



**Freetrade Limited**

Registered number: 09797821

**Annual Report and Consolidated Financial Statements**

**For the Year Ended 30 September 2021**



**Freetrade Limited**  
**Company Information**

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**Directors**  
Adam Dodds  
Harley Miller  
Perry Blacher  
Viktor Nebehaj

**Registered number** 09797821

**Company secretary** Daniel Tedman

**Registered office**  
10 Devonshire Square  
London  
EC2M 4YP

**Independent auditor**  
Deloitte LLP  
5 Callaghan Square  
Cardiff  
CF10 5BT

## **Freetrade Limited**

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**Freetrade Limited****Strategic Report***For the year ended 30 September 2021*

The Directors present their Strategic report of Freetrade Limited ("the Company") and its subsidiaries (together "Freetrade" or "the Group") for the year ended 30 September 2021 ("2021"). Comparative information is for the year ended 30 September 2020 ("2020") where the Company was not required to prepare consolidated financial statements under s402 of the Companies Act 2006 as the Company held no subsidiary undertakings.

The Strategic report has been prepared to provide shareholders of the Company with additional information to assess the Company's strategies and the potential for those strategies to succeed. The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

**Principal activities**

Freetrade is an app-based stockbroker, providing an execution-only trading platform to retail customers. Customers are able to purchase instruments listed on exchanges in the United Kingdom, United States and Europe, and hold these in either a General Investment Account (GIA), a Stocks and Shares Individual Savings Account (ISA) or a Self-Invested Personal Pension (SIPP).

**Business and finance review**

Freetrade was created to break down barriers and open up stock market investing to everyone. Our mission is to get everyone investing. Companies are the primary way wealth is created in the world and our goal is to give access to everyone to benefit from that wealth creation.

In order to offer commission-free trading and an ever-improving feature set sustainably, we have built our own engineering system called *Freetrade Cloud Platform* that allows Freetrade to execute customer trades comparatively cheaper and faster than using third-party solutions.

To ensure the foundations are in place to facilitate growth and deliver its mission, Freetrade brings together some of the best talent, ranging from leading financial services companies to Big Tech, with people bringing diverse skills and backgrounds to the team.

In the financial year we closed a Series B investment round led by New York-based growth equity firm, Left Lane Capital. L Catterton, one of the world's largest investors in consumer brands, and our Series A investor, the London Stock Exchange listed Molten Ventures (formerly 'Draper Esprit') also participated in the round. They join our existing shareholder register which includes over 13,000 individual investors from six previous, record-breaking public crowdfunding campaigns. Our crowdfunding investors have been some of our strongest supporters from day one, and they have also been a constant source of encouragement.

The momentum which lead into the latest round of fundraising has continued and accelerated across the financial year as we have seen strong growth across all of our key performance metrics, which are detailed below for the Company:

	2021	2020	% Change
Number of registered users	886,743	248,848	256%
Revenue (£ million)	12.7	1.7	647%
Assets under administration <sup>1</sup> (£ million)	897.5	249.1	260%
Trading volumes <sup>2</sup> (£ billion)	3.3	0.8	313%
Loss before tax (£ million)	(18.2)	(9.5)	(119%)

Overall trading volumes were more than three times higher than the previous year at £3.3 billion (2020: £0.8 billion) as we added thousands of new stocks, exchange-traded funds and investment trusts across the financial year. The total value of assets under administration increased to £897.5 million (2020: £249.1 million) and shortly following the end of the financial year the total value of assets under administration surpassed the £1.0 billion mark.

Our number of registered users increased significantly during the year, increasing by 637,895 users and shortly following the end of the financial year reached the milestone of having over one million registered users. There has been a strategic investment in marketing activity to drive the strong levels of new customer growth in the year, including brand awareness campaigns alongside initiatives such as the successful referral scheme, offering a free share for each successful referral.

<sup>1</sup> Assets under administration is the total value of securities and cash balances administered and managed by Freetrade on behalf of its users.

<sup>2</sup> Trading volumes are the total value of executed trade orders placed by Freetrade users.

## **Freetrade Limited**

### **Strategic Report (*continued*)**

*For the year ended 30 September 2021*

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We launched two new products for our users, both of which are a low-cost subscription based offering and complement the General Investment Account which is free to all users and central to our mission to get everyone investing. The two new products launched are:

- the tax-efficient Self Invested Personal Pension (SIPP), which will enable users to take control of their pension and retirement savings, consolidating them into one low cost account and managing on our easy to use trading platform;
- the Freetrade Plus account, which offers users the ability to earn interest between investments on cash balances, access to a wider range of shares and the ability to place limit orders and stay in control of their investments.

Revenue increased by over 600% to £12.7 million (2020: £1.7 million) and is expected to continue increasing in the next financial year from an annualisation of new customer subscription revenue, new customer acquisition and higher trading volumes.

In parallel with developing the products we offer to our UK based users, the Series B fundraising has enabled Freetrade to begin our expansion into international markets. During the financial year we established new locations in Stockholm, Brisbane and Vancouver to complement the existing London based team.

Significant levels of engineering resources have been focused on the build and integration of the infrastructure required to offer a range of European stocks to our users. Following the end of the financial year we launched European stocks to our UK based users, with our first connection to European markets through the launch of Finnish stocks which has since been followed by German stocks in early 2022. This is in support of a wider range to be offered to UK users but also in anticipation of a wider roll out across Europe, starting in Sweden.

In Sweden, we have increased our level of headcount based in Stockholm to support the progress of our regulatory application with Finansinspektionen, who are the Financial Supervisory Authority responsible for financial regulation in Sweden. Obtaining a licence in Sweden will enable the launch of the Swedish investment-app which is expected in the second quarter of the next financial year.

The Group's loss before tax of £18.2 million (2020: £9.5 million) is attributable to an increased level of costs. The most significant cost is headcount and there has been a significant investment in the Product and Engineering functions to drive the development of our award-winning investment app and to drive our expansion into new markets. There has been a strategic investment in marketing activity throughout the year, compared with the previous financial year, further contributing to the £9.9 million increase in loss before tax.

Over the financial year the total headcount across all locations increased by 121, to a total headcount of 201 at 30 September 2021 (2020: 80). This is a huge achievement when recruiting in an ultra-competitive market, through a dedicated internal talent team and a strong testament to the employer brand that Freetrade has created.

There has been a further headcount investment throughout the supporting functions, notably in the operational and customer support functions to keep pace with onboarding of new customers and support the level of new customer growth seen throughout the financial year, which is expected to keep accelerating into the next financial year.

The overall net assets of the Group is £29.3 million (2020: £10.6 million) with a cash and cash equivalents position of £22.7 million (2020: £6.8 million) as at 30 September 2021. Refer to the Directors' report on Page 5 for their assessment of the Group as a going concern for more information on the liquidity position and funding as Freetrade expands into new territories.

#### **Future developments**

Looking ahead to the next financial year, we will continue to scale our functions and add the headcount where required to support our growth plans, in London as well as in each of our offices in Brisbane, Stockholm and Vancouver. The Group has since the reporting date successfully raised additional funding, detailed in the Directors' report and Note 16 of the consolidated financial statements. This supports the continued investment in Freetrade's growth at a product and geographic level whilst also ensuring we remain well capitalised with respect to our regulatory capital requirements.

## **Freetrade Limited**

### **Strategic Report (*continued*)**

*For the year ended 30 September 2021*

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#### **Principal risks**

Accountability for risk management lies with the Directors of the Company, including determining the nature and extent of risks that the Group is willing to accept in pursuit of its strategic objectives. The principal risks and uncertainties facing the Group are detailed below:

##### *Regulatory risk*

Freetrade operates in an industry with extensive and comprehensive regulation. The risk that the Group fails to comply with the existing standards of the regulatory system has the potential impact for financial penalties, regulatory censure and negative publicity. There is also a risk that the regulatory environment evolves in a manner that has a negative impact on our business and operations, whether through reduced revenue, higher costs or increases in capital and liquidity requirements. The Directors have reviewed and implemented strong compliance policies and processes from the Risk and Compliance function which are then embedded across the wider business functions. Freetrade also monitors for developments in regulation and makes plans and, where appropriate, changes in response to those developments.

##### *Business risk*

Freetrade operates in a competitive environment and runs the risk that revenue and customer growth do not meet expectations or slow down. Freetrade's customer activity is sensitive to market conditions and volatility. Freetrade closely monitors revenue and customer numbers, as well as market conditions. Freetrade also performs stress testing on market scenarios and is prepared to take management actions should an adverse scenario impact revenue growth.

