

Company registration number 10278251 (England and Wales)

TRUELAYER LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TRUELAYER LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | L Martinetti F Simoneschi |
| Company number | 10278251 |
| Registered office | 3rd Floor 1 Hardwick Street London EC1R 4RB |
| Auditor | Mercer & Hole 21 Lombard Street London EC3V 9AH |

TRUELAYER LIMITED

CONTENTS

| | Page |
|---------------------------------------|-------------|
| Strategic report | 1 - 3 |
| Directors' report | 4 - 5 |
| Directors' responsibilities statement | 6 |
| Independent auditor's report | 7 - 9 |
| Statement of comprehensive income | 10 |
| Balance sheet | 11 |
| Statement of changes in equity | 12 |
| Notes to the financial statements | 13 - 25 |

TRUELAYER LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal activities

TrueLayer is a global open banking platform that makes it easy for anyone to build better financial experiences. Businesses of every size use TrueLayer to power their payments, access financial data, and onboard customers across the UK, Europe, and Australia. Trusted by millions of consumers and businesses around the world, TrueLayer's vision is to create a financial system that works for everyone.

Regulatory

The company holds an Electronic Money Institution ("EMI") licence in the UK.

Business review

TrueLayer is the largest independent open banking player in Europe, with TrueLayer's platform routing close to half of all open banking traffic in the UK, and significant market share in key European markets such as Spain, France and Ireland. 2021 was a year of significant growth for the business as it continued to fuel global expansion and improve and accelerate the development of premium open banking-based services, which will continue to drive innovation and revenue growth for TrueLayer clients.

As at the end of the 2021 financial year, the business's annualised Total Payment Volume ("TPV") increased 7x from the previous financial year. Revenue also increased 86% to £2.6m. Elsewhere, in keeping with the business's commitment to growth, the average headcount at the end of 2021 was 217, an increase of 86% on the previous year. At present the business is now live in 16 markets internationally.

To facilitate this continued growth, the Group announced it had secured a \$70m Series D investment round led by new investor Addition, in April 2021. A further \$130m was secured in a Series E investment round in September 2021. This included two new investors, Tiger Global Management who led the funding round, and payments company, Stripe.

These latest fundraising rounds reflect the continued and growing demand for TrueLayer's open banking-based services. This funding will allow the business to bring open banking payments to new businesses, supercharging mainstream adoption through industries like ecommerce and subscriptions, so that every consumer will know the ease of paying straight from their bank account.

Product development

2021 was a significant year for product development at TrueLayer. The business launched a new closed loop payments product in the UK in January 2021. The product combines one-click registration with instant payments and withdrawals. It brings together for the first time, the power of open banking with the UK and Europe's fastest payment rails to provide TrueLayer customers with a complete, customisable solution for onboarding & verifying users, pay-ins and payouts. The service was subsequently launched in the EU in October 2021 after securing the business' EEA PI licence.

Other product launches this year included the Verifications API and Payouts.

Financial review

The business has continued to expand in the year, with revenue increasing to £2,646,761 (2020: £1,421,210) which represents an 86% increase in 2021. Cost of sales increased to £1,276,357 (2020: £723,962) resulting in a GP % of 52% (2020: 49%). In line with the company's commitment to growth, administration expenses increased by £15,238,090 to £33,058,477 (2020: £17,820,387) when compared to the prior period. This increase was largely due to increased headcount and associated costs.

TRUELAYER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Covid 19 & Future Economic Outlook

The company continues to assess the ongoing impact of Covid-19. At the outset of the pandemic, the company introduced a policy of remote working during periods of lockdown, in line with Government guidelines, which continued to be observed throughout different time periods in 2021. During this time, all activities continued as usual, and the business continued to operate as normal.

During late 2021 and early 2022 the company has closely monitored the ongoing volatility in financial markets. The company continues to consider the macro environment and is adequately resourced to adapt as required.

The Directors continue to monitor the current and potential future impact of the pandemic and the future economic outlook as part of future business planning. Although it's not possible to predict the precise impact of these trends on the business, all indicators show that the business is performing well and there has been no adverse impacts at this time.

