

# **SOLDO LTD**

**Annual Report and Financial Statements  
For the financial year ended 31 December 2020**

**Registered number: 09233754**



**SOLDO LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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# SOLDO LTD

## DIRECTORS AND COMPANY INFORMATION

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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<b>Directors</b>	Carlo Corrado Gualandri Mariano Dima Andrea Gerosa Dynshaw Fareed Italia	(appointed 10 November 2020) (resigned 14 February 2020) (appointed 1 April 2020)
<b>Registered office</b>	119 Marylebone Road London, NW1 5PU United Kingdom	
<b>Auditor</b>	Grant Thornton Chartered Accountants & Statutory Auditors 13-18 City Quay Dublin 2, D02 ED70 Ireland	
<b>Bankers</b>	HSBC UK Bank plc 196 Oxford Street London, W1D 1NT United Kingdom  Barclays Bank Leicester Leicestershire, LE87 2BB United Kingdom  Silicon Valley Bank Alphabeta 14-18 Finsbury Square London, EC2A 1BR United Kingdom	
<b>Solicitors</b>	Marriott Harrison LLP 11 Staple Inn London, WC1V 7QH United Kingdom	
<b>Company number</b>	09233754	

# SOLDO LTD

## STRATEGIC REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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### PRINCIPAL ACTIVITIES

Soldo Ltd (the “Company”) is registered, incorporated and domiciled in England and Wales as at 24 September 2014. The Company is part of the wider Soldo Group which provides a Pay and Spend Automation Platform for businesses of all sizes. Soldo streamlines spend management for all company spend including but not limited to employee expenses, purchases, advertising, software services and e-commerce.

### BUSINESS REVIEW

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

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

During the year ended 31 December 2020, the Company generated total SaaS and platform revenues including other revenues amounting to £3,898,542 which is 63% higher than the previous year revenues of £2,385,902. In absolute and percentage terms, gross margin in 2020 increased to £3,655,436 (66%) from £2,201,011 in 2019. Operating losses continue to increase as the Company attempts to expand in other European markets with important marketing investments and continues to invest in the development of its proprietary software. For this reason, the Company had a loss on ordinary activities after taxation of £16,288,954 (2019: £12,883,110).

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

### FUTURE DEVELOPMENTS

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

### PRINCIPAL RISK AND UNCERTAINTIES

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

The principal risks facing the Company are:

#### Credit risk

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

# SOLDO LTD

## STRATEGIC REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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### **Liquidity risk**

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

### **Currency risk**

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

### **Strategic risk**

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

### **Capital risk**

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

### **Financial crime risk**

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

### **Information technology risk**

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

### **Economic risk**

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

Due to the outbreak of the Coronavirus (COVID-19), the Company's operations in the local market as well as in foreign countries expose us to certain risks inherent in doing business, which may adversely affect our business, results of operations or financial condition. Uncertainty about global economic conditions due to the Coronavirus could result in difficulties providing services, unemployment, negative financial news and/or declines in income or asset values. At this point, the extent to which the coronavirus may impact our results is uncertain and the directors continue to monitor and assess the ongoing development and respond accordingly.

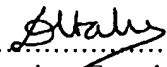
# SOLDO LTD

## STRATEGIC REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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This report was approved by the board on 26 July 2021 and signed on its behalf.

  
.....  
Dynshaw Fareed Italia  
Director

Date signed: 26 July 2021  
.....

# **SOLDO LTD**

## **DIRECTORS' REPORT**

**FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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### **RESULTS, DIVIDENDS AND BUSINESS REVIEW**

The results for the financial year ended 31 December 2020 are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 12. Loss before taxation amounted to £16,288,954 (2019: £12,883,110).

No ordinary dividends were paid. The directors have not recommended a dividend during the year (2019: nil)

### **BRANCHES OUTSIDE THE UNITED KINGDOM**

Soldo Ltd has a branch in Italy with offices in Milan (Via Vittor Pisani 15) and in Rome (Via Adolfo Rava 124).

### **DIRECTORS AND SECRETARY**

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

Carlo Corrado Gualandri

Mariano Dima

Andrea Gerosa

Dynshaw Fareed Italia

(appointed 10 November 2020)

(resigned 14 February 2020)

(appointed 1 April 2020)

### **GOING CONCERN**

At 31 December 2020 the Company reported a loss after tax of £16,288,954 (2019: £12,883,110) and net assets of £4,538,137 (2019: £1,022,474). The Company is forecast to continue incurring losses, in line with its business plan. To date the Company has financed its operations through equity financing at group level.