##### *Operational risk*

High volume or levels of activity through the trading platform can place stress on Freetrade's systems, people and processes, which could result in service outages or in Freetrade being unable to deliver the level of service that its customers expect. Poor customer service and outcomes could result in a loss of customers and reputational damage. To mitigate these risks a focus is placed on technology capacity and scalability, as well as operational procedures throughout all of the functions within the Group. A particular emphasis is placed on automating and improving processes to reduce the dependency on manual intervention and reduce the potential risk of error.

##### *Conduct risk*

Freetrade runs the risk that its culture, values and actions fail to adequately support customer focused conduct and thereby lead to potentially poor customer outcomes or not treating customers fairly. Equally, Freetrade interacts with financial markets and poorly controlled activities could threaten the sound, stable, resilient and transparent operation of the financial markets. These risks could result in regulatory censure, as well as a reputational impact, a loss of customers and increased difficulty in attracting new customers. Freetrade has established and continues to invest in policies, processes, systems and people that protect customer outcomes, the integrity of financial markets and compliance with regulation.

##### *Information security risk*

Freetrade or its trusted third party service providers could suffer a data breach as a result of a cyber attack, just as any other financial services company. Such a breach could result in financial penalties or censure from both data protection and financial regulators. As well as reputational damage impacting Freetrade's ability to attract and retain customers. Freetrade continually reviews and enhances its cyber security measures to protect the confidentiality, integrity and availability of data Freetrade handles.

##### *Third party risk*

Freetrade contracts with third-party providers to provide services to customers and to support back-end processes. The risk of a loss of service from a third-party provider which could result in a delay or inability to process customer transactions or perform regulatory reconciliations and could result in customer dissatisfaction and financial loss to Freetrade through a reduction in transactions through the trading platform or regulatory penalties. Freetrade conducts due diligence on key third party providers and monitors their performance, in order to reduce the risk of disruptions to the continuity of service and to ensure appropriate protection of any exchanged data.

**Freetrade Limited**  
**Strategic Report (continued)**  
*For the year ended 30 September 2021*

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**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

In doing this requires a director to have regard, amongst other matters, to the:

- the likely consequences of any decision in the long term;
- the interest of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

The Board understands that how we behave matters not only to our people but also to the many stakeholders who have an interest in Freetrade. We believe that productive business relationships with our suppliers, customers and other key stakeholders are key to the success of the Group and that the interest of relevant parties should be considered when making decisions that may impact them.

Though engagement is carried out by those most relevant to the stakeholder or issue in question, the Board receives updates on the engagement that has been undertaken, the recurring questions, concerns raised and the feedback provided by the Group's key stakeholders.

Detailed below are examples of how the Board have had regard to the duties under Section 172 when considering matters under Section 172(1)(a) to (f):

*Customers*

We engage with our customers through the Freetrade community which has played a profound role in building Freetrade. The number of registered users more than doubled to 886,743 by the end of the financial year and shortly following the end of the financial year reached the milestone of having over one million registered users. From testing new features to spreading the word, our customers help to direct the development of the Freetrade product and enable a prioritisation of the features and functionality that matter most to our customers. We strive to provide a stable, secure and reliable trading platform so that when executing customer orders, we offer a seamless experience for orders totalling in excess of £3 billion across the financial year.

Freetrade was created to break down barriers and open up stock market investing to everyone. The *Invest Hub* is accessible to all investors and is a knowledge base to help users make better decisions when investing in the stock market. Pages on our website are open to all investors, such as the *Dictionary*, which provides an online financial glossary to help users understand some of the most commonly used terms in finance and the stock market. *Honey* is our daily newsletter which provides a concise insight into what's happening in the stock market and the world of finance. We also run frequent 'Honey "Ask me Anything" (AMA's)' where investors can ask our team more specific questions about the markets to help keep our investors informed.

The Freetrade website includes a detailed guide, accessible to all investors, regarding the sustainable investing ecosystem. This includes articles on; Socially responsible investing (SRI), an approach to investing that considers both financial return and positive social and environmental outcomes; Environmental, social, governance (ESG), a reporting matrix to help investors evaluate companies from different perspectives; and impact investing which is focused on supporting companies that aim to deliver a high degree of positive societal change.

*Regulators*

Regulations affect how the Company markets and provides services to its customers. The Board is regularly briefed on regulatory developments and expectations by the Risk, Compliance and Finance Committee and receive detailed insights into specific areas such as ICAAP<sup>3</sup>, CASS<sup>4</sup> and IFPR<sup>5</sup>. The Board reviews and approves the annual ICAAP process by which the capital requirement for the Company is determined and the capital requirement is monitored on an ongoing basis. The Company exceeded this capital requirement throughout the financial year.

By maintaining constructive relationships with its regulators, communicating in an open and transparent manner and ensuring that its actions are consistent with regulatory expectations, the Company is positioning itself to be well-informed about future developments in the regulatory environment.

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<sup>3</sup> Internal Capital Adequacy Assessment Process (ICAAP)

<sup>4</sup> Client Assets Sourcebook (CASS)

<sup>5</sup> Investment Firms Prudential Regime (IFPR)

## **Freetrade Limited**

### **Strategic Report (continued)**

*For the year ended 30 September 2021*

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#### *Shareholders*

The Group has an engaged and supportive investor base from the Series A and Series B fundraising rounds, where global funds joined our shareholder register alongside the thousands of individual investors from our crowdfunding raises. We engage with our private investors through community meet-ups and the Directors regularly update our institutional investors on financial performance, strategy and business developments.

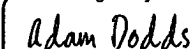
The Directors have embedded a framework for establishing the objectives and key results which set out the vision and goals for Freetrade. This framework is cascaded to the different functions within Freetrade and to individuals with the underlying objective to promote the achievement of the Group's long term strategic objectives and to provide returns to the shareholders and benefits for other stakeholders. Further to maintaining the constructive relationships with our regulators, the prioritisation of activities that will support the Group's risk management and compliance ensure that Freetrade is keeping up with regulatory initiatives and remaining compliant.

#### *People*

The Company uses a range of means to engage with our people. This includes regular 'Pulse' surveys to help the People team take regular snapshots of what employees are thinking and feeling working here at Freetrade. There is a weekly 'All Hands' meeting which connects employees across different teams and time zones and a range of speakers from across Freetrade update on their respective functions. These sessions also ensure that our people remain informed about Freetrade's strategy and how we are tracking against our key objectives and results.

The Strategic report is approved by the Board of Directors ("Board") on 3 February 2022 and signed on behalf of the Board by:

DocuSigned by:



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**Adam Dodds**

Director



## **Freetrade Limited**

### **Directors' Report**

*For the year ended 30 September 2021*

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The Directors present their report of Freetrade Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 30 September 2021 ("2021").

#### **Directors**

The Directors who held office during the year and up to the date of signing these financial statements were as follows:

- Adam Dodds
- Davide Fioranelli - Resigned on 21 March 2021
- Harley Miller - Appointed on 28 January 2022
- Perry Blacher
- Viktor Nebehaj
- William Turner - Appointed on 21 March 2021, resigned on 1 November 2021

The Company provides indemnities to the Directors against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties to the Company through its directors' and officers' liability insurance. This insurance is a qualified indemnity insurance and was in force during the financial year and also at the date of approval of the consolidated financial statements.

#### **Results**

The Group loss for the year after tax was £17.1 million (2020: £9.0 million). Refer to the Strategic Report on Page 1 onwards for further discussions of the Group's results and performance for the year.

#### **Dividend**

The Directors do not recommend a final dividend in respect of the year ended 30 September 2021 (2020: £nil).

#### **Political contribution and charitable donations**

No political contributions or charitable donations were made during the financial year.

#### **Financial risk management**

The Company's activities expose it to capital risk, liquidity risk, credit risk and market risk. Financial risk management is carried out by the Finance, Risk and Compliance functions under policies which have been approved by the Board of Directors.

##### *Capital risk*

Capital risk is the risk that the Company would not have the capital resources to meet our capital requirements and to absorb unexpected losses if they were to occur.

The Company is regulated by the Financial Conduct Authority (FCA) and continues to maintain a level of capital that exceeds our minimum requirements.

We refresh our ICAAP on an annual basis which includes a three year forecast of our capital position. The ICAAP is prepared by management before being scrutinised and approved by the Risk, Compliance and Finance (RCF) Committee and the Board of Directors.