Principal risks and uncertainties

The process of risk identification and management is addressed through a framework of policies and internal controls. All policies are subject to review by management. Compliance with regulation, legal and ethical standards is a high priority for the company and an appropriate governance structure has been implemented to monitor this.

The Directors consider that the principal risks and uncertainties faced by the company are in the following categories:

Regulatory risk:

TrueLayer operates in a highly regulated industry. The company is currently regulated by the FCA (UK). Dedicated resources are in place to ensure continued and ongoing compliance with regulatory requirements. These include, but are not limited to, governance requirements, capital and liquidity requirements, consumer protection and anti-financial crime requirements.

Cyber risk:

The company is exposed to the risk of operational disruption, customer detriment, financial loss and/or reputational damage arising from cyber attacks that may result in unauthorised access, or denial of access to TrueLayer systems and information. Taking into consideration the very recent and public cyber attacks happening elsewhere, the company continues to actively manage this risk through a range of controls including, but not limited to, system monitoring and alerts, staff awareness training, customer support, and incident management guidelines.

Financial risk:

The company prepares regular cash flow forecasts to review liquidity requirements and has prepared detailed plans covering the next 12 months of trading. The plan is updated on a regular basis as and when new information becomes available. The directors have financial reporting procedures in place to manage credit, liquidity and other financial risk.

TRUELAYER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Macroeconomic risk:

The company's business is sensitive to global macroeconomic conditions as TPV and the revenue it generates is linked to the number and value of users' transactions, of TrueLayer customers' platforms. This in turn is dependent on both a user's income and opportunity to spend. As has been seen from the Covid-19 pandemic, revenue can increase where users are forced to move toward online purchasing during times of lockdown. Similarly, revenue may decrease where readily available income decreases on the part of the user.

On behalf of the board

F Simoneschi
Director

5 September 2022

TRUELAYER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is that of a 'software-as-a-service' company that provides a programmatic way of connecting with a bank or financial institutions infrastructure to provide data to companies securely and/or initiate payments securely and efficiently.

Branches

The company has a branch established in Italy.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

| | |
|--------------|-----------------------------|
| L Martinetti | |
| F Simoneschi | |
| P Bezza | (Resigned 4 March 2021) |
| Y Ranchere | (Resigned 1 March 2021) |
| J Zink | (Resigned 26 February 2021) |
| D Ma | (Resigned 3 March 2021) |

Qualifying third party indemnity provisions

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

Financial instruments

Liquidity risk

The company has funded growth by raising funds from external investors and a loan from its ultimate parent company. Liquidity risk has been managed through careful monitoring to ensure the company has sufficient liquidity available to meet forecast cash flows.

Credit risk

The primary risk arises from the recovery of trade debtors. Management of this risk is on-going. Steps include credit checks of new customers.

Research and development

The company continues to invest in the development of its platform and has significantly increased the size of its research and development teams in all locations.

Post reporting date events

There have been no significant events affecting the company since the year end.

Auditor

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

TRUELAYER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure to auditor

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

On behalf of the board

F Simoneschi
Director

5 September 2022

TRUELAYER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

TRUELAYER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TRUELAYER LIMITED

Opinion

We have audited the financial statements of TrueLayer Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

TRUELAYER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TRUELAYER LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches under the group's Financial Conduct Authority registration and General Data Protection Regulations, and we considered the extent to which non-compliance may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principle risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure, and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries.

TRUELAYER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF TRUELAYER LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Ross Lane (Senior Statutory Auditor)
For and on behalf of Mercer & Hole

5 September 2022

Chartered Accountants
Statutory Auditor

21 Lombard Street
London
EC3V 9AH

TRUELAYER LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|---|-------|---------------------|---------------------|
| Turnover | 3 | 2,646,761 | 1,421,210 |
| Cost of sales | | (1,276,357) | (723,962) |
| Gross profit | | 1,370,404 | 697,248 |
| Administrative expenses | | (33,058,477) | (17,820,387) |
| Other operating income | | 31,951 | - |
| Operating loss | 4 | (31,656,122) | (17,123,139) |
| Interest receivable and similar income | 8 | 7 | 13 |
| Loss before taxation | | (31,656,115) | (17,123,126) |
| Tax credit on loss | 9 | 3,482,033 | 827,121 |
| Loss for the financial year | | (28,174,082) | (16,296,005) |
| Other comprehensive income | | | |
| Currency translation differences | | 33,024 | - |
| Total comprehensive expense for the year | | (28,141,058) | (16,296,005) |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

