

Registration number: 09233754

Soldo Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2017

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Soldo Ltd

Company Information

Directors

Mr Carlo Corrado Gualandri

Mr Roberto Bonanzinga

Mr Andrea Gerosa

Mr Paolo Mazzoni

Ms Sonali De Rycker

Mr Luigi Berlusconi

Registered office

Charles House
108-110 Finchley Road
London
NW3 5JJ

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Soldo Ltd

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Fair review of the business

Soldo Ltd is a FinTech software company developing a modern technological, regulatory and operational platform for real time transactional banking supporting multiple jurisdictions, languages and currencies. The Company, jointly with its wholly owned regulated subsidiary Soldo Financial Services Ltd, offers its customers in its target markets (being individuals, families and small and medium-sized enterprises) real time transactional services allowing them to better control their day to day spending both on and offline.

Business review

The financial Year 2017 has been the first full year of operation for the Company with the launch of its software services dedicated to small and medium-sized enterprises (SMEs). Since its formal launch in February 2017 the Company has steadily increased its customer base and thus revenues.

Highlights

The Company's focus during 2017 was the launch of its product dedicated to SMEs named "Soldo Business". All operational functions necessary to support the business growth such as marketing, sales, operations, and customer care have been reinforced with the hiring of new people.

Future developments

In June 2017, the Company closed its most important equity financing round (Round A) lead by Accel, a US based venture capital firm. The fund raised so far will mainly be used for:

- Business growth of the Soldo Business product
- Scale up operations & marketing

Business and financial risk management

The Company does not use complex KPIs in monitoring the business. Monthly Subscription fees for the use of the Software and the related operating expenses are the principal components of the Company's operations and therefore forms the basis of the Group's KPIs.

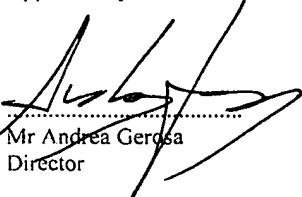
The board of directors monitors a number of the financial risks - liquidity risk and market risk. On top of this the Company has implemented several internal procedures and controls to fulfil his requirements to monitor the ongoing business. In considering the performance of the business before its commercial launch, cash flow measurements and projections, as well as sources of liquidity were reviewed regularly to ensure availability of adequate funds.

Principal risks and uncertainties

The Company's activities expose it to a number of risks. The principal risk is that the Company will be unable to meet its obligations should shareholders cut their investments before commercial launch. However, the board of directors will continue to raise funds through loan stock or new round of equity financing to have sufficient funds to mitigate any of such circumstances.

The board of directors also monitors the financial risks of the Company and has a responsibility of ensuring effective risk management and control. To this end, the board believe that there is no cause for concern to the Company.

Approved by the Board on 12 June 2018 and signed on its behalf by:



Mr Andrea Gerosa
Director

Soldo Ltd

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the consolidated financial statements for the year ended 31 December 2017.

Directors' of the group

The directors, who held office during the year, were as follows:

Mr Carlo Corrado Gualandri

Mr Roberto Bonanzinga

Mr Andrea Gerosa

Mr Paolo Mazzoni (appointed 28 June 2017)

Ms Sonali De Rycker (appointed 28 June 2017)

Mr Luigi Berlusconi (appointed 28 June 2017)

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. Certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 2. These matters relate to the principal risks that the Company faces and its future developments.

Principal activity

As a software development company Soldo Ltd's main business is to develop and sell a software service which allows SME's customers to control and manage their e-wallet and prepaid cards offered to customers by Soldo Financials Services Ltd.

Soldo Ltd provides its software services directly to c SME's in different markets in Europe (EEA).

Branches outside the United Kingdom

Soldo Ltd has a branch in Italy located at Via Adolfo Rava 124, Rome 00142, Italy

Dividends

The directors do not recommend the distribution of any dividends.

Going concern

The directors have prepared forecasts which cover a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the Company, unless it will raise new funds within Year end 2018, will not have sufficient financial resource to enable it to settle its liabilities as and when they fall due. Directors have already started discussion with shareholders for a further important fund raising to be completed by August 2018 and have instructed legal advisers to prepare the necessary documentation therefore have prepared these financial statements on a going concern basis.