The ICAAP assesses our Pillar 1 requirements setting out the minimum capital requirements for credit, market and operational risk and determines additional Pillar 2A capital to be held for those risks not captured or not fully captured by Pillar 1 capital. The analysis is underpinned by applying a variety of stress test scenarios to assess the resilience of the capital position. Under all scenarios, the Company is able to withstand the stress scenarios, where in some cases management action is required to mitigate the impact of the scenario. The Company also holds sufficient Pillar 2B capital based upon wind-down costs to support an orderly wind down of the business.

Actual levels of capital and the associated capital requirements are monitored regularly by the Finance function and reported to the RCF Committee on a monthly basis.

**Freetrade Limited****Directors' Report** *(continued)**For the year ended 30 September 2021**Liquidity risk*

Liquidity risk is the risk that we fail to meet our obligations as they fall due. This includes having the right type and quantity of funds, in the right place, at the right time and in the correct currency. Liquidity risk can arise from short-term demands from market counterparties and as a result of customer trading activity. Actual levels of liquidity are monitored on a daily basis and are reported to the RCF Committee on a monthly basis.

*Credit risk*

Credit risk is the risk of financial loss when customers or other counterparties fail to settle their contractual obligations to the Group or fail to perform their obligations in a timely manner. The Group's exposure to credit risk covers its cash balances held with banks and trade and other receivables. This risk represents the potential failure market counterparties, banks or payment processors used by the Group to fulfil its contractual obligations.

The Group holds customer funds with investment grade counterparties and in an insolvency event our customers are protected under the Financial Services Compensation Scheme (FSCS). Credit risk is not considered a material risk, but is monitored and mitigated by the Group principally trading with recognised, creditworthy third parties.

*Market risk*

Market risk represents the risk that a significant and prolonged capital market or economic downturn adversely impacts the Group's principal activities. Freetrade does not trade on its own account or take material risk in relation to the execution of client orders. The Group's exposure to market risk is not considered by the Directors' to be a material risk.

**Research and development**

The Group incurs expenditure on research and development in order to develop its app-based trading platform to retail customers. Total research and development costs expended in the financial year was £1,472,000 (2020: £364,000). The Group accounting policies on research and development is detailed in Note 1.15 in the Notes to the consolidated financial statements.

**Overseas branches**

The consolidated financial statements for the year ended 30 September 2021 include two direct subsidiaries of the Company which are based overseas. Freetrade Europa AB was incorporated on 24 November 2020 and operates as a separate legal entity and is registered in Sweden. Freetrade Canada Limited was incorporated on 9 September 2021 and operates as a separate legal entity, and is registered in Canada.

The Company has provided initial capital injections by way of a share issuance from the subsidiary undertaking or a contribution of capital to the subsidiary from the Company. Details of the Company's investments in subsidiary undertakings are included in Note 8 of the consolidated financial statements and Note 4 of the Company financial statements.

**Subsequent events**

On 28 October 2021 the Company granted 474,481 share options awarded under a Global Share Plan. Share options are over B Investment shares in the Company and will be equity settled. The share options have an exercise price of £0.0000001 and are only exercisable on an exit event and there are no performance conditions attached to the share options.

On 9 November 2021 the Company issued 2,455,506 'Growth Shares' for a price per share of £0.07. The shares carry dividend and voting rights as set out in the Articles of Association of the Company, dated 30 October 2021. Capital rights are based on an equity value hurdle and participation of the Growth Shares is on a pro rata basis for an amount in excess of the hurdle.

On 15 November 2021 Freetrade announced a further round of crowdfunding both in the UK and in Europe, which launched on 24 November 2021. A total of 6,869 retail investors participated in the record-breaking seventh public crowdfunding which closed on 11 December 2021. Subsequent to the close of this fundraising Freetrade received £8.0 million on 18 January 2022.

On 21 January 2022 the Company completed legal documents with its two main institutional shareholders for a convertible loan note with an initial investment of £10.0 million. The funds were received on 28 January 2022. The convertible loan note funding, together with the crowdfunding, will support the continued investment in Freetrade's growth at a product and geographic level whilst also ensuring we remain well capitalised with respect to our regulatory capital requirements.

## **Fretrade Limited**

### **Directors' Report (*continued*)**

*For the year ended 30 September 2021*

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#### **Going concern**

These consolidated financial statements have been prepared on the going concern basis, as the Board of Directors (the "Board") have a reasonable expectation that the Group and the Company have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, operating cash flows, future fundraising activities and capital resources.

As detailed in the Strategic report on Page 1 onwards, the Group is accelerating its expansion into international markets in the forthcoming financial year. The budget for the forthcoming financial year, approved by the Board, is underpinned by the assumption that additional fundraising will be required, and is successfully obtained.

The Directors' have applied a stress test to the budget which assumed that there was a significant delay in raising the level of funds expected. The analysis of this stress test included the Directors applying mitigating measures, such as applying a freeze to the hiring plan and a significant reduction in marketing spend until the fundraising was obtained. The stress test analysis concludes that the Group would have a sufficient level of capital and liquidity to continue in operational existence for at least twelve months from the date of signing these financial statements, which allows for an extended period of time in which to obtain the fundraising required.

On 24 November 2021, Fretrade continued its successful record of crowdfunding with a record-breaking seventh public crowdfunding round. Subsequent to the completion of the crowdfunding Fretrade received £8.0 million of equity investment on 18 January 2022. Further to the crowdfunding, the Company completed legal documents on 21 January 2022 with its two main institutional shareholders for a convertible loan note for an initial investment of £10.0 million. The funds were received on 28 January 2022.

The Group has an engaged and supportive investor base from the Series A and Series B fundraising rounds, where global funds joined our shareholder register alongside the thousands of individual investors from our crowdfunding raises. There have been expressions of interest from potential new institutional investors and discussions are ongoing between the Directors and investors in relation to future fundraising activities. The Directors' expect that fundraising activities will continue through the coming financial year and consider that the Group has a strong investment proposition on which to raise the funds required to support our ongoing investment and regulatory capital requirements.

Therefore, when considering the results of the stress test analysis, giving consideration to the sentiment among the investor base and the successful funding already obtained in the period since the reporting date, £8.0 million from crowdfunding and the £10.0 million convertible loan note, the Directors' affirm the Group and the Company's ability to continue as a going concern for twelve months from the date of signing these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Statement of Directors' responsibilities**

The directors are responsible 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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 comply with the Companies Act 2006.

**Freetrade Limited**

**Directors' Report** *(continued)*

*For the year ended 30 September 2021*

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**Statement of disclosure to auditors**

Deloitte LLP were appointed as auditor to the Company in accordance with s485 of the Companies Act 2006. Each of the persons who is a director at the date of approval of this report confirms that:

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

The Directors' report is approved by the Board of Directors ("Board") on 3 February 2022 and signed on behalf of the Board by:

DocuSigned by:

*Adam Dodds*

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**Adam Dodds**

Director

## **Freetrade Limited**

### **Independent auditors report to the members of Freetrade Limited**

*For the year ended 30 September 2021*

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#### **Report on the audit of the financial statements**

##### **Opinion**

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and company statements of financial position;
- the consolidated and company statements of changes in equity;
- the consolidated and company statements of cash flows and
- the related consolidated notes 1 to 16 and company notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

##### **Other information**

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

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

We have nothing to report in this regard.

**Freetrade Limited****Independent auditors report to the members of Freetrade Limited (*continued*)***For the year ended 30 September 2021***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 on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006, International Financial Reporting Standards (IFRS), UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Financial Conduct Authority regulatory requirements.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition in regards to the accuracy of the foreign exchange fee: There is a risk associated with the valuation of the foreign exchange transaction revenue balance. We have assessed the design and implementation of the key controls associated with the recognition process. We have assessed the recognition of the transaction revenue in accordance with International Financial Reporting Standards (IFRS) 15 Revenue Recognition. We have performed recalculation of the transaction revenue for the period in scope. We have obtained independent confirmations for the valuation of the associated trading activity, which we have based the recalculation on.
- Intangible assets: There is a risk associated with the accuracy and recognition of the capitalised development costs and associated impairment of the internally generated development of softwares. We have assessed the design and implementation of the key controls associated with the recognition process. We have assessed the recognition of the intangible assets and their development costs in accordance with IAS 38 Intangible Assets. We have assessed the balance against the indicators of impairment in accordance with IAS 36 Impairment of Assets. We performed testing over the capitalised costs during the period in scope against the research and development criteria.

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

**Freetrade Limited**

**Independent auditors report to the members of Freetrade Limited (*continued*)**

*For the year ended 30 September 2021*

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC and the Financial Conduct Authority (FCA).

