

Registration number: 08673493

TRADEBYTE SOFTWARE LIMITED
(FORMERLY ANATWINE LIMITED)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



Tradebyte Software Limited (formerly Anatwine Limited)
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

Company Information	3
Strategic Report	4 – 6
Directors' Report	7 - 8
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10 – 13
Profit and Loss Account	14
Balance Sheet	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 - 31

Tradebyte Software Limited (formerly Anatwine Limited)
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION

Directors J Dodds
M Schulte
D Thomas (resigned 30.06.2021)

Registered office Studio 8
Montpellier Street
Cheltenham
GL50 1SS

Auditors Ernst & Young LLP
No. 1 Colmore Square
Birmingham
B4 6HQ

STRATEGIC REPORT

The directors present their strategic report in respect of Tradebyte Software Limited ("the company") for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the integration of branded products onto the website of online retailers.

Business Review

Strategy

The company aims to revolutionise the way online retailers work with brands. Current merchandising methods are prone to error, relying on historic information, mixed with forward planning. When coupled with the constraints of the buy size and warehouse capacity, this can result in online retailers carrying a sub-optimal stock mix with a small percentage of a brand's top selling products represented.

The company's technology enables the retailer to supplement the wholesale model by selecting an increased offering of a brand's best-selling products, thereby empowering buyers and merchandisers to supplement ranges in a live environment using up to the minute sales data regarding brand best sellers. This facilitates the creation of an optimal stock mix that can be instantly launched and edited on to the retailers' website.

As part of the Zalando group it is now also the company's strategy to work in cooperation with another Zalando company, TradeByte, to enable the offer of an extended European retailer network to both new and existing brands. As a result of this, development costs that will not be utilised by the combined business have been impaired or the amortisation period shortened to reflect their remaining useful life.

Financial Performance

The company has continued to develop its product and continued to sign up several new brands and retailers which has resulted in reasonable growth to its income streams. Another key factor has been the Covid-19 restrictions that have been in place over the past year leading to high growth in e-commerce businesses. This has been seen particularly in its intercompany revenue performance from Inditex, however this is not a long term revenue source as this has been switched to Zalando direct integration after Q1 2021. There have also been one off impairment charges and accelerated amortisation charges during the year following the company's decision to utilise the Tradebyte platform meaning that some existing Anatwine projects will no longer provide future benefits to the company.

The results for the year, which are set out in the profit and loss account, show turnover for the year of £8,524,997 (2019: £5,686,741) and a pre-tax profit of £760,633 (2019: loss of £2,701,684).

Balance Sheet

At 31 December 2020, the company's balance sheet total net liabilities decreased to £12,640,161 (2019: £13,400,794) and net current assets were £4,163,671 (2019: £2,946,341).

Key performance indicators

Due to the relatively straightforward nature of the business, the Company's directors are of the opinion that an analysis of further KPI's is not necessary for an understanding of the development, performance and position of the business.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The management of the company and the execution of the company's strategy are subject to a number of risks. The key business risk and uncertainties affecting the group is considered to relate to:

- the general economic climate, specifically in retail which is a tough environment with narrow margins;
- the impact of Brexit on trading activities with other EU countries;
- the impact of currency exchange rate movements;
- the increased number of competitors offering similar services;
- the ability of the company to secure sufficient brands and retailers to generate an appropriate return on the ongoing investment in the platform.
- the ongoing impact of Covid-19 on the economy and on the activities of the brands and retailers the company transacts with

The company seeks to mitigate the above risks, where possible, by seeking to ensure that sufficient resource is directed towards the continued development of the company's technology.

In addition to the above, the group has IT risk management processes, covering security, back up and effective insurance coverage.

Environmental Sustainability

The 2018 Regulations amend the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, in particular adding a Part 7A to Schedule 7 and bringing in additional requirements for Companies to disclose their annual use, greenhouse gas emissions, and related information. An option is available to take an exemption against such disclosures when an entity does not meet the required energy usage levels of 40mWh per annum. The Company do not meet this threshold and therefore have not made any disclosures in respect of environmental sustainability.

Section 172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. Amongst other things, the Regulations require the Company to report how the directors of the Company have considered their duties under section 172 (of the Companies Act 2006 (the "Act")) ("Section 172"), to promote the success of the Company, during the reporting period.