Important non-adjusting events after the financial period

The Company's subsidiary Soldo Financial Services Ltd has obtained the E-money re-authorisation under PSDII rules on 30 April 2018.

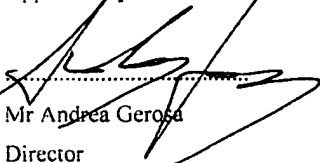
Disclosure of information to the auditor

Each director 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.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 12 June 2018 and signed on its behalf by:



Mr Andrea Gerosa
Director

Soldo Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Soldo Ltd

Independent Auditor's Report to the Members of Soldo Ltd

Opinion

We have audited the financial statements of Soldo Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group and the Parent 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.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which indicates that the Group and Parent company require additional finance in the next 12 months to settle its liabilities as and when they fall due, unless new funds are raised. As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Soldo Ltd

Independent Auditor's Report to the Members of Soldo Ltd

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 Group's and the Parent 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 Group or the Parent 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 at 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Hopkins (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street

London

W1U 7EU

Date: 4 September 2018

Soldo Ltd

Consolidated Income Statement for the Year Ended 31 December 2017

(As restated*)

	Note	2017 £	2016 £
Revenue	3	395,574	27,217
Cost of sales		(534,120)	-
Gross (loss)/profit		(138,546)	27,217
Administrative expenses	2	(4,378,210)	(2,937,848)*
Operating loss	4	(4,516,756)	(2,910,631)
Finance income		1,424	1,434
Finance costs	2	(11,476)	46,972*
Net finance (cost)/income	5	(10,052)	48,406
Loss before tax		(4,526,808)	(2,862,225)
Corporate tax credit	21	110,732	-
Loss for the year		(4,416,076)	(2,862,225)
Loss attributable to:			
Owners of the Company		(4,416,076)	(2,862,225)

The above results were derived from continuing operations.

*Amounts have been restated and are explained further in the accounting policies

The notes on pages 15 to 26 form an integral part of these financial statements

Soldo Ltd
Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2017

(As restated*)

	Note	2017 £	2016 £
Loss for the year		(4,416,076)	(2,862,225)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss	2	<u>(67,871)</u>	<u>(134,890)*</u>
Total comprehensive loss for the year		<u>(4,483,947)</u>	<u>(2,997,115)</u>
Total comprehensive loss attributable to:			
Owners of the Company		<u>(4,483,947)</u>	<u>(2,997,115)</u>

*Amounts have been restated and are explained further in the accounting policies.

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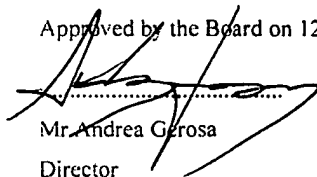
(Registration number: 09233754)

Consolidated Statement of Financial Position as at 31 December 2017

(As restated*)

	Note	2017 £	2016 £
Assets			
Non-current assets			
Tangible fixed assets	10	60,926	34,205
Intangible assets	11	1,654,740	1,101,574*
		<u>1,715,666</u>	<u>1,135,779</u>
Current assets			
Trade and other receivables	13	1,684,690	217,609
Cash and cash equivalents	14	6,683,186	2,613,569
Designated client money accounts	14	3,180,573	113,009*
		<u>11,548,449</u>	<u>2,944,187</u>
Total assets		<u>13,264,115</u>	<u>4,079,966</u>
Equity and liabilities			
Equity			
Share capital	15	(2,144)	(1,494)
Share premium		(16,511,450)	(3,999,738)
Foreign currency translation reserve	2	202,761	134,890*
Retained earnings		8,527,949	4,111,873
Equity attributable to owners of the Company		<u>(7,782,884)</u>	<u>245,531</u>
Current liabilities			
Trade and other payables	20	(5,481,181)	(592,678)*
Loans and borrowings	17	(50)	(3,732,819)
		<u>(5,481,231)</u>	<u>(4,325,497)</u>
Total liabilities		<u>(5,481,231)</u>	<u>(4,325,497)</u>
Total equity and liabilities		<u>(13,264,115)</u>	<u>(4,079,966)</u>

Approved by the Board on 12 June 2018 and signed on its behalf by:


Mr. Andrea Gerosa
Director

*Amounts have been restated and are explained further in the accounting policies.

