 Number
Directors	6	6
Administrative staff	3	4
Research and development	13	12
Sales, marketing and distribution	23	10
Other	13	9
	<u>58</u>	<u>41</u>

Their aggregate payroll costs of the above were:

	2019 £	2018 £
Wages and salaries	3,458,902	2,239,083
Social security costs	590,697	413,022
Pension costs – defined contribution plans	33,144	9,074
Other short-term employee benefits	48,977	48,665
Other employee expense	45,748	39,113
	<u>4,177,468</u>	<u>2,748,957</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

5. Directors' remuneration

The aggregate remuneration in respect of qualifying services for 1 (2018: 1) director of the Company was:

	2019 £	2018 £
Directors' salaries	120,000	120,000
Social security costs	15,376	18,119
	<u>135,376</u>	<u>138,119</u>

The directors did not receive benefits in kind during the financial year (2018: £Nil).

Other than the amounts disclosed above, any further required disclosures under section 413 of the Companies Act, 2006 were £Nil for both the current and preceding financial periods.

6. Auditor's remuneration

	2019 £	2018 £
Financial statements audit of the Company	<u>18,000</u>	<u>14,604</u>

7. Revenue

The analysis of the Company's revenue for the year from continuing operations, broken down per geographical market is as follows:

	2019 £	2018 £
United Kingdom	588,543	196,166
Europe	<u>1,472,768</u>	<u>389,706</u>
	<u>2,061,311</u>	<u>585,872</u>
Other revenue	<u>324,591</u>	<u>68,386</u>
	<u>2,385,902</u>	<u>654,258</u>

Subscription revenues are recognised over time.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

8. Operating expenses

	2019 £	2018 £
Selling and marketing	6,643,210	1,875,330
Wages and salaries	3,458,902	2,239,083
General and administrative	2,312,205	1,755,130
Professional services	1,216,361	698,152
Amortisation of internally developed intangible assets	944,886	505,489
Social security costs	590,697	413,022
Other employee expense	45,748	39,113
Other short-term employee benefits	48,977	48,665
Pension costs - defined contribution plans	33,144	9,074
Depreciation of property and equipment	25,336	19,547
Write-off of intangible assets	-	-
Loss on disposal of office equipment	4,526	-
Other expenses	304,013	16,215
	<u>15,628,005</u>	<u>7,618,820</u>

9. Finance costs

	2019 £	2018 £
Interest income	50	846
Interest expense on borrowing	(47,848)	-
Net interest expense	<u>(47,798)</u>	<u>846</u>

10. Taxation

The tax on loss before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2018: 19.25%).

	2019 £	2018 £
Corporate tax on losses for the current period	-	-
Tax credit	-	156,227
Total tax credit	<u>-</u>	<u>156,227</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Loss before taxation	(12,883,110)	(6,845,843)
	<u>(12,883,110)</u>	<u>(6,845,843)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19.25%)	(2,447,791)	(1,317,825)
(Utilisation of tax losses) / Tax losses carried forward	2,447,791	1,317,825
Research and development tax credit	-	156,227
Tax charge (credit) for the period	<u>-</u>	<u>156,227</u>

The Company had trading losses carried forward of approximately £6.2million (2018: £3.25million) available for set off against future profits. A deferred tax asset is not recognised in respect of these trading losses due to the uncertainty as to the utilisation of the losses in the foreseeable future.

The Company obtained in February 2019 the SME R&D relief for the period from 1 January 2016 to 31 December 2016 totalling £156,227. The Company accounts for this on a cash basis as this is when the amount became certain.

11. Investment in subsidiary

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting rights held		Balance of investment	
			2019	2018	2019 £	2018 £
Soldo Financial Services Limited	Issuance of e-wallet and prepaid cards through UK and Europe (EEA states)	United Kingdom	100%	100%	1,724,348	1,724,348

There were no additional investments, disposals or provision for impairment during the year.



