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Consolidated Financial Statements

SMART PENSION LIMITED

Registration number: 09026697

For the Year Ended 31 December 2022

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Directors and other information

Directors	Arthur Mark Ruston Smith Andrew Raymond Evans William Robert Wynne Andrew Michael MacLachlan (alternate to Deidre Michelle McGrath) Deidre Michelle McGrath Eoin Martin Corcoran Charles Hall Janeway
Registered office	136 George Street, London, W1H 5LD
Solicitors	Harbottle & Lewis LLP, 7 Savoy Court, London, WC2R 0EX
Bankers	Lloyds Bank, 25 Gresham Street, London, EC2V 7HN
Statutory auditors	Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants, 30 Finsbury Square, London, EC2A 1AG
Registered number	09026697

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Strategic Report

for the year ended 31 December 2022

The Directors present their strategic report and consolidated financial statements for the year ended 31 December 2022.

Fair review of the business

Smart Pension Limited ('Smart') is a global retirement technology provider. Our mission is to transform pensions, savings and financial well-being, across all generations, around the world. We achieve this through developing, marketing leading products, solutions, and technology for the defined contribution ('DC') workplace market in both accumulation and decumulation (retirement saving and spending).

Smart's proprietary technology platform, 'Keystone', powers the pension and retirement saving solutions of leading global financial institutions. Keystone is also the technology backbone of the Smart Pension Master Trust ('SPMT'), one of the UK's leading providers of workplace pensions.

SPMT was established as a registered pension scheme by Smart (the founder) and EC2 Master Ltd (the corporate Trustee). Smart does not control SPMT, however SPMT is a related entity and customer of Smart and thus the achievements of SPMT are important to the success of Smart.

Our broader customer base includes some of the largest financial institutions in the world and we are proud to be key partners to some of the most significant pension reform projects globally. We also provide workplace pensions direct to over one million people in the UK (as at year end), via SPMT, and we are focused on bringing democratised access to customers in several international markets.

Today we have a trading presence in the UK, the Republic of Ireland, Dubai, Hong Kong and the USA. The global market for retirement technology has long been in need of fresh ideas, investment and technology built for the 21st century. Through Keystone, we are positioned to continue our incredible growth trajectory around the world and meeting the needs of workers, employers, financial institutions and governments.

Market environment

Global economic activity experienced a broad-based slowdown during 2022. At the outset of the year the lingering impact of the Covid-19 pandemic was the most dominant factor weighing on the economic outlook, but Russia's invasion of Ukraine coupled with rising interest rates and significant inflationary pressures have had a significant adverse impact on the global economy and resulted in a cost-of-living crisis in some of the regions in which we operate.

The relative impact on the pensions industry and Smart specifically has been more muted. This partly reflects the impact of the global regulatory tailwinds we have benefitted from over the last few years: an increasing number of jurisdictions are implementing policies to narrow the retirement savings gap and therefore still require pension technology platform services of the type offered by Smart. In addition, those same jurisdictions often mandate a minimum level of monthly member contributions into pension schemes, which ensures Smart's assets under management continue to grow even in times of economic difficulty and in line with inflationary wage increases.

Notwithstanding the resilience of our business model, the economic environment has had a knock on impact on capital markets and necessitated greater focus for the Group on cost control and our pathway to profitability.

Highlights

We have enjoyed extraordinary development over the year ended 31 December 2022. Group revenue grew by over 32% from the prior period, to £57.4m, and Group AUM grew by 103% to £4,754m as at year end.

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Highlights (continued)

Of particular note, we:

- Completed the acquisition of Stadion Money Management LLC, a market leading managed account provider, based in Athens, Georgia (USA), please refer to Note 27 within the Notes to the Financial Statements for details;

- Oversaw growth of the Smart Pension Master Trust to over one million members from 904k to 1,067k members (+18%) and AUM from £2,133m to £2,592m AUM (+22%);

- Secured significant new partnership opportunities in the USA and the UK, each of which will be transformative for the business;

- Launched several new capabilities on our Keystone platform, including functionality to support 'Relief at Source' in the UK and multilingual capability for our deployment in Dubai;

- Commenced a 'Series E' funding round to support the continued growth and expansion of the business. We are pleased to announce completion of the funding round in May 2023, providing £76m ($95m) of fresh equity led by Aquiline Capital Partners, with participation from our existing investors (Chrysalis Investments Limited, Fidelity International Strategic Ventures, DWS, Barclays and Natixis); and

- Continued to receive strong external and internal recognition of our position as disruptive industry leaders in the retirement and fintech space:
  - Pension Technology Provider of the Year at the Irish Pensions Awards 2022;
  - Pensions Tech of the Year at the US Fintech Awards 2022;
  - #13 ranked fintech company in the FT's FT1,000 list of the fastest growing European companies;
  - Stadion: Best Place to Work in Money Management;
  - Smart US: 100% 'Recommend to a Friend' on Glassdoor;
  - Smart global: 95% leadership approval on Glassdoor; and
  - Seeing several colleagues receive nominations and accolades for several of the most prominent industry and fintech awards, including five colleagues on the Women in FinTech powerlist.

Key developments in the period

Strategic progress

During the financial period, we made significant progress in achieving our strategic goals across our two complementary lines of business:

- Keystone by Smart ('Keystone'), which encompasses the provision of technology solutions that power the pension and retirement saving offerings of leading financial institutions and Governments around the globe; and

- Smart Pension Master Trust ('SPMT'), which continues to bring market leading innovation to the UK workplace savings sector, serving the entire customer spectrum from SME autoenrollment to large corporate DC schemes, as well as being the most active master trust consolidator in the UK. SPMT is a customer of and operates on the Keystone platform.

Strategic Report

for the year ended 31 December 2022 (continued)

Key developments in the period (continued)

Keystone by Smart

Financial period in review

Keystone revolutionises the ease and efficiency with which partners can deliver retirement savings and spending to their customers. This is achieved through significant automation of manual, cumbersome and error-prone processes, associated with the setup and operation of a workplace pension, to which the pension industry has become accustomed. Our innovative, technology-first approach, and modern, user-centric design philosophy, is bringing retirement saving ('accumulation') and retirement spending ('decumulation') into the 21st century.

In March, we announced the acquisition of Stadion Money Management, based in Athens, Georgia (USA). Stadion are a leading managed account provider, developing personalised portfolio solutions for US retirement plans and participants for over 25 years. Stadion represents a key strategic acquisition for Smart, providing a foothold in the vast US retirement market. The leadership team at Stadion bring enormous knowledge of the US market from both a product and operational standpoint, as well as strong existing customer relationships. We are enormously excited about the opportunities ahead for Stadion as part of the Smart Group, particularly our plans to couple the unique features of Smart Retire with Stadion's existing suite of products to disrupt US retirement income.

Also in the USA, during the financial period, we commenced a technology and distribution partnership for 401(k) plans with FinHabits (FH) and TransAmerica as well as announcing several new partnerships to develop products that come to market during 2023.

In the Middle East, we reached a significant milestone in July, when the latest phase of our Dubai Keystone implementation was launched. From this date, all expatriate employees of public sector employers throughout the Emirate of Dubai have started to auto enrol into a savings plan that is operated on Keystone. As part of this development, Keystone now offers multilingual functionality, enabling users to engage with their account in Arabic.

In Ireland, we have seen strong momentum in the migration of New Ireland Assurance's DC occupational schemes to the Keystone platform and expect this to continue throughout 2023.

Looking ahead

Following the success of our deployments delivered to date, Keystone continues to generate significant levels of interest from global financial institutions (in the UK and internationally) and the business line is projected to be a key driver of future growth. This is thanks, in large part, to our position as the only global technology provider, offering an end-to-end, cloud-native, technology platform that has been developed specifically, to serve the DC/ workplace market.

During the period, as well as making considerable progress on a number of major strategic platform initiatives, we have seen healthy growth in our opportunity pipeline and we anticipate acceleration in the onboarding of tier 1 clients over the coming years.

Our Keystone platform and associated business model could not be better placed to benefit from the global regulatory tailwinds that we witness in nearly all economies, with governments focused on narrowing the savings gap, moving pension systems towards a mandatory defined contribution model and seeking to improve options for individuals in retirement spending. Solving this challenge, as we have seen through our success in the UK, is best achieved through a scalable, efficient and user-friendly technology approach. This is exactly the challenge Keystone was designed to meet.

Strategic Report

for the year ended 31 December 2022 (continued)

Key developments in the period (continued)

SPMT

Financial period in review

Over the course of the financial period, we delivered significant growth in SPMT, taking member assets from £2,133m to £2,592m and membership over the one million mark up from 904k to 1,067k members. The pace of asset growth is a function of the mandatory workplace pension requirement in the UK, with minimum contributions at 8%, as well as winning existing schemes from other providers and through acquisition of other master trusts. This growth is particularly impressive over 2022, with the context of challenging conditions for global equity markets supressing market returns. During the financial period we announced Smart Pension's eighth master trust acquisition, with the Ensign Master Trust due to be consolidated into the Smart Pension Master Trust during 2023. Smart remains actively involved in the consolidation market, having earned the reputation as the consolidator of choice for small and medium sized master trusts.

Looking ahead

The future growth ambitions of SPMT will be met through a diversified, multi-channel sales approach, utilising our accumulation and decumulation capabilities to win in the market. The continued evolution of our product, particularly in the area of retirement spending, is key to expanding our relationships with market intermediaries to drive organic growth, through securing larger schemes from legacy providers, especially in the post auto-enrolment phase of the market. We will also continue to undertake acquisitions or business combinations with other UK master trusts (having completed eight master trust acquisitions to date), where there are commercial synergies to be achieved through leveraging Keystone, alongside providing an improved user experience and outcome for both employers and members. Pot consolidation is also an increasing focus for SPMT as a growth driver, we have partnered with Pension Lab, a third party provider of pension consolidation technology to help our members consolidate their pension pots, and we will continue to use technology to remove barriers and friction that often prevent individuals consolidating small pots, as recognised by the recent Department for Work and Pensions (DWP) consultation on market issues in these areas.

In line with our Sustainability strategy, we are currently reviewing and realigning investments to new ESG and sustainable investment standards. Our commitment to put sustainability at the heart of our investment strategy comes alongside our promise to be net zero by 2040 and to have halved our carbon emissions from 2019 levels by 2025. We are pleased to have achieved 50% reduction in the carbon impact of our default growth fund (Scopes 1 and 2) as at 31 December 2022, well ahead of our 2025 goal. In addition, we won an award for best investment strategy at the 2023 Pensions Age awards and best climate change communications at the 2023 Pensions for Purpose awards, our default growth fund is now 100% ESG integrated (defined as Article 8/9 or equivalent under SFDR), including 13% to specific impact investments, both market leading levels. We convert all greenhouse gases into a carbon equivalent data metric and then we report our carbon emissions data as one (so it is CO_2e data instead of CO_2).

Equity fundraising

As one of the UK's leading fintechs, undergoing rapid business growth in new and existing markets, we are active in developing strong strategic partnerships and targeting equity investment from investors who share our vision for transforming pensions and retirement savings across the globe. The level of investment in our technology and tangential lines of business would not be possible without the past and continued support of our exceptional investor base.

In May 2023, following the year end, we completed our 'Series E' funding round raising a further £76m ($95m) of fresh equity, led by Aquiline Capital Partners (a private investment firm based on New York and London), specialising in investments in companies across financial services and technology), with further significant follow-on investments from Chrysalis Investments Limited, Fidelity International Strategic Ventures, DWS, Barclays and Natixis.