The notes on pages 15 to 26 form an integral part of these financial statements

Soldo Ltd

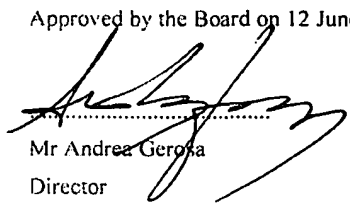
(Registration number: 09233754)

Statement of Financial Position as at 31 December 2017

(As restated*)

	Note	2017 £	2016 £
Assets			
Non-current assets			
Tangible fixed assets	10	60,926	34,205
Intangible assets	11	1,654,740	1,101,574*
Investments in subsidiaries, joint ventures and associates	12	1,724,348	1,000,000
		<u>3,440,014</u>	<u>2,135,779</u>
Current assets			
Trade and other receivables	13	514,823	262,274
Cash and cash equivalents	14	5,658,404	2,019,007
		<u>6,173,227</u>	<u>2,281,281</u>
Total assets		<u>9,613,241</u>	<u>4,417,060</u>
Equity and liabilities			
Equity			
Share capital	15	(2,144)	(1,494)
Share premium		(16,511,450)	(3,999,738)
Foreign currency translation reserve		202,761	134,890
Retained earnings		7,556,898	3,620,637
Total equity		<u>(8,753,935)</u>	<u>(245,705)</u>
Current liabilities			
Trade and other payables	20	(859,256)	(438,536)
Loans and borrowings	17	(50)	(3,732,819)
		<u>(859,306)</u>	<u>(4,171,355)</u>
Total equity and liabilities		<u>(9,613,241)</u>	<u>(4,417,060)</u>
Current year loss in retained earnings		3,936,261	2,370,988

Approved by the Board on 12 June 2018 and signed on its behalf by:


 Mr Andrea Gerola
 Director

*Amounts have been restated and are explained further in the accounting policies.

The notes on pages 15 to 26 form an integral part of these financial statements

Soldo Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017

	(As restated*)				
	Share capital £	Share premium £	Foreign currency translation £	Retained earnings £	Total £
At 1 January 2017	1,494	3,999,738	(134,890)	(4,111,873)	(245,531)
Loss for the year	-	-	-	(4,416,076)	(4,416,076)
Other comprehensive income	-	-	(67,871)	-	(67,871)
Total comprehensive income	-	-	(67,871)	(4,416,076)	(4,483,947)
Transaction with owners					
New share capital subscribed	650	12,511,712	-	-	12,512,362
Total transaction with owners	650	12,511,712	-	-	12,512,362
At 31 December 2017	2,144	16,511,450	(202,761)	(8,527,949)	7,782,884

	Share capital £	Share premium £	Foreign currency translation £	Retained earnings £	Total £
At 1 January 2016	1,429	3,999,738	-	(1,249,648)	2,751,519
Loss for the year	-	-	-	(2,862,225)*	(2,862,225)
Other comprehensive income	-	-	(134,890)*	-	(134,890)
Total comprehensive income	-	-	(134,890)	(2,862,225)	(2,997,115)
Transaction with owners					
New share capital subscribed	65	-	-	-	65
Total transaction with owners	65	-	-	-	65
At 31 December 2016	1,494	3,999,738	(134,890)	(4,111,873)	(245,531)

*Amounts have been restated and are explained further in the accounting policies.

The notes on pages 15 to 26 form an integral part of these financial statements

Soldo Ltd

Statement of Changes in Equity for the Year Ended 31 December 2017

	(As restated*)				
	Share capital £	Share premium £	Foreign currency translation £	Retained earnings £	Total £
At 1 January 2017	1,494	3,999,738	(134,890)	(3,620,637)	245,705
Loss for the year	-	-	-	(3,936,260)	(3,936,260)
Other comprehensive loss	-	-	(67,871)	-	(67,871)
Total comprehensive loss	-	-	(67,871)	(3,936,260)	(4,004,131)
Transaction with owners					
New share capital subscribed	650	12,511,712	-	-	12,512,362
Total transaction with owners	650	12,511,712	-	-	12,512,362
At 31 December 2017	2,144	16,511,450	(202,761)	(7,556,897)	8,753,936
	Share capital £	Share premium £	Foreign currency translation £	Retained earnings £	Total £
At 1 January 2016	1,429	3,999,738	-	(1,249,648)	2,751,519
Loss for the year	-	-	-	(2,370,989)*	(2,370,989)
Other comprehensive income	-	-	(134,890)*	-	(134,890)
Total comprehensive income	-	-	(134,890)	(2,370,989)	(2,505,879)
Transaction with owners					
New share capital subscribed	65	-	-	-	65
Total transaction with owners	65	-	-	-	65
At 31 December 2016	1,494	3,999,738	(134,890)	(3,620,637)	245,705

*Amounts have been restated and are explained further in the accounting policies.