TRUELAYER LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

| | Notes | 2021 | | 2020 | |
|---|-------|---------------------|---------------------|---------------------|---------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 1,294,964 | | 1,122,217 |
| Current assets | | | | | |
| Debtors | 11 | 5,184,019 | | 2,107,744 | |
| Cash at bank and in hand | | 52,328,647 | | 28,807,095 | |
| | | <u>57,512,666</u> | | <u>30,914,839</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(21,646,801)</u> | | <u>(20,738,387)</u> | |
| Net current assets | | | 35,865,865 | | 10,176,452 |
| Total assets less current liabilities | | | <u>37,160,829</u> | | <u>11,298,669</u> |
| Provisions for liabilities | | | | | |
| Provisions | 14 | <u>38,175</u> | | <u>38,175</u> | |
| | | | <u>(38,175)</u> | | <u>(38,175)</u> |
| Net assets | | | <u>37,122,654</u> | | <u>11,260,494</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 2 | | 2 |
| Share premium account | 18 | | 87,840,705 | | 36,840,705 |
| Capital contribution | 18 | | 4,498,405 | | 1,495,187 |
| Profit and loss reserves | 18 | | <u>(55,216,458)</u> | | <u>(27,075,400)</u> |
| Total equity | | | <u>37,122,654</u> | | <u>11,260,494</u> |

The financial statements were approved by the board of directors and authorised for issue on 5 September 2022 and are signed on its behalf by:

F Simoneschi
Director

Company Registration No. 10278251

TRUELAYER LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | Share capital £ | Share premium account £ | Capital contribution £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------------|------------------------------|----------------------------------|--------------|
| Balance at 1 January 2020 | | 2 | 36,836,128 | - | (10,779,395) | 26,056,735 |
| Year ended 31 December 2020: | | | | | | |
| Loss and total comprehensive income for the year | | - | - | - | (16,296,005) | (16,296,005) |
| Issue of share capital | 17 | - | 4,577 | - | - | 4,577 |
| Credit to equity for equity settled share-based payments | 16 | - | - | 1,495,187 | - | 1,495,187 |
| Balance at 31 December 2020 | | 2 | 36,840,705 | 1,495,187 | (27,075,400) | 11,260,494 |
| Year ended 31 December 2021: | | | | | | |
| Loss for the year | | - | - | - | (28,174,082) | (28,174,082) |
| Other comprehensive income: | | | | | | |
| Currency translation differences | | - | - | - | 33,024 | 33,024 |
| Total comprehensive expense for the year | | - | - | - | (28,141,058) | (28,141,058) |
| Issue of share capital | 17 | - | 51,000,000 | - | - | 51,000,000 |
| Credit to equity for equity settled share-based payments | 16 | - | - | 3,003,218 | - | 3,003,218 |
| Balance at 31 December 2021 | | 2 | 87,840,705 | 4,498,405 | (55,216,458) | 37,122,654 |

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

TrueLayer Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 1 Hardwick Street, London, EC1R 4RB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of TrueLayer Group Holdings Limited. These consolidated financial statements are available from its registered office, 3rd Floor, 1 Hardwick Street, London EC1R 4RB.

1.2 Going concern

Notwithstanding the loss for the year of £28,174,082, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

During the 2021 financial year the company's ultimate parent company announced it had secured a further \$200M through Series D and Series E investment rounds. These latest investment rounds reflect the continued and growing demand for the group's open banking based services. The company has prepared detailed forecasts of its future working capital requirements which indicate that it will have sufficient cash resources. Further the directors have received a letter of support from the ultimate parent company, TrueLayer Group Holdings Limited. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from subscriptions are recognised monthly based on the contracted agreed fee.