12. Internally generated intangible assets

Details of the Company's intangible assets and their carrying amounts are as follows:

	£
Cost	
Balance at 1 January 2019	2,425,948
Addition	2,205,442
Currency translation	28,309
Balance at 31 December 2019	<u>4,659,699</u>
Amortisation	
Balance at 1 January 2019	1,232,620
Amortisation for the year	944,886
Currency translation	(43,568)
Balance at 31 December 2019	<u>2,133,938</u>
Carrying amount at 31 December 2019	<u>2,525,761</u>

In respect of prior financial year:

	£
Cost	
Balance at 1 January 2018	2,381,871
Additions	44,077
Balance at 31 December 2018	<u>2,425,948</u>
Amortisation	
Balance at 1 January 2018	727,131
Amortisation for the year	505,489
Balance at 31 December 2018	<u>1,232,620</u>
Carrying amount at 31 December 2018	<u>1,193,328</u>

In 2019, the Company capitalised £2,205,442 (2018: Nil) of costs directly attributable to internal software development projects. Research and development costs recognised as expense in the current year was £248,389.

All amortisation charges are included within operating expenses in the Statement of profit or loss and other comprehensive income. There are no material contractual commitments to acquire intangible assets at 31 December 2019 (2018: None).



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

13. Property and equipment

Details of the Company's property and equipment and their carrying amounts are as follows:

	Computer equipment £	Office equipment £	Total £
Cost			
Balance at 1 January 2019	72,095	6,302	78,397
Additions	69,126	702	69,828
Disposals	-	(7,004)	(7,004)
Balance at 31 December 2019	141,221	-	141,221
Accumulated depreciation			
Balance at 1 January 2019	36,295	852	37,147
Depreciation for the year	23,710	1,626	25,336
Disposals	-	(2,478)	(2,478)
Balance at 31 December 2019	60,005	-	60,005
Carrying amount at 31 December 2019	81,216	-	81,216

In respect of prior financial year:

	Computer equipment £	Office equipment £	Total £
Cost			
Balance at 1 January 2018	79,693	302	79,995
Additions	25,211	6,000	31,211
Disposals	(32,809)	-	(32,809)
Balance at 31 December 2018	72,095	6,302	78,397
Depreciation			
Balance at 1 January 2018	23,524	151	23,675
Depreciation for the year	18,846	701	19,547
Disposals	(6,075)	-	(6,075)
Balance at 31 December 2018	36,295	852	37,147
Carrying amount at 31 December 2018	35,800	5,450	41,250

All depreciation charges are included within operating expenses in the Statement of profit or loss and other comprehensive income. There are no material contractual commitments to acquire property and equipment at 31 December 2019 (2018: None).



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

14. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2019 £	2018 £
Cash at bank	1,085,594	4,075,141
Cash on hand	177	86
	<u>1,085,771</u>	<u>4,075,227</u>

The carrying value of cash and cash equivalents are considered to be a reasonable approximation of fair value.

15. Trade and other receivables

Trade and other receivables consist of the following:

	2019 £	2018 £
Trade receivables from third parties	8,119	-
Accrued revenue	-	99,966
Other receivables	-	21,389
	<u>8,119</u>	<u>121,355</u>

The carrying value of trade receivables are considered to be a reasonable approximation of fair value.

All amounts are short term. No provisions for impairment of trade and other receivables have been required.

16. Other assets

Other assets consist of the following:

	2019 £	2018 £
Prepayments	313,284	69,260
Security deposit	144,171	105,211
Receivable from HMRC	-	156,328
Tax credits and other assets	258,910	68,371
	<u>716,365</u>	<u>399,170</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

17. Borrowing

Borrowing for the Company include the following financial liability:

	2019 £	2018 £
Measured at amortised cost:		
Non-current portion of bank loan	<u>274,498</u>	<u>-</u>
	2019 £	2018 £
Measured at amortised cost:		
Current portion of bank loan	<u>526,120</u>	<u>-</u>

The bank loan bear interest at 8% per annum. The loan is financed with Silicon Valley Bank. The loan's maturity date is November 2022, however, the Company has paid the loan in full after year end. The associated loan fee of £21,704 attaching to the above borrowings was released to the profit or loss.