The Directors have ensured compliance with their duties under s.172 in relation to the Company and its various stakeholders, including its investors, customers and employees. Engagement with the Company's stakeholders has informed the way in which the Directors have discharged their duties as detailed below. Where individual Directors are not directly involved in the processes described below, regular feedback and discussions are held with the relevant management teams, including Board meetings and operational review meetings. The Directors have oversight of the running of the Company, including through regular reviews of the contract performance and consideration of potential risks and opportunities.

The board of directors of Tradebyte Software consider, both individually and together, that they have acted in the what they consider in good faith, would be most likely to promote the success of the

STRATEGIC REPORT (continued)

company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

Culture

As part of the 2018 Board evaluation we identified the need to have UK based directors and these are now in place. While we have also refreshed our Tradebyte Software Values by the creation of a values team made up by employees to further define what it means to work for Tradebyte Software.

Shareholder

The board are committed to openly engaging with our shareholders and we recognise the importance of continuing our open and effective dialogue. It is important to us that our shareholders understand our vision, strategy and objectives so these are clearly explained, and feedback given with any issues or questions raised and discussed at the regular advisory meetings.

Customers

Our plan around the Anatwine – Tradebyte (ATB) initiative with our sister company is designed to provide a long-term beneficial impact on the company and to contribute to its success in delivering a better quality and wider reaching service to our customers. While with our plan is designed to create a more sustainable and ultimately profitable business as we continue to operate within tight budgetary controls but expand our customer reach.

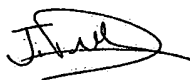
Employees

Being a relatively small company of under 100 employees our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay & benefits that our employees receive and the health, safety & wellbeing of our employees is of course one of primary considerations. Our people are at the heart of the specialist service that we provide and therefore for us to succeed we need to manage our people's performance and develop & bring through talent while operating as efficiently as possible. We also run regular company 'health check' surveys to identify any employee issues.

Board of directors

As the Board of Directors, it is our intention to behave responsibly and ensure that management operate the business in a responsible manner operating with high standard of business conduct.

Approved by the Board on 03/09/2021 and signed on its behalf by:



.....
J. Dodds
Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Tradebyte Software Limited "the company" for the year ended 31 December 2020.

As a subsidiary of Zalando SE, the company is able to avail itself of exemptions in respect of the preparation of consolidated financial statements such that these financial statements are prepared on a company only basis.

Directors

The directors who held office through the 12-month period of accounting:

J Dodds Appointed 1st January 2020

M Schulte Appointed 1st January 2020

D Thomas Resigned 30th June 2021

Research and development

The company invests heavily in the continued development of its products in order to maintain its current income streams and establish new ones.

Going concern

Zalando SE have confirmed that they will, if required, in addition to the current level of existing finance, be providing financial support of up to a further £2m, a level which exceeds the company's forecast funding requirements, even in a downside stress test scenario, for a period of 12 months from the date of approval of the balance sheet. Given the strength of the Zalando Group balance sheet, which at 30 June 2021 indicated €2,298.7m of cash and cash equivalents and total borrowings of €1.3m, the directors are confident in the Group's ability to provide the level of support which has been confirmed. As a result of which the directors consider it appropriate to adopt the going concern basis of preparation for these financial statements.

Post balance sheet events – Company rebrand

During 2020 the decision was made that Anatwine Limited would change its name and rebranded to become Tradebyte Software Limited in order to utilise the strength of the sister company's brand and marketing. At the same time the decision was made to harmonise the two software environments resulting in the one off impairment and accelerated amortisation of existing Anatwine intangible assets during the year. Then, after a commercial announcement in March 2021, the process to migrate Anatwine customers into the Tradebyte software environment started and the company officially changed its name. This combination will impact the financial statements of the individual entities, although a statement of the impact cannot be made at this stage

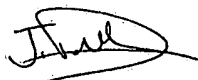
Disclosure of information to the auditor

Each director, who is a director at the time of the approval of the financial statements, has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Tradebyte Software Limited (formerly Anatwine Limited)
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS' REPORT (continued)

Approved by the Board on 03/09/2021 and signed on its behalf by:



.....
J Dodds
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, Strategic 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the 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 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 TRADEBYTE SOFTWARE LIMITED

Opinion

We have audited the financial statements of Tradebyte Software Limited (formerly Anatwine Limited) for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at the 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 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 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRADEBYTE SOFTWARE LIMITED
(continued)**

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRADEBYTE SOFTWARE LIMITED
(continued)**

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.