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.4 Tangible fixed assets

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

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

| | |
|------------------------|-------------------------------------|
| Leasehold improvements | Over the life of the relevant lease |
| Fixtures and fittings | 20% Straight Line |
| Computer equipment | 20% Straight Line |

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

1.5 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

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

Current tax

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

Deferred tax

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

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

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Share-based payments

The company operates equity-settled share-based scheme for some of its employees. The company awards share options to employees to acquire shares of the company.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using either the fair value of the services received or the Black-Scholes model if that fair value cannot be estimated reliably. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.14 Leases

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

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Bad debt provision

In determining whether there are any circumstances regarding a customer's inability to meet its financial obligation and whether a provision is required against the debt, the directors consider factors such as potential prevailing economic conditions in the industry and their potential impact on customers.

Key sources of estimation uncertainty

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

Measurement of share based payment expense

Estimation and judgement is required in determining the fair value of shares at the date of award. The fair value is estimated using valuation techniques which take into account the award's terms, the risk-free interest rate and the expected volatility of the market price of the shares in the company.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2021 | 2020 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Revenue | 2,646,761 | 1,421,210 |
| | <u> </u> | <u> </u> |
| | 2021 | 2020 |
| | £ | £ |
| Other revenue | | |
| Interest income | 7 | 13 |
| | <u> </u> | <u> </u> |

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

All revenue is generated from the company's principal activity.

The company has chosen not to disclose revenue by geographical market as they believe this to be seriously prejudicial to the company's business interests.

4 Operating loss

| | 2021 | 2020 |
|---|----------------|------------------|
| | £ | £ |
| Operating loss for the year is stated after charging/(crediting): | | |
| Exchange losses/(gains) | 556,625 | (248,833) |
| Depreciation of owned tangible fixed assets | 342,340 | 290,763 |
| Share-based payment expense | 3,003,218 | 1,495,187 |
| Operating lease charges | 600,764 | 748,375 |
| | <u>556,625</u> | <u>(248,833)</u> |

5 Auditor's remuneration

| | 2021 | 2020 |
|---|---------------|----------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 20,000 | 13,000 |
| | <u>20,000</u> | <u>13,000</u> |
| For other services | | |
| Other taxation services | 7,975 | 7,860 |
| All other non-audit services | 17,912 | 92,850 |
| | <u>25,887</u> | <u>100,710</u> |

6 Employees

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

| | 2021 | 2020 |
|----------------------------|------------|------------|
| | Number | Number |
| Engineering & Product | 121 | 68 |
| Commercial & Marketing | 56 | 29 |
| Executive & Administration | 40 | 29 |
| | <u>217</u> | <u>126</u> |

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

| 6 Employees | | (Continued) | |
|--|---------------------------|--------------------------|--|
| Their aggregate remuneration comprised: | | | |
| | 2021 | 2020 | |
| | £ | £ | |
| Wages and salaries | 16,604,956 | 9,638,338 | |
| Social security costs | 2,202,786 | 1,048,087 | |
| Pension costs | 588,587 | 355,205 | |
| Share-based payment expense | 3,003,218 | 1,495,187 | |
| | <u>22,399,547</u> | <u>12,536,817</u> | |
| | <u><u>22,399,547</u></u> | <u><u>12,536,817</u></u> | |
| | | | |
| 7 Directors' remuneration | | | |
| | 2021 | 2020 | |
| | £ | £ | |
| Remuneration for qualifying services | 318,941 | 241,542 | |
| Company pension contributions to defined contribution schemes | 11,933 | 5,534 | |
| | <u>330,874</u> | <u>247,076</u> | |
| | <u><u>330,874</u></u> | <u><u>247,076</u></u> | |
| | | | |
| The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2). | | | |
| Remuneration disclosed above include the following amounts paid to the highest paid director: | | | |
| | 2021 | 2020 | |
| | £ | £ | |
| Remuneration for qualifying services | 158,218 | 120,813 | |
| Company pension contributions to defined contribution schemes | 5,967 | 2,767 | |
| | <u>164,185</u> | <u>123,580</u> | |
| | <u><u>164,185</u></u> | <u><u>123,580</u></u> | |
| | | | |
| 8 Interest receivable and similar income | | | |
| | 2021 | 2020 | |
| | £ | £ | |
| Interest income | | | |
| Interest on bank deposits | 7 | 13 | |
| | <u>7</u> | <u>13</u> | |
| | <u><u>7</u></u> | <u><u>13</u></u> | |
| | | | |
| 9 Taxation | | | |
| | 2021 | 2020 | |
| | £ | £ | |
| Current tax | | | |
| UK corporation tax on profits for the current period | (2,028,685) | - | |
| Adjustments in respect of prior periods | (1,453,348) | (827,121) | |
| | <u>(3,482,033)</u> | <u>(827,121)</u> | |
| Total current tax | <u><u>(3,482,033)</u></u> | <u><u>(827,121)</u></u> | |

