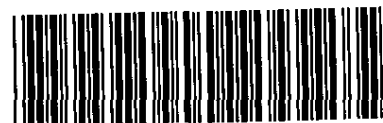


Supplementary information to  
03/24/2022

Company Registration No. 12576377 (England and Wales)

**YOULEND LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2022**

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# **YOULEND LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	K Larsen M S Velin
<b>Company number</b>	12576377
<b>Registered office</b>	90 High Holborn 5th Floor London WC1V 6LJ
<b>Auditor</b>	Deloitte LLP 5 Callaghan Square Cardiff CF10 5BT
<b>Bankers</b>	Banking Circle 70 Gracechurch Street London EC3V 0HR

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# **YOULEND LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present the strategic report for the year ended 31 March 2022.

#### **Fair review of the business**

The Company is a private limited company and is registered in England and Wales under the Companies Act 2006. The YouLend platform was launched in 2016 and incorporated in 2020 to facilitate more accessible financing options for the SME market. The Group wanted to solve the disparity in financing options for small and medium-sized enterprises (SMEs) by creating a true technology-based approach that would leverage on the latest innovations in the payments/fintech space.

By consistently keeping up with technological improvements and advancements, the Group is able to put the automation of processes and procedures at the forefront of the Group agenda. The Group intends to continue to extend financing to as many SMEs as possible, while reducing the associated costs and the time taken between *application and the release of funding to the SMEs*.

Scalability is achieved through our partnerships with Tier 1 payment service providers (PSPs) and eCommerce platforms. The technology behind the platform enables our partners to offer embedded financing solutions to their merchants, the SMEs.

The main financial product offered through the Group is revenue-based financing. By tying the repayments to the daily/weekly/monthly revenue of the SMEs that have obtained financing, the Group's performance is aligned to that of its clients.

The Group predominantly operates within the UK and Ireland where the economies were heavily impacted by the macroeconomic effects from the Covid-19 pandemic, despite lockdowns the Group succeeded in extending more financing to SMEs than in the previous year and expects to continue to grow despite the present macroeconomic uncertainty surrounding the war in Ukraine and the cost of living crisis.

The Group facilitated funding to thousands of SMEs during the year and has recently started to serve partners in Belgium, Germany, Poland and Spain with plans to expand into further European countries in the near-term. The Group's embedded finance solution reaches 1,160,000 SMEs through partnerships and integrations with PSPs and eCommerce platforms.

The Group has scaled staff throughout the year with a specific focus on the technology and development departments. The dedicated focus and investment in technology, positions the Group well to continue to seek the goal of extending as much finance, at increased speed and at a lower cost to the SME market.

#### **Results**

The consolidated statement of comprehensive income is set out on page 11 and shows the loss for the year of £6,621k (2021: £4,971k), which was expected and in line with the Group's long term business plan.

#### **Countries of Operations**

The Group enables embedded finance solutions in the United Kingdom, Ireland, Netherlands, Belgium, Spain, Germany and Poland.

## **YOULEND LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022**

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#### **Principal risks and uncertainties**

##### *Credit risk*

The credit risk of the Group is related to negative developments in the macroeconomic environment of the SME segment. Ultimately the risk ties back to the underlying borrowers of the financing assets facilitated. As the group's product is dependent on sales-based repayments, a negative development would affect the entire SME segments' ability to trade at previous levels.

There is continuous development of the credit risk algorithms by the data science teams. This positions the Group strongly in regard to understanding the exposure levels and developments therein.

##### *Liquidity risk*

Risk related with obligations on financial liabilities.

The Liquidity risk relates to the financial obligations, assets and liabilities. The Group has several diversified long-term mandates in place to cater for future funding growth.

##### *Regulatory risk*

The Group's business is subject to laws, rules, regulations, policies and legal interpretations in the markets in which it operates, including (but not limited to) those governing lending, factoring, privacy, data protection, and payment services (including payment processing and settlement services). The legal and regulatory requirements applicable to the Group are frequently changing and increasing in number, and may impose overlapping and/or conflicting requirements or obligations.

The directors and the Group maintain compliance by reviewing systems, controls, and processes continuously. This ensures best practices against any regulatory requirements and policies that could arise in the future.

