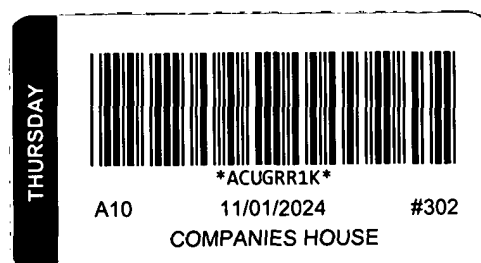


Onfido Ltd

Annual report and financial statements for the year ended 31 January 2023



Onfido Ltd

Annual report and financial statements for the year ended 31 January 2023

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Onfido Ltd

Directors and advisers

Directors

K Lacey (appointed: 3 March 2023)

F Porter (appointed: 5 November 2021)

Registered office

14-18 Finsbury Square

3rd Floor

London

England

EC2A 1AH

Bankers

HSBC Innovation Bank Limited

Alphabeta

14-18 Finsbury Square

London

EC2A 1BR

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

Onfido Ltd

Strategic report for the year ended 31 January 2023

The directors present their strategic report on Onfido Ltd (the "Company") for the year ended 31 January 2023. During the prior year, as a result of a share for share exchange, the Company became a wholly owned subsidiary of Onfido Holdings Limited ("the Group"). In the period ended 31 January 2022 the Company prepared consolidated accounts. For the current period the Company's parent Onfido Holdings Limited has prepared consolidated accounts which include the results of the Company.

Principal activities

The Company's principal activity is the provision of identity verification (IDV) services to businesses performing checks on individuals who use their service.

Business review

The Company continues on its mission to create a more open world, where identity is the key to access. This mission statement has continued to resonate strongly throughout the year ended 31 January 2023, with an increasing number of consumers accessing online services driving a heightened demand for digital services to transact safely and securely in an ever increasing digitally optimised world.

The Company continued its significant revenue growth, reporting revenue of £97,156,196 in the year ended 31 January 2023, compared to prior period (13-months ended 31 January 2022) of £65,515,408. This was driven by continued technological improvements to Onfido Ltd's IDV platform, as well as improved international reach resulting in the Company adding a large number of new clients along with expansion of existing client activity.

The gross profit margin during the year ended January 2023 was in line with prior year at 29.3% (13-months period ended 31 January 2022: 29.1%).

The continued revenue growth reported during the year ended 31 January 2023 validates the Company's strategic objectives to continue to serve both existing and new verticals and geographies.

During the year the Company decided to hive up the assets of EYN Limited, the entity is in the process of being liquidated.

Average employee headcount reduced by 2.5% to 275 (13-months period ended 31 January 2022: 281). The Group continues to review and manage headcount and operational expenses in line with revenue growth, as a result of such the Company incurred some restructuring costs towards the end of the year which are included within exceptional items.

As a result of targeted investment and management of operational expenses, the Company reported an operating loss for the year ended 31 January 2023 of £31,866,943 (13-months period ended 31 January 2022: £33,260,309).

The Company presents its balance sheet as at 31 January 2023 on page 17. The Company's net asset position as at 31 January 2023 was £42,245,965 (as at 31 January 2022: £60,255,993).

Onfido Ltd

Strategic report for the year ended 31 January 2023 (continued)

Future developments

Product development continues to focus on enhancing Onfido Ltd's technology platform. This includes increasing the speed and automation of processing checks as well as continued research and development to improve Onfido Ltd's automatic fraud detection capabilities, while continually improving the user experience for clients and individuals using the service.

It is the Directors' belief that its existing technology, combined with further investment in research and development and the machine learnings gathered from verifying identity documents and facial similarity, will enable the Company to build on its historic success and ensure it is a global leader in the identity verification and authentication sector.

Key performance indicators ('KPIs')

The directors consider the KPIs to be turnover, gross profit and operating loss. The past two periods' performance is summarised below. Commentary on these metrics is included within the Business Review section.

	year ended 31 January 2023 £	13-months ended 31 January 2022 £
Turnover	97,156,196	65,515,408
Gross Profit	28,492,252	19,058,648
Operating Loss	31,886,943	33,260,309

Due to the diversity of Onfido Ltd's services, the Company's directors believe that analysis using either financial or non-financial key performance indicators for the Company other than those noted above is not necessary or appropriate for an understanding of the development, performance, or position of the business.

Directors' section 172(1) statement

The directors have sought, collectively and individually, to always conduct themselves honestly, fairly, impartially and in accordance with the highest ethical standards. These behaviours are considered central to promoting the success of the Company, and in exhibiting them the Board have had careful regard to the matters set out in section 172(1)(a-f) of the Companies Act 2006. Examples of how the directors have had regard to each of these matters is set out below, with reference (where relevant) to information found elsewhere in this Strategic report.

Onfido Ltd

Strategic report for the year ended 31 January 2023 (continued)

Directors' section 172(1) statement (continued)

a) Making Decisions in the Long Term

Consideration of the likely consequences of a decision in the long term permeates the Board's thinking on all issues. Whilst day-to-day management is delegated to the executive management team, the Board retains oversight of matters of strategic importance, including the long-term objectives and overall strategic policy of the Company.

b) Considering Employees

The Company's most important resource is its people; their knowledge and experience are crucial to meeting customer requirements. Retention of key staff is critical, and the Company has invested increasingly in employment training and development and has appropriate incentive and career progression arrangements.

c) Fostering Relationships with Suppliers, Customers and Stakeholders

The Board is very conscious of the importance of lasting relationships with suppliers, customers and stakeholders. The Company has structured several teams to ensure relationship nurturing with customers including customer success teams, account management and targeted product support. Supplier relationships are fostered by specialist teams, supported by a dedicated procurement function to ensure operational consistency, and external stakeholder relationships such as investors are similarly supported via dedicated teams with focused reporting and engagement at Board level.

d) Community and Environment

In line with our Company's values, Onfido Ltd is strongly committed to conducting our business operations in an ethically responsible manner. Onfido Ltd takes its responsibilities to all its stakeholders (customers, partners, staff, suppliers, communities) very seriously. This includes its commitments to treat all workers with respect and dignity, to uphold all human and employee rights, and to ensure safe working conditions, both within our business and in our supply chains.

e) Maintaining a Reputation for High Standards of Business Conduct

The Board is invested in ensuring that high standards of business conduct are embedded throughout all levels of operation at the Company. The Company has a code of conduct and multiple sub-policies addressing areas of related focus including conflicts of interest, anti-bribery and corruption, Anti Money Laundering (AML) and sanctions compliance. All staff adhere to these policies as part of their employment engagement and undergo annual training. The Company also ensures appropriate risk assessments and compliance audits are carried out throughout its supply chain and that appropriate assurances are obtained.

f) Acting Fairly Between Members

The Board is always aware of the importance of acting fairly between its members and this is considered whenever a decision is being made. The directors believe it is of great importance to continue to foster good relationships with important groups such as stakeholders, customers and suppliers.