Explanation as to what extent 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 irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are frameworks which are directly relevant to the financial statements, including the reporting framework (FRS 101 and Companies Act 2006) and direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how Tradebyte Software Limited (formerly Anatwine Limited) is complying with those frameworks by making enquiries of management and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRADEBYTE SOFTWARE LIMITED
(continued)**

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the procedures and controls that the entity has established to address identified risks, or that otherwise prevent or detect fraud; and how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved understanding management's controls over compliance laws and regulations; enquiries of management and agreement of samples of transactions throughout the audit to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Andrew Merrick (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP, Statutory Auditor

Birmingham

Date 3 September 2021

Tradebyte Software Limited
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

		31st December 2020	31st December 2019
	Note	£	£
Turnover	3	8,524,997	5,686,741
Cost of Sales		<u>(1,601,672)</u>	<u>(1,461,141)</u>
Gross Profit		6,923,325	4,225,600
Administrative expenses		<u>(5,766,383)</u>	<u>(6,455,424)</u>
Operating Profit/(Loss)		1,156,942	(2,229,824)
Finance Cost	6	(396,309)	(471,860)
Profit/(Loss) before tax		760,633	(2,701,684)
Taxation	9	-	-
Profit/(Loss) for the Financial period		760,633	(2,701,684)

Statement of Comprehensive Income

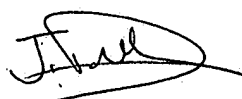
The company has no other comprehensive income for the current or previous period, such that the total comprehensive income equals the loss for the financial period.

Tradebyte Software Limited
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	31 st December 2020 £	31 st December 2019 £
Fixed Assets			
Intangible assets	10	762,825	1,363,001
Tangible assets	11	154,684	119,927
Right of use assets	12	<u>698,626</u>	<u>894,809</u>
		1,616,135	2,377,737
Current Assets			
Debtors	13	1,707,857	1,569,666
Cash at Bank		<u>3,976,618</u>	<u>3,488,486</u>
		5,684,475	5,058,152
Creditors: Amounts falling due within one year	14	<u>(1,520,804)</u>	<u>(2,111,811)</u>
Net Current Assets		<u>4,163,671</u>	<u>2,946,341</u>
Total Assets less Current Liabilities		5,779,806	5,324,078
Creditors: Amounts falling due after more than one year	14	<u>(18,419,967)</u>	<u>(18,724,872)</u>
Net Liabilities		<u>(12,640,161)</u>	<u>(13,400,794)</u>
Capital and Reserves			
Called up Share Capital	17	1,477	1,477
Share Premium Reserve		31,867,545	31,867,545
Capital Contribution		-	-
Retained Earnings		<u>(44,509,183)</u>	<u>(45,270,342)</u>
		<u>(12,640,161)</u>	<u>(13,400,794)</u>

Approved and authorised by the Board on 03/09/2021 and signed on its behalf by:



.....
J Dodds
Director

Tradebyte Software Limited
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Share Capital £	Share Premium £	Capital Contribution £	Retained Earnings £	Total £
At 1 st January 2019	1,477	31,867,545	1,111,424	(42,787,274)	(9,806,828)
Loss for the year	-	-	-	(2,701,684)	(2,701,684)
New Share Capital Subscribed	-	-	-	-	-
Repayment of Capital	-	-	(892,282)	-	(892,282)
Discount Unwind	-	-	(219,142)	219,142	-
At 31st December 2019	1,477	31,867,545	-	(45,269,816)	(13,400,794)
	Share Capital £	Share Premium £	Capital Contribution £	Retained Earnings £	Total £
At 1 st January 2020	1,477	31,867,545	-	(45,269,816)	(13,400,794)
Profit for the year	-	-	-	760,633	760,633
At 31st December 2020	1,477	31,867,545	-	(44,509,183)	(12,640,161)

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

1. General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales under the companies act.

The address of its registered office is:

Studio 8
Montpellier Street
Cheltenham
GL50 1SS

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. The financial statements have been prepared on the historical cost basis.

These accounts are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. All values within the financial statements are rounded to the nearest pound except where otherwise indicated.

Summary of disclosure exemptions

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under s400 of the Companies Act, because it is included in the group financial statements of Zalando SE as set out in note 18. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard including:

- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraph 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1 and (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraph 10(d), 10(f), 39(c) and 134-136 of IAS Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.
- the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Going concern

Zalando SE have confirmed that they will, if required, in addition to the current level of existing finance, be providing financial support of up to a further £2m, a level which exceeds the company's forecast funding requirements, even in a downside stress test scenario, for a period of 12 months from the date of approval of the balance sheet. Given the strength of the Zalando Group balance sheet, which at 30 June 2021 indicated €2,298.7m of cash and cash equivalents and total borrowings of €1.3m, the directors are confident in the Group's ability to provide the level of support which has been confirmed. As a result of which the directors consider it appropriate to adopt the going concern basis of preparation for these financial statements.