The directors have considered the adequacy of the Company funding, borrowing facilities, cash flows and profitability for at least the next twelve months from the date of approval these financial statements. The Company's revenues continue to grow month on month and projections for 2021/ 2022, whilst somewhat suppressed as a result of the Covid19 pandemic, remain strong with continued year on year growth.

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

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

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

# SOLDO LTD

## DIRECTORS' REPORT

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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### EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial period ended 31 December 2020.

### CHARITABLE CONTRIBUTIONS

The Company made no charitable contributions during the period (2019: nil).

### RESEARCH AND DEVELOPMENT COSTS

Research and development expenditure in the year amounted to £3,639,905 (2019: £2,457,356) of which £3,575,652 (2019: £2,205,442) was capitalised.

### POLITICAL DONATIONS

No political donations were made by the Company during the period (2019: nil).

### AUDITOR

The Company has reappointed Grant Thornton, Chartered Accountants and Statutory Auditors, as our auditors for the period, in accordance with Section 485 of the Companies Act 2006.

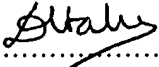
### STATEMENT ON RELEVANT AUDIT INFORMATION

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

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

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

This report was approved by the board on \_\_\_\_ July 2021 and signed on its behalf.

  
.....  
Dynshaw Fareed Italia  
Director

Date signed: 26 July 2021  
.....

# SOLDO LTD

## DIRECTORS' RESPONSIBILITIES STATEMENT

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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### DIRECTORS' RESPONSIBILITIES

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

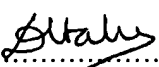
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

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

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

Signed on behalf of the board on 26 July 2021.

  
.....  
Dynshaw Fareed Italia  
Director

Date signed: 26 July 2021  
.....

# SOLDO LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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### Opinion

We have audited the financial statements of Soldo Ltd (the "Company"), which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity for the financial year ended 31 December 2020, and the related notes to the financial statements, including the summary of significant accounting policies.

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

In our opinion, Soldo Ltd's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### Other information

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

# **SOLDO LTD**

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

**FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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### **Other information (continued)**

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

# SOLDO LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FINANCIAL YEAR ENDED 31 DECEMBER 2020

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### **Responsibilities of the auditor for the audit of the financial statements**

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

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### *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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Electronic Money Regulations 2011, Data Privacy law, Employment Law, Environmental Regulations, Pensions Legislation, Health & Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management and those charged with governance on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;

# SOLDO LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FINANCIAL YEAR ENDED 31 DECEMBER 2020

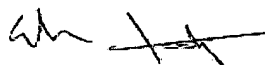
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- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including deferred tax assets, provision for impairment loss and lease accounting;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

### **The purpose of our audit work and to whom we owe our responsibilities**

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



COLIN FEELY, FCA (Senior Statutory Auditor)

For and on behalf of

**GRANT THORNTON**

Chartered Accountants & Statutory Auditors

13-18 City Quay

Dublin 2

D02 NY19

Ireland

26 July 2021

# SOLDO LTD

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Revenue</b>	6	3,898,542	2,385,902
Cost of sales		(243,106)	(184,891)
<b>Gross profit</b>		<b>3,655,436</b>	<b>2,201,011</b>
Operating expenses	7	(20,084,897)	(15,628,005)
Foreign exchange gain		40,972	591,682
<b>Operating loss</b>		<b>(16,388,489)</b>	<b>(12,835,312)</b>
Finance cost - net	8	(43,912)	(47,798)
<b>Loss before taxation</b>		<b>(16,432,401)</b>	<b>(12,883,110)</b>
Tax charge on loss	9	143,447	-
<b>Loss for the financial year</b>		<b>(16,288,954)</b>	<b>(12,883,110)</b>
<b>Other comprehensive (loss) / income:</b>			
Exchange differences on translating foreign operations		(205,895)	69,596
<b>Total comprehensive loss for the financial year</b>		<b>(16,494,849)</b>	<b>(12,813,514)</b>

All amounts relate to continuing operations.

The accounting policies and notes on pages 15 to 34 form part of these financial statements.