Strategic Report
for the year ended 31 December 2022 (continued)

Equity fundraising (continued)

The profile of Smart's new and existing investor base, as well as the success of our funding round in extremely difficult market condition is testament to the success of Smart Pension in the UK and the global market opportunities for the Keystone platform. The investment will enable us to focus on delivering greater value to the entire retirement market and making retirement easier to engage with for its users, including financial institutions, advisers, employers and individuals.

Environmental, Social and Governance (ESG)

Smart's mission is to transform retirement, savings and financial wellbeing across all generations, around the world. We believe that sustainable growth is not only the right thing to do, but also the only way to build a successful business and have a lasting impact on the world. We have a responsibility to behave in a way that ensures a liveable world for people to retire into.

The retirement savings gap (the value of retirement savings versus the estimated requirement) on a global basis in 2018 was valued at US$62 trillion and projected to increase to approximately US$400 trillion by 2050 (Source: OECD). Smart plays a pivotal role in closing the retirement savings gap by helping people to save more, better understand their money and manage it in retirement, and in turn live better lives, both today and in the future. As a company, we are focused on sustainability and are working towards ensuring sustainability is linked to our commercial strategy and embedded in all that we do.

Progress update

Smart's investment in a full-time, dedicated Sustainability team signals our commitment to sustainability and that it is central to the development of a holistic, long-term corporate strategy. In 2022, Smart worked closely with KPMG to conduct a materiality assessment, which formed the foundation of Smart's sustainability strategy.

The materiality assessment sought to identify and validate a set of material risks and opportunities and their relative importance for Smart and its stakeholders. Through interviews, focus groups and questionnaires, the needs, demands and pressures of various stakeholders were captured. Consequently, 19 material topics were identified and prioritised across four interwoven pillars including:

1. Environmental impact
2. Enabling our people
3. Purpose led products
4. Effective governance

Since the development of the sustainability strategy, we continue to embed a culture of sustainability across the Group and our products/services, inclusive of our supply chain.

Environmental impact

We have identified key activities that will help reduce our operational carbon footprint and have set ambitious, yet achievable targets to help meet the 1.5 degree requirements of the Paris Agreement. We are currently measuring the operational carbon footprint of our Group level activities and developing a greater level of accuracy as we mature this approach. We are also preparing climate disclosures on a voluntary basis (please see page 8), which enables us to develop a baseline and demonstrates that we recognise and take our role and responsibility in transparent disclosure seriously.

One of Smart's largest expenses is cloud hosting services and our principal supplier, AWS, is on target to meet their target of being 100% renewable energy powered by 2025. This reduces our upstream impact on the environment and in turn those of our clients.

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Environmental, Social and Governance (ESG) (continued)

Environmental impact (continued)
At Smart, we recognise the significant impact that our business operations can have on the environment. That is why we are committed to reducing our carbon footprint wherever possible. We strive to use renewable energy suppliers across our global offices, and we are constantly exploring ways to improve our energy efficiency and reduce waste. We believe that every little bit counts, and we are committed to doing our part to protect the planet for future generations.

At Smart, we value the relationships we have with our suppliers and partners. We recognise that they play a critical role in our success. We have integrated sustainability criteria into our procurement process and supplier questionnaire to ensure that we are working with suppliers who share our values and commitment to responsible business practices. We are constantly looking for ways to improve our supplier relationships and gather feedback from our vendors to ensure that we are meeting their needs and expectations.

Sustainability is also at the heart of the decisions taken by the Trustees in relation to the strategic asset allocation in the Smart Pension Master Trust (SPMT). Our default growth fund will be net zero by 2040, without carbon offsetting. This is much sooner than most pension providers are committing to be net zero (2050).

Out targets are:

- Net zero(1) investments by 2040
- 50% reduction in emission intensity (2) by 2025 since 2019, our base year.

(1) Net zero refers to equalling the amount of greenhouse gases produced and the amount removed from the atmosphere through the investments we make.
(2) Emissions are measured in tCO_2e which is tonnes of CO_2 and equivalent greenhouse gas emissions calculated by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming. Intensity is measured as tCO_2e per million £ invested.

We convert all greenhouse gases into a carbon equivalent data metric and then we report our carbon emissions data as on (so it's CO_2e data instead of CO_2).

We have reduced our carbon emissions intensity (scoped 1 and 2) by 50% in our default growth fund by 31 December 2022, well ahead of our 2025 target. Our listed equity and corporate bond allocations are covered in the scope of our net zero plans. We will look to include our private credit allocation as methodologies develop. In addition, we have reported on scope 1, 2 and 3 emissions in our Smart Pension Master Trust (SPMT) Task Force for Climate-related Disclosures (TFCD) report, acknowledging the limitations from lower quality and quantity of data reported for scope 3 emissions. Our data analysis is provided by Hymans Robertson, who source emissions data from MSCI.

SPMT also aims to consistently allocate a minimum of 10% of our default growth fund to climate solutions, which are projects or products that help us to adapt to climate change and/or reduce and stabilise the amount of greenhouse gases in our atmosphere, such as companies supplying renewable energy.

Over 2022 SPMT invested in a green bond, biodiversity and climate transition fund within the flagship Smart Sustainable Growth fund. These allocations were in line with the net zero and climate solution targets above. This meant that all funds within this default growth fund are classified as sustainable, being either impact investments, SFDR 8 or 9 classified, or as having equivalent objectives. In addition, SPMT now offers members a range of three sustainable growth funds, with different levels of ESG integration, as well as ESG self-select options, where available.

Strategic Report
for the year ended 31 December 2022 (continued)

Environmental, Social and Governance (ESG) (continued)

Enabling our people
We are a people organisation. To deliver great technology and great propositions that benefit the wider society, we need to work with and promote talented people. At Smart, one of the 8 principles we work to is "We want happy and good people in our team".

Considering our workforce, we face a high degree of competition for skilled employees. Improving our sustainability proposition can further help to both attract and retain this talent. We have several initiatives in place at Smart to attract, retain and develop our colleagues. Moreover, we are committed to improving our practices, where possible, in 2023.

Some of our training achievements, aside from hiring a dedicated internal training team, this year include:
- **Mind the gap** - A six-month group coaching programme for female colleagues.
- **Becoming leaders** - A mandatory six month leadership development programme for people managers.
- **Rotational and or department specific intern programme** - professional learning experience that offers meaningful, practical work, related to a student's field of study or career interest.
- **George Street Network** - A social learning network for younger colleagues under 30 across Smart.

Purpose led products
We are a purpose-led business. We prefer to think in a long-term way and take time to do things properly. This is the best way to build real value in our business - for our clients, members, strategic partners, colleagues and shareholders. Our approach to technology and innovation means we remove barriers to saving, and in turn enable financial wellbeing to groups who may currently be underserved or excluded. Our products reduce barriers, enabling people across the world who are not served by the retirement savings market to save for the future.

Effective governance
Smart is committed to developing and sustaining good governance and is committed to high standards of ethics to ensure the decisions we make are well thought through. As a platform provider we work, for example, to ensure robust infrastructure and policies are in place to minimise disruptions to our services.

We are increasingly embedding sustainability across the organisation, incorporating sustainable practices within corporate governance structures, and ensuring it is factored into the way we maintain compliance, manage risk and, more broadly, embedding it within our business model.

Financial review and key performance indicators
Smart's main objective is to become the leading technology solution for the global retirement market, towards which we made significant progress during the financial period under review. The traction of our Keystone business, coupled with performance in SPMT, supported overall Group revenue growth of 32%, to £57.4m (2021: £43.3m). This included £28.3m (2021: £24.9m) in respect to keystone design, build and support activities for Keystone clients, which will deliver substantial ongoing recurring revenues for the Group in future periods. The ongoing leverage of our platform for our own captive master trust continues to support our even stronger gross margin of 72% (2021: 66%).

We made a significant and concerted investment in our people to support our growth and establish a strong foundation to deliver on our strategic aims over the coming years. The average number of staff employed by Smart grew by 330, over the course of the year, to 673. Investment in people was primarily focused on our engineering department to enable ongoing Platform development. We also strengthened our UK workplace pension team, grew our US presence and bolstered support functions.

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Financial review and key performance indicators (continued)

Our continued investment in developing Keystone, whilst establishing robust organisational structures, including governance and control frameworks, and building a first-class workforce underpins our future growth potential. All of which are key to securing the growth from major Keystone customer contracts, and growing SPMT, to yield strong returns in the near future.

Total cost for the year was £113.3m, resulting in total loss after tax of £55.9m (2021: £49.4m). At year end, the Group had net assets of £48.7m and total cash at bank (including £4.7m set aside as regulatory capital) of £15.4m. Net cash outflow in the year (excluding cash from financing activities) was £107.7m (2021: £50.1m). The Series E capital raise, which was completed in May 2023, welcomes a further £76m of equity investment in the company.

The Financial Statements and associated notes are included as part of this report on pages 33 to 89.

Principal risks and uncertainties

Ukraine-Russia war

While we do not have any employees or facilities in Ukraine itself, this is a development that has broader significance in the region. The Group is continuing to monitor the situation carefully. The safety of our people, vendors and customers remains our primary consideration.

Inflation

We are currently experiencing persistent general inflationary pressures, most notably in the global energy market. Various macroeconomics factors are contributing to the instability and global power shortage including the Covid-19 pandemic, Ukraine-Russia war, severe weather events, governmental regulations, and government relations. As a technology business, our energy use is relatively low and comprises a very small proportion of our overall cost base. As a result, even significant further increases to energy prices would not have a material impact on our profitability. A greater impact would result if general inflationary pressures were to become entrenched and factored into general price expectations and increases, but we have not experienced this to date and are not expecting this in our forecasts.

Market risk

Market risk is defined as the risk associated with fluctuations in the market value of Smart's Assets on the platform and associated revenues, those driven by foreign exchange rates and equity prices. Smart generates revenue in the form of basis points on funds on the platform and in its Master Trust. As such, revenues are subject to underlying asset values and can rise and fall in line with global markets. Smart compensates for this risk by striking a balance in its pricing model between fees levied on assets, and those levied on other forms of usage, such as the number of members on the platform, employer charges and implementation fees.

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s172 Statement

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 - 'Duty to promote the success of the company'.

Introduction

Engaging and maintaining strong relationships with stakeholders is a key factor in determining the long-term success and sustainability of the Group - not only in delivering our strategy, vision and values, but also in directly benefiting employees, partners, suppliers, customers, consumers and shareholders alike. These relationships are built and fostered by the Board's proactivity in ensuring that dialogue and engagement with stakeholders takes place and that feedback is taken into account in the Board's decision-making.

As Board of Directors we consider, both collectively and individually, that we have acted in the way we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 December 2022.

As Board of Directors, we take decisions for the long term. Our aim is always to uphold the highest standards of conduct and to behave responsibly to ensure that management also operates the business in a responsible manner. We understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our key stakeholders, our regulators, partners, colleagues, and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. This is reflected in our vision and values.

Smart aims to be a Group in which people want to invest, from which people want to procure services, with which people want to partner and for which people want to work. This requires the Board, executive committee, senior managers, and other employees to maintain an approach to strategic, financial and operational decision making that is values-based and sustainable in approach, and therefore aligned to the requirements and expectations of Section 172.

Sustainable success and delivery of our strategy is dependent on the skills, talent and values of employees. Smart is committed to being a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our strategy. Continued access to capital is important for our business. We work to ensure that our shareholders, potential shareholders and their representatives have a good understanding of our strategy, business model, opportunity and culture. We achieve this through our quarterly updates to shareholders, additional shareholder communications and engagement, our Annual Report and Accounts and news and media reports on our corporate website.