Onfido Ltd

Strategic report for the year ended 31 January 2023 (continued)

Principal risks and uncertainties

Competitor risk

The principal risk factor for the Company is competition in the identity verification sector. The demand for this service is increasing globally, as online fraud becomes an ever-growing issue. In addition, the sophistication of online fraud is also increasing, which requires Onfido Ltd's technology to keep advancing. The Company is well placed amongst competitors due to the lead it has built with its technology platform, and the volume of identity documents that have helped train the technology using machine learning, which also creates a large barrier to entry for new competitors.

Regulatory risk

The Company has taken a proactive approach to safeguarding against potential privacy breaches and changes to legislation during the year.

Following the introduction of the new Data Protection Act 2018 which implemented General Data Protection Regulation (GDPR), all existing employees and new joiners are required to complete mandatory training on the requirements of the GDPR. In addition to this, the Company maintained its SOC 2 compliance in the year.

Financial risk management

The Company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk and credit risk. In recognition of the increasing exposure to financial risk as the Company continues to grow, management continues to review the Company's Treasury Policy on an annual basis. The policies set by the board of directors are implemented by the Company's finance department.

Price risk

Due to the competitive environment within which the Company operates there is a risk of pricing pressures. The Company mitigates this risk by investing in technology to improve its service and increase the value provided to customers, as well as investing in its customer success team to ensure a deeper appreciation of customer requirements and improved efficiency of its manual processing. These factors, combined with growth in check volumes, generate economies of scale which protects the Company against pricing pressures.

Foreign exchange risk

While the greater part of the Company's revenues and expenses are denominated in Sterling, the Company is exposed to some foreign exchange risk in the normal course of business, principally on sales in US dollars, as it continues to expand globally. While the Company currently relies on natural hedge and has not used financial instruments to date to hedge foreign exchange exposure, this position is kept under constant review.

Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposure to customers. The Company performs credit checks on potential customers before sales are made as well as requiring customers to pay on signing of contract where possible. The amount of exposure to individual customers is frequently reviewed, and policies are in place to ensure this risk is Ltd. The Company also monitors the credit ratings of banks where deposit investments are held to ensure counterparty risk levels are maintained at an appropriate level.

Onfido Ltd

Strategic report for the year ended 31 January 2023 (continued)

On behalf of the board

DocuSigned by:

Francesca Porter

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F Porter

Director

Date: 01 September 2023

Onfido Ltd

Directors' report for the year ended 31 January 2023

The directors present their annual report and the audited financial statements of the Company for the year ended 31 January 2023.

Directors

The directors of the Company who served during the financial year, and up to the date of approval of the financial statements, are shown below:

C S Goh (appointed: 3 June 2021, resigned: 3 March 2023)

F Porter (appointed: 5 November 2021)

K Lacey (appointed: 3 March 2023)

Directors' insurance and indemnity

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its offices. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Dividends

The directors do not recommend the payment of a final dividend (2022: £nil).

Political donations

The Company made no political donations during the year (2022: £nil).

Research and development

The Company is currently undertaking research and development projects in the areas of computer vision and fraud detection.

Corporate social responsibility

The Company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The Company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Employee engagement

The Company operates a policy of direct and systematic communication on all relevant matters including the Company's business performance and current market issues with employees via several channels of communication, including engagement surveys, briefing groups, weekly company-wide meetings, and newsletters. Senior management hold quarterly briefing sessions with employees where the financial results of the Company are discussed, along with economic factors that may affect the performance of the Company. In addition, the Company uses internal communication channels to distribute information about other important business developments. The Company administers a share option scheme and annual bonus scheme for eligible employees.

Onfido Ltd

Directors' report for the year ended 31 January 2023 (continued)

Equal Opportunities

The Company's equal opportunity policy ensures everyone gets a fair change at work and that everyone receives equal treatment regardless of age, disability, gender, marital or civil partner status, pregnancy or maternity, race, nationality or religious beliefs.

Our policies and procedures fully support our disabled colleagues. We take active measures to do so via a robust reasonable adjustment policy; disability-specific online resources; and processes to ensure colleagues are fully supported.

The Company is responsive to the needs of its employees. As such, should any employee of the Company become disabled during their time with us, we will actively retrain that employee and make reasonable adjustments to their working environment where possible, in order to keep the employee with the Company. It is the policy of the Company that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Suppliers and Customers

Further information in respect of the Company's employees, suppliers and customers is provided in the s172 statement in the Strategic report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk and credit risk. In recognition of the increasing exposure to financial risk as the Company continues to grow, management continues to review the Group's Treasury Policy on an annual basis. The policies set by the board of directors are implemented by the Company's finance department.

Going concern

The directors have prepared the financial statements for Onfido Ltd on a going concern basis. The parent company, Onfido Holdings Limited has formally committed to support its subsidiary, Onfido Ltd, for the following twelve months from date of signing of these accounts. The directors have satisfied themselves through obtaining an understanding of the financial position of the Group that the Group has sufficient resources to provide the Company with this letter of support.

Furthermore, in February 2022, the Group entered into a credit facility arrangement for \$40,000,000 of which the Company has the ability to draw down, further strengthening the cash availability for the Company. As at the date of signing the accounts, the facility remains partially utilised.

Future developments

Further information in respect of the Company's future developments is provided in the Strategic report.

Onfido Ltd

Directors' report for the year ended 31 January 2023 (continued)

Streamlined Energy and Carbon Report

Onfido Ltd recognises that our global operations have an environmental impact and is committed to monitoring and reducing our emissions year-on-year. The directors and management are also aware of the reporting obligations under The Companies (Directors' Report) and Ltd Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year the company has upgraded our energy and carbon reporting to meet these new requirements and increase the transparency with which we communicate about our environmental impact to our stakeholders.

2022 Performance

Onfido Ltd has calculated our environmental impact for the Group across scope 1, 2 and 3 (selected categories) emission sources. Emissions are presented on a location basis. On a location basis emissions are 98.4tCO₂e, which is an average impact of 13.10tCO₂e per employee. Emission intensity metrics have been calculated on both an employee and revenue basis, which we will monitor to track performance in our subsequent environmental disclosures.