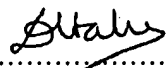
# SOLDO LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	10	1,724,348	1,724,348
Intangible assets	11	4,472,464	2,525,761
Property and equipment	12	61,432	81,216
		<b>6,258,244</b>	<b>4,331,325</b>
<b>Current assets</b>			
Cash and cash equivalents	13	2,021,707	1,085,771
Trade and other receivables	14	320	8,119
Other assets	15	560,154	716,365
Amounts due from group undertakings	18	857,763	1,120,072
		<b>3,439,944</b>	<b>2,930,327</b>
<b>TOTAL ASSETS</b>		<b>9,698,188</b>	<b>7,261,652</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowing	16	-	274,498
		<b>-</b>	<b>274,498</b>
<b>Current liabilities</b>			
Trade and other payables	17	2,342,252	2,121,735
Amounts due to group undertakings	18	2,817,799	3,316,825
Borrowing	16	-	526,120
		<b>5,160,051</b>	<b>5,964,680</b>
<b>TOTAL LIABILITIES</b>		<b>5,160,051</b>	<b>6,239,178</b>
<b>EQUITY</b>			
Share capital	19	2,144	2,144
Share premium	20	16,511,450	16,511,450
Capital contributions	20	31,951,424	11,940,912
Profit and loss account	20	(43,574,805)	(27,285,851)
Foreign currency translation reserve	20	(352,076)	(146,181)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>4,538,137</b>	<b>1,022,474</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,698,188</b>	<b>7,261,652</b>

Signed on behalf of the board on 26 July 2021.

  
 .....  
 Dynshaw Fareed Italia  
 Director

The accounting policies and notes on pages 15 to 34 form part of these financial statements.

# SOLDO LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium	Capital contribution	Foreign currency reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
<b>Balance as at 1 January 2020</b>	2,144	16,511,450	11,940,912	(146,181)	(27,285,851)	1,022,474
Profit for the financial year	-	-	-	-	(16,288,954)	(16,288,954)
Capital introduced	-	-	20,010,512	-	-	20,010,512
Other comprehensive loss	-	-	-	(205,895)	-	(205,895)
Total comprehensive loss	-	-	-	(205,895)	-	(205,895)
<b>Balance as at 31 December 2020</b>	<b>2,144</b>	<b>16,511,450</b>	<b>31,951,424</b>	<b>(352,076)</b>	<b>(43,574,805)</b>	<b>4,538,137</b>
<b>Balance as at 1 January 2019</b>	2,144	16,511,450	-	(215,777)	(14,402,741)	1,895,076
Profit for the financial year	-	-	-	-	(12,883,110)	(12,883,110)
Capital introduced	-	-	11,940,912	-	-	11,940,912
Other comprehensive income	-	-	-	69,596	-	69,596
Total comprehensive income	-	-	-	69,596	-	69,596
<b>Balance as at 31 December 2019</b>	<b>2,144</b>	<b>16,511,450</b>	<b>11,940,912</b>	<b>(146,181)</b>	<b>(27,285,851)</b>	<b>1,022,474</b>

The accounting policies and notes on pages 15 to 34 form part of these financial statements.

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2020

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### 1. General information and statement of compliance with IFRS

#### Company information

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

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

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

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

### 2. Summary of Significant Accounting Policies

#### 2.1. Basis of preparation

The Company statutory financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued in August 2014. The amendments to FRS 101 issued in July 2015 and effective for financial years commencing 1 January 2015 have also been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("adopted IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 as set out below where advantage of the FRS 101 disclosure exemption has been taken.

The consolidated financial statements of the Company's ultimate parent company, Soldo Software and Services Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 33 Sir John Rogerson's Quay, Dublin 2, D02 XK09.

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.20.

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.2. FRS 101 Disclosure Exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment';
  - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d) (statement of cash flows);
  - (ii) 16 (statement of compliance with all IFRS);
  - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements);
  - (iv) 38B–D (additional comparative information);
  - (v) 111 (cash flow statement information); and
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Disclosure exemptions have been added in relation to IFRS 15 paragraphs 110 (second sentence), 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

### 2.3. New or revised Standards and Interpretations

#### Standards, amendments and interpretations effective in the year beginning 1 January 2020

- Standards, amendments and interpretations effective in the year beginning 1 January 2020
- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The adoption of the aforementioned new standards and amendments have no material impact to the Company.