2. Significant Accounting policies

Summary

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Judgements and estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

Turnover is recognised as follows:

1. Commission revenue is recognised when the corresponding performance obligation is satisfied, and this is when a good or service has been transferred to the end customer (i.e. when the customer obtains control of that service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an appropriate measure of progress is used to determine how much revenue should be recognised as the performance obligation is satisfied.
2. Up-Front fees paid by the customer are contractually non-refundable but are deferred until the customer is live on the network. Set up revenue is recognised in the period that the set up services are completed, unless the term of the contract is greater than 12 months. If this condition is met, then the corresponding set up revenue is recognised over the term of the contract in accordance with IFRS 15 revenue recognition.
3. Periodic fees received are recognised as the period to which they relate elapses.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

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

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	33% straight line
Fixtures, fittings and equipment	25% straight line
Leasehold improvements	Straight line to first break point in the lease

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Intangible assets

Intangible fixed assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. The cost of intangible fixed assets includes directly attributable incremental costs incurred in their acquisition. The company capitalises salaries and directly attributable costs of developers who have worked on projects that improve the platform and associated connections required to deploy customers.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	3 years straight line basis or to the expected end of use if earlier

Development costs are reviewed for impairment annually, where a capitalised application is no longer expected to generate future income it is impaired

Leases

The Company enters into leases relating to property.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception. A right-of-use asset and lease liability are recognised at the commencement date for contracts containing a lease, with the exception of leases with a term of 12 months or less which do not contain a purchase option, leases where the underlying asset is of low value and leases with associated payments that vary directly in line with usage or sales. The commencement date is the date at which the asset is made available for use by the Company.

The lease liability is initially measured at the present value of the future minimum lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Lease payments include fixed payments less any lease incentives receivable, variable payments that are dependent on a rate or index known at the commencement date, amounts expected to be paid under residual value guarantees and any payments for an optional renewal period and purchase and termination option payments, if the Company is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate and rentals relating to low value or short-term leases are recognised as an expense in the period in which they are incurred. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

Incremental borrowing rates are calculated using a blended approach, based on the risk profile of the group borrowing rate, the entity holding the lease and the term of the lease.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Leases (continued)

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future minimum lease payments or when the Company changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

The right-of-use asset is initially measured at cost, which comprises the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant and equipment. The right-of-use asset is tested for impairment if an impairment indicator is considered to exist.

Non-lease components in a contract such as maintenance and other service charges are separated from minimum lease payments and are expensed as incurred.

Regarding the comparatives, leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers in the form of commissions for merchandise sold through the platform or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. Whilst some of our contracts do stipulate minimum payments (they do not give rise to specified dates in relation to cashflows that are solely payments of principal and interest over the life of the contract) these contracts are not held on the Balance Sheet.

A provision for the impairment of trade debtors is established based on an expected credit loss assessment performed by the Company which has resulted in no material impact in the year.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the initial fair value, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Borrowings (continued)

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet, the corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3. Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	31st December 2020 £	31st December 2019 £
Commissions and Other Fees	<u>8,524,997</u>	<u>5,686,741</u>

4. Operating Profit/(Loss)

Arrived at after charging/(crediting):

	31st December 2020 £	31st December 2019 £
Depreciation expense	38,867	22,581
Depreciation – Right of use	196,183	233,294
Amortisation expense	705,612	484,040
Impairment charge – Intangibles	385,487	120,498
Loss on disposal – Tangibles	1,771	-
Impairment charge – Right of use asset disposal	-	36,254
Short term lease expense – property	26,400	10,350
RDEC Grant	(186,037)	(296,288)

5. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	31st December 2020 £	31st December 2019 £
Wages and salaries	3,787,238	3,627,185
Pension costs	111,790	101,633
Social security costs	<u>450,531</u>	<u>494,528</u>
Total	<u>4,349,559</u>	<u>4,223,346</u>
Wages capitalised as development costs (note 10)	490,923	755,787
Total Staff Costs	<u>4,840,482</u>	<u>4,979,133</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