##### *Technological risk*

There is a risk that the Group may face threats of cybersecurity breaches, computer viruses, system failures, failure by the Group's employees and third-party providers to follow correct procedures that could negatively impact the Group's ability to trade or maintain the security and uptime of its key operating systems. This can result in interruptions in the availability of its platform, products, or services, and could expose the Group to liability and/or damage its reputation. To mitigate this risk, YouLend continuously seeks to enhance and strengthen both its processes and technology against such threats, and recently YouLend's technology processes has been accredited with ISO certification 27001 in September 2021.

##### *Market (currency / interest rate) risk*

Market risks towards the Group are developments within the macroeconomic space that could adversely affect the EUR rate and the market interest rates. The Group has a limited exposure towards EUR liabilities which is managed by keeping a healthy balance in the currency. The Group has financing agreements with variable rates which could increase slightly over time.

##### *Capital management risk*

Capital management risks towards the Group are tied to the performance of the overall merchant cohort. Negative developments within the economy could adversely affect the cohorts and result in lower funding capabilities in the future if certain financial covenants are breached. The Group has several diverse capital mandates to counter any large singular exposure so that capital is always available to extend to SMEs.

## YOULEND LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2022

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##### Key performance indicators

The directors consider the following to be the key performance indicators of the Group:


	2022	2021	Change
Revenue	£25.89m	£6.86m	277.4%
Loss for the financial year	(£6.62m)	(£4.97m)	(33.2%)
Underlying merchant pool access via partners	1,160,000	720,000	61%

##### Future developments

The Group intends to invest resources in the following areas throughout the 2022-2023 financial year:

- Geographical expansion;
- Continuous IT platform improvements;
- Further strengthening the credit algorithms across all market segments; and

The Strategic Report was approved by the board and signed on its behalf by:



.....  
K Larsen  
Director

Date: 11/10/2022  
.....

# **YOULEND LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2022**

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*The directors present their annual report and financial statements for the year ended 31 March 2022.*

#### **Principal activities**

The Company was incorporated on 28 April 2020.

The principal activity of the Company and Group is that of providing embedded finance solutions.

#### **Results and dividends**

*The consolidated results for the year are set out on page 10.*

No ordinary dividends were paid (2021: £Nil). The directors do not recommend payment of a further dividend.

#### **Directors**

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

K Larsen

M S Velin

L Surland

(Resigned 30 June 2022)

#### **Qualifying third party indemnity provisions**

The Group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Auditor**

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Strategic report**

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties and future developments.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Going concern**

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements. More detail can be found in note 1.

#### **Events after the reporting date**

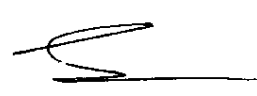
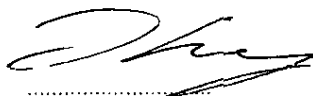
Information regarding events after the reporting date can be found in note 25.

## **YOULEND LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022**

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The Directors' report was approved by the board and signed on its behalf by:



K Larsen  
Director

Date: 11/10/2022

## **YOULEND LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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

*Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:*

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOULEND LIMITED**

---

### **Opinion**

In our opinion the financial statements of YouLend Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The consolidated statement of comprehensive income;
- the consolidated and parent statement of financial position;
- the consolidated and parent company statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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

### **Other information**

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOULEND LIMITED (CONTINUED)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- We recognise a significant risk in respect of unrealised discount on merchant cash advances. We pinpoint the risk to the risk that the effective interest rate curve used by the entity is inappropriate and incorrectly applied. We have addressed the risk through recalculation of the unrealised discount and performing sensitivity analysis on the impact of the key underlying assumptions. Please see the 'Judgements and key sources of estimation uncertainty section' in the financial statement notes for more information.
- We recognise two significant risks in respect of provisions for losses recognised in respect of merchant cash advances. We pinpoint these risks to the risk that the specific provision recognised in respect of the loanbook is incomplete due to management not identifying loans that should be specifically impaired at the reporting date; and the risk that the provisions for losses is misstated due to management using inappropriate default rates when calculating the provision. We have addressed these risks by performing a recalculation of the provisions for losses, identifying loans requiring specific provisions and assessing the appropriateness default rates applied by looking at historic performance. Please see the 'Judgements and key sources of estimation uncertainty section' in the financial statement notes for more information.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOULEND LIMITED (CONTINUED)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