**Report on other legal and regulatory requirements**

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

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

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

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

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

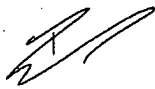
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept 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.

We have nothing to report in respect of these matters.

**Use of our report**

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



David Rozier (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cardiff, United Kingdom  
3 February 2022

**Freetrade Limited**

## Consolidated statement of comprehensive income

For the year ended 30 September 2021 from continuing operations

			<i>Restated</i>
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
Revenue		12,682	1,660
Cost of sales		(1,639)	(440)
<b>Gross profit</b>		<b>11,043</b>	<b>1,220</b>
Other operating expenses		(29,274)	(10,737)
<b>Operating loss</b>	<b>2</b>	<b>(18,231)</b>	<b>(9,517)</b>
Finance costs	<i>11</i>	(16)	-
<b>Loss before taxation</b>		<b>(18,247)</b>	<b>(9,517)</b>
Tax on loss on ordinary activities	<b>5</b>	<b>1,136</b>	<b>557</b>
<b>Loss for the year</b>		<b>(17,111)</b>	<b>(8,960)</b>
Other comprehensive income		-	-
<b>Total comprehensive expense for the year</b>		<b>(17,111)</b>	<b>(8,960)</b>



**Freetrade Limited****Consolidated statement of financial position***As at 30 September 2021*

			<i>Restated</i>
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,588	94
Intangible assets	7	2,354	1,905
Trade and other receivables	9	731	-
		<b>8,673</b>	<b>1,999</b>
<b>Current assets</b>			
Trade and other receivables	9	7,859	2,761
Corporation tax receivables		1,021	557
Cash and cash equivalents		22,672	6,730
		<b>31,552</b>	<b>10,048</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	5,381	1,461
Lease liabilities	11	2,127	-
		<b>7,508</b>	<b>1,461</b>
<b>Net current assets</b>		<b>24,044</b>	<b>8,587</b>
<b>Non-current liabilities</b>			
Lease liabilities	11	3,388	-
		<b>3,388</b>	<b>-</b>
<b>Net assets</b>		<b>29,329</b>	<b>10,586</b>
<b>Equity</b>			
Share capital	12	-	-
Share premium	12	57,837	22,801
Other reserves	12	2,852	2,034
Retained earnings		(31,360)	(14,249)
<b>Total equity</b>		<b>29,329</b>	<b>10,586</b>

The consolidated financial statements of Freetrade Limited were approved by the Board of Directors ("Board") on 3 February 2022 and signed on behalf of the Board by:

DocuSigned by:

*Adam Dodds*

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**Adam Dodds**

Director

**Freetrade Limited****Consolidated statement of changes in equity***For the year ended 30 September 2021*

	<i>Notes</i>	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 1 October 2020 (As restated)		-	22,801	2,034	(14,249)	10,586
Total comprehensive expense for the year		-	-	-	(17,111)	(17,111)
Share based payments	13	-	-	818	-	818
Shares issued	12	-	35,036	-	-	35,036
<b>Balance as at 30 September 2021</b>		-	<b>57,837</b>	<b>2,852</b>	<b>(31,360)</b>	<b>29,329</b>

Balance as at 1 October 2019		-	10,086	12	(5,289)	4,809
Total comprehensive expense for the year (As restated)		-	-	-	(8,960)	(8,960)
Share based payments (As restated)	13	-	-	2,022	-	2,022
Shares issued	12	-	12,715	-	-	12,715
<b>Balance as at 30 September 2020 (As restated)</b>		-	<b>22,801</b>	<b>2,034</b>	<b>(14,249)</b>	<b>10,586</b>

**Freetrade Limited****Consolidated statement of cash flows***For the year ended 30 September 2021*

			<i>Restated</i>
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
<b>Operating activities</b>			
Loss before tax		<b>(18,247)</b>	<b>(9,517)</b>
Adjustments for:			
Depreciation of property, plant and equipment	<i>6</i>	<b>331</b>	<b>84</b>
Amortisation of intangible assets	<i>7</i>	<b>1,143</b>	<b>592</b>
Share-based payment expenses	<i>13</i>	<b>818</b>	<b>2,022</b>
Finance costs	<i>11</i>	<b>16</b>	<b>-</b>
<b>Operating cash flows before movements in working capital</b>		<b>(15,939)</b>	<b>(6,819)</b>
Increase in trade and other receivables	<i>9</i>	<b>(5,829)</b>	<b>(2,325)</b>
Increase in trade and other payables	<i>10</i>	<b>3,920</b>	<b>1,164</b>
<b>Cash used in operations</b>		<b>(17,848)</b>	<b>(7,980)</b>
Income taxes received	<i>5</i>	<b>672</b>	<b>411</b>
<b>Net cash flows used in operating activities</b>		<b>(17,176)</b>	<b>(7,569)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	<i>6</i>	<b>(326)</b>	<b>(102)</b>
Purchase and development of intangible assets	<i>7</i>	<b>(1,592)</b>	<b>(1,669)</b>
<b>Net cash flows used in operating activities</b>		<b>(1,918)</b>	<b>(1,771)</b>
<b>Financing activities</b>			
Proceeds on issue of shares	<i>12</i>	<b>35,036</b>	<b>12,715</b>
<b>Net cash flows from financing activities</b>		<b>35,036</b>	<b>12,715</b>
Net increase in cash and cash equivalents		<b>15,942</b>	<b>3,375</b>
Cash and cash equivalents at beginning of the year		<b>6,730</b>	<b>3,355</b>
<b>Cash and cash equivalents at end of year</b>		<b>22,672</b>	<b>6,730</b>

**Freetrade Limited****Notes to the consolidated financial statements***For the year ended 30 September 2021***1. Accounting policies**

Freetrade Limited ("the Company") is a private company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is 10 Devonshire Square, London, England, EC2M 4YP.

The consolidated financial statements incorporate the accounts of the Company and entities controlled by the Company ("its subsidiaries") (together "the Group").

**1.1. Basis of preparation**

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below for the year ended 30 September 2021. Comparative information is for the year ended 30 September 2020 ("2020") where the Company was not required to prepare consolidated financial statements under s402 of the Companies Act 2006 as the Company held no subsidiary undertakings.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB). They are prepared on the historical cost basis.

The preparation of consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and management to exercise judgement in applying the Group's accounting policies which are detailed in Note 1.20.

The functional currency of the Company and the presentational currency of the consolidated financial statements is Pound Sterling (£). Amounts in the consolidated financial statements are shown in round thousands unless otherwise indicated.

**1.2. New standards and interpretations not yet adopted**

In April 2021 the IFRS Interpretations Committee finalised their agenda decision regarding configuration and customisation costs in Cloud Computing Arrangements (Software as a Service, 'SaaS') under IAS 38. The Group has assessed costs incurred associated with the implementation of SaaS noting that all material costs incurred in the past have been expensed on the basis that they were determined to be related to services provided during the relevant period. As such, the agenda decision has no material effect on the consolidated financial statements.

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group for the financial reporting period beginning 1 October 2021.

**1.3. Basis of consolidation**

The consolidated financial statements incorporate the accounts of Freetrade Limited and entities controlled by the Company. Control is achieved where the Company:

- has the power over the entity;
- is exposed, or has rights, to variable return from its involvement with the entity; and
- has the ability to use its power to affect its returns.

The results of subsidiaries are included in the consolidated financial statements from the date control commences.

On consolidation, intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been aligned to ensure consistency with the policies adopted by the Group.

*Foreign subsidiaries*

At the year end, the Company has one trading subsidiary that uses a functional currency which is different to the presentational currency of the Group. Freetrade Europa AB's functional currency is the Swedish Krona as it is the currency of the primary economic environment in which it operates.

Assets and liabilities for Freetrade Europa AB are translated into Pound Sterling using the exchange rate at the statements of financial position date and the statement of comprehensive income translated using the average exchange rate for the year. Exchange differences on translation into the presentational currency are recognised within other comprehensive income

**Freetrade Limited****Notes to the consolidated financial statements (*continued*)***For the year ended 30 September 2021***1.4. Going concern**

These consolidated financial statements have been prepared on the going concern basis, as the Board of Directors (the “Board”), have a reasonable expectation that the Group and the Company have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

As detailed in the Directors’ report on Page 6 when considering the results of the stress test analysis, giving consideration to the sentiment among the investor base and the successful funding already obtained in the period since the reporting date, £8.0 million from crowdfunding and the £10.0 million convertible loan note, the Directors’ affirm the Group and the Company’s ability to continue as a going concern for twelve months from the date of signing these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.5. Revenue**

Revenue is related to services provided to customers in the UK and is stated net of value added tax or other sales tax. It is recognised in the consolidated statement of comprehensive income on the following basis:

*Transaction revenue*

The Group does not charge a commission on stockbroking transactions entered into on behalf of customers but does provide a foreign exchange service to enable customers to purchase instruments listed on exchanges in the United States and Europe. Revenue consisting of a predetermined flat fee is recognised on the execution date of the transaction. This is the date on which services are provided to customers and the Group becomes entitled to the revenue. There is no variable consideration in relation to transactional revenue.