Energy and Carbon Action

Emissions were calculated following the GHG Reporting Protocol (Corporate Standard) using the Watershed platform. Energy usage data was collected or estimated based on building square-footage for all facilities, and was combined with emissions factors from the US EPA, Ecoinvent, TCR and other data sources to calculate GHG emissions. Electricity emissions factors are chosen based on geography to reflect the emissions intensities of the facilities' local grid.

	UK & Offshore	Global (excluding UK & Offshore)	Total
Energy consumption used to calculate emissions (scope 1 & 2)	427,307kWh	90,123kWh	517,430 kWh
Emissions from combustion of gas tCO ₂ e (scope 1)	11.4 tCO ₂ e	1.6 tCO ₂ e	13.0 tCO ₂ e
Emissions from combustion of fuel for transport purposes (scope 1)	-	-	-
Emissions from business travel in rental cars or employee-owned vehicles (scope 3)	-	-	-
Emissions from purchased electricity, heat, steam, and coiling (scope 2, location based)	70.4 tCO ₂ e	15.0 tCO ₂ e	85.4 tCO ₂ e
Total gross tCO ₂ e based on above fields	81.8 tCO ₂ e	16.6 tCO ₂ e	98.4 tCO ₂ e
tCO ₂ e per £million of revenue (scope 1 & 2)			87.78
tCO ₂ e per employee			13.10

Onfido Ltd

Directors' report for the year ended 31 January 2023 (continued)

Emissions and Energy Usage for the 13-month period ended 31 January 2022

	UK & Offshore	Global (excluding UK & Offshore)	Total
Energy consumption used to calculate emissions (scope 1 & 2)	375,466 kWh	160,196 kWh	535,662 kWh
Emissions from combustion of gas tCO ₂ e (scope 1)	12.6 tCO ₂ e	5.4 tCO ₂ e	18.0 tCO ₂ e
Emissions from combustion of fuel for transport purposes (scope 1)	-	-	-
Emissions from business travel in rental cars or employee-owned vehicles (scope 3)	-	-	-
Emissions from purchased electricity, heat, steam, and coiling (scope 2, location based)	135 tCO ₂ e	39.6 tCO ₂ e	174.6 tCO ₂ e
Total gross tCO ₂ e based on above fields	147.5 tCO ₂ e	44.9 tCO ₂ e	192.4 tCO ₂ e
tCO ₂ e per £million of revenue (scope 1 & 2)			2.04
tCO ₂ e per employee			0.39

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 year. In preparing the financial statements, the directors are required to:

Onfido Ltd

Directors' report for the year ended 31 January 2023 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as 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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed in due course.

On behalf of the board

DocuSigned by:

Francesca Porter

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F Porter

Director

Date: 01 September 2023

Onfido Ltd

Independent auditors' report to the members of Onfido Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Onfido Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Balance Sheet as at 31 January 2023; the Profit and Loss account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Onfido Ltd

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 January 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Data Protection Act 2018 and other applicable data protection legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting, specifically the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management and internal legal counsel, including consideration of known or suspected instances of fraud or non-compliance with laws and regulations;

Onfido Ltd

- Addressing the risk of management override of internal controls, including the testing of journal entries, in particular those posted with unusual account combinations; and
- Challenging assumptions made by management in determining their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

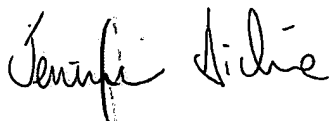
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jennifer Dickie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 September 2023

Onfido Ltd

Profit and Loss account for the year ended 31 January 2023

		Year ended 31 January 2023	13-month period ended 31 January 2022
	Note	£	£
Turnover	5	97,156,196	65,515,408
Cost of sales		(68,663,944)	(46,456,760)
Gross profit		28,492,252	19,058,648
Administrative expenses		(60,256,016)	(52,335,175)
Other operating (losses) / gains	6	(103,179)	16,218
Operating loss	7	(31,866,943)	(33,260,309)
Interest receivable and similar income	10	153,818	113,812
Interest payable and similar expenses	10	(213,575)	(5,896)
Profit on Sale of Entity		1,943,190	-
Loss before taxation		(29,983,510)	(33,152,393)
Tax on loss	11	4,427,248	2,091,193
Loss for the financial period		(25,556,263)	(31,061,200)

Statement of Comprehensive Income for the year ended 31 January 2023

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
Loss for the financial period	(25,556,263)	(31,061,200)
Total comprehensive expense for the period	(25,556,263)	(31,061,200)

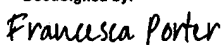
Onfido Ltd

Balance Sheet as at 31 January 2023

	Note	As at 31 Jan 2023 £	As at 31 Jan 2022 as restated £
Fixed assets			
Investments	12	27,120,623	23,033,056
Intangible assets	13	50,201	2,637,284
Tangible assets	14	1,207,025	642,379
Current assets			
Debtors	15	66,282,812	53,433,714
Cash at bank and in hand		37,403,014	27,283,890
		103,685,826	80,717,604
Creditors: amounts falling due within one year	16	(86,676,311)	(46,774,330)
Net current (liabilities)/assets		17,009,515	33,943,274
Total assets less current liabilities		45,387,364	60,255,993
Creditors: amounts falling due after more than one year	17	(3,141,400)	-
Net assets		42,245,964	60,255,993
Capital and reserves			
Called up share capital	19	85	85
Share premium account		162,789,453	162,789,453
Share reserve		8,615,131	1,068,896
Capital contribution reserve		21,175,162	21,175,162
Profit and loss account		(150,333,866)	(124,777,603)
Total shareholders' funds		42,245,965	60,255,993

The notes on pages 19 to 44 are an integral part of these financial statements.

The financial statements on pages 16 to 45 were approved by the Board of Directors on 31 August 2023 and were signed on its behalf by:

DocuSigned by:

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F Porter

Director

Date: 01 September 2023

Onfido Ltd

Statement of Changes in Equity for the year ended 31 January 2023

	Called up share capital	Profit and loss account	Share premium account	Share reserve	Capital contribution reserve	Other reserves	Total shareholders' funds
	£	£	£	£	£	£	£
Balance at 1 January 2021	72	(93,716,404)	152,227,063	9,578,558	-	-	68,089,289
Loss for the financial period	-	(31,061,199)	-	-	-	-	(31,061,199)
Total comprehensive expense for the period	-	(31,061,199)	-	-	-	-	(31,061,199)
Issue of share capital (Note 19)	13	-	10,562,390	-	-	-	10,562,403
Share-based payment credit	-	-	-	12,665,500	-	-	12,665,500
Share for share exchange to Onfido Holdings Ltd	-	-	-	(21,175,162)	21,175,162	-	-
Issue of treasury shares	-	-	-	-	-	(9,475,926)	(9,475,926)
Release of treasury shares	-	-	-	-	-	3,087,938	3,087,938
Restatement Adjustment (Note 3.2)	-	-	-	-	-	6,387,988	6,387,988
Balance as restated at 31 January 2022	85	(124,777,603)	162,789,453	1,068,896	21,175,162	-	60,255,993
Loss for the financial year	-	(25,556,263)	-	-	-	-	(25,556,263)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	(25,556,263)	-	-	-	-	(25,556,263)
Share-based payment credit	-	-	-	7,546,234	-	-	7,546,234
Balance at 31 January 2023	85	(150,333,866)	162,789,453	8,615,131	21,175,162	-	42,245,965