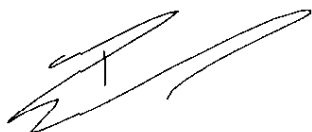
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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



David Rozier (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cardiff, United Kingdom

11/10/2022

# YOULEND LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	4	25,886,480	6,865,410
Cost of sales		(8,948,347)	(2,465,786)
<b>Gross profit</b>		16,938,133	4,399,624
Administrative expenses		(22,250,237)	(9,147,569)
<b>Operating loss</b>	8	(5,312,104)	(4,747,945)
Interest receivable and similar income		2,074	30,079
Interest payable and similar expenses	10	(1,310,587)	(249,702)
<b>Loss before taxation</b>		(6,620,617)	(4,967,568)
Tax on loss	11	(102)	(3,056)
<b>Loss for the financial year</b>		(6,620,719)	(4,970,624)

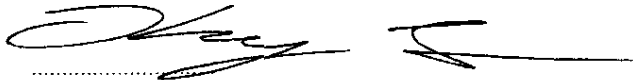
Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

**YOULEND LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Intangible assets	12	2,513,494		1,256,218	
Tangible assets	13	796,957		145,762	
		<u>3,310,451</u>		<u>1,401,980</u>	
<b>Current assets</b>					
Debtors	16	59,959,111	14,560,049		
Cash at bank and in hand		<u>5,468,072</u>	<u>8,309,027</u>		
		65,427,183	22,869,076		
<b>Creditors: amounts falling due within one year</b>	17	<u>(37,835,513)</u>	<u>(13,758,642)</u>		
<b>Net current assets</b>		27,591,670		9,110,434	
<b>Total assets less current liabilities</b>		<u>30,902,121</u>		<u>10,512,414</u>	
<b>Capital and reserves</b>					
Called up share capital	20	6		3	
Share premium account	21	35,772,560		9,083,914	
Other reserves	21	9,464,461		9,142,684	
Profit and loss reserves	21	<u>(14,334,906)</u>		<u>(7,714,187)</u>	
<b>Total equity</b>		<u>30,902,121</u>		<u>10,512,414</u>	

The financial statements were approved by the board of directors and authorised for issue on 11/10/2022 and are signed on its behalf by:

  
K Larsen  
Director

# YOULEND LIMITED

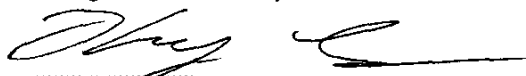
Company Registration No. 12576377

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

		2022		2021 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		2,513,494		1,256,218
Tangible assets	13		796,957		145,762
Investments	14		2,021,082		1,000,072
			<u>5,331,533</u>		<u>2,402,052</u>
<b>Current assets</b>					
Debtors	16	27,401,967		11,427,120	
Cash at bank and in hand		349,372		309,187	
		<u>27,751,339</u>		<u>11,736,307</u>	
<b>Creditors: amounts falling due within one year</b>	17	(1,763,738)		(1,994,882)	
<b>Net current assets</b>			<u>25,987,601</u>		<u>9,741,425</u>
<b>Total assets less current liabilities</b>			<u>31,319,134</u>		<u>12,143,477</u>
<b>Capital and reserves</b>					
Called up share capital	20		6		3
Share premium account	21		35,772,560		9,083,914
Other reserves	21		9,442,155		9,120,378
Profit and loss reserves	21		(13,895,587)		(6,060,818)
<b>Total equity</b>			<u>31,319,134</u>		<u>12,143,477</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group financial statements. The company's loss for the year was £7,834,769 (2021 - £3,513,502 loss).

The financial statements were approved by the board of directors and authorised for issue on 14/10/2022 and are signed on its behalf by:



K Larsen  
Director

# YOULEND LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2020</b>		1	-	4,132,044	(2,743,563)	1,388,482
<b>Year ended 31 March 2021:</b>						
Loss and total comprehensive income for the year		-	-	-	(4,970,624)	(4,970,624)
Issue of share capital	20	2	9,083,914	-	-	9,083,916
Merger reserve		-	-	4,849,346	-	4,849,346
Share-based payment reserve		-	-	161,294	-	161,294
<b>Balance at 31 March 2021</b>		3	9,083,914	9,142,684	(7,714,187)	10,512,414
<b>Year ended 31 March 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(6,620,719)	(6,620,719)
Issue of share capital	20	3	26,688,646	-	-	26,688,649
Share-based payment reserve		-	-	321,777	-	321,777
<b>Balance at 31 March 2022</b>		6	35,772,560	9,464,461	(14,334,906)	30,902,121