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

(Continued)

In March 2021, the 2021 budget announced an increase to in the UK corporation tax from 19% to 25% from 1 April 2023 for taxable profits above £50,000.

| | 2021 £ | 2020 £ |
|--|--------------|--------------|
| Loss before taxation | (31,656,115) | (17,123,126) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | (6,014,662) | (3,253,394) |
| Tax effect of expenses that are not deductible in determining taxable profit | 687,437 | 286,338 |
| Tax effect of income not taxable in determining taxable profit | (6,071) | - |
| Unutilised tax losses carried forward | 3,158,267 | 3,067,587 |
| Change in unrecognised deferred tax assets | 55,859 | 177,282 |
| Adjustments in respect of prior years | (1,453,348) | (827,121) |
| Group relief | 430,825 | - |
| Depreciation on assets not qualifying for tax allowances | (17,588) | 2,270 |
| Other permanent differences | 2,499 | - |
| Tax relief on share options | (325,251) | (280,083) |
| Taxation credit for the year | (3,482,033) | (827,121) |

The company has estimated tax losses of £51m (2020: £20m) to use against future trading profits. A deferred tax asset on these losses has not been recognised as there is currently insufficient evidence that the company will generate sufficient profits in the near future to utilise them.

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Tangible fixed assets

| | Leasehold improvements | Assets under construction | Fixtures and fittings | Computer equipment | Total |
|------------------------------------|---------------------------|------------------------------|--------------------------|-----------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2021 | 710,348 | - | 384,456 | 485,005 | 1,579,809 |
| Additions | - | 143,495 | - | 375,950 | 519,445 |
| Disposals | - | - | - | (3,510) | (3,510) |
| Exchange adjustments | - | - | - | (1,205) | (1,205) |
| At 31 December 2021 | 710,348 | 143,495 | 384,456 | 856,240 | 2,094,539 |
| Depreciation and impairment | | | | | |
| At 1 January 2021 | 225,398 | - | 120,915 | 111,279 | 457,592 |
| Depreciation charged in the year | 142,070 | - | 76,891 | 123,379 | 342,340 |
| Eliminated in respect of disposals | - | - | - | (357) | (357) |
| At 31 December 2021 | 367,468 | - | 197,806 | 234,301 | 799,575 |
| Carrying amount | | | | | |
| At 31 December 2021 | 342,880 | 143,495 | 186,650 | 621,939 | 1,294,964 |
| At 31 December 2020 | 484,950 | - | 263,541 | 373,726 | 1,122,217 |

11 Debtors

| | 2021 | 2020 |
|---|-----------|-----------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 432,457 | 264,805 |
| Corporation tax recoverable | 2,028,685 | 827,121 |
| Amounts owed by group undertakings | 494,681 | - |
| Other debtors | 462,078 | 207,969 |
| VAT recoverable | 406,004 | 135,514 |
| Prepayments and accrued income | 1,360,114 | 672,335 |
| | 5,184,019 | 2,107,744 |

12 Creditors: amounts falling due within one year

| | Notes | 2021 | 2020 |
|------------------------------|-------|------------|------------|
| | | £ | £ |
| Other borrowings | 13 | 18,967,858 | 18,967,858 |
| Trade creditors | | 1,124,311 | 798,944 |
| Taxation and social security | | 870,424 | 427,115 |
| Other creditors | | 136,183 | - |
| Accruals and deferred income | | 548,025 | 544,470 |
| | | 21,646,801 | 20,738,387 |

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Loans and overdrafts

| | 2021 | 2020 |
|-------------------------------|------------|------------|
| | £ | £ |
| Loans from group undertakings | 18,967,858 | 18,967,858 |

Loans from group undertakings are interest free and repayable on demand.