18. Trade and other payables

Trade and other payables consist of the following:

	2019 £	2018 £
Trade payable to third parties	1,041,683	381,542
Accruals	501,286	325,367
Other employee obligations	506,540	345,709
Other payables	72,226	642
	<u>2,121,735</u>	<u>1,053,260</u>

The carrying value of trade payables are considered to be a reasonable approximation of fair value.

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

19. Amounts due to group undertakings

	2019 £	2018 £
Receivable from related parties	<u>1,120,072</u>	<u>468,109</u>
	2019 £	2018 £
Payable to related parties	<u>3,316,825</u>	<u>5,074,451</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

Amounts owed by related companies represent balances owed by subsidiaries and related parties. Amounts owed to related companies represent balances owed to the parent company and related parties. These amounts are interest free, unsecured and repayable on demand. For further details regarding related party transactions, see Note 24.

20. Financial instruments

The carrying amounts of financial assets and financial liabilities in each category of the Company are as follows:

		2019 £	2018 £
Financial assets (current)			
Cash and cash equivalents	14	1,085,771	4,075,227
Trade and other receivables	15	8,119	21,389
Amounts due from group undertakings	19	1,120,072	468,109
Other assets	16	144,171	105,211
		<u>2,358,133</u>	<u>4,669,936</u>
Financial liabilities (current)			
Trade and other payables		1,542,989	706,909
Amounts to from group undertakings	19	3,316,825	5,074,451
Borrowing	17	526,120	-
		<u>5,385,934</u>	<u>5,781,360</u>
Financial liability (non-current)			
Borrowing	17	<u>274,498</u>	<u>-</u>

All company assets and liabilities above are measured at amortised cost.

21. Share Capital

	2019 £	2018 £
Authorized, issued and fully paid		
214,356 (2018: 107,519) Ordinary Shares of £0.01 (2018: £0.01) each	2,144	1,075
Nil (2018: 42,858) Seed preferred shares of £Nil (2018: £0.01) each	-	429
Nil (2018: 63,979) Series A Shares of £Nil (2018: £0.01) each	-	640
	<u>2,144</u>	<u>2,144</u>

All issued shares are fully paid and have equal rights to vote at general meetings and receive dividends. Each share is entitled to participate in a distribution where preferred shares rank in priority of any class of shares.



Reconciliation of movements during the period

	Ordinary shares class	Seed preferred shares	Series A shares
At 1 January 2019	107,519	42,858	63,979
Issue of fully paid shares	106,837	(42,858)	(63,979)
At 31 December 2019	214,356	-	-
At 1 January 2018	107,519	42,858	63,979
Issue of fully paid shares	-	-	-
At 31 December 2018	107,519	42,858	63,979

22. Reserves

Share premium

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees and net of related tax benefits. Costs of new shares charged to equity amounted to £Nil (2018: £16,511,450).

Accumulated losses

Includes all current and prior periods retained profits and losses.

Foreign currency reserve

Foreign currency reserve comprises foreign currency translation differences arising from translation of the Italian branch accounts into Sterling.

Capital contribution reserve

The Company's parent undertaking, Soldo Software and Service Limited, made capital contributions amounting to £11,940,912 (2018: £Nil).

23. Financial instruments risk

23.1. Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 20. The main types of risks are market risk, credit risk, liquidity risk and capital risk.

The Company's directors focus on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

23.2. Market risk

Currency risk

Exposures to currency exchange rates arise from the Company's cash at banks, which are primarily denominated in Euro (EUR) and United States Dollars (USD). The Company has intercompany receivables and payables which are denominated in EUR.