# YOULEND LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total £
<b>Balance at 1 April 2020</b>		1	-	4,109,738	(2,547,316)	1,562,423
<b>Year ended 31 March 2021:</b>						
Loss and total comprehensive income for the year		-	-	-	(3,895,646)	(3,895,646)
Restatement (see note 3)		-	-	-	382,144	382,144
Issue of share capital	20	2	9,083,914	-	-	9,083,916
Merger reserve		-	-	4,849,346	-	4,849,346
Share-based payment reserve		-	-	161,294	-	161,294
<b>Balance at 31 March 2021 restated</b>		3	9,083,914	9,120,378	(6,060,818)	12,143,477
<b>Year ended 31 March 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(7,834,769)	(7,834,769)
Issue of share capital	20	3	26,688,646	-	-	26,688,649
Share-based payment reserve		-	-	321,777	-	321,777
<b>Balance at 31 March 2022</b>		6	35,772,560	9,442,155	(13,895,587)	31,319,134

# YOULEND LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	22	12,950,923		(5,585,331)	
Interest paid		(1,310,587)		(249,702)	
Income taxes paid		(102)		(3,056)	
Issue of financial receivables		(44,550,455)		(12,514,278)	
<b>Net cash outflow from operating activities</b>		(32,910,221)		(18,352,367)	
<b>Investing activities</b>					
Purchase of intangible assets		(1,735,927)		(1,090,794)	
Purchase of tangible fixed assets		(810,504)		(118,516)	
Interest received		2,074		30,079	
<b>Net cash used in investing activities</b>		(2,544,357)		(1,179,231)	
<b>Financing activities</b>					
Proceeds from issue of shares		26,688,649		13,933,262	
Proceeds from borrowings		5,924,974		11,822,718	
<b>Net cash generated from financing activities</b>		32,613,623		25,755,980	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2,840,955)		6,224,382	
Cash and cash equivalents at beginning of year		8,309,027		2,084,645	
<b>Cash and cash equivalents at end of year</b>		5,468,072		8,309,027	

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

#### Company information

Youlend Limited ("the Company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 90 High Holborn, 5th Floor, London, WC1V 6LJ.

The Group consists of Youlend Limited and all of its subsidiaries.

The Company's and the Group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

*These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.*

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Reduced disclosures

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

#### Basis of consolidation

The consolidated financial statements incorporate those of Youlend Limited and its subsidiaries listed in note 15 (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies (Continued)

#### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In order to reach this conclusion the directors have considered the ongoing developments within the Group's financials and the debt and equity levels of the Group.

In forming their considerations over going concern, the directors have considered the expected performance of the business and how the Group would respond to a downturn scenario resulting in an increase in defaults and a scenario where there is a reduction in lending. The directors consider the liquidity position of the Group reasonable in order to plan and grow towards profitability in the future.

The Group has partnered with several Tier 1 partners covering the brick and mortar sector and the eCommerce sector. By diversifying the underlying merchant pool, the Group will be able to continue to enable financing throughout the developments of the macroeconomic events impacting the SME industry.

The directors consider the Group to have entered the next period having good access to both debt markets and equity funding. At the reporting date, the Group has agreed partnerships in place to continue providing funding for the foreseeable future.

#### Turnover

Platform fees and Other revenue are recognised as revenue in the year in which they can reliably be calculated for the year in which they relate.

Discount recognition on the basic financial asset is recognised using the effective interest rate method over the expected life of the related financial asset.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

The Group capitalises development costs as internally generated intangible assets when they meet the recognition criteria set out under the standard FRS 102.18.8H.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	20% straight line
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#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	33% straight line
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# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **Fixed asset investments**

In the separate financial statements of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **Impairment of fixed assets**

At each reporting year end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

#### **Financial instruments**

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

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.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price.

If the arrangement constitutes a financing transaction, the financial asset is measured at transaction price and subsequently amortised over the expected life of the asset using the Effective Interest Rate method.