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023

1. General information

The principal activities of the Company are the provision of identity verification services. These services are provided to businesses performing checks on individuals who use their service.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The registered number of the Company is 07479524. The address of its registered office is 3rd Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1AH. Onfido Ltd has eight overseas subsidiaries operating in Portugal, the United States, India, Singapore, Germany and Netherlands. Onfido Ltd also has one UK subsidiary, EYN Limited, which as at year end was in the process of liquidation.

2. Statement of compliance

The company financial statements of Onfido Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been applied consistently.

3.1 Basis of preparation

These financial statements present the results of Onfido Ltd for the year ended 31 January 2023. The company is an intermediate parent to its subsidiaries - Onfido Unipessoal Lda, Onfido Inc., Airside Mobile Inc., Onfido Services India Private Limited, Onfido SAS, Onfido PTE Ltd, Onfido GmbH, Onfido BV and EYN Limited. Airside Mobile Inc. was acquired on 31 October 2022. Onfido SAS was sold to Onfido Holdings Limited (Onfido Ltd's parent company) on 4 February 2022. EYN Limited began the process of liquidation on 7 December 2022. The consolidated results of the group have been prepared by its ultimate parent company, Onfido Holdings Limited and includes information for EYN Limited up until the period before the process of liquidation.

The financial statements are prepared on a going concern basis, under the historical cost method.

The preparation of financial statements in conformity with FRS 102 requires the use of certain 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 4.

During the prior reporting period ended 31 January 2022, Onfido Ltd changed its year-end date from 31 December to 31 January. These financial statements present the current 12-month period ended 31 January 2023 against the prior 13-month period ended 31 January 2022. Thus, the comparative amounts presented within these financial statements are not directly comparable.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.1 Basis of preparation (continued)

The preparation of these financial statements is in accordance with the Companies Act 2006.

3.2 Prior period restatement

The Company has restated the prior year accounts to correct the item below:

In the prior period ending 31 January 2022, treasury shares amounting to £6,387,988 and the corresponding employee liability to the CEO relating to advances granted to the Directors of the group were recognised within other creditors in Onfido Ltd instead of Onfido Holdings Limited. The restatement has been carried out in the current reporting year ended 31 January 2023 by the derecognition of treasury shares and the corresponding loan to the CEO in Onfido Ltd and recognition of the treasury shares and the corresponding loan to the CEO in Onfido Holdings Limited.

	As originally reported	Adjustment	As restated
	£	£	£
Creditors: amounts falling due within one year:			
Other creditors	6,669,454	(6,387,988)	281,466
Capital and reserves:			
Other reserves	6,387,988	(6,387,988)	-

3.3 Going concern

The directors have prepared the financial statements for Onfido Ltd on a going concern basis. The parent company, Onfido Holdings Limited has formally committed to support its subsidiary, Onfido Ltd, for the following twelve months from date of signing of these accounts. The directors have satisfied themselves through obtaining an understanding of the financial position of the Group that the Group has sufficient resources to provide the Company with this letter of support.

Furthermore, in February 2022, the Group entered into a credit facility arrangement for \$40,000,000 of which the Company has the ability to draw down, further strengthening the cash availability for the Company. As at the date of signing the accounts, the facility remains partially utilised.

3.4 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing statement of cash flows for the reporting periods under the exemption set out in paragraph 3.1B of FRS 102;
- from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the Onfido Holdings Limited consolidated financial statements and the relevant disclosures are included therein; and

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.4 Exemptions for qualifying entities under FRS 102 (continued)

- from disclosing the company key management personnel compensation as required by FRS 102 paragraph 33.7, under the exemption set out in paragraph 33.7A; and
- from disclosing related parties' transactions under FRS 102 paragraph 33.11.
- from disclosing certain financial instrument related disclosures per section 11 & 12

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of refunds, discounts and rebates allowed by the company and value added taxes.

Revenue is deferred until services are delivered to the clients under the terms of agreed contracts, at which point revenue is recognised to the extent that its probable economic benefits will flow to Onfido Ltd and the revenue can be reliably measured. Clients are either invoiced on the signing for the agreed contract for the services or invoiced on a monthly basis once the services are completed with a payment term of 30 days.

Revenue is recognised at the point when the amount of revenue can be measured reliably and the stage of completion of the transaction at the end of the reporting period can be measured reliably. This indicates that the revenue is accrued in full as soon as the above criteria are met, even if the invoice is not issued or payment is not received. As the end of each reporting period, the company carries the balance of any accrued revenue - where the usage of the service can be reliably measured upon completion but not yet invoiced as per the contract terms or paid for - as an asset in the balance sheet.

The nature of some contractual agreements between the company and some customers may result in tax invoices being issued ahead of the period when the actual service is provided. The company still applies the FRS 102 standard which allows revenue to be recognised only at the point when the amount of revenue can be measured reliably and the stage of completion of the transaction at the end of the reporting period can be measured reliably. This indicates that for such agreements, only when the usage volume is known and completed for the period, the reliable revenue amount can be measured. The invoiced amount is reflected in the balance sheet as deferred revenue until a time when revenue can be estimated reliably. As at the end of each reporting period, the company carries the balance of invoiced but unrealised revenue under the deferred revenue accounts as a liability on the balance sheet.

Cost of sales

Cost of sales is measured as the direct costs attributed to performing a check. This includes outsourced labour, data suppliers and production related hosting costs. Cost of sales also includes transfer pricing adjustments in relation to the Company's subsidiaries.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.5 Revenue recognition (continued)

Other operating income

Other operating income includes rental income and grant income. Rental income is recognised in the year when the expenses are incurred. Grant income is received in relation to salary costs during the year, this income is recognised net with salary costs when the grant has been received.

Sales commission

Commissions and incentives are earned by our growth teams, these costs are recognised upfront and are included in administrative expenses in the Company Profit and Loss account.