The Directors are required by law to act in good faith to promote success of the Company for the benefit of the shareholders as a whole and are also required to have regard for the following:

- the likely long-term consequences of any decision;
- the interests of the Company's employees;
- the need to foster the Company's business relationship 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 as between shareholders of the Company.

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s172 Statement (continued)

The Directors discharge their duties by monitoring and assessing stakeholder interests in two primary ways:

(i) Regular information flow from the executive Directors

The executive Directors are directly involved in day-to-day business operations and provide robust challenge to information they receive from senior management on risk management, operations and stakeholder management (including customer, supplier and employee topics). The non-executive Board members receive regular written and verbal business updates from the executive Directors via monthly reports, face-to-face at regular board meetings or between board meetings as required. The non-independent directors and independent directors meet their obligations.

(ii) Direct engagement of board members

Directors are expected, where appropriate, to engage directly with, or on behalf of, stakeholders. The Directors consider the interests of each of our key stakeholder groups when considering their duties under S172 and take into account the information gathered through engagement with these stakeholders when determining the Group's strategies and key decisions. The Directors define stakeholders as key, when they materially contribute to Smart's Strategy and Vision, having due consideration of the impact.

The following disclosure identifies our key stakeholders, the issues that matter most to them and engagement activities during the period:

Our stakeholders	Material issues	How we engage	Outcomes
		The people who use our products	
Members – end users We stay close to our current and potential Members, building long-term relationships.	❖ Products continue to support the needs of the member	❖ SPMT scheme reporting ❖ Providing Member Guides ❖ Forums for embedding member feedback ❖ Dedicated operations team with specialist pensions knowledge	❖ Product being provided is appropriately placed for the market ❖ Great customer service
Employers We help the employers who use our products to meet their statutory requirements as well as providing best in class technology solutions.	❖ Manage key customer relationships through our network ❖ Meet project development milestones ❖ Customer satisfaction	❖ Exhibitions to showcase our products ❖ Regional account management structure across the world to encourage meaningful, consistent and ongoing engagement with customers	❖ Increased engagement with customers at strategic level for strong, long-term relationships ❖ A greater understanding of current and future requirements from strategic to end-user level

Strategic Report
for the year ended 31 December 2022 (continued)

s172 Statement (continued)

Our stakeholders	Material issues	How we engage	Outcomes
Employers (continued)	❖ Product innovation	❖ Focus on continued innovation and product development and prioritisation of R&D resource and spend.	❖ A Board-level drive for the Group to deliver products and services to the highest quality ❖ Publication of product development roadmaps to customers to increase clarity ❖ Improvements to the provision of support and service
Direct enablers who help us deliver			
Our People Our people are a highly skilled and technical workforce. They are an essential component of the Group's ability to stay ahead in a fast-paced competitive environment	❖ Employee wellbeing ❖ Staff selection and Retention ❖ Remuneration and benefits package ❖ Diversity and inclusion ❖ Workforce development and engagement	❖ Regular all Company Town Hall meetings to update on business events, corporate objectives etc. ❖ Participation in various workplace engagement and satisfaction surveys e.g. Great Place to Work ❖ Internal office events: breakfast, drinks, nails, massages, etc. available to all employees. ❖ Weekly HR Drop-in sessions where the employees can ask questions and seek advice on different HR matters in a confidential manner.	❖ High degrees of engagement and job satisfaction ❖ Career progression opportunities ❖ Reduced attrition rates

Strategic Report
for the year ended 31 December 2022 (continued)

s172 Statement (continued)

Our stakeholders	Material issues	How we engage	Outcomes
Our People (continued)		❖ Initiatives to encourage peer-to-peer reward and recognition. Colleagues can nominate their peers for 'Colleagues of the Month', 'Colleagues of the Quarter' and the annual 'The Smart Awards'. Winners receive financial rewards. ❖ Initiatives to promote mental wellbeing. Access to 24/7 mental health support through EquipsMe. We also offer other support resources such as Sanctus (external & confidential 1-2-1 coaching sessions available to all our employees), Mental Health Champions, etc. ❖ Initiatives to promote the prospects of various groups of employees: people starting out in their career, women in leadership. ❖ Annual full UK employee engagement event ❖ Operate within open working spaces in the offices allowing a transparent, collegiate and free-thinking environment for regular discussion amongst our people	❖ Regular employee updates to increase their understanding of overall strategy, performance and priorities ❖ Greater transparency and two-way communication

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s172 Statement (continued)

Our stakeholders	Material issues	How we engage	Outcomes
Partners Includes our distributors who market and sell our products outside the UK and the US	❖ Effective competitively priced products ❖ Fair pricing and commercial terms. ❖ Continuity of supply	❖ Commercial dialogue ❖ Marketing activities ❖ Distributor due diligence and product training ❖ Regular performance reviews	❖ Awareness of Group business performance ❖ Strong collaboration to align with Group strategy
Suppliers Our relationship with our suppliers is integral to the delivery of quality products to our customers and the operational success of our business	❖ Potential disruption of supply chain ❖ Competitiveness ❖ Financial performance ❖ R&D investment ESG and carbon emission practices	❖ Regular meetings and conversations with key suppliers to ensure uninterrupted supply chain ❖ Agreed and reasonable payment terms ❖ Day-to-day dialogue and communications between the sales and build teams	❖ Consistent quality of product ❖ Consistency of values and working practices ❖ Alignment with Smart's ESG values and net Zero ambitions ❖ Strong, collaborative long-term relationships
Shareholders All Board decisions are made to promote the long-term success of the Group for the benefit of our shareholders. We aim to attract shareholders who are interested in a long-term holding in our Company. This involves a good understanding of our strategic objectives, our business model and our culture.	❖ Financial performance ❖ Path to profitability ❖ R&D projects to market ❖ Our strategy ❖ Long-term viability ❖ Responsible business practices	❖ Regular dialogue between members of the Board, including the Company's major shareholders ❖ Participation in sector investor conferences ❖ Publishing Annual Report and quarterly updates to shareholders ❖ Capital markets engagement	❖ A wide range of communication styles is adopted to engage shareholders and provide the information they need, available in hard copy or digitally ❖ All shareholders are entitled to share equally in the Group's success, with an understanding of the progress of their investment

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s172 Statement (continued)

Our stakeholders	Material issues	How we engage	Outcomes
Shareholders (continued) This is provided and updated annually in our Annual Report and Accounts			
Community & Environment The Group regularly reviews the impact of operations on the environment and the communities in which it operates	❖ Impact of operations on local community and the environment ❖ Carbon footprint ❖ Employment opportunities	❖ Policies and initiatives reviewed by the Board ❖ Minimal negative impact of operations on the local community ❖ Local employment opportunities ❖ The Group encourages employees to take part in charitable activities that are related to our business areas or customers. It contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices	❖ The Directors consider that the activities of the Group are not inherently detrimental to the environment, but outcome is to minimise negative impacts on the environment including carbon footprint ❖ Providing a positive influence on local and international communities ❖ Reaching our net zero target
Regulators and professional advisors The Group works with regulators and professional advisors to enable it to operate within the appropriate regulatory and legal requirements	❖ Ensure all obligations under laws and regulations are understood and complied with on an ongoing basis	❖ Regular internal communications, training about monitoring of compliance and regulatory matters ❖ Obtain specialised external guidance in relation to obtaining regulatory approval for products in development	❖ As a minimum to comply with all relevant legislation ❖ To influence future legislation in relation to new technologies

s172 Statement (continued)

Our stakeholders	Material issues	How we engage	Outcomes
Regulators and professional advisors (continued)		❖ Direct communication with regulators to ensure compliance and future proofing of technologies	

Climate Disclosures
For the first time, Smart is including voluntary climate disclosures in this year's annual financial report and accounts. Whilst not in scope of the regime, we have used the Financial Stability Board's ('FSB') Task Force on Climate-Related Financial Disclosures ('TFCD') guidance as a basis of our reporting, which has strengthened some of our processes and also helped highlight areas where we can develop further.

Message from the Managing Director
I am pleased to share Smart's first voluntary climate disclosures. We are committed to understanding and managing our climate-related risks and opportunities, and this report reflects our commitment to transparency and sustainability. This voluntary disclosure reflects our belief that transparency is key to building trust with our stakeholders, including our customers, investors, and employees. We believe that by taking a proactive approach to managing our climate-related risks and opportunities, we can create long-term value for our stakeholders and contribute to a more sustainable future.

At Smart, we are committed to creating a sustainable future, and this report is just one part of our broader approach to sustainability. We recognise that our operations and technology platform, Keystone, have an impact on the environment and the communities we serve, and we are committed to minimising this impact through responsible practices and innovative solutions.

We are still relatively early in our sustainability journey but have made great progress over the last 12 months in how we approach and manage climate-related risks and opportunities. Effective governance in addressing these risks and opportunities has been a key area of focus for us recently, during which we have developed our policies and processes for managing climate-related risks and opportunities. We are proud to be taking this step towards disclosing our climate-related risks and opportunities. We have not addressed every aspect of the guidance, namely the scenario analysis, but are committed to enhancing our reporting annually, even if we are not mandated by regulation. Our intention is to enhance and refine our reporting in the years ahead, as we evolve and advance our understanding of climate-related risks and opportunities.

1.0 Introduction
About Smart
Smart ("Smart" or "the company", "we" or "us") is a global retirement technology business. We originally started in 2014 with the aim of making pension auto enrolment simple in the UK, with our Smart Pension Master Trust. Since then, we have expanded to become global in both our ambitions and operations.

We still help employers, scheme members and intermediaries, but are now working with an increasing number of the world's largest financial institutions and at government level, through Keystone - the first global, cloud-native, workplace retirement savings platform. Keystone allows financial services organisations and governments to deliver for the needs of their customers and their citizens and can be adapted to changes in legislation today or in five years' time. It enables everything from apps and web-based tools for employers and employees to full data migrations, allowing our partners to move or consolidate hundreds of thousands of accounts with ease.

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Climate Disclosures (continued)

1.0 Introduction (continued)

Why is climate change important to us?

Climate change is one of the most important challenges facing the world today and cannot be solved overnight. It has the potential to disrupt global financial markets and fundamentally reshape the way we do business. From physical risks such as extreme weather events, to transition risks such as changes in regulations and consumer preferences, the financial impacts of climate change are varied and complex.

Being proactive in addressing the causes of climate change and targeting a lower temperature outcome than is currently forecast, is a key sustainability goal. Decisions today will have an impact many years from now and we all have a responsibility to be part of the solution.

About this report

We are pleased to adopt the recommendations of the Financial Stability Board's ("FSB") Task Force on Climate-Related Financial Disclosures ("TFCD") and publish our first climate disclosure report. While we are not obligated to adhere to the requirements, we recognise the significance of TFCD's objectives and the importance of disclosing transparent information. This report outlines our analysis of the financial risks and opportunities that climate change poses to Smart, in alignment with TFCD's recommendations, which has four pillars of reporting:

- Governance: The governance around climate-related risks and opportunities.
- Strategy: The actual and potential impacts of climate-related risks and opportunities on the business, strategy, and financial planning.
- Risk Management: The processes used to identify, assess, and manage climate related risks.
- Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

This report seeks to provide our stakeholders with a comprehensive assessment of how climate change is likely to affect our business and how we are proactively managing these risks and opportunities. By voluntarily disclosing our climate-related financial information in a transparent and consistent manner, we hope to demonstrate our commitment to sustainable and responsible business practices, and contribute to the collective efforts to mitigate the impacts of climate change.

The below report outlines our position as at 31 December 2022 and the progress over the fiscal year (i.e. 1 January to 31 December 2022). We have included some information on our future plans where it is appropriate.