Transaction revenue for the financial year ended 30 September 2021 was £9,408,000 (2020: £1,323,000), which represented 74% (2020: 80%) of total revenue.

*Recurring revenue*

Revenue consisting of account subscription fees, are charged monthly in advance. All obligations to the customer are satisfied across the period in which the service is provided. Recognition of recurring revenue is on an accruals basis over the period in which the service is provided. The consideration due is based on a fixed fee and there is no variable income in which judgement or estimation is involved.

Recurring revenue for the financial year ended 30 September 2021 was £3,274,000 (2020: £338,000), which represented 26% (2020: 20%) of total revenue.

**1.6. Foreign currencies**

Monetary assets and liabilities denominated in currencies other than the functional currency of the Company and its subsidiaries are translated into the functional currency at the rates of exchange prevailing on the statement of financial position date. Transactions in foreign currencies are recorded at the prevailing foreign exchange rates at the date of the transaction. Exchange differences are recorded in other gains/(losses) in the statement of comprehensive income.

**1.7. Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost. This cost includes the purchase price, directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and are not revalued.

Depreciation is recognised so as to write off the cost of the assets over their useful economic lives using the straight-line method, as follows:

- Right-of-use assets	- over the lease term
- Office equipment	- over two years
- Computer equipment	- over two years

**Freetrade Limited****Notes to the consolidated financial statements (*continued*)***For the year ended 30 September 2021***1.8. Intangible assets**

Intangible assets consist of internally generated software and separately acquired assets. Separately acquired assets are recognised at cost, including any directly attributable costs of bringing the assets into use. Directly attributable costs incurred in the development of software are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete it;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are adequate technical, financial and other resources available to complete the development of the asset; and
- the expenditure attributable to the asset can be reliably measured.

Intangible assets are amortised when they are available for use. Amortisation is recognised so as to write off the cost of the assets over their useful economic lives using the straight-line method, as follows:

- |            |   |                  |
|------------|---|------------------|
| - Software | - | over three years |
|------------|---|------------------|

The residual values and useful lives of intangible assets are revised at the consolidated statement of financial position date.

Where intangible assets are considered to have an indefinite useful life, no amortisation is charged. Indefinite life assets are reviewed annually for impairment.

**1.9. Trade and other receivables**

Trade and other receivables are designated as loans and receivables. They are initially recognised at fair value and subsequently carried at amortised cost, which is net of any allowance for impairment in relation to irrecoverable amounts. This is deemed to be a reasonable approximation of their fair value. Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Trade and other receivables are classified as current assets if the receivable is due within one year or less. If not, they are presented as non-current assets.

**1.10. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**1.11. Impairment of tangible and intangible assets**

Tangible and intangible assets are tested for impairment when an indicator has been identified. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment less is recognised immediately in the consolidated statement of comprehensive income.

**1.12. Trade and other payables**

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**1.13. Equity**

The Company's share capital consists of Series A shares, Series B shares A Ordinary shares and B Investment shares and is detailed in Note 12.

Transaction costs directly attributable to an equity transaction are accounted for as a deduction from the amount recorded as a premium on the issued shares, net of any related tax benefit.

**Freetrade Limited****Notes to the consolidated financial statements (*continued*)***For the year ended 30 September 2021***1.14. Financial instruments**

Financial assets and liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for impairment in relation to irrecoverable amounts. This is deemed to be a reasonable approximation of their fair value. The provision is reviewed regularly in conjunction with detailed analysis of historical payment profiles and past default experience.

**1.15. Research and development**

The Group incurs expenditure on research and development in order to develop its app-based trading platform to retail customers. Research expenditure is expensed in the financial year in which it is incurred. Development costs are expensed when incurred unless they meet certain criteria for capitalisation as detailed in Note 1.8. Capitalised development costs are presented in the financial statements as additional to software assets and are amortised over their useful economic life in line with the policy detailed in Note 1.8.

Subsequent to when capitalised development projects become available for use and are being amortised over their useful lives and further expenditure to maintain the asset or small enhancements are recognised as an expense when it is incurred.

Research and Development tax credit claims made in the United Kingdom are recognised as a credit to the taxation line in the consolidated statement of comprehensive income.

**1.16. Share based compensation**

During the period the Company operated two equity-settled, share-based compensation schemes, under which the entity receives services from employees as consideration for equity instruments (options) of the Company:

- The Freetrade Limited EMI Scheme
- The Non-Employee Sub-Scheme of the Freetrade Limited EMI Scheme

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period in the consolidated statement of comprehensive income. The total amount to be expensed is determined by reference to the fair value of the options granted.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances, employees might provide services in advance of the grant date, and so the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

**1.17. Current tax**

Current income tax comprises income tax and is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Current tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

**1.18. Deferred tax**

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the current tax losses or temporary differences can be utilised.

Deferred tax liabilities are provided for in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements.

Tax rates enacted or substantively enacted are used to determine the deferred tax assets and liabilities.

**Freetrade Limited****Notes to the consolidated financial statements (*continued*)***For the year ended 30 September 2021***1.19. Leases**

A contract is assessed as to whether it contains a lease, at inception of the contract.

Only where one of the following two criteria are met, lease payments are recognised as an expense on a straight-line basis over the lease term:

- the lease has a term of twelve months or less and contains no purchase options; or
- the underlying asset has a low value.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease. If this is not readily determinable an incremental borrowing rate, specific to the entity which is party to the contract, on commencement of the lease is used.

The lease liability is presented as a separate line in the consolidated statement of financial position. Subsequent to initial measurement lease liabilities increase as a result of interest charge at the effective rate on the balance outstanding and are reduced for lease payments made. The value of the lease payments due within one year or less, minus the interest to be charged at the effective rate, are presented within current liabilities and the value greater than one year within non-current liabilities.

Right of use assets are initially measured at the amount of the lease liability and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the lease asset.

The right of use assets are presented within property, plant and equipment in the consolidated statement of financial position. Subsequent to initial measurement the right of use assets are depreciated over the remaining term of the lease as detailed in Note 1.7.

**1.20. Critical accounting judgements**

The following judgements are deemed significant as it has been identified by Management as one which could result in a material adjustment in the next financial year:

*Deferred tax*

Deferred tax assets are recognised when it is probable that future taxable profits will be available against which the current tax losses or temporary differences can be utilised. Judgement is applied in assessing whether it is probable that sufficient taxable profits will be available to offset a deferred tax asset against in the future.

No deferred tax asset has been recognised at 30 September 2021 to the extent that it is not considered probable that a deferred tax asset would be recovered against future profits. A change in this judgement would have a material impact on the financial statements. The Group has not recognised deferred tax assets of £6,184,000 in respect of losses amounting to £32,516,000 that can be carried forward against future taxable income.

*Software development*

Note 1.8 outlines the principal accounting policies applied to the capitalisation of intangible assets where expenditure is incurred on the development of software and implementation of systems. Amounts are detailed in Note 7.

Time spent by the Company's employees in software development is capitalised as an internally generated intangible asset when the requirements of IAS 38 and of the Group policy are both met. The key accounting judgement is applied by management in the assessment of the project against the development criteria for capitalisation set out in IAS 38. A change in this judgement would have a material impact on the financial statements.

**1.21. Key sources of estimation uncertainty**

In preparing the consolidated financial statements, management estimates affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. There were no areas involving estimation uncertainty deemed significant to the extent that the estimate could result in a material adjustment in the next financial year.



**Freetrade Limited****Notes to the consolidated financial statements (continued)***For the year ended 30 September 2021***1.22. Prior year restatement**

In the prior year, the fair value of the share-based payment, determined at the grant date, was being spread evenly over the vesting period. The vesting period for awards under share-based compensation schemes is between three to five years, and some include an initial 'cliff' period during which no options vest. This methodology did not consider the options vesting in instalments over the vesting period.