The notes on pages 15 to 26 form an integral part of these financial statements

Soldo Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 December 2017

(As restated*)

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss for the year		(4,416,076)	(2,862,225)*
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	476,900	272,529*
Finance income	5	(1,424)	(1,434)
Finance costs	5	11,476	(46,972)*
Corporate tax credit	21	(110,732)	-
		<u>(4,039,856)</u>	<u>(2,638,102)</u>
Working capital adjustments			
Increase in trade and other receivables	13	(342,713)	(102,492)
Increase in eMoney advanced to issuers		(1,013,636)	-
Increase in trade and other payables	20	807,364	266,874
Increase in eMoney	2	<u>4,081,139</u>	<u>108,256*</u>
Net cash flow from operating activities		<u>(507,702)</u>	<u>(2,365,464)</u>
Cash flows from investing activities			
Interest received	5	1,424	1,434
Acquisitions of property plant and equipment	10	(41,395)	(30,625)
Acquisition of intangible assets	11	<u>(1,015,391)</u>	<u>(743,626)</u>
Net cash flows from investing activities		<u>(1,055,362)</u>	<u>(772,817)</u>
Cash flows from financing activities			
Interest paid	5	(271)	(82,822)
Proceeds from issue of ordinary shares, net of issue costs		8,704,049	65
Proceeds from other borrowing drawdowns		-	3,732,819
Foreign exchange gains	5	<u>64,289</u>	<u>129,794*</u>
Net cash flows from financing activities		<u>8,768,067</u>	<u>3,779,856</u>
Net increase in cash and cash equivalents		7,205,002	641,576
Cash and cash equivalents at 1 January		2,726,578	2,219,892
Effect of exchange rate fluctuations on cash held	2	<u>(67,871)</u>	<u>(134,890)*</u>
Cash and cash equivalents at 31 December		<u>9,863,709</u>	<u>2,726,578</u>

	Non-cash changes				
	At 1 January 2017 £	Financing cash flows £	Equity component of convertible notes £	Other changes £	At 31 December 2017 £
Convertible debt	3,732,819	-	(3,808,313)	75,494	-

* Amounts have been restated and are explained further in the accounting policies.

The notes on pages 15 to 26 form an integral part of these financial statements

Soldo Ltd

Statement of Cash Flows for the Year Ended 31 December 2017

		(As restated*)	
	Note	2017 £	2016 £
Cash flows from operating activities			
Loss for the year		(3,936,260)	(2,370,989)*
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	476,900	272,529*
Finance income		(1,279)	(1,315)
Finance costs	2	18,222	(48,343)*
Corporate tax credit	21	(110,732)	-
		(3,553,149)	(2,148,118)
Working capital adjustments			
Increase in trade and other receivables	13	(141,819)	(147,157)
Increase in trade and other payables	20	420,720	220,988
Net cash flow from operating activities		(3,274,248)	(2,074,287)
Cash flows from investing activities			
Interest received		1,279	1,315
Acquisition of subsidiaries	12	(724,348)	(1,000,000)
Acquisitions of property plant and equipment		(41,395)	(30,625)
Acquisition of intangible assets	11	(1,015,391)	(743,626)
Net cash flows from investing activities		(1,779,855)	(1,772,936)
Cash flows from financing activities			
Interest paid	5	(271)	(82,822)
Proceeds from issue of ordinary shares, net of issue costs	15	8,704,049	65
Proceeds from other borrowing draw downs		-	3,732,819
Foreign exchange (gains) / losses		57,543	131,165
Net cash flows from financing activities		8,761,321	3,781,227
Net increase/(decrease) in cash and cash equivalents		3,707,218	(65,995)
Cash and cash equivalents at 1 January		2,019,007	2,219,892
Effect of exchange rate fluctuations on cash held	2	(67,871)	(134,890)*
Cash and cash equivalents at 31 December		5,658,354	2,019,007

	Non-cash changes			
	At 1 January 2017 £	Financing cash flows £	Equity component of convertible notes £	Other changes £
Convertible debt	3,732,819	-	(3,808,313)	75,494

*Amounts have been restated and are explained further in the accounting policies.