2.0 Governance

A) Describe the board's oversight of climate-related risks and opportunities

Risk Management within Smart is overseen by the Board and Audit and Risk Committee. The Audit and Risk Committee approves Smart's Risk Management Framework on an annual basis. This sets out Smart's approach to all risks including climate related risks.

Smart's Board level risk register includes ESG risk, which incorporates climate related risks across the business. We are developing our sustainability governance framework, which will formalise the cadence of our sustainability performance, including climate metrics to the Board. This regular dissemination of information will support the integration of sustainability into decision-making and ensure accountability to the targets we have set.

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Strategic Report

for the year ended 31 December 2022 (continued)

Climate Disclosures (continued)

2.0 Governance (continued)

B) Describe management's role in assessing and managing risks and opportunities

Each department within Smart maintains a risk profile setting out the risks it manages on behalf of the business together with the controls in place to mitigate these risks. The departmental risk register is derived from the Board level risk register of key risks ensuring that climate related risks are considered during the risk identification process allowing evaluation and treatment.

The sustainability governance framework proposes a Sustainability Committee that will include representatives from relevant functions and business units. These individuals will ensure that sustainability/ESG considerations are integrated into decision-making processes and will help identify and assess sustainability/ESG risks and opportunities in their business area.

3.0 Strategy

Overview of our sustainability strategy

Our sustainability strategy has been developed as an extension of Smart's mission - to transform retirement, savings and financial wellbeing, across all generations, around the world - and to ultimately support us in achieving the mission from a sustainability perspective.

In the context of broader societal issues such as the ageing population, concentration of wealth, financial uncertainty, an evolving digitisation of businesses and the responsibility of businesses to address global environmental challenges, our strategy focuses on how we approach these challenges and in turn behave in a responsible, ethical and sustainable manner, while delivering for our diverse stakeholders. We undertook materiality and maturity assessments during 2022 to determine the most important ESG risks and opportunities for Smart and our stakeholders. Having ranked all the topics, we prioritised seven areas of focus.

One of these seven focus areas is carbon emissions and how reducing our carbon footprint is a crucial step in addressing climate change and in meeting a 1.5 degree scenario. We have classified climate risk as a tier 1 risk as we understand the impact it can have on our operations, financial performance, and reputation. In the tables that follow, we identify some of the specific climate-related opportunities and risks that could impact our business.

A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term

As a technology business, our carbon footprint is primarily driven by premises for our staff and energy use in maintaining the IT architecture of our business. This comprises a relatively low proportion of our overall cost base. Our risk assessment process at this stage is focused on how climate change can impact these areas.

Department	Type	Risk	Time horizon	Impact
Office Management	Chronic - Physical	Increased severity of extreme weather events such as cyclones and floods	Medium	Increased cost of business resilience arrangements

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Climate Disclosures (continued)

3.0 Strategy (continued)

Department	Type	Risk	Time horizon	Impact
Office Management	Chronic - Physical	Increased severity of extreme weather events such as cyclones and floods	Short	Increase in cost of insurance premiums or reduction of availability of cover in high risk areas
Office Management	Policy & Legal - Transition	Increased pricing of GHG emissions	Short	Increase in operational costs arising from transition to renewable energy driven by carbon pricing
Office Management	Chronic - Physical	Rising mean temperatures	Medium	Increase in energy costs due to changes in climate in operating locations (aircon etc.)
IT	Policy & Legal - Transition	Increased pricing of GHG emissions	Short	Increase in energy cost of running the IT infrastructure arising from transition to renewable energy driven by carbon pricing
Engineering	Policy & Legal – Transition	Increased pricing of GHG emissions	Short	Increase in energy cost of running Keystone infrastructure arising from transition to renewable energy driven by carbon pricing
Engineering	Physical - Acute	Increased severity of extreme weather events	Medium	Increase in costs of cloud services due to need to build in greater resilience to climate related events
M & A	Policy & Legal - Transition	Regulatory non-compliance in new acquisitions	Short	Increased cost of integration where new acquisitions do not comply with Smart's sustainability strategy

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Climate Disclosures (continued)

3.0 Strategy (continued)

B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

We adopt a holistic approach to financial planning, which includes an assessment of the risks and opportunities posed by various external factors on our proposed strategy and business plans.

Based on the specific climate-related risks identified above, and in the context of our ongoing focus on reducing our carbon footprint, we have concluded that the impact of physical and transition risks of climate change are not currently material to our business.

As a technology business, our carbon footprint is primarily driven by premises for our staff and energy use in maintaining the IT architecture of our business. This currently comprises a very small proportion of our overall cost base and therefore even significant increases to energy prices would not have a material impact on our profitability. Nevertheless, we will continue to monitor our exposure and develop strategies to reduce our carbon footprint over time. We are committed to evolving our processes and if we deem these risks to increase in materiality, we will model the impact on our financial performance under different scenarios.

4.0 Risk Management

A) Describe the organisation's processes for identifying and assessing climate-related risks

Smart's risk management process is set out in the Risk Management Framework approved by the Audit and Risk Committee. The risk management cycle follows identify, evaluate, assess, treat and monitor. Each department is required to follow this process for the activities it is responsible for in relation to the Smart Group Board level ESG risk to identify and manage climate related risks associated with its activities. Risk assessment is also informed by Smart's sustainability strategy.

In collaboration with our Legal team, we have conducted a scan of sustainability regulations to ensure that we are aware of upcoming and emerging requirements and prepared to meet any climate-related obligations.

B) Describe the organisation's processes for managing climate-related risks

Smart's sustainability strategy defines its appetite for climate related risk and risk tolerances are set in accordance with the strategy and measured through sustainability metrics (see Section 5A for information on how this was determined). Each business unit is responsible for ensuring the effectiveness of its controls relating to climate risk where appropriate and assessing risks on an annual basis, or in response to material change or incidents.

The Risk and Assurance team provides a second line of defence oversight for risk management and the Sustainability team monitors compliance with climate related metrics in line with the sustainability strategy.

5.0 Metrics and Targets

A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

During 2022, we undertook materiality and maturity assessments, which identified and validated a set of material risks and opportunities and their relative importance for Smart and its stakeholders. We identified seven priority material topics (which includes carbon emissions), against which we have determined initial KPIs. During 2023, we will establish our baseline metrics for these KPIs, anticipating "stretch goals" in 2024.

Strategic Report

Climate Disclosures (continued)
5.0 Metrics and Targets (continued)
Our carbon related KPIs include measurement and reduction of our operational Scope 1 and 2 emissions and measurement of our operational Scope 3 emissions. We recognise that in the case of technology businesses, operational emissions and greenhouse gas emissions from energy consumption (Scope 1 and 2) is relatively low, while Scope 3 emissions from technology (including servers) and services account for a higher proportion. As such, we are committed to measuring and reporting our Scope 3 emissions with as much transparency as possible. We expect the Scope of input to increase and our approach to evolve as we mature.

B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

We have begun to track our sustainability and climate-related metrics across our operations. Our key climate-related metrics and a more detailed overview of our carbon accounting methodology can be found in the Streamlined Energy and Carbon Reporting (SECR) disclosures in the Directors' Report. Our technology platform is expected to be a large contributor to our Scope 3 emissions, which we will be measuring over the next 12-18 months. As such, it is likely that our reported Scope 3 emissions will increase in the next reporting period. We consider this as a positive, as it gives us a better understanding of our footprint and is a crucial step in minimising our emissions and truly achieving net zero. We are committed to being transparent in our reporting.

C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We will be using the latest emissions reduction target setting methodology proposed by the Science Based Targets initiative (SBTi) to establish our net-zero targets and aim to have our carbon abatement target approved by the SBTi in 2023. While we have not set interim targets yet, our ultimate aim is to achieve net zero for our operational emissions (Scope 1 and 2) and Scope 3 emissions by 2040.

Principal Decisions
We define principal decisions as those that are material to the Group, and those that are significant to any of our key stakeholders. In making the following principal decision, the Board considered the outcome from its stakeholder engagement as well as the need to maintain for high standards of business conduct and the need to act fairly between the members of the Group.

On 9 March 2022, the Group acquired Stadion Money Management LLC ("Stadion").

Brief Summary of The Decision
In accordance with the strategic decision to grow through mergers and acquisitions ("M&A"), Stadion's Managed Account capability and technology has bolstered Smart's transformative suite of retirement technology products, offering personalised investment solution across accumulation and decumulation. The acquisition of Stadion provides us with strong connectivity into the existing US retirement landscape, whilst offering us the ability to bring our Smart Retire innovation to the US market. The acquisition complements Smart's award-winning Platform-as-a-Service offering, which operates across the Smart Pension Master Trust and through partnerships with financial services organisations globally. Through Stadion, Smart has gained around 40 talented professionals.

Impacts on the Long Term Sustainable Success of the Group Include
(1) The introduction of complementary technology and capabilities; and
(2) Further inroads into the US market, whilst doubling the size of the team in the US.

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Principal Decisions (continued)

Actions the Group Plans to/has Implemented to Mitigate any Potential Negative Impact on the Long Term Success of the Company

Being a key decision for the group, senior executives were involved with the process, from assessing the value of Stadion long term to securing appropriate sources of funds, as well as providing investors with regular updates during the process. A key aspect of the process was to engage with the leadership team within Stadion to ensure the "best fit" with the rest of the Group. This included regular strategic meetings pre- and post-acquisition with the emphasis on engagement at all levels. The whole of the Stadion leadership team below the outgoing CEO were retained, recognising the value they have to offer to the Group and opportunity at Smart.

How Impacts On Stakeholders Have Been Considered

Investors in particular were taken into account to ensure the continued M&A strategy for growth was supported. The primary impact is that of growth in order to achieve long-term prosperity, which will impact all categories of stakeholders positively.

Approved by the Board on 2/6/2023 2023 and signed on its behalf by:

....
Andrew Raymond Evans
Chief Executive

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Directors' Report

for the year ended 31 December 2022

The Directors present their report and the audited financial statements financial statements for the financial year ended 31 December 2022.

Principal activity

The principal activity of the Company is that of a global retirement technology platform provider, delivering retirement saving and spending solutions to individuals, employers and leading global financial institutions on a Platform-as-a-Service ('PaaS') basis now marketed under the brand name Keystone, as well as providing platform technology to our master trust, the Smart Pension Master Trust ('SPMT'), one of the UK's leading providers of workplace pensions.

Results and dividends

The total loss for the financial year after taxation amounted to £55,857,998 versus £49,416,357 for the previous financial year. No dividends were paid during the period.

Intellectual property development

The group has capitalised £17.8m of development spend (2021: £17.8m) which represents the amount in the twelve months to December 2022 as compared with the 18-month period to December 2021. This, accompanied by £3.4m of software from the acquisition of Stadion demonstrates Smart's continuing investment in our technology.

Post balance sheet events

The following material events took place subsequent to year ended 31 December 2022:

Group Restructure

During the first quarter of 2023, the Group has taken active decisions to pursue greater efficiency, supporting profitability targets and ongoing financial sustainability. As a material component of our cost base, this has included the rationalisation of our workforce, primarily across technology and related teams. The restructure has now been completed and the reduction in the cost base will provide a robust footing to drive the Group towards profitability.

Series E

On 12 May 2023, the Company finalized a 'Series E' investment round of £76m ($95m), securing the capital required to support the growth of the business over the coming years, embedding our PaaS model in key DC markets, whilst supporting continued growth of SPMT.

ProManage LLC

On 31 May 2023, the Company via its subsidiary, Smart USA Co, acquired 100% of the equity of ProManage LLC ('ProManage'), a US managed account provider headquartered in Chicago. The transaction involves an initial cash consideration of $6m, with additional potential performance based payments totalling a maximum of $9m to be paid across a three year period. The acquisition broadens Smart's service offering and capabilities in the growing US managed account market.