3.6 Employee benefits

The company provides a range of benefits to employees including commissions, bonus arrangements, paid holiday arrangements, share option schemes and defined contribution pension plans.

Liabilities for annual leave, as well as those employee entitlements which are expected to be settled within one year, are measured at the amounts expected to be paid when they are settled.

The company operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3.7 Share-based payments

Onfido Ltd grants options over its ordinary shares to certain employees of the company for their services to the company. The company financial statements for these as equity-settled share-based payments. These share-based payments, which must be measured at fair value, are recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair market values of these payments are measured once at grant date using Black-Scholes model, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the parent company's estimate of the number of awards which will lapse, either due to employees leaving the company prior to vesting or due to non-market based performance conditions not being met. Awards do not have market-based performance conditions.

The total amount recognised in the profit and loss account as an expense is adjusted to reflect the expected number of awards that vest. Good leavers receive the portion of awards that have vested until the date of their notice period commencing. Good leavers have 90 days following their leaving date to claim their awards.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.7 Share-based payments (continued)

On 5 November 2021, the share options in Onfido Ltd were transferred to Onfido Holdings Limited as part of share for share exchange detailed in Note 9, which resulted in all share schemes being transferred from Onfido Ltd to Onfido Holdings Limited, except for the BSPCE-Qualified scheme which remained in Onfido Ltd where employees of Onfido SAS receive options over the shares of the Company. The valuation of these options has been carried out as described above, but as the relevant employees provide services to a different group company, the Company accounts for this as an increase in the share reserve.

Following the transaction, Onfido Ltd acts as an intermediate parent and adopted an accounting policy to continue to account for the share option expense relating to its subsidiaries within capital contribution reserve and the investment in subsidiaries line and as the parent has not asked for compensation of the issue of options over its shares to employees providing services to the Company, accounts for these amounts as a charge to the profit and loss account with a corresponding entry to the capital contribution reserve.

3.8 Taxation

Taxation expense or benefit for the year comprises current and deferred tax. Tax for the year is recognised in the profit and loss account.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable (or refundable) in respect of the taxable profit (or loss) for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.9 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment, and any impairment is charged to the income statement. No reversals of impairment are recognised.

3.10 Research and development

Research and development costs are recognised as an expense in the profit and loss as and when software development costs are incurred. These costs relate mainly to software development. The software development costs were expensed during the year due to the difficulty in being able to reliably measure costs.

3.11 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Repairs, maintenance and minor inspection costs are expensed as incurred.

(i) Leasehold improvements

Leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.11 Tangible assets (continued)

(ii) Fixtures, fittings and office equipment

Fixtures, fittings, office equipment and computer equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Computer equipment

Computer equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iv) Depreciation and residual values

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

Leasehold improvements	33.33%, straight line
Fixtures, fittings and office equipment	33.33%, straight line
Computer equipment	33.33%, straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(v) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

(vi) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss account and included in other operating (losses) / gains.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.12 Intangible assets

(i) Software development costs

Software development costs are stated at cost less accumulated amortisation and accumulated impairment losses. These assets are amortised using the straight-line method over a useful life of 3 years. Amortisation is included in administrative expenses in the profit and loss account. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- Management intends to complete the software and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available.
- The expenditure attributable to the software during its development can be reliably measured.

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

(ii) Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the company's interest in the identifiable net assets and liabilities. Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment, and any impairment is charged to administrative expenses within the income statement.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.13 Leased assets

At inception, the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

3.14 Impairment of non-financial assets

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit or loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

3.15 Investments

Investment in subsidiary companies are held at cost less accumulated impairment losses.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. The company has no bank overdraft facility.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.17 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and amount owed to Group undertakings that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Interest charged on debt is included in administrative expenses in the profit or loss account.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

3.17 Financial instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Complex financial instruments

Initial recognition of these instruments is at fair value. Fair value is the price at which the instruments were issued. Subsequent measurement is at fair value with movements recognised in the profit and loss account.

Upon a qualifying event occurring, convertible loan notes classified as complex financial instruments are converted to equity in-line with the terms of the individual agreement applicable to each tranche of loan note. The fair value used upon conversion is measured on the date of such qualifying conversion event occurring.

3.18 Distribution to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the year in which dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

3.19 Share capital

Ordinary shares and preference shares are classified as equity.

3.20 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same company. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

4 Critical accounting judgements and estimation uncertainty

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

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

4.1 Critical judgements in applying the entity's accounting policies

4.1.1 Hive Up of EYN Limited

During the year, EYN Limited agreed to transfer to Onfido Ltd, and Onfido Ltd agreed to acquire, its assets on the terms set out in the Hive-Up Agreement with effect from the transfer date of 24 November 2022.

With respect the hive up of EYN Limited, because the business was wound up, the directors did not consider it appropriate to create a merger reserve in the receiving entity Onfido Ltd, and instead wrote off the difference between the carrying value in Onfido Ltd and the value of the net assets received in the hive up to the income statement. Therefore, no merger reserve was created.

There are no other critical judgements in applying the entity's accounting policies.

4.2 Critical accounting estimates and assumptions

4.2.1 Share-based payments (Note 9)

Share based payments - estimated "fair values" of the share options have been established using a Black-Scholes model. This model uses a number of inputs, including expected dividends, expected share price volatility and the expected period to exercise. The output by its nature is an estimate.

Share based payments with attached performance conditions have been accounted for based on the most probable vesting outcome. At each accounting date between grant and vest, the most probable outcome is revaluated and any difference from the prior period cumulative share-based payment charge is be recognised in the profit or loss account.

4.2.2 Transfer of ownership and control of Onfido SAS

On 4 February 2022, Onfido Ltd, a subsidiary of the Group, entered into an agreement to sell its subsidiary, Onfido SAS, to Onfido Holdings Limited, the parent company of the Group. The transaction was completed on 4 February 2022, resulting in a transfer of ownership and control of Onfido SAS from Onfido Ltd to Onfido Holdings Limited. The transaction has been accounted for as an acquisition.

The sale consideration for the acquisition of Onfido SAS was £3,105,026, payable by Onfido Holdings Limited to Onfido Ltd via an inter-group transaction. The consideration was determined based on a fair value assessment using discounted cash flow model. Assumptions include forecast of revenue, costs, discount rates and attrition rates. The sale consideration was cash as per the terms of the agreement.