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies (Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a 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 profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, amounts due to group undertakings, loans from parent undertakings and accruals 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

#### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

## **YOULEND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022**

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#### **1 Accounting policies (Continued)**

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

The Group has taxable losses carried forward of approximately £18,831,217 (2021: £11,918,423).

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# **YOULEND LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022**

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### **1 Accounting policies (Continued)**

#### **Share-based payments**

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by using the market price of the shares at a point in time adjacent to the issue of the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Group (market conditions) and non-vesting conditions.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above.

The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

## **YOULEND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022**

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#### **2 Judgements and key sources of estimation uncertainty**

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

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

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Deferred tax assets**

The Group has carried forward tax losses, which are available indefinitely, against which no deferred tax has been recognised. A deferred tax asset has not been recognised on the basis that there is insufficient certainty over the evidence of the recoverability of these tax losses in the near future.

##### **Basic financial instruments**

Having met the requirements of the standard, as set out under FRS 102.11.9, the Group recognises all financial instruments, both assets and liabilities, as basic financial instruments.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Impairment of debtors**

The Group is a provider of basic financial instruments, and as such has an underlying uncertainty regarding the recoverability of such assets. The level of impairment provision required for such assets are determined through credit risk algorithms.

The Group monitors the assets for any indication of impairment, or non-compliance with the contractual terms within the agreements associated. Any material updates to the assets performance will be reflected in the reporting year.

The provisions for losses are reflected in the periods profit and loss, and create a contra-asset (impairment provision) for the Group's financial assets. Recognised losses are realised through the provision.

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 2 Judgements and key sources of estimation uncertainty (Continued)

The key estimation uncertainty involved in calculating impairment provision relates to the estimated default rate (EDR) applied to financial receivables for whom no specific provision is recognised. The table below shows the potential impact on the Group's impairment provision (Note 16) resulting from a change in the EDR.

Impairment provision sensitivity:

	2022
28% increase in EDR leads to material increase in impairment provision of:	16%

#### Effective interest rate

The calculation of an effective interest rate involves estimates which impact on the rate at which fees and expenses are recognised. The company makes assumptions around the expected repayment period (ERP) for customers, which can vary over the term of the product. Management regularly reviews these assumptions based on historical experience as well as expectations of future events.

The table below shows the potential impact on the Group's discount recognition (Note 4) resulting from a change in the ERP.

EIR sensitivity:

	2022
17% increase in ERP leads to a material decrease in discount recognition of:	3%

### 3 Prior period adjustment

In FY21, foreign currency loans receivable were not retranslated using the closing rate as required by FRS102. The error occurred on an intercompany loan and as such has no impact on the Group financial statements as it is removed on consolidation.

The error has been corrected on the Company level by restating each of the financial statement lines for the prior period as follows:

#### Changes to the statement of financial position - group

	As previously reported	Adjustment	As restated at 31 Mar 2021
	£	£	£
Net assets	10,512,414	-	10,512,414
<b>Capital and reserves</b>			
Total equity	10,512,414	-	10,512,414

#### Changes to the statement of financial position - company

	As previously reported	Adjustment	As restated at 31 Mar 2021
	£	£	£
<b>Current assets</b>			
Debtors due within one year	11,044,976	382,144	11,427,120
<b>Capital and reserves</b>			
Profit and loss	(6,442,962)	382,144	(6,060,818)

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 4 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Platform fees	4,384,015	2,638,909
Discount recognition	14,444,102	2,367,090
Other revenue	7,058,363	1,859,411
	<u>25,886,480</u>	<u>6,865,410</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	2,074	30,079
	<u>2,074</u>	<u>30,079</u>

£569,411 was classified within platform fees in the prior year that has been re-classified to other revenue. It has been reclassified in the prior year comparatives as it is considered by management to be a more appropriate presentation of the Group's activity.