The notes on pages 15 to 26 form an integral part of these financial statements

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Charles House
108-110 Finchley Road
London
NW3 5JJ

These financial statements were authorised for issue by the Board on 12 June 2018.

2 Accounting policies

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's").

Summary of significant accounting policies and key accounting estimates

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.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

Going concern

The directors have prepared forecasts which cover a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the Company, unless it will raise new funds within Year end 2018, will not have sufficient financial resource to enable it to settle its liabilities as and when they fall due. Directors have already started discussion with shareholders for a further important fund raising to be completed by August 2018 and have instructed legal advisers to prepare the necessary documentation therefore have prepared these financial statements on a going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2017.

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

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transaction, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Changes in accounting policy

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective, and in some cases have not yet been adopted by the EU. The Directors have considered the impact of IFRS 9, IFRS 15 and IFRS 16 on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2018 and which have not been adopted early, are expected to have a material effect on the financial statements.

Prior period adjustments

An adjustment has been made to other payables and restricted cash as at 31 December 2016 as shown in the statement of financial position, to reflect the e-money funds held by the Soldo Financial Services Ltd on behalf of customers in designated accounts. This has the effect of increasing other payables by £113,009 and increasing restricted cash by £113,009. There has been no impact on the prior year income statement or the reserves brought forward.

Internally generated software development costs have not been amortised in 2016. The effect of the adjustment is an additional loss of £105,938.

In 2016 exchange losses generated by the translation of the accounts of an overseas branch had been posted to the profit and loss account. These losses have been re-classified as Foreign currency translation reserve and therefore the profit and loss has been impacted positively by £134,890.

Revenue recognition

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

The group recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the Company activities.

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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

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

The results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Tax

The tax expense for the period comprises current 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.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

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Notes to the Financial Statements for the Year Ended 31 December 2017

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	straight line over 3 years
Furniture and fittings	straight line over 5 years

Intangible assets

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

Impairment tests on the whole business relating to this internally generated software development costs are performed periodically in accordance with the accounting policy, to identify the needs to revalue the intangible assets shall there be impairment losses, these calculations require the use of estimates.

Amortisation

Amortisation is provided on intangible assets for a full year in the year of purchase, regardless of acquisition date, so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software developments and licence costs	straight line over 5 years

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 changes in value.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

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

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

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Ordinary, Seed Preferred and A 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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are detailed below:

As explained earlier in note 2 the group capitalise the purchase cost from external developer for development of software under Soldo license on monthly basis as intangible assets.

The Group considers at least annually whether there are indications that the carrying values of intangible assets may not be recoverable, or that the recoverable amounts may be less than the asset's carrying value, in which case an impairment review is performed. These calculations require the use of estimates.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
SaaS and Platform revenues	382,693	-
Other revenue	12,881	27,217
	<u>395,574</u>	<u>27,217</u>

4 Operating profit

Arrived at after charging/(crediting)

	2017 £	(As restated *) 2016 £
Depreciation expense	4,481	7,624
Amortisation expense	472,418	264,906*
Operating lease expense - other	10,898	17,089

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Notes to the Financial Statements for the Year Ended 31 December 2017

5 Finance income and costs

	2017 £	(As restated*) 2016 £
Finance income		
Interest income on bank deposits	1,424	1,434
Finance costs		
Interest on bank overdrafts and borrowings	(271)	(3)
Interest expense on other financing liabilities	(75,494)	(82,819)
Foreign exchange gains	64,289	129,794*
Total finance costs	(11,476)	46,972
Net finance (costs)/income	(10,052)	48,406

6 Staff Costs

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

	2017 £	2016 £
Wages and salaries	1,530,873	1,138,905
Social contribution	263,977	184,541
Pension costs	1,811	-
	1,796,661	1,323,446

The above costs exclude the costs of the software development team which have been capitalized (refer to note 11). We have adjusted the 2016 breakdown to reflect the new category we use for 2017.