The difference between the sale consideration and the carrying amount of Onfido Ltd investment in Onfido SAS at the time of the transaction resulted in a gain on disposal in Onfido Ltd. The gain on disposal is recognised in the statement of comprehensive income. Additional disclosure is provided below to ensure appropriate transparency and understanding of the transaction.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

4.2.2 Transfer of ownership and control of Onfido SAS (continued)

Gain on disposal of Onfido SAS	£
Cash Consideration from Onfido Holdings Limited	3,105,026
The carrying amount of Onfido Ltd investment in Onfido SAS	(1,161,836)
Gain on disposal of Onfido SAS in Onfido Ltd	1,943,190

4.2.3 Fair value of entity disposal – Onfido SAS

Due to nil distributable reserves in Onfido Ltd, the directors had a duty, for both tax and accounting purposes, to undertake the transfer at a price which is no less than market value. The directors gave appropriate consideration to the fair value of the Onfido SAS, valuing it using a discounted cash flow methodology. The directors consider the final transaction to have taken place at a fair market value of £3,105,026.

4.2.4 Disposal of EYN Limited - Impairment of goodwill (Note 13)

During the year, it came to the management's attention that in the prior year, goodwill had been recognised erroneously instead of correctly recognising an investment in EYN Limited. This was contrary to the requirements of Section 14 and Section 15 of FRS 102.

The effects of this error on the prior year's financial statements were an overstatement of goodwill of £2,597,565 and an understatement of investments by £2,597,565. Accumulated amortisation of goodwill was also overstated by £108,232 and retained earnings understated by a net amount of £108,232.

The financial statements for the current year have been prepared after making the necessary impairment adjustments due to the disposal of EYN Limited, which was considered no longer a going concern. In the consolidated balance sheet as at 31 January 2023, the balance in goodwill has been fully impaired. Accumulated amortisation of goodwill was impaired by £367,986. As a result, total accumulated charge to the profit or loss account for the year ended 31 January 2023 is £2,229,579. As the directors consider the amount to be immaterial in nature as it was previously carried as a non-current asset, this has been corrected through the current year financial statements.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

5 Turnover

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
United Kingdom	69,260,919	43,117,472
Rest of Europe	20,694,026	20,374,909
Rest of the World	7,201,251	2,023,027
	97,156,196	65,515,408

6 Other operating (losses) / gains

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
Other income	3,500	-
Profit / (loss) on disposal of tangible assets	(106,679)	16,218
	(103,179)	16,218

Onfido Ltd

7 Operating loss

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
Operating loss is stated after charging:		
Wages and salaries	25,307,038	26,799,887
Sales commission costs	1,841,422	2,319,949
Social security costs	3,665,121	3,946,450
Share based payments (Note 9)	7,546,234	12,665,500
Other pension costs	873,795	804,321
Staff costs	39,233,611	46,536,107
Depreciation	553,127	632,117
Amortisation	97,750	198,470
Impairment of investment	2,585,764	-
Bad debt expense	426,801	476,437
Operating lease charges	1,609,937	303,574
Foreign exchange losses / (gains)	(1,949,764)	515,541
Fee payable to auditors for audit-related assurance services	108,000	100,000
Fee payable to auditors for taxation compliance services	3,600	26,590
Fee payable to auditors for taxation advisory services	-	7,900
Fee payable to auditors in relation to non-audit services	-	15,000
Research and Development costs	4,645,749	4,469,556
Technology and IT costs	11,514,696	8,477,552

Research and Development related costs included in the above note have been estimated using the proportion of qualifying expenditure used to calculate R&D tax credits as a percentage of total wages and salary costs.

Additional staff costs disclosure (including executive directors) has been included within note 8.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

8 Employees and Directors

Employees

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

	Year ended 31 January 2023	13-month period ended 31 January 2022
	Number	Number
Growth	89	76
Exec	5	3
Technology	122	126
Business Operations	59	76
Total	275	281

Directors

The directors' emoluments were as follows:

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
Wages and salaries	590,019	723,967
Social security costs	82,054	98,974
Share based payments (Note 9)	384,900	5,511,849
Other pension costs	24,579	29,484

No directors exercised share options during the year ended 31 January 2023.

The highest paid director's emoluments were as follows:

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	367,802	253,570
Money purchase schemes	-	32,339

No share options were exercised by the highest paid director.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

9 Share-based payments

The company operates an equity-settled compensation plan as part of a group share-based payment arrangement. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The allocation of this expense is based on the entity in which the employee provides services to. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement.

The share for share exchange which took place during the period resulted in all share schemes being transferred from Onfido Ltd to Onfido Holdings Limited, except for the BSPCE-Qualified scheme which remained in Onfido Ltd where employees of Onfido SAS receive options over the shares of the Company. The valuation of these options has been carried out as described above, but as the relevant employees provide services to a different group company, the Company accounts for this as an increase in the share reserve.

9.1 Share-based payment transactions

The company operates five share-based payment schemes. The options typically vest monthly over a period of 24, 36 or 48 months, usually with a one-year cliff.

Onfido Ltd	Year ended 31 January 2023		13-month period ended 31 January 2022	
	No. 000	Weighted average exercise price £	No. 000	Weighted average exercise price £
Outstanding at 1 January	8,972	0.0955	121,830	0.0668
Granted	-	-	112,537	0.0370
Exercised	105	0.0240	65,142	0.0324
Cancelled	-	-	-	-
Lapsed	3,696	0.0246	13,620	0.0329
Outstanding at 31 December	5,171	0.1837	155,604	0.0955
Transfer as a result of share for share exchange	-	-	(146,632)	(0.0955)
Remaining in Onfido Ltd	5,171	0.1837	8,972	0.0245

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

10 Net Interest Expense

(a) Interest received and similar income

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
Interest received	153,818	113,812

(b) Interest paid and similar charges

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
Interest paid	213,575	5,896

Onfido Ltd

11 Tax on loss

	Year ended 31 January 2023	13-month period ended 31 January 2022
	£	£
(a) Tax credit included in profit or loss		
Current tax:		
Foreign tax suffered	-	-
Adjustment in respect of previous years	(4,427,248)	(2,091,193)
Total current tax credit	(4,427,248)	(2,091,193)
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous years	-	-
Total deferred tax credit	-	-
Total tax credit	(4,427,248)	(2,091,193)
 (b) Reconciliation of tax charge	 Year ended 31 January 2023	 13-month period ended 31 January 2022
	£	£
Loss before taxation	(29,983,510)	(33,152,393)
Loss before taxation multiplied by the effective tax rate of 19.0% (2022: 19%)	(5,696,867)	(6,298,955)
Effects of:		
Fixed asset differences	7,258	16,897
Differences in overseas tax rates	-	-
Expenses not deductible for tax purposes	632,655	537,392
Other permanent differences	(63,471)	(43,746)
Other tax adjustments, reliefs and transfers		(3,278,139)
Group relief surrendered/(claimed)	13,762	5,799,784
Other adjustments	6,703,510	8,261,945
Tax rate changes	(1,596,847)	(4,995,149)
Adjustment in respect of previous years	(4,427,248)	(2,091,193)
Tax credit on profit on ordinary activities	(4,427,248)	(2,091,193)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