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.3. New or revised Standards and Interpretations *(continued)*

#### **Standards, amendments and interpretations effective in the year beginning 1 January 2020 *(continued)***

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

#### **Consolidation**

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

### 2.4. Foreign currency translation

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

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

### 2.5. Revenue recognition

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

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

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

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

### 2.6. Operating expenses

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.7. Finance costs

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

### 2.8. Investment in subsidiary

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

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

### 2.9. Intangible assets

#### *Initial recognition*

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

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

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

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

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

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

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.9. Intangible assets (continued)

#### *Subsequent measurement*

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

The following useful lives are applied:

- Software development and license costs      Straight line over 5 years

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

Amortisation has been included within operating expenses.

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

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

### 2.10. Property and equipment

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

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

- Computer equipment      Straight line over 3 years

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

### 2.11. Leases

#### **Accounting policy applicable from 1 January 2020**

#### *The Company as lessee*

For any new contracts entered into on or after 1 January 2020, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.11. Leases (continued)

#### Accounting policy applicable from 1 January 2020 (continued)

##### *The Company as lessee (continued)*

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

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

##### *Measurement and recognition of leases as a lessee*

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

#### Accounting policy applicable before 1 January 2020

##### *Operating leases*

All leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Rent free periods are treated as discounts and recognised on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. A finance lease gives rise to the recognition of a leased asset and finance lease liability. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is reasonable certainty that we will obtain ownership of the leased asset at the end of the lease term. Interest expense is recognised over the lease term using Effective Interest Rate (EIR).

### 2.12. Impairment testing of intangible assets and property and equipment

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

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.12. Impairment testing of intangible assets and property and equipment *(continued)*

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

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

### 2.13. Financial instruments

#### *Recognition and derecognition*

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

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

#### *Classification and initial measurement of financial assets*

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

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

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

In the periods presented the Company does not have any financial assets categorised as FVTPL and FVOCI. The classification is determined by both:

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

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.14. Financial instruments *(continued)*

#### *Subsequent measurement of financial assets*

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

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

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

#### *Impairment of financial assets*

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

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

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

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

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

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

#### *Trade and other receivables*

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.13. Financial instruments (continued)

#### *Trade and other receivables (continued)*

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

#### *Classification and measurement of financial liabilities*

The Company's financial liabilities include trade and other payables, borrowings and other financial liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

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

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

### 2.14. Equity instruments

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

### 2.15. Cash and cash equivalents

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

### 2.16. Equity and reserves

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

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

Profit and loss account includes all current and prior period retained profits and losses.

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

The Company's parent, Soldo Software and Services Limited, made capital contributions amounting to £31,951,424 (2019: £11,940,912).

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.17. Post-employment benefits and short-term employee benefits

#### *Retirement benefit costs*

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

#### *Short-term employee benefits*

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

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

### 2.18. Provisions, contingent assets and contingent liabilities

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

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

### 2.19. Taxation

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

#### *Current tax*

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.19. Taxation (continued)

#### *Deferred tax*

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

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

### 2.20. Critical accounting estimates and judgements

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

The areas involving significant estimates and judgements are:

#### *Impairment of non-financial assets*

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

#### *Capitalisation of internally developed software*

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

#### *Useful lives of depreciable assets*

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

#### *Recognition of deferred tax assets*

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2.20. Critical accounting estimates and judgements *(continued)*

#### *Leases*

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

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

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

### 3. Going concern

At 31 December 2020 the Company reported a loss of £16,288,954 (2019: £12,883,110) and net assets of £4,538,137 (2019: £1,022,474). The Company is forecast to continue incurring losses, in line with its business plan. To date the Company has financed its operations through equity financing at group level.

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

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

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

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4. Employees

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

	2020 Number	2019 Number
Directors	2	1
Operation and administration	13	8
Product and technology	24	13
Market	66	36
	<u>104</u>	<u>58</u>

Their aggregate payroll costs of the above were:

	2020 £	2019 £
Wages and salaries	5,780,234	3,754,030
Social security costs	710,245	302,243
Pension costs – defined contribution plans	85,408	33,144
Other short-term employee benefits	63,141	42,255
Other employee expense	85,362	43,797
	<u>6,724,390</u>	<u>4,175,469</u>

### 5. Directors' remuneration

The aggregate remuneration in respect of qualifying services for 2 directors (2019: 1) of the Company was:

	2020 £	2019 £
Directors' salaries	431,167	120,000
Directors' social security costs	58,092	15,376
	<u>489,259</u>	<u>135,376</u>

The directors did not receive benefits in kind during the financial year (2019: £nil). The highest paid director earned £343,000 during 2020 which was inclusive of pension costs (2019: £120,000).