14 Provisions for liabilities

| | 2021 | 2020 |
|---------------|--------|--------|
| | £ | £ |
| Dilapidations | 38,175 | 38,175 |

The company is required to vacate buildings occupied under operating leases in good repair at the end of the lease. Provision has been made for the estimated cost of this.

15 Retirement benefit schemes

| | 2021 | 2020 |
|---|---------|---------|
| | £ | £ |
| Charge to profit or loss in respect of defined contribution schemes | 588,587 | 355,205 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share-based payment transactions

Group share-based payments

The company participates in a group share based payment plan, and recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The allocation is based on the number of employees benefiting from the share based payment plan employed by each group entity.

17 Share capital

| | 2021 | 2020 | 2021 | 2020 |
|---|-----------|-----------|------|------|
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary Shares of \$0.000001 each | 3,134,902 | 1,054,509 | 2 | 1 |
| A Ordinary Shares of \$0.000001 each | - | 6,956 | - | - |

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Share capital

(Continued)

| | 2021 | 2020 | 2021 | 2020 |
|--|-------------------|-------------------|-------------------|-------------------|
| | Number | Number | £ | £ |
| Preference share capital | | | | |
| Issued and fully paid | | | | |
| Seed Preference of \$0.000001 each | - | 296,135 | - | - |
| A Preference Shares of \$0.000001 each | - | 364,269 | - | - |
| B Preference Shares of \$0.000001 each | - | 531,765 | - | - |
| C Preference Shares of \$0.000001 each | - | 881,168 | - | 1 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Preference shares classified as equity | | | - | 1 |
| | | | <u> </u> | <u> </u> |
| Total equity share capital | | | 2 | 2 |
| | | | <u> </u> | <u> </u> |

Ordinary Shares: Each holder of Ordinary Shares has the right to receive notice of and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed written resolutions of the company. Ordinary Shares shall rank pari passu with other shares in issue in the company as respects dividends and distributions of capital (including on a winding up).

During the year, the company converted all share types to Ordinary shares. Additionally, the company issued 100 Ordinary shares of \$0.000001 at an average price of \$6,774 per share.

18 Reserves

Share premium

Share premium accounts includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital contribution

The capital contribution relates to accumulated share based payment charges which are equity settled by the company's parent company.

Profit and loss reserves

Profit and loss reserves represents accumulated comprehensive deficit for the year and prior periods less any dividends paid.

19 Financial commitments, guarantees and contingent liabilities

The company's bankers have a fixed charge over certain bank accounts held by the company.

TRUELAYER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Operating lease commitments

Lessee

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

| | 2021 | 2020 |
|----------------------------|------------------|------------------|
| | £ | £ |
| Within one year | 679,264 | 600,764 |
| Between two and five years | 452,843 | 1,001,273 |
| | <u>1,132,107</u> | <u>1,602,037</u> |

21 Events after the reporting date

There have been no significant events affecting the company since the year end.

22 Related party transactions

The company has taken the exemptions available in FRS102 not to disclose transactions with wholly owned members of the group.

23 Ultimate controlling party

The company is a wholly owned subsidiary of Truelayer (Jersey) Limited, a company incorporated in Jersey whose registered office address is 22 Grenville Street, St Helier, Jersey JE4 8PX.

The ultimate parent company is Truelayer Group Holdings Limited, a company registered in England, whose registered office address is 3rd Floor, 1 Hardwick Street, London EC1R 4RB.

The smallest and largest group within which the company's financial statements are consolidated are those of Truelayer Group Holdings Limited. A copy of the consolidated financial statements can be obtained from group's registered office: 3rd Floor, 1 Hardwick Street, London EC1R 4RB.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.