To mitigate the Company's exposure to foreign currency risk, non-Sterling (GBP) cash flows are monitored in accordance with the Company's risk management policies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management, translated into GBP at the closing rate:

	Short term exposure (EUR) 2019 £	Short term exposure (USD) 2019 £	Short term exposure (EUR) 2018 £	Short term exposure (USD) 2018 £
Financial assets	673,990	4,740	3,465,318	21,676
Financial liabilities	2,858,269	-	5,074,451	-
	<u>3,532,259</u>	<u>4,740</u>	<u>8,539,769</u>	<u>21,676</u>

The analysis below illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the foreign exchange rates all other things being equal. A +/- 5% change is considered for the exchange rate (2018: +/- 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

The table below shows the impact on profit and equity if the GBP had weakened or strengthened against the foreign currencies by 5%.

	2019		2018	
	+5%	-5%	+5%	-5%
EUR	(109,214)	109,214	(80,457)	80,457
USD	237	(237)	1,084	(1,084)
	<u>(108,977)</u>	<u>108,977</u>	<u>(79,373)</u>	<u>79,373</u>

Interest rate risk

The Company's current assets include cash and cash equivalents at the year-end of £1,085,772 (2018: £4,075,227) of which average interest rate applicable is at 25 basis points. Since cash and cash equivalents are



subject to fixed interest rates, we do not expect any fluctuations in interest rate risk to materially affect the Company's profit or loss.

23.3. Credit risk

Credit risk is the risk that the counterparty fails to discharge an obligation of the Company. The Company is exposed to credit risk from financial assets including cash held at banks and trade and other receivables.

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	2019 £	2018 £
Cash and cash equivalents	1,085,771	4,075,227
Trade and other receivables	8,119	21,389
Amounts due from group undertakings	1,120,072	468,109
Other assets	144,171	105,211
	2,358,133	4,669,936

The Company is still technically exposed to credit risks on its financial assets. However, the Company's assessment is that the credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with investment grade ratings.

The Company considers a financial asset in default when contractual payments are 90 days past due. This is consistent with the rebuttable presumption set forth in IFRS 9, along with the Company's consideration that all of the Company's financial assets are short-term in nature, and therefore being outstanding by at least 90 days from due date indicate significant inability on the part of the debtor to fulfil its obligations. The Company may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding amounts. No concentration risk arises as the Company has no significant dealing with any customers.

There are no balance sheet amounts for which are stated net of allowances for any estimated irrecoverable amounts.

23.4. Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. Management control and monitor the Company's cash flow on a regular basis, including forecasting future cash flows, to ensure that it has sufficient financial resources to meet the obligations of the Company as they fall due. All financial assets and liabilities of the Company are due to mature within the next months from year end.

23.5. Capital management policies and procedures

For the purpose of the Company's capital management, capital includes issued capital. The Company's capital management objectives are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to investors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- To provide an adequate return to shareholders based on the level of risk undertaken.



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2019

- To have financial resources available to allow the Company to invest in areas that may deliver future benefits and returns to shareholders and other stakeholders.
- To maintain financial resources sufficient to mitigate against risks and unforeseen events.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

24. Related party transactions

The Company's related parties include the parent, subsidiary, companies under common control and key management as described below.

At the end of the year, amount due from subsidiary, Soldo Financial Services Limited, amounted to £557,913 (2018: £269,426) related to working capital loans. Amount due from Soldo Technology Srl, a common control company, amounted to £41,162 (2018: £110,631) related to the provision of office and personnel services. At the end of the year, subscription revenues collected by Soldo Financial Services Limited on behalf of the Company amounted to £520,997 (2018: £88,052).

Amount due to Soldo Software and Services Limited, the parent undertaking, was £713,169 (2018: £5,074,451) related to working capital loans. Amount due to Soldo Technology Srl was £2,603,656 (2018: £Nil) related to the provision of product development and consultancy services.

Transactions with Key Management Personnel are disclosed in Note 25.