Directors of the Company

The Directors, who held office during the period, were as follows:

Executive directors

Andrew Raymond Evans

William Robert Wynne

James Graham Fiveash (resigned 12 May 2023)

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Directors of the Company (continued)

Non-Executive directors
Arthur Mark Ruston Smith - Chairman (independent)
Andrew Michael MacLachlan (alternate director for Deidre Michelle McGrath)
Deidre Michelle McGrath
Mark Joseph Zinkula (independent) (resigned 31 December 2022)
Karen Mary Roberton (resigned 12 May 2023)

The following Directors were appointed after the year end:
Executive director
Eoin Martin Corcoran (appointed 12 May 2023)

Non-Executive director
Charles Hall Janeway (appointed 12 May 2023)

The composition of the Board is aligned with the strategic direction of the Company and reflects our global aspirations. Ruston Smith the Chairman of the Board of Directors has over 35 years' experience in the pension funds and investment industry. He has held senior positions with responsibility for strategy, governance, investment and operations for a range of pension funds, supplemented by executive and non-executive positions for commercial entities, and he brings a wealth of valuable experience to Smart.

We thank Mark Zinkula for his contribution to the Board during his tenure and value his ongoing contribution to Smart as Chairman of Smart USA Co. We also thank James Fiveash for his service to the Board and note his ongoing role with Smart as UK CEO, continuing to drive the growth of our UK business.

Policies Concerning People with Disabilities

Smart seeks to ensure all employees are treated equally, fairly and in line with the Equality Act 2010. We ensure all employees can realise their full potential and our policies and procedures fully support our disabled colleagues. We actively take positive measures by way of reasonable adjustments and processes to ensure employees are fully supported. As an employer, we are responsive to the needs of our employees. As such, should any employee become disabled during their time with us, we will actively support them and make reasonable adjustments to their working environment where possible, to keep the employee with the business. It is Smart's policy that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to those of other employees.

Approach to Employee Engagement

Smart places great importance on employee involvement and engagement, with our people at the heart of everything we do. We hold regular company-wide town hall meetings where a range of issues and topics impacting our employees are presented, and where they can share their views and ask questions to senior management through different channels. We also circulate a regular company newsletter with contributions from various departments, provide real-time updates on new customer outcomes, issue regular reports about our financial progress and provide updates on business developments. In addition, we have an annual employee engagement survey enabling employees to share their feedback, the results of which are discussed by the Executive and senior leaders, as well as by department leads with their team. We continue to provide a range of employee incentives including the share option scheme to enable our senior employees to benefit from the future success of the company.

Going concern

The financial statements are prepared on a going concern basis. After making due enquiries and following receipt of a further £76 million of capital from investors in May 2023, the Directors are satisfied that the Group and Parent Company have the resources to continue in business for the foreseeable future (taken as 12 months from the date of approval of the financial statements).

Directors' Report

for the year ended 31 December 2022 (continued)

Going concern (continued)

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the ongoing situation in Russia and Ukraine where we do not see any material impact, either directly as a business or indirectly through our partners, the current state of the balance sheet, projections of profitability, cash flows, capital resources and the longer-term strategy of the business. Management is looking at further investment opportunities to help funding the next stage of the business' growth, relevant discussions are well progressed.

The Directors have reviewed the Company's financial projections, including sensitivity analysis and reverse stress tests, its liquid resources, medium-term plans and growth strategy which demonstrates that, even in the event of a range of downside scenarios, the Company has sufficient financial resources to continue operations, meeting liabilities and obligations as they fall due, for a period of not less than 12 months from the date of approval of these financial statements.

Disclosure of information to the auditor

Each director has taken steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Streamlined Energy and Carbon Reporting (SECR)

The disclosures have been made in accordance with the Streamlined Energy and Carbon Reporting (SECR) guidelines. The data included covers the financial year from 1 January to 31 December. The 'Global' figures include all entities under Smart Pension Limited (Smart).

	2022 (current reporting year – enhanced scope*)		**2021** (previous reporting year)	
	UK & offshore	Global	UK & offshore	Global
Greenhouse gas (GHG) emissions, tCO2e[1]				
Scope 1	1	4	269	273
Scope 2[2]	0	183	7	56
Scope 3[3]	591	3,911	331	2,134
Intensity ratio, tCO2e/FTE				
FTE[4]	521	785	373	475
Total CO2 per FTE (tonnes)	1.14	5.22	1.63	5.19

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Streamlined Energy and Carbon Reporting (SECR) (continued)

	2022 (current reporting year – enhanced scope*)		2021 (previous reporting year)	
	UK & offshore	Global	UK & offshore	Global
Energy consumption, kWh[5]				
Energy consumption (kWh of electricity and gas)	60,708[6]	410,414	1,357,380	1,456,174

*The emission statistics increased due to the increased scope of reporting in 2022, by including more components and greater accuracy.

Notes

[1] We report our carbon emissions following the Greenhouse Gas Protocol, which incorporates the scope 2 market based emission methodology. Reported figures are rounded to the nearest whole number.

[2] Scope 2 covers emissions from electricity and gas purchased for own use. Market based emissions have been reported for 2021 and 2022. We have used a zero-emission factor where we have renewable contracts in place (i.e. in the UK).

[3] We use the GHG Protocol Scope 3 Standard to collate and report on our relevant scope 3 emissions. This includes:

- Category 6 - indirect emissions from business travel including global flights and ground transport. The travel data was based on expenses from employees and from data supplied by our travel provider.
- Category 7 - employee commuting. Data based on approximate distances between employees' home address and their assigned office with an assumption around the mode of transport used based on the distance travelled.
- Category 1 - purchased goods and services using the spend-based method.
- Category 5 - waste generated in operations using the average-data method.

We have disclosed all of our scope 3 emissions that we are able to measure as they are a significant portion of our overall emissions. We expanded the collection of scope 3 data in 2022 relative to 2021. Since the 2021 exercise, we have improved our methodology and approach to data collection and will continue to do so as we mature. In particular, our technology platform is expected to be a large contributor to our scope 3 emissions, which we will be measuring over the next 12-18 months. As such, it is likely that our reported scope 3 emissions will increase in the next reporting period. We consider this a positive step, as it gives us a better understanding of our footprint and is a crucial step in minimising our emissions and truly achieving net zero. We are committed to being transparent in our reporting.

[4] In 2021, contactors were excluded from our measurement, as there was insufficient data to make reasonable inferences around commutes, office usage etc. In 2022, we have included all full time employees (FTE) and contractors in our measurement.

Directors' Report

for the year ended 31 December 2022 (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

Notes (continued)

[5] Energy consumption for the UK is captured through meter readings and estimated projections to provide the total consumption over the period covered. In 2022, we reduced our energy consumption in the UK by 95.5% compared to 2021. This was a result of moving our global headquarters in London from a private office space in a multiple-occupancy building to our own premises - The Smart Building. The Smart Building is an all-electric office (no gas usage in the building, apart from a small supply in the basement for a generator), with our electricity from 100% renewable energy sources. The building has been operationally carbon zero from day one and is WiredScore 'Gold' Certified, targeting BREEAM 'Excellent' and WELL ready status.

Our global energy consumption has reduced by 71.8% since 2021, primarily due to the relocation of our headquarters. Where we have control over our energy supplier, we will endeavour to select a renewable energy provider. We are committed to focusing on energy reduction and improving the energy efficiency of our offices where possible.

[6] 100% of the electricity we purchase from the market is from renewable sources.

Matters contained in the strategic report

Principal risks and uncertainties are set out in the strategic report.

Reappointment of auditors

The auditors Grant Thornton UK LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

2/6/2023

Approved by the Board on ________ 2023 and signed on its behalf by:

....

Andrew Raymond Evans

Chief Executive

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Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of 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 these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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.

The Directors confirm that:

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

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations.

Having taken advice from the Audit Committee, the Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 2/6/2023 2023 and signed on its behalf by:

....

Andrew Raymond Evans
Chief Executive

Independent auditor's report to the members of Smart Pension Limited

Opinion

We have audited the financial statements of Smart Pension Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' '(United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the global cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

Independent auditor's report to the members of Smart Pension Limited

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 the 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Independent auditor's report to the members of Smart Pension Limited

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 28, 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 matèrial 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and sector in which they operate. We determined that the laws and regulations that were most relevant in the financial statements are those related to the reporting frameworks, UK-adopted international accounting standards , FRS 101(UK GAAP) and the Companies Act 2006;
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;

Independent auditor's report to the members of Smart Pension Limited

- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Assessing the extend of compliance with the relevant laws and regulations as part of our procedures on the related financial statement items; and

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations through the following:
  - Consideration of the engagement team's understanding of and practical experience with audit engagements of a similar nature and complexity.
  - Knowledge of the industry in which the client operates.
  - Understanding of the legal and regulatory requirements specific to the entity.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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

Use of our report

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

Grant Thornton UK LLP

Anthony Thomas BSc FCA
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
2/6/20232023

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2022

	Note	2022 £	Period from 1 July 2020 to 31 December 2021 £
Revenue	4	57,372,042	43,313,721
Cost of sales		(15,793,141)	(14,771,242)
Gross profit		41,578,901	28,542,479
Administrative expenses		(95,811,162)	(79,171,988)
Impairment loss	11	(5,640,540)	-
Operating loss	5	(59,872,801)	(50,629,509)
Finance income		7,305	1,414
Finance costs	20.4	(5,457,902)	(1,951,069)
Net finance cost		(5,450,597)	(1,949,655)
Loss before tax		(65,323,398)	(52,579,164)
Income tax credit	9	9,465,400	3,162,807
Loss for the year		(55,857,998)	(49,416,357)
Other Comprehensive Income:			
Foreign exchange differences		(2,115,104)	245,804
Total comprehensive loss for the year		(57,973,102)	(49,170,553)

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income. All amounts relate to continuing operations. All losses and total comprehensive income for the financial period are attributable to the owners of the Group.

Other comprehensive loss of £2,115,104 (2021 profit: £245,804) was recognised during the period.

The notes on pages 40 to 89 form an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2022 Company registration number: 09026697

	Note	31 December 2022 £	31 December 2021 £
Assets			
Non-current assets			
Property, plant and equipment	10	32,374,796	31,522,058
Intangible assets	11	63,312,984	24,074,951
Investments	12	15,477	14,977
Non-current receivables	14	1,377,894	1,377,894
Other non-current financial assets	13	7,187,093	7,033,250
		104,268,244	64,023,130
Current assets			
Trade and other receivables	14	33,175,344	10,265,882
Cash and cash equivalents	15	15,383,214	86,210,936
		48,558,558	96,476,818
Total assets		152,826,802	160,499,948
Equity and liabilities			
Current liabilities			
Trade and other payables	16	32,184,851	27,994,042
Deferred tax liability	17	256,760	-
		32,441,611	27,994,042
Non-current liabilities			
Non-current financial liabilities	20	71,690,620	26,685,770
		71,690,620	26,685,770
Total liabilities		104,132,231	54,679,812
Equity			
Ordinary share capital	18	44	41
Preference share capital	18	43	43
Share premium	19	208,915,802	208,227,393
Other reserves	19	3,681,199	5,637,178
Accumulated losses		(163,902,517)	(108,044,519)
Total equity		48,694,571	105,820,136
Total equity and liabilities		152,826,802	160,499,948

Approved by the Board on 2/6/2023 2023 and signed on its behalf by:

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Andrew Raymond Evans, Chief Executive

The notes on pages 40 to 89 form an integral part of these financial statements.