### 5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Data Science	3	2	3	1
Operations	17	6	17	5
Sales	37	17	37	14
Executive	3	3	3	2
IT	40	25	40	25
Underwriting	11	5	11	4
Finance	5	3	5	3
Legal	1	-	1	-
<b>Total</b>	<u>117</u>	<u>61</u>	<u>117</u>	<u>54</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	7,267,431	4,810,762	7,222,431	3,926,894
Social security costs	983,792	700,242	980,348	587,512
Pension costs	174,981	155,883	173,631	109,799
	<u>8,426,204</u>	<u>5,666,887</u>	<u>8,376,410</u>	<u>4,624,205</u>

## YOULEND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	2,146,000	2,704,331
Company pension contributions to defined contribution schemes	41,220	16,013
	<u>2,187,220</u>	<u>2,720,344</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	732,000	1,620,805
Company pension contributions to defined contribution schemes	16,667	3,319
	<u>748,667</u>	<u>1,624,124</u>

There were retirement benefits accruing to three of the directors (2021: two) under a defined contribution pension scheme.

## YOULEND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 7 Share-based payment transactions

##### Share Option plan

Under the share option plan, share options are granted to all the employees who fulfil certain employment criteria. This plan is equity settled and the settlement is done by another group company.

The valuation method used to determine the value of the share options was the Black Scholes model. The ultimate controlling party made the decision to use this valuation methodology as it was deemed as the most fitting option considering the nature of the group.

The share options shall vest as follows:

- Options vest over 5 years pro-rata basis, however the expense is recognised evenly over 9.5 years from the first anniversary of the grant as should an employee voluntarily leave the company during this 9.5 year period, and if they don't fulfil certain leaver criteria, then all options (vested or not) are considered lapsed.

860 options were granted during the year, and 80,513 options were outstanding at year end. The fair value of equity-settled share options granted is estimated as at the date of grant, considering the terms and conditions upon which the options were granted.

The contractual and maximum term of each option grant is ten years. There are no cash settlement alternatives.

The movements in the number of share options during the year were as follows:

	31 March 2022	31 March 2021
	Number	Number
Outstanding, start of period	80,031	52,268
Granted during the period	860	28,561
Forfeited during the year	378	798
Exercised during the year	0	0
Expired during the year	0	0
Outstanding, end of period	80,513	80,031
Exercisable at the end of the year	0	0

Weighted average price was £225.51.

The total charge for the year for share-based payments was £321,777.

#### 8 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(527,607)	24,925
Depreciation of owned tangible fixed assets	159,309	47,700
Amortisation of intangible assets	478,651	207,588
Share-based payments	321,777	161,294
Operating lease charges	1,447,892	-

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 9 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	172,547	132,000

### 10 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group undertakings	1,289,617	38,104
Other interest	20,970	211,598
Total finance costs	1,310,587	249,702

### 11 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
Foreign current tax on profits for the current period	102	3,056

The Group has taxable losses carried forward of approximately £18,831,217 (2021: £11,918,423).

In the March 2021 Budget it was announced that the standard rate of corporation tax would remain at 19% increasing to 25% from 1 April 2023.

In the September 2022 mini-budget, it was announced that the standard rate of corporation tax would no longer increase to 25% from April 2023, however at time of publishing this amendment had not been agreed by parliament.

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	(6,620,617)	(4,967,568)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,257,917)	(943,838)
Tax effect of expenses that are not deductible in determining taxable profit	54,241	-
Deferred tax not recognised	1,212,547	946,894
Foreign taxation	102	-
Other	(8,871)	-
Taxation charge	102	3,056

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 12 Intangible fixed assets

Group	Development costs £
<b>Cost</b>	
At 1 April 2021	1,485,678
Additions	1,735,927
At 31 March 2022	3,221,605
<b>Amortisation and impairment</b>	
At 1 April 2021	229,460
Amortisation charged for the year	478,651
At 31 March 2022	708,111
<b>Carrying amount</b>	
At 31 March 2022	2,513,494
At 31 March 2021	1,256,218
<b>Company</b>	<b>Development costs £</b>
<b>Cost</b>	
At 1 April 2021	1,485,678
Additions	1,735,927
At 31 March 2022	3,221,605
<b>Amortisation and impairment</b>	
At 1 April 2021	229,460
Amortisation charged for the year	478,651
At 31 March 2022	708,111
<b>Carrying amount</b>	
At 31 March 2022	2,513,494
At 31 March 2021	1,256,218