None of the Company's related party transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash and are interest free, unsecured and repayable on demand.

25. Transactions with key management personnel

Key management of the Company represents 1 board of director. Key management personnel remuneration includes the following expenses, all of which are short term employee benefits:

	2019	2018
	£	£
Salaries including bonuses	120,000	120,000
Social security costs	15,376	18,119
	<u>135,376</u>	<u>138,119</u>



26. Obligations under leases and hire purchase contracts

In the preceding year, the Company had operating leases for the use of office space. The total future value of minimum lease payments is as follows:

	2018 £
Operating leases	
Within one year	352,218
Within two to five years	14,124
	<u>366,342</u>

The amount of non-cancellable lease payments recognised as an expense in the preceding year was £223,963.

For any new contracts entered into on or after 1 January 2019, the Company has applied IFRS 16 'Leases' which replaces IAS 17. For any new contracts entered into on or after 1 January 2019, the Company has applied IFRS 16 'Leases' which replaces IAS 17. As at the year ended 31 December 2019, the Company has assessed that the rent contracts entered into did not qualify as a lease. The Company's accounting policy is outlined in Note 2.12.

27. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £33,144 (2018: £9,074). Contributions totalling £13,140 (2018: £2,571) were payable to the fund at the financial year end and are included in other employee obligations.

28. Parent and ultimate parent undertaking

The Company's ultimate parent undertaking is Soldo Software and Services Limited, a company incorporated in the Republic of Ireland whose registered office is at 33 Sir John Rogerson's Quay, Dublin 2, D02 XK09. The Group accounts are held at this office address. Consolidation of the Company's accounts is taken up in the consolidated financial statements of the parent company. This is both the smallest and largest group to prepare consolidated accounts containing the results of this company.

29. Reclassification of comparative figures (other than arising from first-time adoption)

Certain reclassifications have been made to the prior period's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of financial position and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.



The items were reclassified as follows:

	Previously reported 2018 £	Reclassification 2018 £	After reclassification 2018 £
Statement of financial position:			
Current assets			
Trade and other receivables	987,122	(865,767)	121,355
Other assets	-	399,170	399,170
Amounts due from group undertakings	-	468,109	468,109
	987,122	1,512	988,634
Current liabilities			
Trade and other payables	6,126,199	(5,072,939)	1,053,260
Amounts due to group undertakings	-	5,074,451	5,074,451
	6,126,199	1,512	6,127,711
Profit or loss:			
Cost of sales	(108,363)	39,745	(68,618)
Gross profit	545,895	39,745	585,640
Operating expenses	(7,579,074)	(39,745)	(7,618,819)
Foreign exchange gain	-	36,397	36,397
Operating loss	(7,033,179)	36,397	(6,996,782)

The reclassification involves the transfer of customer onboarding costs from cost of sales to general and administrative expenses. The reason is to give a true and fair view of the allocation between direct and indirect costs. Foreign exchange gain was included as operating income. In order to maintain comparability, the financial statements for 2018 and 2019 have been adjusted. These adjustments affect Gross profit and Operating loss.

Summary of changes on cash flows arising from reclassifications are shown below:

	Previously reported 2018 £	Reclassification 2018 £	After reclassification 2018 £
Net cash generated from (used in) operating activities	(6,302,121)	4,743,314	(1,558,807)
Net cash generated from (used in) investing activities	4,683,690	(4,731,398)	(47,708)
Net cash generated from (used in) financing activities	17,795	5,543	23,338
Net (decrease) increase in cash and cash equivalents	(1,600,636)	17,459	(1,583,177)



30. Events after the reporting period

On 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the company. Management does not see a significant negative impact on the Company's activities as revenue in the first six months of 2020 have been stable. Management will continue to monitor the global developments of this new virus and respond accordingly.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial period ended 31 December 2019.

31. Authorisation of financial statements

The financial statements were authorised for issue by the Board of Director on 28 August 2020.