5. Staff costs (continued)

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	31st December 2020 No.	31st December 2019 No.
Administration and Support	48	38
Research and Development	22	26
	<u>70</u>	<u>64</u>

6. Finance cost

The finance cost for the year was as follows:

	31st December 2020 £	31st December 2019 £
Interest on Intercompany loans	324,130	431,318
Unwind discount on Intercompany loans	-	-
Interest on Lease Liability	11,898	9,431
Foreign Exchange Losses/Gains	60,281	31,111
Total Finance cost	<u>396,309</u>	<u>471,860</u>

7. Directors' remuneration

The director's remuneration for the year was as follows:

	31st December 2020 £	31st December 2019 £
Remuneration	<u>286,000</u>	<u>-</u>

This relates to two of the directors as one director is remunerated by another group company, however no allocation has been made since his services to this entity are not sufficient in comparison to his other roles within the group.

8. Auditors' remuneration

	31st December 2020 £	31st December 2019 £
Audit of these financial statements	<u>36,500</u>	<u>35,000</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

9. Income tax

(a) Tax on loss on ordinary activities

	31st December 2020 £	31st December 2019 £
Current taxation		
UK Corporation tax	-	-
Deferred taxation		
Total deferred taxation	-	-
Tax expense in the income statement	<u>-</u>	<u>-</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19%.

(b) Factors effecting total tax charge for the year

	31st December 2020 £	31st December 2019 £
Profit/(Loss) on ordinary activities before tax	643,920	(2,701,684)
Profit/(Loss) on ordinary activities multiplied by the standard rate of UK tax of 19% (2019: 19%)	122,345	(513,320)
Non-taxable income	(35,347)	(56,295)
Non-deductible expenses	228,382	164,734
Movement in unrecognised deferred tax	315,380	(404,881)
Total tax charge	<u>-</u>	<u>-</u>

The Company has gross tax losses arising and carried forward in the UK of £43.3m (2019: £44.0m) which are available indefinitely for offset against future taxable profits of the business in which the losses originally arose. A deferred tax asset has not been recognised in respect of the above noted capital losses due to uncertainty of future profitability.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

9. Income Tax (continued)

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 and is reflected in these financial statements.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

10. Intangible fixed assets

	Software development costs £
Cost	
At 1 st January 2020	7,717,726
Additions	490,923
Impairment	(1,048,563)
At 31 st December 2020	<u>7,160,086</u>
Amortisation	
At 1 st January 2020	6,354,725
Charge for the year	705,612
Impairment	(663,076)
At 31 st December 2020	<u>6,397,261</u>
Carrying Amount	
At 31 st December 2019	<u>1,363,001</u>
At 31 st December 2020	<u>762,825</u>

Research & Development costs of £412,889 were expensed during the year (2019: £754,829). The impairment charge followed a review of capitalised development costs and the derecognition of costs and accumulated amortisation related to specific development activity for which future revenue is no longer anticipated and the asset is assessed as having no recoverable value. There has also been accelerated amortisation charged during the year as due to the change in business strategy certain assets have had their useful life reduced.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

11. Tangible fixed assets

	Leasehold land & buildings £	Equipment £	Computer Equipment £	Total £
Cost				
At 1 st January 2020	69,475	19,519	70,018	159,012
Additions	35,591		39,804	75,395
Disposals		(9,528)		(9,528)
At 31 st December 2020	105,066	9,991	109,822	224,879
Depreciation				
At 1 st January 2020	-	5,575	33,510	39,085
Charge for the year	5,837	8,135	24,895	38,867
Disposals	-	(7,757)	-	(7,757)
At 31 st December 2020	5,837	5,953	58,405	70,195
Carrying Amount				
As at 31 st December 2019	69,475	13,944	36,508	119,927
At 31 st December 2020	99,229	4,038	51,417	154,684

12. Right of use assets

	Property £
Cost	
At 1 st January 2020	1,164,357
Additions	-
Disposals	(183,446)
At 31 st December 2020	980,911
Depreciation	
At 1 st January 2020	269,548
Charge for the year	196,183
Disposals	(183,446)
At 31 st December 2020	282,285
Carrying Amount	
As at 31 st December 2019	894,809
At 31 st December 2020	698,626

The impairment charges arises as the business has relocated to new leased premises.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. Debtors

	31st December 2020	31st December 2019
	£	£
Trade Debtors	844,610	787,185
Amounts due from group companies	449,611	177,424
Other Debtors	107,250	142,893
Prepayments	120,349	165,876
RDEC grant	186,037	296,288
	<u>1,707,857</u>	<u>1,569,666</u>