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 13 Tangible fixed assets

Group	Plant and equipment £
<b>Cost</b>	
At 1 April 2021	241,971
Additions	810,504
At 31 March 2022	1,052,475
<b>Depreciation and impairment</b>	
At 1 April 2021	96,209
Depreciation charged in the year	159,309
At 31 March 2022	255,518
<b>Carrying amount</b>	
At 31 March 2022	796,957
At 31 March 2021	145,762
<b>Company</b>	
	Plant and equipment £
<b>Cost</b>	
At 1 April 2021	241,971
Additions	810,504
At 31 March 2022	1,052,475
<b>Depreciation and impairment</b>	
At 1 April 2021	96,209
Depreciation charged in the year	159,309
At 31 March 2022	255,518
<b>Carrying amount</b>	
At 31 March 2022	796,957
At 31 March 2021	145,762

## YOULEND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	2,021,082	1,000,072

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2021	1,000,072
Additions	1,021,010
At 31 March 2022	2,021,082
<b>Carrying amount</b>	
At 31 March 2022	2,021,082
At 31 March 2021	1,000,072

On 15th March 2022 the Group acquired the entire EUR 25,000 Ordinary share capital of YouLend GmbH at par. On 10th January 2022 the Group incorporated the subsidiary YL IV Limited with £1 of Ordinary Share Capital; on 31st March 2022 the Group acquired a further £1,000,000 of Ordinary Share capital issued by YL IV Limited. On 7th March 2022 the Group incorporated the subsidiary YL V Limited with £1 of Ordinary Share Capital.

#### 15 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Liquid Finance Holdings Limited	90 High Holborn, 5th Floor, London, WC1V 6LJ	Dormant	Ordinary	100.00 -
YL I Limited	90 High Holborn, 5th Floor, London, WC1V 6LJ	Finance factoring	Ordinary	- 100.00
YL III Limited	90 High Holborn, 5th Floor, London, WC1V 6LJ	Finance factoring	Ordinary	100.00 -
YL IV Limited*	90 High Holborn, 5th Floor, London, WC1V 6LJ	Finance factoring	Ordinary	100.00 -
YL V Limited**	90 High Holborn, 5th Floor, London, WC1V 6LJ	Finance factoring	Ordinary	100.00 -
YouLend GmbH***	Maximilianstrasse 54, München, D-80538, Germany	Financial intermediation	Ordinary	100.00 -

## YOULEND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 15 Subsidiaries (Continued)

The company numbers of each of Youlend Limited's subsidiaries are as follows:

- Liquid Finance Holdings Limited (09848915)
- YL I Limited (08374302)
- YL III Limited (13128113)
- YL IV Limited (13838068)
- YL V Limited (13958830)
- YouLend GmbH (HRB 273100)

The following subsidiaries are exempt from audit by virtue of section 479A of the Companies Act 2006:

- Liquid Finance Holdings Limited
- YL I Limited
- YL III Limited

\* YL IV Limited was incorporated on 10 January 2022

\*\* YL V Limited was incorporated on 7 March 2022

\*\*\* YouLend GmbH was incorporated on 8 February 2022

#### 16 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	1,147,378	556,793	2,348,049	556,793
Financial receivables	57,062,451	12,514,278	-	-
Amounts owed by group undertakings	-	1,111,000	23,325,774	10,492,477
Other debtors	375,317	128	354,179	-
Prepayments and accrued income	1,373,965	377,850	1,373,965	377,850
	<u>59,959,111</u>	<u>14,560,049</u>	<u>27,401,967</u>	<u>11,427,120</u>

Included within financial receivables are impairment provisions amounting to £3,533,298 (2021: £968,721)

#### 17 Creditors: amounts falling due within one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Other borrowings	18	14,217,969	8,292,995	-	1,425,960
Trade creditors		386,392	204,510	386,392	138,573
Amounts owed to group undertakings		16,778,239	3,698,288	-	-
Other taxation and social security		549,875	170,135	549,875	134,923
Other creditors		5,047,605	1,086,267	45,976	12,843
Accruals and deferred income		855,433	306,447	781,495	282,583
		<u>37,835,513</u>	<u>13,758,642</u>	<u>1,763,738</u>	<u>1,994,882</u>

# YOULEND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 17 Creditors: amounts falling due within one year (Continued)

Included within amounts owed to group undertakings is a loan of £16,778,239 (2021: £3,592,139) from BC MidCo PTE., the Company's immediate parent. The loan is repayable in full no later than 90 days from written notice from the lender. No security is held in respect of this loan.