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

### 6. Revenue

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

	2020 £	2019 £
United Kingdom	1,366,307	1,470,111
Europe	2,532,235	2,720,974
	<u>3,898,542</u>	<u>4,191,085</u>

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7. Operating expenses

	2020	2019
	£	£
Wages and salaries	6,211,401	3,458,902
General and administrative	4,229,202	2,312,205
Social security costs	768,337	590,697
Professional fees	1,323,449	1,216,361
Pension costs – defined contribution plans	85,408	33,144
Other short-term employee benefits	63,141	48,977
Other employee expense	85,362	45,748
Depreciation of property and equipment	39,276	25,336
Amortisation of intangible assets	1,654,582	944,886
Selling and marketing	5,566,631	6,643,210
Loss on disposal of office equipment	-	4,526
Other expenses	58,108	304,013
	<u>20,084,897</u>	<u>15,628,005</u>

### 8. Finance costs – net

	2020	2019
	£	£
Interest receivable and similar income	<u>91</u>	<u>50</u>
Interest payable and similar expenses	<u>(44,003)</u>	<u>(47,848)</u>

### 9. Taxation

The tax on loss before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
UK corporation tax on profits for the current period	-	-
UK R&D tax credits	(143,447)	-
<b>Total current tax</b>	<u>(143,447)</u>	<u>-</u>

	2020	2019
	£	£
Income before taxation	<u>(16,432,401)</u>	<u>1,035,775</u>
	<u>(16,432,401)</u>	<u>1,035,775</u>

Expected tax expense based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	(3,122,156)	196,797
Other permanent differences	(142,355)	-
Unrecognised losses not utilised	3,482,979	(196,797)
Group relief	(218,468)	-
R&D tax credits	(143,447)	-
<b>Tax charge for the period</b>	<u>(143,447)</u>	<u>-</u>

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9. Taxation (continued)

During the year the Company obtained the SME R&D relief for the period from 1 January 2017 to 31 December 2017 totalling £143,447. The Company accounts for this on a cash basis as this is when the amount became certain.

### 10. Investment in subsidiary

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting rights held		Balance of investment	
			2020 %	2019 %	2020 £	2019 £
Soldo Financial Services Limited	Issuance of e-wallet and prepaid cards	United Kingdom	100%	100%	1,724,348	1,724,348

### 11. Intangible assets

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

	Development Total £
<b>Cost</b>	
Balance as at 1 January 2020	4,659,699
Additions	3,575,652
Foreign exchange translation	106,002
Balance as at 31 December 2019	<u>8,341,353</u>
<b>Accumulated amortisation</b>	
Balance as at 1 January 2020	2,133,938
Amortisations for the year	1,654,582
Foreign exchange translation	80,369
Balance as at 31 December 2020	<u>3,868,889</u>
<b>Net book value</b>	
As at 31 December 2020	<u><u>4,472,464</u></u>
As at 31 December 2019	<u><u>2,525,761</u></u>

All amortisation charges are included within operating expenses in the Statement of profit or loss and other comprehensive income. There are no material contractual commitments to acquire intangible assets at 31 December 2020 (2019: nil).

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

### 12. Property and equipment

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

	Computer equipment Total £
<b>Computer equipment</b>	
<b>Cost</b>	
Cost as at 1 January 2020	141,221
Additions	19,254
Foreign exchange translation	(317)
Balance as at 31 December 2020	<u>160,158</u>
<b>Accumulated depreciation</b>	
Balance as at 1 January 2020	60,005
Depreciation for the year	39,276
Foreign exchange translation	(555)
Balance as at 31 December 2020	<u>98,726</u>
<b>Net book value</b>	
As at 31 December 2020	<u>61,432</u>
As at 31 December 2019	<u>81,216</u>

All depreciation charges are included within operating expenses in the Statement of profit or loss and other comprehensive income. There are no material contractual commitments to acquire property and equipment at 31 December 2020 (2019: nil).