12 Investments

During the year, the company's investments increased to £27,120,623 (2022: £23,033,056). A reconciliation is presented below:

	As at 31 Jan 2023	As at 31 Jan 2022
	£	£
At 1 January 2021		824,990
At 1 February 2022	23,033,056	
Increased investment on Onfido Inc	-	11,502,600
Increased investment on Onfido SAS	-	4,286
Investment in EYN Limited	-	96,432
Share-based payment credit	5,345,834	10,604,748
Transfer from Goodwill	2,489,333	-
Impairment of investment	(2,585,764)	-
Sale of Onfido SAS to Onfido Holdings Limited	(1,161,836)	-
	27,120,623	23,033,056

The company's subsidiaries, which operate principally in their respective countries of incorporation, are:

Name	Principal activity	Address	Country of incorporation	Proportion of ordinary shares held	Ownership
Onfido Unipessoal Lda	Provides engineering services to its parent	Avenida D João II, no. 46-4A, 1990-095 Lisbon, Portugal	Portugal	100.00%	Direct
Onfido Inc	Sale & marketing of Onfido Ltd's identity verification solution in the United States	Suite 633, Werqwise, 149 New Montgomery St., 4th Floor, San Francisco, CA 94105, USA	United States	100.00%	Direct
Onfido Services India Private Limited	Sale & marketing of Onfido Ltd's identity verification solution in India	Unit No. 9, Corporate Park II, 9th floor, VN Purav Marg, Near Swastik Chambers, Chembur, Mumbai - 400071	India	99.99%	Direct
Onfido PTE Ltd	Sale & marketing of Onfido Ltd's identity verification solution in Singapore	20A Tanjong Pagar Road, Singapore, 088443	Singapore	100%	Direct
Onfido GmbH	Sale & marketing of Onfido Ltd's identity verification solution in Germany	c/o Osborne Clarke, Innere Kanalstraße 15, 50823, Köln, Germany	Germany	100%	Direct
Onfido BV	Sale & marketing of Onfido Ltd's identity verification solution in the Netherlands	Groud, 1st, 2nd and 3rd Floor, Joop Geesinkweg 901-999, Amsterdam-Duivendrecht, 1114 AB, Netherlands	Netherlands	100%	Direct
EYN Ltd	Provides technology services to its parent	3 Finsbury Avenue, 5th Floor, London, EC2M 2PA	United Kingdom	100%	Direct
Airside Mobile Inc	Provides technology services to its parent	246 Brighton Rd, Andover, New Jersey, 07821	United States	100%	Indirect

EYN Limited is a direct subsidiary of Onfido Ltd. On 7 December 2022, the directors began the process of liquidation. The net assets and operations of EYN Limited have been transferred up into Onfido Ltd.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

13 Intangible assets

	Software development costs	Goodwill	Total
	£	£	£
Cost			
At 1 February 2022	313,837	2,597,565	2,911,402
Additions	-	-	-
Disposals	(61,136)	-	(61,136)
Transfer to investments	-	(2,597,565)	(2,597,565)
At 31 January 2023	252,701	-	252,701
Accumulated amortisation			
At 1 February 2022	165,886	108,232	274,118
Charge for the year	97,750	-	97,750
Disposals	(61,136)	-	(61,136)
Transfer to investments	-	(108,232)	(108,232)
At 31 January 2023	202,500	(0)	202,500
Net book amount			
At 31 January 2023	50,201	0	50,201
At 31 January 2022	147,951	2,489,333	2,637,284

A full impairment of goodwill is recognised during the year relating to the disposal of EYN Limited.

During the year, the directors began the process of liquidation of EYN Limited. As a result, the net assets were hived up to Onfido Ltd. As the business was not continuing to trade, the Company wrote down the value of its investment through the profit and loss account to nil. In the prior year, this investment was incorrectly recorded as goodwill. This has now been corrected through the write off in the current year.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

14 Tangible assets

	Leasehold improvements	Fixtures, fittings and office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 February 2022	1,096,428	617,419	1,223,520	2,937,367
Additions	791,633	276,012	165,050	1,232,695
Disposals	(1,096,429)	(75,002)	(697,243)	(1,868,674)
At 31 January 2023	791,632	818,429	691,327	2,301,386
Accumulated depreciation				
At 1 February 2022	958,468	542,854	793,668	2,294,990
Charge for the year	204,685	88,923	259,519	553,127
Charge on disposal	(1,016,504)	(40,008)	(697,243)	(1,753,755)
At 31 January 2023	146,649	591,769	355,944	1,094,362
Net book amount				
At 31 January 2023	644,983	226,660	335,383	1,207,025
At 31 January 2022	137,960	74,565	429,852	642,377

During the year, the Company moved its UK office to new premises. As a result, it disposed of leasehold improvements with a net book value of £79,924 and furniture and fittings with a net book value of £34,994. The Company invested £791,630 in leasehold improvements and £254,165 in furniture and fittings at its new premises.

15 Debtors

	As at 31 Jan 2023	As at 31 Jan 2022
	£	£
Trade debtors	10,592,562	11,671,937
Amounts owed by group undertakings	43,868,310	37,852,641
Loan due from group undertakings	3,641,573	577,030
Corporation tax	4,436,185	356,810
Other debtors	635,116	991,696
Prepayments	3,109,066	1,983,600
	66,282,812	53,433,714

Trade debtors are stated after provisions for impairment of £2,768,972 (2022: £2,156,569).

Amounts owed by the Group undertakings due are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

15 Debtors (continued)

Loan balances due from group undertakings represent term loans issued by Onfido Ltd to Onfido GmbH, Onfido PTE Ltd and Onfido Services India Private Ltd in January 2023. The loans are unsecured and attract interest at a rate of 2.5% plus the Bank of England base rate. Interest is payable with the principal at the end of three years, being May 2026.

16 Creditors: amounts falling due within one year

	As at 31 Jan 2023	As at 31 Jan 2022
	£	£
Bank loan	24,306,360	-
Trade creditors	4,562,789	4,606,899
Amounts due to group undertakings	31,984,924	16,470,690
Other creditors (restated)	407,372	281,466
Taxation and social security	2,006,728	1,833,859
Accruals and deferred income	23,408,138	23,581,416
	86,676,311	46,774,330

Bank loans include a senior loan of \$5,000,000 and a recurring line of credit facility of \$40,000,000.