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Company Statement of Financial Position

as at 31 December 2022 Company registration number: 09026697

	Note	31 December 2022 £	31 December 2021 £
Assets			
Non-current assets			
Property, plant and equipment	10	28,301,663	29,679,905
Intangible assets	11	2,159,754	2,159,754
Investments	12	9,508,126	25,553
Non-current receivables	14	1,377,894	1,377,894
Other non-current financial assets	13	6,902,686	6,852,795
		48,250,123	40,095,901
Current assets			
Trade and other receivables	14	8,028,143	7,001,930
Cash and cash equivalents	15	11,872,883	85,560,284
Amounts due from Group companies	14	192,323,634	72,910,585
		212,224,660	165,472,799
Total assets		260,474,783	205,568,700
Equity and liabilities			
Current liabilities			
Trade and other payables	16	71,165,102	45,260,036
		71,165,102	45,260,036
Non-current liabilities			
Non-current financial liabilities	20	67,644,340	24,949,167
		67,644,340	24,949,167
Total liabilities		138,809,442	70,209,203
Equity			
Ordinary share capital	18	44	41
Preference share capital	18	43	43
Share premium	19	208,915,802	208,227,393
Other reserves	19	5,548,292	5,391,374
Accumulated losses		(78,259,354)	(58,180,186)
Loss for the year		(14,539,486)	(20,079,168)
Total equity		121,665,341	135,359,497
Total equity and liabilities		260,474,783	205,568,700

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Company Statement of Financial Position

as at 31 December 2022 Company registration number: 09026697

These accounts have been prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework' in conformity with the requirements of Companies Act 2006. The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006, allowing a company that prepares group accounts to omit the parent company's profit and loss account from the company's financial statements.

Approved by the Board on 2/6/2023 2023 and signed on its behalf by:

....

Andrew Raymond Evans, Chief Executive

The notes on pages 40 to 89 form an integral part of these financial statements.

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Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital £	Share premium £	Other reserves £	Accumulated losses £	Total £
At 1 July 2020	56	97,803,143	3,934,701	(58,628,162)	43,109,738
Loss for the year	-	-	-	(49,416,357)	(49,416,357)
Other comprehensive income	-	-	245,804	-	245,804
Total comprehensive loss	-	-	245,804	(49,416,357)	(49,170,553)
New share capital subscribed	28	110,424,250	-	-	110,424,278
Share based payment transactions	-	-	1,456,673	-	1,456,673
At 31 December 2021	84	208,227,393	5,637,178	(108,044,519)	105,820,136
Loss for the year	-	-	-	(55,857,998)	(55,857,998)
Other comprehensive income	-	-	(2,115,104)	-	(2,115,104)
Total comprehensive income/(loss)	-	-	(2,115,104)	(55,857,998)	(57,973,102)
New share capital subscribed	3	688,409	-	-	688,412
Share based payment transactions	-	-	159,125	-	159,125
At 31 December 2022	87	208,915,802	3,681,199	(163,902,517)	48,694,571

The notes on pages 40 to 89 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital £	Share premium £	Other reserves £	Accumulated losses £	Total £
At 1 July 2020	56	97,803,143	3,934,701	(58,180,186)	43,557,714
Total comprehensive loss	-	-	-	(20,079,168)	(20,079,168)
New share capital subscribed	28	110,424,250	-	-	110,424,278
Share based payment transactions	-	-	1,456,673	-	1,456,673
At 31 December 2021	84	208,227,393	5,391,374	(78,259,354)	135,359,497
Total comprehensive income/(loss)	-	-	-	(14,539,486)	(14,539,486)
New share capital subscribed	3	688,409	(2,207)	-	686,205
Share based payment transactions	-	-	159,125	-	159,125
At 31 December 2022	87	208,915,802	5,548,292	(92,798,840)	121,665,341

The notes on pages 40 to 89 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Cash flows from operating activities			
Loss for the period		(55,857,998)	(49,416,357)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	11,214,501	7,010,356
Impairment of intangible fixed assets	11	5,640,540	-
Loss on disposals of property, plant and equipment		1,972,787	3,552
Finance costs	20.4	5,457,902	1,951,069
Bad debt written off		216,018	349,843
Equity-settled shared based payment transactions	22	159,125	1,456,673
Income tax credit	9	(9,465,400)	(3,162,807)
		(40,662,525)	(34,072,636)
Working capital adjustments			
Increase in VAT recoverable		(1,504,025)	(2,222,170)
Increase in trade receivables		(21,123,404)	(2,737,143)
(Increase)/decrease in other current assets		225,917	(2,388,721)
Decrease in trade payables		(40,836,916)	(16,730,599)
Increase in other current liabilities		41,156,818	34,052,786
Cash flow used in operating activities		(62,744,135)	(31,833,518)
Research and development tax credit	9	9,503,729	2,899,222
Net cash flow used in operating activities		(53,240,406)	(28,934,296)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,797,298)	(2,738,736)
Purchase of intangible assets – internally generated	11	(17,789,617)	(17,807,308)
Purchase of intangible assets – subsidiary acquisition	11	(33,791,939)	-
Purchase of investments	12	(500)	-
Restricted cash		(123,000)	(587,757)
Net cash flow used in investing activities		(54,502,354)	(21,133,801)
Cash flows from financing activities			
Payments of lease liabilities	20.1	(2,463,434)	(2,027,340)
Proceeds from issue of share capital		(882,093)	99,579,726
Proceeds from issue of convertible notes		-	10,000,017
Proceeds from loan		40,000,000	5,000,000
Repayment of loan		-	(5,000,000)
Interest paid		(400,000)	(454,167)
Net cash flow from financing activities		36,254,473	107,098,236
Net (decrease)/increase in cash and cash equivalents		(71,488,287)	57,030,139
Exchange gain on cash and cash equivalents		660,565	301,924
Cash and cash equivalents at beginning of period		86,210,936	28,878,873
Cash and cash equivalents at end of period		15,383,214	86,210,936

The notes on pages 40 to 89 form an integral part of these financial statements.

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Notes to the Financial Statements

for the year ended 31 December 2022

1 General information

Smart Pension Limited (the "Company") is a private company limited by share capital, incorporated and domiciled in England and Wales. The address of its registered office is 136 George Street, London, W1H 5LD, United Kingdom.

The principal activity of the Company and its subsidiaries (the "Group") is the provision of retirement technology for defined contribution pensions. The Group also provides auto-enrolment solutions to small and medium-size companies through its authorised Master Trust.

Change in accounting period

The audited comparative figures presented in the financial statements cover the eighteen months from 1 July 2020 to 31 December 2021 to align the reporting date of all group entities and align with how Management view and manage the business.

As such the amounts presented in the financial statements for the period and prior year, are not entirely comparable.

2 Accounting policies

Basis of preparation

The consolidated financial statements for the Group have been prepared in accordance with UK-adopted International Accounting Standards (IAS) in conformity with the requirements of Companies Act 2006 and under historical cost accounting rules.

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

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

Basis of consolidation

The consolidated financial statements present the results of the Group as if they formed a single entity.

The Smart Pension Master Trust is related to but not controlled by the Group so it is not consolidated in these financial statements. Similarly an Employee based trust set up during the year and administered (including Trustees) independently by a company called Zedra Trust (Guernsey) Limited is not controlled by the Group and is also not consolidated in these Financial Statements.

Intercompany transactions and balances between Group companies are therefore eliminated in full. The financial statements of the Group have been prepared on a going concern basis and in accordance with IAS.

Statement of compliance

The Group consolidated financial statements have been prepared in accordance with IAS.

The financial statements for the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101, as equivalent disclosure is given in the consolidated financial statements of Smart Pension Limited:

(a) the requirements of IFRS 7 Financial Instruments, as the equivalent disclosures have been made in the Group financial statements of Smart Pension Limited;

(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement, as the equivalent disclosures have been made in the group financial statements of Smart Pension Limited;

(c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
- paragraph 79(a)(iv) of IAS 1;

(d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;

(e) the requirements of IAS 7 Statement of Cash Flows;

(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;

(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;

(j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

(k) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and

(l) the requirements of paragraph 73(e) of IAS 16 Property, Plant and Equipment.

Summary of significant accounting policies and key accounting estimates

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

Going concern

In May 2023, the Company agreed the terms of an equity investment of £76m (all of which has been received prior to signing of these financial statements), securing the capital required to support the growth of the business over the coming years, embedding our PaaS model and entry into key DC markets, whilst supporting continued growth of SPMT.

The Directors have reviewed the Group's budget and forecast for a period of at least the 12 months from the date of signing these accounts, its liquid resources, medium-term plans and the potential impact of the ongoing Ukraine-Russia War.

The Group has performed sensitivity analysis which demonstrates that, even in the event of a downside scenario as impacted by the Ukraine-Russia War, which is considered unlikely, the Group has sufficient financial resources for a period of at least a year.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities and obligations for a period of not less than 12 months from the date of approval of these financial statements.

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2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022.

None of the below accounting standards, amendments and annual improvements had a material impact on the financial statements of the Group.

Standard	Narrative	Effective Date: Annual periods beginning on or after***
IFRS 3	Reference to the Conceptual Framework	01 January 2022
IAS 16	Proceeds before Intended Use	01 January 2022
IAS 37	Onerous Contracts —Cost of Fulfilling a Contract	01 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41	Annual Improvements to IFRSs 2018-2020 Cycle: Subsidiary as a First-Time Adopter	01 January 2022

***Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards, amendments and interpretations, the IASB's effective date is noted.

New standards, interpretations and amendments not yet effective

The standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt the following standards when they become effective.

Standard	Narrative	Effective Date: Annual periods beginning on or after***
IFRS 17	Insurance contracts	01 January 2023*
IFRS 17 and IFRS 4	Amendments to IFRS 17 Insurance Contracts	01 January 2023
IAS 1	Classification of Liabilities as Current or Non-current	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
IAS 1	Disclosure of Accounting policies	01 January 2023
IAS 8	Definition of Accounting estimates	01 January 2023

* Earlier application is permitted.

***Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards, amendments and interpretations, the IASB's effective date is noted.

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2 Accounting policies (continued)

The Directors anticipate that the adoption of the new standards, interpretations and amendments that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the Group in the year of the initial application. The Directors intend to adopt each of these standards when they become effective.

None of the standards, interpretations and amendments that are effective for periods beginning after 1 January 2022 and which have not been adopted early, are expected to have a material effect on the financial statements.

Climate-related matters
Risks induced by climate changes may have future adverse effects on the Group's business activities. These risks include transition risks (e.g. regulatory changes and reputational risks) and physical risks (even if the risk of physical damage is low due to company activities and geographical locations). How the Group operates its businesses may be affected by new regulatory constraints on the CO2 emissions it generates via the data centres that the Group operates in several jurisdictions. Energy consumption of data centres is high, and the Group is currently implementing new technology solutions to reduce the level of energy needed, particularly in the area of maintaining the maximum protection possible for its critical IT infrastructure (through using highly efficient evaporative cooling solutions). The Group has indicated it is committed to sourcing 100% of its energy needs from renewable resources, no later than 2050. To achieve this goal, the Group is considering projects to install solar heating systems in all its offices around the world because using renewable energy should eventually lead to much lower energy costs.

As part of its actions against climate change, the Group is committed to reduce its carbon emission from 50% by 2030 and to be carbon neutral no later than 2050. Please refer to the Strategic Report for further information on climate risk and any commitments made by the Group to address it.

Consistent with the prior year, as at 31 December 2022, the Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's financial statements. Management continuously assesses the impact of climate-related matters.

The Group's financial statements integrate climate-related matters in various items. Notably the Group's commitments to reduce carbon emissions were considered when performing impairment tests and assessing the useful life of its non-current assets.