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

	2017 No.	2016 No.
Administration and support	8	5
Research and development	24	17
Sales, marketing and distribution	3	2
Other departments	7	6
	42	30

7 Directors' remuneration

	2017 £	2016 £
Remuneration	165,455	100,840

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Notes to the Financial Statements for the Year Ended 31 December 2017

8 Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14,000	5,000
Fees payable to the Company's auditor for the audit of the Company's subsidiary	10,000	5,000
Total Audit of these financial statements	<u>24,000</u>	<u>10,000</u>

9 Income tax

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 – lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

Company	2017 £	2016 £
Loss before tax	<u>(3,936,261)</u>	<u>(2,370,988)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016:20%)	<u>(757,730)</u>	<u>(474,197)</u>
Effects of:		
Losses carried forward	<u>(757,730)</u>	<u>(474,197)</u>
Total tax charge	<u>Nil</u>	<u>Nil</u>

As at 31 December 2017 the Company had trading losses carried forward of approximately £3.25 million (2016: £0.9 million) available to carry forward against future profits. A deferred tax asset is not recognised in respect of these trading losses due to the uncertainty as to the utilisation of the losses in the foreseeable future.

The Group's current year loss before tax is £4,526,808 (2016 - £2,862,225).

10 Tangible fixed assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2017	-	43,636	43,636
Additions	5,036	36,359	41,395
At 31 December 2017	<u>5,036</u>	<u>79,995</u>	<u>85,031</u>
Depreciation			
At 1 January 2017	-	9,431	9,431
Charge for the year	347	14,327	14,674
At 31 December 2017	<u>347</u>	<u>23,758</u>	<u>24,105</u>

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Notes to the Financial Statements for the Year Ended 31 December 2017

Carrying amount

At 31 December 2017	4,689	56,237	60,926
At 31 December 2016	-	34,205	34,205

Company

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2017	-	43,636	43,636
Additions	5,036	36,359	41,395
At 31 December 2017	5,036	79,995	85,031
Depreciation			
At 1 January 2017	-	9,431	9,431
Charge for the year	347	14,327	14,674
At 31 December 2017	347	23,758	24,105
Carrying amount			
At 31 December 2017	4,689	56,237	60,926
At 31 December 2016	-	34,205	34,205

11 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 January 2017	1,366,480	1,366,480
Additions	1,015,391	1,015,391
At 31 December 2017	2,381,871	2,381,871
Amortisation		
At 1 January 2017	264,905	264,905
Amortisation charge	462,226	462,226
At 31 December 2017	727,131	727,131
Carrying amount		
At 31 December 2017	1,654,740	1,654,740
At 31 December 2016	1,101,574	1,101,574

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

12 Investments in subsidiaries

Group subsidiaries

Details of the group subsidiaries as at 31 December 2017 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
Soldo Financial Services Ltd	Issuance of e-wallet and prepaid cards through Europe (EEA states)	Charles House, 108-110 Finchley Road, London, NW3 5JJ, United Kingdom	100%	100%

Summary of the Company investments

	2017 £	2016 £
Investments in subsidiaries	1,724,348	1,000,000

Subsidiaries

Cost or valuation

At 1 January 2017	1,000,000
Additions	724,348
At 31 December 2017	1,724,348

Carrying amount

At 1 January 2017	1,000,000
At 31 December 2017	1,724,348

13 Trade and other receivables

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade receivables	42,542	52,868	2,601	52,680
Receivables from related parties	-	-	147,622	62,138
Accrued income	23,154	-	10	-
Prepayments	39,833	18,611	38,699	16,898
Corporate tax receipt	110,732		110,732	
Other receivables	1,468,430	146,130	215,159	130,558
Total current trade and other receivables	1,684,690	217,609	514,823	262,274

The group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

14 Cash and cash equivalents

	Group (As restated*)		Company	
	2017 £	2016 £	2017 £	2016 £
Cash on hand	87	7	87	7
Cash at bank	6,683,099	2,613,562	5,658,317	2,019,000
Designated client money accounts	3,180,573	113,009*	-	-
	9,863,759	2,726,578	5,658,404	2,019,007
Bank overdrafts	(50)	-	(50)	-
Cash and cash equivalents in statement of cash flows	9,863,709	2,726,578	5,658,354	2,019,007

15 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary Shares of £0.01 each	107,519	1,075	106,468	1,065
Seed Preference shares of £0.01 each	42,858	429	42,858	429
Series A Share of £0.01 each	63,979	640	-	-
	214,356	2,144	149,326	1,494

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

New shares allotted

During the year 1,051 Ordinary shares with an aggregate nominal value of £11 and 63,979 Series A shares with an aggregate nominal value of £640 were allotted for an aggregate consideration of £12,512,362.