Therefore, accounting for each instalment as a separate share-based payment charge has had the impact of a higher charge at the start of the vesting period and a lower charge towards the end of the vesting period. The error has been corrected by restating each of the financial statement line items for the prior period as follows:

*Impact on reserves*

There was no impact on reported total equity, however, the impact on individual reserves is shown below:

	Other reserves	Retained earnings
	£000	£000
As previously stated	912	(13,127)
Prior year restatement	1,122	(1,122)
<b>As restated</b>	<b>2,034</b>	<b>(14,249)</b>

*Impact on Statement of Other Comprehensive Income*

	As previously stated	Prior year reclassification	Prior year adjustment	As restated
	£000	£000	£000	£000
Revenue	1,660	-	-	1,660
Cost of sales	-	(440)	-	(440)
Other operating expenses	(10,055)	440	(1,122)	(10,737)
Finance costs	-	-	-	-
<b>Loss for the year</b>	<b>(8,395)</b>	<b>-</b>	<b>(1,122)</b>	<b>(9,517)</b>

The prior year reclassification relates to costs of sales which have been reclassified to their own individual cost classification to give greater detail and clarity on the nature of operating expenses. The reclassification is presentational and does not change the loss for the year and has no impact on reserves.

**2. Operating loss**

	2021	Restated 2020
	£000	£000
Operating loss is stated after charging:		
Depreciation of plant, property and equipment (Note 6)	116	84
Depreciation of right-of-use assets (Note 6)	215	-
Amortisation of intangible assets (Note 7)	1,143	592
Share-based payments (Note 13)	818	2,022

**3. Auditor's remuneration**

During the year the Group obtained the following services from external auditors:

	2021	2020
	£000	£000
For the audit of Freetrade Limited and the consolidated financial statements	81	65
Audit related assurance services	96	138
Non-audited related services	30	-
<b>Total</b>	<b>207</b>	<b>203</b>

It was not considered practicable to allocate audit fees to the Company's subsidiaries as they are not actively trading, pending regulatory licence applications.

**Freetrade Limited****Notes to the consolidated financial statements (continued)***For the year ended 30 September 2021***4. Employee costs**

		<i>Restated</i>
	2021	2020
	£000	£000
Staff costs (including Directors) comprise:		
Wages and salaries	8,769	3,983
Social security costs	1,044	455
Pension costs	355	188
Share-based payments (Note 13)	818	2,022
<b>Total</b>	<b>10,986</b>	<b>6,648</b>

The number of permanent employees (excluding Directors) was:

	2021	2020
	Number	Number
As at 30 September	201	80
Monthly average for the financial year	118	61

**5. Taxation**

	2021	2020
	£000	£000
Current tax:		
Current period	(1,021)	(557)
Adjustments in respect of prior periods	(115)	-
<b>Total current tax</b>	<b>(1,136)</b>	<b>(557)</b>
Deferred tax:		
Origination and reversal of temporary differences	-	-
Adjustment in respect of prior periods	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Total income tax expense</b>	<b>(1,136)</b>	<b>(557)</b>

The credit for the year can be reconciled to the loss in the consolidated statement of comprehensive income as follows:

		<i>Restated</i>
	2021	2020
	£000	£000
Profit before tax	(18,247)	(9,517)
<b>Current corporation tax rate of 19%</b>	<b>(3,467)</b>	<b>(1,808)</b>
Prior year adjustment	115	-
Share-based payments	(1,107)	149
Non-deductible expenses	30	51
Difference in overseas tax rates	(19)	-
Deferred tax not recognised	4,066	1,608
R&D tax credit	(742)	(557)
Other	(12)	-
<b>Total income tax credit</b>	<b>(1,136)</b>	<b>(557)</b>

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the current tax losses or temporary differences can be utilised. The Group has not recognised deferred tax assets of £6,184,000 in respect of losses amounting to £32,516,000 that can be carried forward against future taxable income.

**Freetrade Limited**Notes to the consolidated financial statements (*continued*)

For the year ended 30 September 2021

**6. Property, plant and equipment**

	Computer equipment £000	Office equipment £000	Right-of-use assets £000	Total £000
<b>Cost</b>				
At 1 October 2020	203	38	-	241
Additions	237	89	5,499	5,825
<b>At 30 September 2021</b>	<b>440</b>	<b>127</b>	<b>5,499</b>	<b>6,066</b>
At 1 October 2019	115	24	-	139
Additions	88	14	-	102
At 30 September 2020	203	38	-	241
<b>Accumulated depreciation</b>				
At 1 October 2020	121	26	-	147
Charge for the year	105	11	215	331
<b>At 30 September 2021</b>	<b>226</b>	<b>37</b>	<b>215</b>	<b>478</b>
At 1 October 2019	53	10	-	63
Charge for the year	68	16	-	84
At 30 September 2020	121	26	-	147
<b>Net book value</b>				
<b>At 30 September 2021</b>	<b>214</b>	<b>90</b>	<b>5,284</b>	<b>5,588</b>
At 30 September 2020	82	12	-	94

During the financial year ended 30 September 2021, the Group entered into lease agreements for office space which have been recognised as an addition to right-of-use assets. The corresponding lease liabilities are detailed in Note 11 of the consolidated financial statements.

**7. Intangible assets**

	Software £000
<b>Cost</b>	
At 1 October 2020	2,660
Additions	1,592
<b>At 30 September 2021</b>	<b>4,252</b>
At 1 October 2019	991
Additions	1,669
At 30 September 2020	2,660
<b>Accumulated amortisation</b>	
At 1 October 2020	755
Charge for the year	1,143
<b>At 30 September 2021</b>	<b>1,898</b>
At 1 October 2019	163
Charge for the year	592
At 30 September 2020	755
<b>Net book value</b>	
<b>At 30 September 2021</b>	<b>2,354</b>
At 30 September 2020	1,905

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and therefore are not treated, for dividend purposes, as a realised loss.

**Freetrade Limited****Notes to the consolidated financial statements (continued)***For the year ended 30 September 2021***8. Investments in subsidiaries**

Details of the Company's direct interest in subsidiaries at 30 September 2021 is shown below. All of the entities listed are consolidated in the consolidated accounts of Freetrade Limited, the ultimate parent company of the Group and are direct subsidiaries of Freetrade Limited.

<b>Name</b>	<b>Country of incorporation</b>	<b>Ownership of Ordinary Shares and voting interest</b>	<b>Principal activities</b>	<b>Registered address</b>
Freetrade Nominees Limited	United Kingdom	100%	Dormant	10 Devonshire Square, London, EC2M 4YP
Freetrade Europa AB	Sweden	100%	Non-trading	PO Box 4011, Katarinavägen 15, 11645 Stockholm, Sverige
Freetrade Canada Limited	Canada	100%	Non-trading	2015 Main Street, Vancouver BC, Canada, V5T 3C2

**9. Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade receivables	397	127
Less: provision for impairment of trade receivables	(309)	(87)
Prepayments and accrued income	5,480	409
Other receivables	3,014	2,312
<b>Total</b>	<b>8,582</b>	<b>3,318</b>
Current	7,851	3,318
Non-current	731	-

The element of trade receivables designated as non-current relates to a deposit on leased office space where the lease expiry date is more than one year beyond the consolidated statement of financial position date.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The lifetime expected loss provision for trade receivables is as follows:

	<b>Within due date</b>	<b>More than a month past due</b>	<b>More than three months past due</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 30 September 2021</b>				
Expected loss rate	39%	98%	93%	78%
Gross carrying amount	116	59	222	397
Loss provision	45	58	206	309

**10. Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade payables	1,947	421
Accruals	2,966	965
Deferred revenue	183	-
Other taxation and social security	176	-
Other payables	109	75
<b>Total</b>	<b>5,381</b>	<b>1,461</b>

**Freetrade Limited****Notes to the consolidated financial statements (*continued*)***For the year ended 30 September 2021***11. Lease liabilities**

	2021	2020
	£000	£000
Gross lease liabilities - minimum lease payments		
No later than one year	2,329	-
Between one and three years	3,459	-
	5,788	-
Future finance charge on lease liabilities	(273)	-
<b>Present value of lease liabilities</b>	<b>5,515</b>	<b>-</b>
Current	2,127	-
Non-current	3,388	-

The total finance charge recorded in the consolidated statement of comprehensive income for the year ended 30 September 2021 was £14,000 (2020: £nil) in respect of lease liabilities.

The lease liabilities relate to the fixed payments of contractual lease agreements for office space. Where lease agreements include extension options, and these options are reasonably certain to be exercised, they are included in the lease term. At 30 September 2021 no lease liability has an extension option included in the lease term.