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Group's future cash flows, financial performance and financial position.

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2 Accounting policies (continued)

Revenue recognition

Revenue is recognised at the fair value of the consideration receivable for services provided. Revenue is shown net of VAT and other sales related taxes.

Performance obligations and timing of revenue recognition

Revenue is recognised as the control of services are transferred to the customer, using the amount that the Group expects to be entitled to in exchange for the services. Depending on whether performance obligations expressed in the customer contracts are fulfilled, revenue is recognised either over time, in a manner that best reflects the entity's performance of those obligations, or at a point in time, when control of the services is transferred to the customer. The Group recognises revenue for fees on an 'over time' basis if any of the following criteria are met:

- The customer concurrently receives and consumes the benefits provided by the entity's performance as the entity performs its obligation;
- The entity's performance creates or enhances a customer-controlled asset; and
- The entity's performance does not create an asset with an alternative use, and the entity has a right to payment for performance completed to date.

Otherwise revenue is recognised at a point in time (when control transfers) for performance obligations that do not meet the criteria for recognition of revenue over time.

Income streams

Revenue from customer contracts is split into three main income streams:

Pension services revenue: Charges for the use of pension administration services provided by the Group are based upon member assets held in SPMT, as well as fixed fees per member per month and fees generated from managed account revenue.

Keystone design and build revenue: Fees charged for design, build and implementation of the Smart Platform with third party institutional clients, based on transaction prices set out in the customer's contract. Some Keystone design and build fees are recognised "over time" on a pro-rata basis and some are recognised at point in time.

Keystone service revenue: Platform licence fees charged for bundled ongoing support, maintenance and hosting of the Smart Platform for third party institutional clients. Keystone revenues are typically calculated by reference to one or more of: assets, members and employers serviced by the platform from time to time.

Fee Type	Point in time	Over time
Pension services revenue		✓
Keystone design, build and support revenue	✓	✓
Keystone service revenue		✓
Consultancy service and other revenue	✓	

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2 Accounting policies (continued)

Revenue recognition (continued)

Identification of performance obligations
The Group assesses all the services expressed in its contracts with customers to identify performance obligations.

Pension services revenue
Pension services revenue is derived from the provision of workplace pension solutions to UK employers and their employees through SPMT. The Group has a performance obligation to provide these services to participating employers and members in SPMT on an ongoing basis, for so long as the employer is participating in the scheme and/or the member has assets in the scheme. Revenue is recognised over the period the customers' pension services are provided, i.e. on an "over time" or a pro-rata basis, in line with service provision, and is typically made up of:

a) A fixed percentage asset management charge, calculated on a daily basis by reference to the average net asset value held within each member's pension account and rebated to the Group on a quarterly basis in arrears; and
b) A fixed fee per member, deducted from the member's pension account on a monthly basis.

Keystone Design, Build and Support revenue
Keystone design and build revenue is derived from contracts with third party institutional clients that intend to use the Smart Platform to serve their own employer and employee customer base.

Fees are charged for the implementation and integration of the platform, set up of cloud-based hosting infrastructure, development of specific feature requirements and professional service support up to 'go-live'.

Revenue is recognised in line with the satisfaction of performance obligations, in relation to fixed price contracts, and as services are delivered in relation to time and materials contracts.

Fees are determined on the contracted rates agreed with customers and are recognised upon transfer of control of the platform to customers (also referred to as 'going live').

Additional support and maintenance fees represent fees for additional on-going support once the transfer of the platform is complete. The revenue is recognised on a straight-line basis over the contract term as these performance obligations are satisfied.

Revenue from short-term one-off consultancy contracts is recognised when the performance obligations have been met, and generally, this is at a point in time.

Keystone Design, Build and Support payment terms
Terms depend on the individual contracts, but are typically either:

a) An upfront payment, plus remaining value on completion; or
b) Monthly time-based charges, which are settled one month in arrears.

In the event that the Group invoices in advance, the income is deferred in the statement of financial position as a deferred revenue liability to the extent that performance obligations have yet to be fulfilled by period end. Equally, the costs incurred in delivering the yet unsatisfied performance obligation are capitalised as a contract asset until such point that the performance obligations become satisfied. At the point that the performance obligations are satisfied, the relevant revenue and costs are released to the statement of comprehensive income.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

Keystone Design, Build and Support revenue (continued)

Determining the transaction price

The majority of the Group's design, build and support revenue is derived from contracts which specify fees for services and therefore the amount of revenue to be earned from each contract is determined by reference to those fees.

Allocating amounts to performance obligations

For all customer contracts, each service type has a fee attached. Therefore, there is no judgement involved in allocating the contract price to each service provided in such contracts.

Practical exemptions

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of services to its customer is one year or less; and
- to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Keystone service revenue

Service fees are charged for the ongoing licensing and use of Keystone by third-party customers (typically financial institutions), which in turn use Keystone as a means to service their underlying employer and employee customers.

Services are provided under standalone service contracts, and include ongoing hosting, platform support and maintenance and continuous feature release.

Fees are predominantly usage based and calculated by reference to assets, employers and members on the platform on a monthly basis. Given the variable nature of consideration received, and in accordance with the exception in IFRS 15 regarding usage or sales-based royalties relating to licensing of intellectual property, revenue is recognised over time or as usage occurs.

Timing of payment

Where fees are received in advance of providing the contracted services, the income is deferred and recognised as a contract liability on the statement of financial position and released to the statement of comprehensive income as services are provided over the relevant contracted period. Where fees are received in arrears of providing the contracted services, the income is accrued in the statement of comprehensive income as services are provided over the relevant contracted period and recognised as accrued income on the statement of financial position. The accrued income is derecognised from the statement of financial position when the fees are received.

Keystone payment terms: AUM-based fees are typically settled quarterly in arrears.

Consultancy service and other revenue

Income from consultancy and other services is recognised as and when it occurs.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

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2 Accounting policies (continued)

Foreign currency transactions and balances (continued)
Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantially enacted by the reporting date in the countries where the Group operates and generates income.

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

The carrying amount of deferred tax assets are reviewed at each reporting date and 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.

Government grants
Grants that compensate the Group for expenses incurred for research and development (R&D) are recognised as income in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred in line with the requirements of IAS 20: Government Grants.

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

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

Asset class	*Depreciation method and rate*
Furniture, fittings and equipment	3 years straight line
Land and buildings	Straight line over the life of the lease

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2 Accounting policies (continued)

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:
- The technical feasibility of completing the software so that it will be available for use or sale;
- The intention to complete the software and use or sell it;
- The ability to use the software or sell it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software; and
- The ability to measure reliably the expenditure attributable to the software during its development.

Trade names and customer relationships acquired in a business combination that qualify for separate recognition are recognised as intangible assets at fair values.

Amortisation
Amortisation is provided on intangible assets to write off the cost, less any estimated residual value, over their expected useful economic life, using the straight-line method. Amortisation is included within administrative expenses. The intangible assets are amortised over the following useful economic lives.

Asset class	*Amortisation method and rate*
Software development costs	5 years
Platform development	5 years
Tradename	10 years
Proprietary software & technology	10 years
Customer relationships	20 years
Purchased intangibles	Estimated life of assets purchased

Goodwill
Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Investments
Investments in subsidiaries and associates are measured at cost less accumulated impairment.

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

Trade receivables
The Group provides against trade receivables using a lifetime expected credit loss allowance. Loss allowances are calculated using payment profiles and the corresponding historical credit losses experienced and adjusted for forward-looking factors specific to the debtor and the economic environment.

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2 Accounting policies (continued)

Trade receivables (continued)

In addition, provision for the impairment of receivables is made on a customer specific basis. The determination of the appropriate level of provision involves an estimate of the potential risk of default or non-payment by the Group's customers and management considers a number of factors, including the financial strength of the customers, the level of default that the Group has suffered in the past, the age of the receivable outstanding and the Group's trading experience with that customer.

An impairment of trade receivables amounting to £128,622 was recognised as at 31 December 2022.

Trade payables

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

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

Financial liabilities

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Financial liabilities relating to finance leases are subsequently measured at amortised cost using the effective interest method.

Financial liabilities relating to preference shares are subsequently carried at fair value through the income statement.

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

Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Loans and borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2 Accounting policies (continued)

Loans and borrowings (continued)

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

Leases

Leased assets

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets four key evaluations, which are whether:

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

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2 Accounting policies (continued)

Impairment of non-financial assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at least annually. For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. The intangible assets with indefinite useful lives were reviewed for impairment at 31 December 2022 and 31 December 2021. No impairment provision is deemed necessary.

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 immediately in profit or loss, unless relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment testing

The Group tests cash-generating units with goodwill and assets that have indefinite useful life annually for impairment, or more frequently if there is an indication that a cash-generating unit to which goodwill has been allocated or the asset with indefinite useful life may be impaired. For other assets that have definite useful life, the Group determines at each reporting period end date, whether there is an indication that those assets have suffered an impairment loss. The recoverable amount of a cash-generating unit or asset is the higher of the cash-generating unit or asset's fair value less cost of disposal ('FVLCD') and its value-in-use.

The Group has two identifiable cash-generating units being the internally generated platform intangible asset (also known as 'Keystone') and the investment in Stadion Money Management LLC (including its subsidiaries in the US) and the goodwill arising thereon.

Due to the unique nature of the Keystone Platform and investment in Stadion Money Management LLC, and the lack of direct or indirect observable inputs to determine the FVLCD, management consider value-in-use to be the most suitable method for determining the recoverable amount.

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2 Accounting policies (continued)

Impairment testing (continued)

The Group considers the following:

- Revenue generated to date from design services, PaaS fees and change request charges, to the extent that the IP is retained by Smart.
- An estimate of the future cash flows which the Company expects to derive from these assets at a macro/company level.
- Cash flow projections are based on reasonable and supportable assumptions and the most recent budgets and forecasts that have been made available to prospective investors.

Calculation of the value-in-use is determined by estimating discounts cash flows from the cash-generating unit using a detailed five-year forecast approved by Management. The present value of the expected cash flows of each cash-generating unit is determined by applying a suitable discount rate reflecting current market assessments of the time value of money.

The value of key assumptions used reflect historical data from both external and internal sources.

Growth rates

The growth rates applied reflect Management's best estimate of the growth rates for the product lines, target markets and industries, in particular asset management industry where typical investment returns are in excess of 5%, discounted to reflect the inherent uncertainty in forecasting financial performance.

Considering the direct exposure of the Group to the positive impacts of regulatory change in the global retirement industry, Management has considered growth rates selected are suitable for forecasting the future cash flows associated with these cash-generating units. Further, the growth rates are consistent with long-term perspectives of its industry and expectations from market participants.

Discount rates

Management have applied a discount rate that represents the weighted average cost of capital ('WACC') of the post-acquisition Group in determining the discounted cash flows associated with the Stadion cash-generating unit. A discount rate representing the expected rate of funding that the Company could obtain in the market was applied in determining the discounted cash flows associated with the Keystone platform. Further, the discount rates reflect appropriate adjustment relating to market risk and specific risk factors of each revenue stream and market.

Cash flow assumptions

A terminal value has been included in the value-in-use calculations as it reflects the stickiness of the annual recurring revenues derived from assets under management businesses.

The Group scrutinizes climate-related matters to identify whether any event (e.g. new regulation) associated with climate change is an indicator of impairment of its non-current assets. Without being an indicator of impairment climate-related matters may nevertheless negatively affect several assumptions used for determining the estimated cash flows computed the value-in-use for the impairment test. Projections of cash flows as referred to above are extracted from the Group's business plan for the next 5 years and take account of action plans implemented by management to reduce its greenhouse gas emissions, the effect of new endorsed environmental regulations, and the cost of adaptation and mitigation its infrastructure (mainly data centers).