14. Creditors

	31st December 2020	31st December 2019
	£	£
Due within one year		
Trade Creditors	50,815	23,034
Amounts due to group companies	36,353	840,782
Social security and other taxes	142,998	298,509
Other creditors	28,850	11,105
Current portion of lease liabilities (note 16)	194,495	191,602
Accruals	1,067,293	746,779
	<u>1,520,804</u>	<u>2,111,811</u>
Due after one year		
Loans due to group companies (note 15)	17,908,342	18,018,750
Long term lease liabilities (note 16)	511,625	706,122
	<u>18,419,967</u>	<u>18,724,872</u>

15. Loans and borrowings

Loans to group companies comprise a Revolving Credit Facility for the value of £21.5m which initially bears interest at 2%. Interest is paid along with the loan principal on the redemption date of 15th December 2023. Total interest accrued at the period end amounts to £324,130 (2019 £431,318).

	31st December 2020	31st December 2019
	£	£
Current loan and borrowings		
Non-current loan and borrowings		
Loans and borrowings	17,908,342	18,018,750
Total	<u>17,908,342</u>	<u>18,018,750</u>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

15. Income Tax (continued)

The loans are accounted for on an effective interest basis whereby over the life of the loan the carrying value is increased such that the amount recognised at the redemption date equates to the principal and interest due on that date.

16. Leases

Leases included in creditors

	31st December 2020 £	31st December 2019 £
Current portion of long-term lease liabilities	194,495	191,602
Long term lease liabilities	511,625	706,122
Total lease liabilities	<u>706,120</u>	<u>897,724</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31st December 2020 £
Less than one year	203,500
1 - 2 years	203,500
2 - 3 years	203,500
3 - 4 years	114,713
Total lease liabilities (undiscounted)	<u><u>725,213</u></u>

Lease costs charged to the Profit and Loss Account

The Company avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Variable lease payments directly linked to sales or usage are also expensed as incurred. In 2020 there was a short term lease expense of £26,400 relating to London office space. There were no such lease costs in 2019.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

16. Leases (continued)

Total movements in lease liability

Total movements related to lease liabilities are presented in the table below:

	31st December 2020 £
Lease liabilities	
At 1 January 2020	897,724
Addition of right of use assets	-
Payments	(203,500)
Discount unwinding	11,898
At 31 December 2020	<u>706,122</u>

17. Share capital

Allotted, called up and fully paid share capital

	31/12/2020		31/12/2019	
	No	£	No.	£
A Ordinary shares of £0.001 each	236,296	236.30	236,296	236.30
B Ordinary shares of £0.001 each	389,076	389.08	389,076	389.08
C Ordinary shares of £0.001 each	34,000	34.00	34,000	34.00
D Ordinary shares of £0.001 each	817,221	817.22	817,221	817.22
	<u>1,476,593</u>	<u>1,476.60</u>	<u>1,476,593</u>	<u>1,476.60</u>

18. Related party transactions

During the year the company the following related party transactions:

Zalando SE

In addition to the intercompany loans, £4,396,998 (2019: £1,961,521) was due to Tradebyte Software Limited from Zalando SE related to Inditex sales commissions. As at 31st December 2020 the outstanding balance due for payment was £449,610 (2019: £177,424). The total amount due to Zalando SE from Tradebyte Software Limited through Management Charges was £802,654 (2019: £495,585) and Tradebyte Software Inc was £4,501 (2019: £8,086).

19. Parent and ultimate parent undertaking

As at 31st December 2020 Zalando SE owned 98.7% of Tradebyte Software Limited share capital. The ultimate parent company and ultimate controlling entity was Zalando SE, a company incorporated and registered in Germany. The smallest and largest group that publishes consolidated financial statements incorporating the results of this Company is Zalando SE. Copies of the financial statements of the ultimate parent company are available from the Zalando SE website.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

20. Post Balance Sheet event

During 2020 the decision was made that Anatwine Limited would change its name and rebranded to become Tradebyte Software Limited in order to utilise the strength of the sister company's brand and marketing. At the same time the decision was made to harmonise the two software environments resulting in the one off impairment and accelerated amortisation of existing Anatwine intangible assets during the year. Then, after a commercial announcement in March 2021, the process to migrate Anatwine customers into the Tradebyte software environment started and the company officially changed its name. This combination will impact the financial statements of the individual entities, although a statement of the impact cannot be made at this stage