### 18 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Loans from related parties	1,943,618	2,838,736	-	1,425,960
Other loans	12,274,351	5,454,259	-	-
	<u>14,217,969</u>	<u>8,292,995</u>	<u>-</u>	<u>1,425,960</u>
Payable within one year	<u>14,217,969</u>	<u>8,292,995</u>	<u>-</u>	<u>1,425,960</u>

Loans from related parties consists of initial junior loan notes of £1,900,000 (2021: £1,400,000) and accumulated interest.

Other loans include senior loan notes which consist of loan notes of £12,121,034 (2021: £5,428,930) and accumulated interest.

Senior and junior loan notes are all repayable on demand and are due within one year.

### 19 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>174,981</u>	<u>155,883</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the year end, £46,191 (2021: £12,843) was due in respect of pension contributions and is included within other creditors.

### 20 Share capital

	Group and Company			
	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>6</u>	<u>3</u>	<u>6</u>	<u>3</u>

## YOULEND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 20 Share capital (Continued)

On 7 April 2021 the company issued 1 Ordinary share of £1 for total consideration of £9,450,100. The difference between the nominal value of the share and the consideration paid was credited to the share premium account.

On 13 May 2021 the company issued 1 Ordinary share of £1 for total consideration of £8,619,467. The difference between the nominal value of the share and the consideration paid was credited to the share premium account.

On 7 October 2021 the company issued 1 Ordinary share of £1 for total consideration of £8,570,000. The difference between the nominal value of the share and the consideration paid was credited to the share premium account.

#### 21 Reserves

##### Share premium

The share premium account represents the excess of consideration received over the nominal value of shares issued.

##### Other reserves

The merger reserve represents the difference between the nominal value of shares issued plus the fair value of other consideration and the nominal value of shares received for group reconstructions accounted for using the merger method of accounting.

The foreign currency reserve is included within "other reserves" and represents differences arising on the historic translation of foreign subsidiaries.

The other reserve represents the fair value of the Group's equity-settled share based payment transactions. Further detail on the accounting treatment is provided in note 1 and on movements in the year in note 7.

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### 22 Cash generated from/(absorbed by) group operations

	2022 £	2021 £
Loss for the year after tax	(6,620,719)	(4,970,624)
<b>Adjustments for:</b>		
Taxation charged	102	3,056
Finance costs	1,310,587	249,702
Investment income	(2,074)	(30,079)
Amortisation and impairment of intangible assets	478,651	207,588
Depreciation and impairment of tangible fixed assets	159,309	47,700
Equity settled share based payment expense	321,777	161,294
<b>Movements in working capital:</b>		
Increase in debtors	(848,607)	(1,599,969)
Increase in creditors	18,151,897	346,001
<b>Cash generated from/(absorbed by) operations</b>	<b>12,950,923</b>	<b>(5,585,331)</b>

## YOULEND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 23 Analysis of changes in net funds/(debt) - group

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	8,309,027	(2,840,955)	5,468,072
Borrowings excluding overdrafts	(8,292,995)	(5,924,974)	(14,217,969)
	<u>16,032</u>	<u>(8,765,929)</u>	<u>(8,749,897)</u>

#### 24 Operating lease commitments

##### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	2,779,082	-	2,779,082	-
Between one and five years	2,803,251	-	2,803,251	-

#### 25 Events after the reporting date

In April 2022, the Group repaid intra-group loan notes to its parent company totalling EUR 15.0m.

In April 2022, the Group raised £42.1m in debt funding through a new capital provider.

#### 26 Controlling party

The Group's financial statements are included in the consolidated financial statements of BC MidCo Pte. Ltd., forming the smallest and the largest body of undertakings of which the Group forms part as a subsidiary undertaking.

The consolidated financial statements of BC MidCo Pte. Ltd. are prepared in conformity with Singapore Financial Reporting Standards, which are fully aligned with IAS ("International Accounting Standards") and IFRS ("International Financial Reporting Standards"). They are available at the registered office of BC MidCo Pte. Ltd. The registered office of that company is located in 10 Changi Business Park Central 2, #05-01, HansaPoint 486030, Singapore.

The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Moneyball Topco PTE. Ltd., a company registered in Singapore.

The ultimate controlling party is considered to be EQT VIII SCSp by virtue of its majority shareholdings in Moneyball Topco PTE. Ltd.