**12. Equity**

	2021	2020
	£000	£000
<b>Shares classified as share capital - allotted and fully paid</b>		
A Ordinary - 21,527,583 (2020: 23,055,383) shares of £0.0000001 each	-	-
B Investment - 27,021,193 (2020: 25,267,169) shares of £0.0000001 each	-	-
Series A - 6,276,124 (2020: 6,276,124) shares of £0.0000001 each	-	-
Series B - 9,281,111 (2020: nil) shares of £0.0000001 each	-	-

*A Ordinary Shares*

During the financial year 1,528,100 A Ordinary Shares with an aggregate nominal value of £0.15 were converted into B Investment Shares.

*B Investment Shares*

During the financial year, 225,924 B Investment Shares with an aggregate nominal value of £0.02 were allotted for an aggregate total consideration of £7,848.

*Series A Shares*

There were no movements in the financial year ended 30 September 2021. Series A shares have an aggregate nominal value of £0.63 and were allotted for an aggregate consideration of £6,000,000 in the previous financial year.

*Series B Shares*

On 12 April 2021, 8,582,273 Series B shares with an aggregate nominal value of £0.86 and on 11 August 2021, 698,838 Series B shares with an aggregate nominal value of £0.07 were allotted for a total aggregate consideration of £35,000,000.

Total transaction costs during the financial year were £nil (2020: £303,000) and were deducted from the consideration credited to the share premium account.

*Other reserve*

The other reserve represents the cumulative share-based payment charge based on the fair value of options granted to employees. The charge is recognised over the period that the employees become unconditionally entitled to the awards.

**Freetrade Limited****Notes to the consolidated financial statements (*continued*)***For the year ended 30 September 2021***13. Share based payments**

Share options are granted to directors and employees, and are conditional on completion of three to five years' service ('the vesting period'). Options vest each month throughout the vesting period, although in some cases the vesting schedule may include an initial 'cliff' period during which no options vest. Each month the amount of options which vest is treated as a separate share-based payment.

The Company measures the cost of equity-settled options based on the fair value of the awards granted. The fair value is determined based on a Black-Scholes valuation model given the share options are not actively traded. The use of an option valuation model to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates.

The main assumptions that have been used in deriving the value of the options at grant are:

- Risk free interest rate      0.18%      (2020: -0.04%)
- Expected Volatility          46%      (2020: 46%)

A further vesting assumption is applied to estimate the number of shares which will lapse between the grant date and the date at which employees become unconditionally entitled to the awards.

The fair value of options at grant date is recognised as an employee expense with a corresponding increase in other reserves over the period that the employees become unconditionally entitled to the awards.

The Group recognised a total share-based payment charge of £818,000 for the financial year (2020: £2,022,000).

Movements in the number of share options outstanding, and their related weighted average exercise price, are as follows:

	2021		2020	
	Average exercise price (£)	Options ('000)	Average exercise price (£)	Options ('000)
At 1 October	0.019	6,028	0.033	2,199
Granted	0.023	518	0.014	4,247
Exercised	0.023	(1,565)	0.039	(114)
Lapsed	-	-	0.039	(89)
Forfeited	0.018	(1,474)	0.037	(215)
At 30 September	0.018	3,507	0.019	6,028

Share options outstanding at 30 September have the following expiry date and exercise price:

Grant Date → Vesting Date	2021		2020	
	Exercise price (£)	Options ('000)	Exercise price (£)	Options ('000)
2017 → 2020	0.016	177	0.016	354
2018 → 2022	0.016	128	0.016	212
2018 → 2022	0.039	-	0.039	516
2018 → 2023	0.039	153	0.039	213
2019 → 2023	0.039	202	0.039	406
2020 → 2024	0.014	2,361	0.014	4,327
2021 → 2025	0.023	486	-	-
		3,507		6,028

**Freetrade Limited****Notes to the consolidated financial statements (continued)***For the year ended 30 September 2021***14. Related party transactions***Key management personnel*

	2021	Restated 2020
Salary, benefits and bonus	377	447
Defined contribution pension cost	16	24
Share-based payments	411	1,585
<b>Total</b>	<b>804</b>	<b>2,056</b>

The key management personnel during the financial year ended 30 September 2021 comprise the Chief Executive Officer, the Chief Marketing Officer, the Chief Financial Officer and the Chief of Staff (2020: Directors of the Company and the members of the executive team).

During the financial year, the key management personnel exercised a total of 491,555 share options (2020: none). The share-based payments charge for these share schemes is included in the table set out above.

Directors' emoluments for the year included in staff costs are as follows:

	2021	Restated 2020
Salary, benefits and bonus	356	297
Defined contribution pension cost	16	16
Share-based payments	610	960
<b>Total</b>	<b>982</b>	<b>1,273</b>

In the financial year, two directors receive contributions to defined contribution pension schemes and two directors have been awarded options that vest over a period of up to five years. A share-based payment charge is recognised in respect of these awards.

In respect of the highest paid Director:

	2021	Restated 2020
Salary, benefits and bonus	151	130
Defined contribution pension cost	7	7
Share-based payments	411	756
<b>Total</b>	<b>569</b>	<b>893</b>

*Other Group companies*

Details of transactions with subsidiaries are outlined in the Company's financial statements. Transactions with other consolidated entities have been eliminated on consolidation.

*Other related parties*

During the financial year the Company purchased consultancy services amounting to £36,000 (2020: £19,000) from Blacher Limited, a company controlled by Perry Blacher. As at 30 September 2021 no amounts are due to Blacher Limited (2020: none).

There were no material transactions with any other related party in the financial year.

**15. Ultimate controlling party**

In the opinion of the Directors, no one party has a controlling interest. The Company is owned by a number of private shareholders and companies, none of which own more than 25% of the issued share capital of the Company.

**Freetrade Limited**

**Notes to the consolidated financial statements (*continued*)**

*For the year ended 30 September 2021*

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**16. Subsequent events**

On 28 October 2021 the Company granted 474,481 share options awarded under a Global Share Plan. Share options are over B Investment shares in the Company and will be equity settled. The share options have an exercise price of £0.0000001 and are only exercisable on an exit event and there are no performance conditions attached to the share options.

On 9 November 2021 the Company issued 2,455,506 'Growth Shares' for a price per share of £0.07. The shares carry dividend and voting rights as set out in the Articles of Association of the Company, dated 30 October 2021. Capital rights are based on an equity value hurdle and participation of the Growth Shares is on a pro rata basis for an amount in excess of the hurdle.

On 15 November 2021 Freetrade announced a further round of crowdfunding both in the UK and in Europe, which launched on 24 November 2021. A total of 6,869 retail investors participated in the record-breaking seventh public crowdfunding which closed on 11 December 2021. Subsequent to the close of this fundraising Freetrade received £8.0 million on 18 January 2022.


On 21 January 2022 the Company completed legal documents with its two main institutional shareholders for a convertible loan note for an initial investment of £10.0 million. The funds were received on 28 January 2022. The convertible loan note funding, together with the crowdfunding, will support the continued investment in Freetrade's growth at a product and geographic level whilst also ensuring we remain well capitalised with respect to our regulatory capital requirements.



**Freetrade Limited****Company statement of financial position***As at 30 September 2021*

			<i>Restated</i>
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	4	544	-
Property, plant and equipment	5	5,580	94
Intangible assets	6	2,354	1,905
Trade and other receivables	7	731	-
		<b>9,209</b>	<b>1,999</b>
<b>Current assets</b>			
Trade and other receivables	7	8,150	2,761
Corporation tax receivables		1,021	557
Cash and cash equivalents		22,097	6,730
		<b>31,268</b>	<b>10,048</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	5,231	1,461
Lease liabilities	9	2,127	-
		<b>7,358</b>	<b>1,461</b>
<b>Net current assets</b>			
		<b>23,910</b>	<b>8,587</b>
<b>Non-current liabilities</b>			
Lease liabilities	9	3,388	-
		<b>3,388</b>	<b>-</b>
<b>Net assets</b>			
		<b>29,731</b>	<b>10,586</b>
<b>Equity</b>			
Share capital	10	-	-
Share premium	10	57,837	22,801
Other reserves	10	2,852	2,034
Retained earnings		(30,958)	(14,249)
<b>Total Equity</b>		<b>29,731</b>	<b>10,586</b>

The Company financial statements of Freetrade Limited were approved by the Board of Directors ("Board") on 3 February 2022 and signed on behalf of the Board by:

DocuSigned by:  
  