The senior loan accrues interest on a monthly basis at Wall Street Journal (WSJ) Prime Rate plus 1.5%. It is due for repayment in full in 2026. It is secured by a charge over all assets of the Group including the Company.

The recurring line of credit facility is to cover working capital commitments. The total amount drawn as at reporting date is \$25,000,000. Interest is charged at Wall Street Journal (WSJ) Prime Rate on the drawn-down amount. A commitment fee of 0.5% is charged on the undrawn amount.

Amounts due to group undertakings for the current year represents balances due to Onfido Holdings Limited and the company's subsidiaries. These payables are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

In the prior period ending 31 January 2022, treasury shares amounting to £6,387,988 and the corresponding loan to the CEO relating to advances granted to the Directors of the group were recognised within other creditors in Onfido Ltd instead of Onfido Holdings Limited. The restatement has been carried out in the current reporting year ended 31 January 2023 by the derecognition of treasury shares and the corresponding loan to the CEO in Onfido Ltd and recognition of the treasury shares and the corresponding loan to the CEO in Onfido Holdings Limited.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

17 Creditors: amounts falling due after more than one year

Creditors: amounts falling due after more than one year

	As at 31 Jan 2023	As at 31 Jan 2022
	£	£
Loan due to group undertakings	3,141,400	-

Loan due to group undertakings for the current year represents outstanding balances from term loans issued to the Company by some of its subsidiaries – Onfido Inc., Onfido Unipessoal Lda, Onfido SAS and Onfido BV. The loans are unsecured and attract interest at a rate of 2.5% plus the Bank of England base rate. Interest is payable with the principal at the end of three years, being May 2026.

18 Financial instruments

The company has the following financial instruments:

	As at 31 Jan 2023	As at 31 Jan 2022
	£	£
Financial assets measured at amortised cost		
Trade debtors	10,592,562	11,671,937
Other debtors	635,116	991,696
	11,227,678	12,663,633
Financial liabilities measured at amortised cost		
Bank loan	24,306,360	-
Trade creditors	4,562,789	4,606,899
Other creditors	407,372	281,466
Accruals	6,035,891	7,909,237
	35,312,412	12,797,602

19 Called up share capital

Aggregate share capital, consisting of ordinary and preference shares:

Allotted and fully paid	Number	£
At 1 February 2022	850,475,076	85.0
At 31 January 2023	850,580,075	85.1

Ordinary shares of £0.0000001 each

Allotted and fully paid	Number	£
At 1 February 2022	291,024,958	29.1
At 31 January 2023	291,129,957	29.1

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

19 Called up share capital (continued)

There is a single class of ordinary shares. There were no dividends distributed in the year (2022: nil).

Preference shares of £0.0000001 each

Allotted and fully paid	Number	£
At 1 February 2022		
Series A Preferred	67,574,800	6.8
Series B Preferred	105,511,000	10.6
Series C1 Preferred	109,398,100	10.9
Series C2 Preferred	59,624,583	6.0
Series C3 Preferred	217,341,635	21.7
At 31 January 2023		
Series A Preferred	67,574,800	6.8
Series B Preferred	105,511,000	10.6
Series C1 Preferred	109,398,100	10.9
Series C2 Preferred	59,624,583	6.0
Series C3 Preferred	217,341,635	21.7

The preference shares are classified as equity in the balance sheet.

The preference shares entitle the holder to receive dividend payments at the Company's discretion. There were no dividends distributed or accrued in the year (2022: nil). The holders of preference shares have equal voting rights to the holders of ordinary shares.

The preference shares can be converted to ordinary shares on the request of the holder, series majority, preferred majority or a qualifying IPO. On a winding-up, the holders of Series C3 preference shares have priority before the holders of Series C2 preference shares, who have priority before the holders of C1 preference, who have priority before the holders of Series B preference shares, who have priority before the holders of Series A preference shares, who have priority before the holders of all other classes of shares to receive repayment of capital.

Onfido Ltd

Notes to the financial statements for the year ended 31 January 2023 (continued)

20 Operating lease and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for the current reporting year and prior period:

	Land & building as at 31 Jan 2023	Land & building as at 31 Jan 2022
	£	£
Not later than one year	1,383,103	226,834
Later than one year and not later than five years	1,961,831	-
Later than five years	-	-

The company had no other off-balance sheet arrangements and no capital commitments.

21 Ultimate Parent and Controlling Party

During the prior reporting year ended 31 January 2022, the company took steps to improve the Corporate Governance of the Group, by splitting management and operational Boards between the relevant group entities through the incorporation of a new holding Company, Onfido Holdings Limited. Following the incorporation on 21 October 2021, a share for share exchange (including share options) took place between the shareholders of the newly incorporated entity and the shareholders of Onfido Ltd, resulting in Onfido Holdings Limited becoming the new 100% parent of Onfido Ltd and the ultimate controlling party.

22 Related parties

During the year, there were no salaries and commissions (2022: £nil) paid to relatives of the Directors of the company.

During the year, Onfido Services India Private Limited provided market support services to Onfido Ltd and recognised a revenue of £510,312 (2022: £539,732). Onfido Services India Private Limited also earned a contractual subvention income of £483,723 (2022: £266,859) from Onfido Services India Private Limited. At the year-end, £994,035 (2022: £806,591) was outstanding and included within debtors in the books of Onfido Services India Private Limited. The receivable is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

Onfido Ltd

23 Events after the reporting year

23.1 Non-adjusting event

On 21 February 2022, Onfido Ltd entered into a loan agreement with Silicon Valley Bank UK ("SVB"). Subsequently, on 21 December 2022, Onfido Ltd and SVB amended and restated the agreement to include a temporary financial covenant for the 2022 fiscal year ending 31 January 2023. During a meeting between Onfido Ltd and SVB in January 2023, Onfido Ltd indicated that it would likely breach the covenant at the end of Q4 2022. Subsequently, on 28 February 2023, the breach was confirmed as part of the monthly reporting to SVB. On March 14, 2023, SVB communicated via mail that they will forbear the covenant breach that took place in Q4 2022. This was later documented in the updated loan agreement on June 29, 2023.

As a result of the above, the loan from SVB has been classified as current in these financial statements as the Company was in breach at the balance sheet date. This was subsequently remedied as described above, and the Company remains within its reset covenants at the time of signing these accounts. The Group and Company are required to file both the Group and Company financial statements within 210 days after period ended 31 January 2023. Subsequent to the period end but before the required date, the directors received a waiver extending the deadline by a month.