### 13. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2020 £	2019 £
Cash at bank	2,021,529	1,041,342
Cash on hand	178	10,353,499
	<u>2,021,707</u>	<u>11,394,841</u>

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

### 14. Trade and other receivable

	2020 £	2019 £
Trade receivable from third parties	320	8,119
	<u>320</u>	<u>8,119</u>

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

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15. Other assets

Other assets consist of the following:

	2020	2019
	£	£
Security deposits	175,186	144,171
Prepayments	300,319	313,284
Corporation tax receivable	-	258,910
VAT receivable	84,649	-
	<u>560,154</u>	<u>716,365</u>

### 16. Borrowing

Borrowing for the Company include the following financial liability:

	2020	2019
	£	£
<b>Measured at amortised cost:</b>		
Non-current portion of bank loan	<u>-</u>	<u>274,498</u>
	2020	2019
	£	£
<b>Measured at amortised cost:</b>		
Current portion of bank loan	<u>-</u>	<u>526,120</u>

Borrowings are financed with Silicon Valley Bank at an interest rate of 8% per annum. The loan's maturity date was November 2022, however, the Company repaid the loan in full during the year.

### 17. Trade and other payables

Trade and other payables consist of the following:

	2020	2019
	£	£
Trade payable to third parties	649,696	1,041,683
Accruals	1,353,334	501,286
Other employee obligations	285,841	506,540
Other payables	53,381	72,226
	<u>2,342,252</u>	<u>2,121,735</u>

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

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

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

### 18. Amounts due to group undertakings

	2020	2019
	£	£
Payable to related parties	<u>2,817,799</u>	<u>3,316,825</u>
Receivable from related parties	<u>857,763</u>	<u>1,120,072</u>

Amounts owed by related companies represent balances owed by subsidiaries and related parties. Amounts owed to related companies represent balances owed to the parent company and related parties. These amounts are interest free, unsecured and repayable on demand.

### 19. Share Capital

	2020	2019
	£	£
<b>Authorized, issued and fully paid</b>		
214,356 (2019: 214,356) Ordinary Shares of £0.01 (2019: £0.01) each	<u>2,144</u>	<u>2,144</u>
	<u>2,144</u>	<u>2,144</u>

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

Reconciliation of movements during the period:

	Ordinary shares	Seed preferred shares	Series A shares
As at 1 January 2020	214,356	-	-
Issue of fully paid shares	-	-	-
<b>As at 31 December 2020</b>	<b>214,356</b>	<b>-</b>	<b>-</b>
As at 1 January 2019	107,519	42,858	63,979
Issue of fully paid shares	106,837	(42,858)	(63,979)
<b>As at 31 December 2019</b>	<b>214,356</b>	<b>-</b>	<b>-</b>

# SOLDO LTD

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 20. Reserves

#### Share premium

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees and net of related tax benefits.

#### Accumulated losses

Includes all current and prior periods retained profits and losses.

#### Foreign currency reserve

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

#### Capital contribution reserve

The Company's parent undertaking, Soldo Software and Service Limited, made capital contributions during the financial period amounting to £20,010,512 (2019: £11,940,912).

### 21. Related party transactions

FRS 101.8 (k) exempts the Company from disclosing transactions between this company and other wholly owned members of the group as it is a wholly owned subsidiary of the parent company. There are no other related party transactions requiring disclosure.

### 22. Transactions with key management personnel

The board of directors represent the key management of the company. Key management personnel remuneration is disclosed in Note 5 to these financial statements all of which represents short term employee benefits

### 23. Obligations under leases and hire purchase contracts

For any new contracts entered into on or after 1 January 2019, the Company has applied IFRS 16 'Leases' which replaces IAS 17. As at the year ended 31 December 2020, the Company has assessed that the rent contracts entered into did not qualify as a lease. The Company's accounting policy is outlined in Note 2.12.

### 24. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £85,408 (2019: £33,144). Contributions totalling £15,714 (2019: £13,140) were payable to the fund at the financial year end and are included in other employee obligations.

### 25. Parent and ultimate parent undertaking

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

# **SOLDO LTD**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**26. Events after the reporting period**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial period ended 31 December 2020.

**27. Authorisation of financial statements**

The financial statements were approved by the board of directors and authorised for issue on 26 July 2021.