16 Reserves

Group and Company

Foreign currency translation reserve

Foreign currency translation reserve is generated by the translation into sterling, the presentation currency, of the group Italian branch accounts.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Foreign currency translation £	Total £
Foreign currency translation gains/(losses)	(67,871)	(67,871)

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

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Notes to the Financial Statements for the Year Ended 31 December 2017

	Foreign currency translation £	Total £
Foreign currency translation gains/(losses)	(134,890)	(134,890)

17 Loans and borrowings

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Current loans and borrowings				
Bank overdrafts	50	-	50	-
Convertible debt	-	3,732,819	-	3,732,819
	<u>50</u>	<u>3,732,819</u>	<u>50</u>	<u>3,732,819</u>

Group

Convertible bonds

Movement in liability

	2017 £	2016 £
Balance b/f	3,732,819	-
Proceeds from issue of convertible bonds	-	3,650,000
Interest expense	75,494	82,819
Conversion to share capital	(3,808,313)	-
Balance c/f	<u>-</u>	<u>3,732,819</u>

Company

Convertible bonds

Movement in liability

	2017 £	2016 £
Balance b/f	3,732,819	-
Proceeds from issue of convertible bonds	-	3,650,000
Interest expense	75,494	82,819
Conversion to share capital	(3,808,313)	-
Balance c/f	<u>-</u>	<u>3,732,819</u>

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

18 Obligations under leases and hire purchase contracts

Group

Operating leases

The total future value of minimum lease payments is as follows:

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

	2017 £	2016 £
Within one year	314,901	201,500
Within two to five years	579,431	288,243
	<u>894,332</u>	<u>489,743</u>

The operating lease are for leasing of office. The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2016 - £Nil)

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,811 (2016 - £Nil).

Contributions totalling £1,080 (2016 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

20 Trade and other payables

	Group (As restated)		Company	
	2017 £	2016 £	2017 £	2016 £
Trade payables	386,703	156,516	343,221	144,456
Accrued expenses	223,429	66,884	185,254	55,871
Social security and other taxes	-	208,832	-	190,585
Outstanding defined contribution				
Pension costs	556	-	-	-
Other payables	4,870,495	160,446	330,781	47,624
	<u>5,481,181</u>	<u>592,678</u>	<u>859,256</u>	<u>438,536</u>

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

21 Tax credit

The Company obtained in February 2018 the SME R&D relief for the period from 24 September 2014 to 31 December 2015 totalling £110,732, and is only accounted in 2017 when the amount became certain. The claim for the period of 2016 is yet to be processed.

22 Parent and ultimate parent undertaking

The Company's ultimate parent is Soldo Software & Services Ltd.

23 Related parties

The Company's subsidiary is Soldo Financial Services Ltd.

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Notes to the Financial Statements for the Year Ended 31 December 2017

The Company extended working capital loans to the subsidiary to support its business on top of the capital injection. All the transactions have been eliminated in consolidation statements.

24 Financial risk management and impairment of financial assets

Group and company

Credit risk and impairment

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. It is Company policy to assess the credit risk of new customers.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The company ensures cash is held with reputable institutions and reviews its cash holdings regularly to ensure that it is not over exposed.

Foreign exchange risk

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. The group and its subsidiary continually monitors its foreign exchange exposures and converts all foreign currency receipts into GBP.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group reviews its liquidity forecasts monthly to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Sensitivity analysis

While the group takes steps to minimise its foreign exchange risk as described above, changes in foreign exchange rates will have an impact on profit. The directors consider that there is no material risk in relation to exchange rate movements

25 Non-adjusting events after the financial period

The Company's subsidiary Soldo Financial Services Ltd. has renewed its the E-money re-authorisation under PSDII rules on 30 April 2018.