 1A8B85677DB748B.....  
**Adam Dodds**  
 Director

**Freetrade Limited****Company statement of changes in equity***For the year ended 30 September 2021*

	<i>Notes</i>	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance as at 1 October 2020 (As restated)		-	22,801	2,034	(14,249)	10,586
Total comprehensive expense for the year		-	-	-	(16,709)	(16,709)
Share based payments	13	-	-	818	-	818
Shares issued	12	-	35,036	-	-	35,036
<b>Balance as at 30 September 2021</b>		-	<b>57,837</b>	<b>2,852</b>	<b>(30,958)</b>	<b>29,731</b>

Balance as at 1 October 2019		-	10,086	12	(5,289)	4,809
Total comprehensive expense for the year (As restated)		-	-	-	(8,960)	(8,960)
Share based payments (As restated)	13	-	-	2,022	-	2,022
Shares issued	12	-	12,715	-	-	12,715
<b>Balance as at 30 September 2020 (As restated)</b>		-	<b>22,801</b>	<b>2,034</b>	<b>(14,249)</b>	<b>10,586</b>

**Freetrade Limited****Company statement of cash flows***For the year ended 30 September 2021*

	<i>Notes</i>	<b>2021</b>	<i>Restated</i>
		<b>£'000</b>	<b>2020</b>
			<b>£'000</b>
<b>Operating activities</b>			
Loss before tax		(17,845)	(9,517)
Adjustments for:			
Depreciation of property, plant and equipment	5	331	84
Amortisation of intangible assets	6	1,143	592
Share-based payment expenses	11	818	2,022
Finance costs	9	16	-
<b>Operating cash flows before movements in working capital</b>		<b>(15,537)</b>	<b>(6,819)</b>
Increase in trade and other receivables	7	(6,120)	(2,325)
Increase trade and other payables	8	3,770	1,164
<b>Cash used in operations</b>		<b>(17,887)</b>	<b>(7,980)</b>
Income taxes received		672	411
<b>Net cash flows used in operating activities</b>		<b>(17,215)</b>	<b>(7,569)</b>
<b>Investing activities</b>			
Investment in subsidiaries	4	(544)	-
Purchase of property, plant and equipment	5	(318)	(102)
Purchase and development of intangible assets	6	(1,592)	(1,669)
<b>Net cash flows used in investing activities</b>		<b>(2,454)</b>	<b>(1,771)</b>
<b>Financing activities</b>			
Proceeds on issue of shares	10	35,036	12,715
<b>Net cash flows from financing activities</b>		<b>35,036</b>	<b>12,715</b>
Net increase in cash and cash equivalents		15,367	3,375
Cash and cash equivalents at beginning of the year		6,730	3,355
<b>Cash and cash equivalents at end of year</b>		<b>22,097</b>	<b>6,730</b>

**Freetrade Limited****Notes to the Company financial statements***For the year ended 30 September 2021***1. Accounting policies and basis of accounting**

The Directors have applied International Financial Reporting Standards (IFRS) for the preparation of the financial statements for Freetrade Limited ("the Company").

The accounting policies applied are consistent with those of the consolidated Group as set out in the Notes 1 to 16 of the consolidated financial statements. The Company's approach to financial risk management policies are consistent with those of the consolidated Group as set out in the Directors' report on Page 6.

*Statement of comprehensive income*

The Company has taken advantage of the exemption available under s408 of the Companies Act 2006 and has not presented a statement of comprehensive income. The loss for the year was £16,709,000 (2020: £8,960,000) and the increased loss in the financial year reflects the Company's ongoing investment in developing the trading platform and brand.

**2. Auditors remuneration**

Details of the services from external auditors in the financial year is set out in Note 3 of the consolidated financial statements. Total remuneration paid to the Company's auditor was £207,000 for the financial year (2020: £203,000). It was not considered practicable to allocate audit fees to the Company's subsidiaries as they are not actively trading, pending regulatory licence applications.

**3. Employee costs**

	2021	<i>Restated</i> 2020
	£000	£000
Staff costs (including Directors) comprise:		
Wages and salaries	8,672	3,983
Social security costs	1,011	455
Pension costs	355	188
Share-based payments (Note 11)	818	2,022
<b>Total</b>	<b>10,856</b>	<b>6,648</b>

The number of permanent employees (excluding Directors) was:

	2021	2020
	Number	Number
As at 30 September	187	80
Monthly average for the financial year	114	61

**4. Investments**

Details of the Company's investment in subsidiaries is as below:

	<b>Total</b>
	<b>£000</b>
At 1 October 2020	-
Investment in Freetrade Europa AB	544
<b>At 30 September 2021</b>	<b>544</b>

Investments in subsidiaries are valued at cost less any provision for impairment. Further information on Freetrade Europa AB can be found in Note 8 of the consolidated financial statements.

**Freetrade Limited****Notes to the Company financial statements***For the year ended 30 September 2021***5. Property, plant and equipment**

	Computer equipment £000	Office equipment £000	Right-of-use assets £000	Total £000
<b>Cost</b>				
At 1 October 2020	203	38	-	241
Additions	229	89	5,499	5,817
<b>At 30 September 2021</b>	<b>432</b>	<b>127</b>	<b>5,499</b>	<b>6,058</b>
<b>Accumulated depreciation</b>				
At 1 October 2020	121	26	-	147
Charge for the year	105	11	215	331
<b>At 30 September 2021</b>	<b>226</b>	<b>37</b>	<b>215</b>	<b>478</b>
<b>Net book value</b>				
<b>At 30 September 2021</b>	<b>206</b>	<b>90</b>	<b>5,284</b>	<b>5,580</b>
At 30 September 2020	82	12	-	94

During the financial year ended 30 September 2021, the Company entered into lease agreements for office space which have been recognised as an addition to right-of-use assets.

**6. Intangible assets**

The Company's intangible assets are consistent with those set out in Note 7 of the consolidated financial statements.

**7. Trade and other receivables**

	2021 £000	2020 £000
Trade receivables	397	127
Less: provision for impairment of trade receivables	(309)	(87)
Prepayments and accrued income	5,476	409
Amounts due from subsidiary undertakings	300	-
Other receivables	3,017	2,312
<b>Total</b>	<b>8,881</b>	<b>2,761</b>
Current	8,150	2,761
Non-current	731	-

Details of the Company's expected credit losses for trade receivables are consistent with those set out in Note 9 of the consolidated financial statements.

**8. Trade and other payables**

	2021 £000	2020 £000
Trade payables	1,880	421
Accruals	2,960	965
Deferred revenue	183	-
Other taxation and social security	99	-
Other payables	109	75
<b>Total</b>	<b>5,231</b>	<b>1,461</b>

## **Freetrade Limited**

### **Notes to the Company financial statements (*continued*)**

*For the year ended 30 September 2021*

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#### **9. Leases**

The Company's lease liabilities are consistent with those set out in Note 11 of the consolidated financial statements.

#### **10. Equity**

Details of the Company's share capital and other reserves are consistent with those set out in Note 12 of the consolidated financial statements.

#### **11. Share-based payments**

Details of the Company's share-based payments are consistent with those set out in Note 13 of the consolidated financial statements.

#### **12. Related parties**

##### *Key management personnel*

The following were considered to be key management personnel of the Group during the financial year: The Chief Executive Officer, the Chief Marketing Officer, the Chief Financial Officer and the Chief of Staff.

Details of remuneration for Key Management Personnel, including the exercise of any share options during the financial year, and for Directors' remuneration are shown in Note 14 of the consolidated financial statements.

##### *Transactions with subsidiaries and year end balances*

During the financial year the Company injected capital into Freetrade Europa AB in return for issuance of shares from the subsidiary undertaking and as unconditional shareholder contributions to the subsidiary undertaking. At 30 September the Company has a carrying investment value of £544,000 in Freetrade Europa AB as detailed in Note 2.

At 30 September 2021 a trading balance of £300,000 is due from Freetrade Europa AB. No interest is receivable on the balance.

##### *Other related parties*

During the financial year the Company purchased consultancy services amounting to £36,000 from Blacher Limited, a company controlled by Perry Blacher. As at 30 September 2021 no amounts are due to Blacher Limited.

There were no material transactions with any other related party in the financial year.

#### **13. Ultimate controlling party**

In the opinion of the Directors, no one party has a controlling interest. The Company is owned by a number of private shareholders and companies, none of which own more than 25% of the issued share capital of the Company.

#### **14. Subsequent events**

Details of events subsequent to the 30 September 2021 related to the Company are consistent with those set out in Note 16 of the consolidated financial statements.