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2 Accounting policies (continued)

Impairment testing (continued)

Cash flow assumptions (continued)

At this stage, those assumptions and the climate strategy of the group have not resulted in a material impact on the recoverable amount of its non-current assets.

Cash-generating unit for Goodwill

During the period under review, there was a fall in global market performance, owing to significant geo-political events, rising inflation and interest rate environment and international war, that represented a potential impairment trigger. However, on review of the performance of the business, in particular new business performance, and in the backdrop of a continuing growth in global pension markets. Management expect the future performance of the Stadion Money Management business and its associated Goodwill, to support their carrying book values. A detailed review of discounted cash flows provides sufficient headroom to support the carrying value and decision not to impair the investment value of the subsidiary and associates. Sensitivity analysis on the perpetual growth rate demonstrates that there is still sufficient headroom over and above its carrying value if the growth rate were to be reduced significantly. Therefore, no impairment is required.

Other Intangible Assets

An impairment loss of £5,640,540 was recognized for the Keystone Platform in relation to specific projects which had been paused for strategic reasons, resulting in a change in intended use of the underlying features being developed. There were also potential impairment indicators due to the wider uncertainty affecting global economies and increasing high interest rate environments. However, the financial model provided sufficient headroom over and above the net book value of Keystone Platform intangible asset and so no further impairments are required.

All impairment charges are included within Impairment loss line in the Consolidated Statement of Comprehensive Income.

Share capital

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

Defined contribution pension obligation

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

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

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expenses is not adjusted for failure to achieve a market vesting condition.

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2 Accounting policies (continued)

Share based payments (continued)

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

Financial assets and liabilities

Classification

The Group held financial assets in the following categories:
a) Fair value through profit & loss (FVTPL), this comprised investments; and
b) Amortised cost, these comprise trade and other receivables and cash and cash equivalents.

The Group held financial liabilities in the following categories:
a) Fair value through profit and loss (FVTPL), this comprised liability portion of preference share issue agreement; and
b) Financial liabilities at amortised cost, these comprise trade and other payables.

Recognition and measurement

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

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

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

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability if de-recognised when it is extinguished, discharged, cancelled or expired.

Financial assets at fair value through profit or loss (FVTPL) are measured both initially and subsequently at fair value with gains or losses recognised in profit or loss. The fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets and liabilities held at amortised cost are measured initially at fair value adjusted for directly attributable transaction costs. After initial recognition, there are measured at amortised cost using the effective interest method.

The Group's financial liabilities include loans, borrowings, and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest charges are reported in profit or loss within net finance income.

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2 Accounting policies (continued)

Financial assets and liabilities (continued)

Impairment

The Group applies the IFRS 9 impairment requirements using forward-looking information to recognise expected credit losses— the 'expected credit loss (ECL) model'. Instruments within the scope are financial assets measured at amortised cost or FVOCI. This includes the Group's trade and other receivables and contract assets recognised and measured under IFRS 15 that are not measured at fair value through profit or loss.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime ECLs. During this process the probability of the 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 ECL for the trade receivables. For trade receivables, which are reported net, if such a provision is material this is recorded in a separate provision account with the loss being recognised within the impairment losses on financial assets in the statement of comprehensive income.

The expected loss rates are based on the Group's historical credit losses experienced over the last period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. Under the general approach, at each reporting date, the Group determines whether there has been a significant increase in credit risk since initial recognition and whether the receivable is credit impaired. This determines whether the receivable is in Stage 1, Stage 2 or Stage 3, which in turn determines the amount of ECL to be recognised i.e. 12-month ECL or lifetime ECL.

Contract assets

A contract asset is recognised when the platform design and build services are performed, but the performance obligation is not yet satisfied. This situation arises when the platform design and build projects take place over more than one financial year. When the performance obligation is satisfied, the work in progress recognised under contract assets is reclassified to cost of sales.

An entity may recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

If the Group acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

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3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to exercise judgement in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant actuarial and accounting guidance to make predictions about future actions and events. Actual results may differ significantly from those estimates.

The Board and Audit Committee reviews the reasonableness of judgements and assumptions applied and the appropriateness of significant accounting policies adopted in the preparation of these financial statements. The areas where judgements, estimates and assumptions have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below:

Key sources of estimation uncertainty

Share based payments
The Group has used the Black Scholes valuation model to determine the fair value of share based payments. Any changes to the assumptions used (including share price, volatility, risk free rate & dividends) by management will impact the valuation. Due to a lack of available data relating to the value of ordinary shares, there is judgement involved in determining the share price of the ordinary shares for the purposes of calculating the share based payment charge. A discounted price, based on the price of relevant funding round share issues, has been used to determine the share price of ordinary shares for the purposes of the input to the model. Alternative judgements in discounts applied could result in changes to the share based payments charge as calculated.

Useful lives and residual values of depreciable assets
The Group reviews its estimates of the useful lives and residual values of depreciable assets on an annual basis and adjustments, where applicable, are made on a prospective basis. Uncertainties in these estimates relate to technological obsolescence that may change the utility of internally developed software and IT equipment and environmental regulations that can make polluting assets to be depreciated more quickly.

Business combination
Management uses various valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

Impairment of non-financial assets
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2022, the Group recognized an impairment loss on platform development (Note 11).

Leases – determination of the appropriate discount rate to measure lease liabilities
The Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

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3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Leases – determination of the appropriate discount rate to measure lease liabilities
The Group consults with its main bankers to determine what interest rate they would expect to charge the Group to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset. The estimated incremental borrowing rate is higher than the parent company for leases entered into by its subsidiary undertakings.

Critical accounting judgements in applying the Group's accounting policies

Deferred tax asset
The Group has incurred material losses and is still loss making. The recognition of deferred tax assets is based on whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. Management have considered this and have not recognised a deferred tax asset.

Capitalisation of internally generated intangibles
Internally generated platform costs should be capitalised if the capitalisation criteria are met. Estimates and judgements are made with regard to assessing the expected future economic benefits and the economic useful life.

The Group has developed a clear strategy to distinguish between the research phase and development phase of an internal project. Under IAS 38, the research phase of an asset shall be recognised as an expense when it is incurred. During the development stage, costs, defined as all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management, are capitalised. At the point that activities no longer relate to development, but rather relate to maintenance, capitalisation is to be discontinued.

The key judgements here are defining the cut-off point between when research ends and development starts, and reliably measuring the expenditure attributable to the asset. Regular internal assessments are made when looking at the costs incurred and criteria for development costs.

Impairment assessment of investments
Company investments have increased from £25,553 as at 31 December 2021 to £9,508,126 as at 31 December 2023, due primarily to an additional investment in Smart USA Co. Management have assessed the recoverable amount of the investment in subsidiary to be greater than the carrying book value, and consider that no impairment is required.

Going concern
The Directors have judged that the company has sufficient resources for at least 12 months from the date of signing of the financial statements. Consequently, the going concern basis of accounting has been used to prepare these financial statements. The Group's expectations as to the level of future profits and funding are based on the Group's long- term financial and strategic plans. See the Directors' Report on page 24 for further details on the going concern assessment.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

4 Revenue

The analysis of the Group's revenue for the period from continuing operations is as follows:

	Group Year to 31 December 2022	Company Year to 31 December 2022	Group Period from 1 July 2020 to 31 December 2021	Company Period from 1 July 2020 to 31 December 2021
Pension service revenue	28,486,870	29,254,069	17,859,997	20,075,339
Keystone design, build and support	28,257,344	2,405,281	24,898,684	1,515,905
Keystone revenue	458,145	458,145	393,269	386,179
Consultancy services revenue	8,370	8,370	-	-
Other revenue	161,313	(48,479)	161,771	91,217
	57,372,042	32,077,386	43,313,721	22,068,640

The timing of revenue recognition is as follows:

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Services transferred at a point in time	1,867,635	20,177,570
Services transferred over time	55,504,407	23,136,151
	57,372,042	43,313,721

The analysis of contract assets is as follows:

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Trade receivables	10,984,397	675,467
Contract liabilities	8,531,804	8,179,480

A contract asset is recognised when the platform design and build services are performed, but the performance obligation is not yet satisfied. This situation arises when the platform design and build projects take place over more than one financial year. When the performance obligation is satisfied, the work in progress recognised under contract assets is reclassified to cost of sales.

Contract liabilities are recognised when the customer is billed prior to the completion of the performance obligation. This situation arises when a platform design and build contract is still in development and has yet to be transferred to the customer.

The amount recognised during the period, from the opening balance contract liabilities, amounted to £8,179,480.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

4 Revenue (continued)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at year ended 31 December 2022 are as follows:

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Within one year	8,531,804	8,179,480

5 Operating loss

Arrived at after charging/ (crediting):

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Staff costs	61,734,759	52,700,088
Amortisation expense	6,702,983	3,986,132
Depreciation expense	4,511,518	3,024,224
Impairment expense	5,640,540	-
Auditor's remuneration	641,447	390,131
Foreign exchange loss	660,565	301,924
Expense/(income) for low value and short-term leases	-	78,448

6 Staff costs

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

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Wages and salaries	54,188,327	45,046,185
Social security costs	5,411,288	4,606,658
Pension costs, defined contribution scheme	1,976,019	1,590,572
Share-based payment expenses	159,125	1,456,673
	61,734,759	52,700,088

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6 Staff costs (continued)

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

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Wages and salaries	14,341,324	17,678,090
Social security costs	1,895,006	3,987,372
Pension costs, defined contribution scheme	504,709	1,046,766
Share-based payment expenses	159,125	1,456,673
	16,900,164	24,168,901

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

	Year to 31 December 2022 No.	Period from 1 July 2020 to 31 December 2021 No.
Management	15	32
Administration	127	46
Operations	531	252
	673	330

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

	Year to 31 December 2022 No.	Period from 1 July 2020 to 31 December 2021 No.
Management	6	9
Administration	72	38
Operations	43	29
	121	76

7 Directors' remuneration

The Directors' remuneration for the year was as follows:

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Remuneration	2,264,788	2,743,780
Contributions paid to money purchase schemes	19,762	38,763
	2,284,550	2,782,543

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

7 Directors' remuneration (continued)

During the year, the number of directors who were receiving benefits and share incentives was as follows:

	Year to 31 December 2022 No.	Period from 1 July 2020 to 31 December 2021 No.
Exercised share options	-	4

In period ended 31 December 2022, 4 (2021: 4) Directors participate in the employees share scheme.

In respect of the highest paid director:

	Year to 31 December 2022 £	Period from 1 July 2020 to 31 December 2021 £
Remuneration	876,378	661,553

The highest paid director did not exercise share options during the period. Shares are also receivable by that director in respect of qualifying services under a long-term incentive scheme.

8 Auditor's remuneration

The auditor's remuneration for the Group was as follows:

	2022 £	Period from 1 July 2020 to 31 December 2021 £
Audit of the financial statements		
Audit of the Group financial statements	293,248	139,411
Audit of subsidiary financial statements	92,496	111,253
	385,744	250,664
Other fees to auditors		
Taxation compliance services	152,091	54,180
Tax advisory services	45,000	45,000
Accounts preparation	58,612	40,287
	255,703	139,467

The auditor's remuneration for the year to 31 December 2022 includes £125,957 in respect of previous periods.

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8 Auditor's remuneration (continued)

The auditor's remuneration for the Company was as follows:

	2022 £	Period from 1 July 2020 to 31 December 2021 £
Audit of the financial statements	255,514	228,137
Other fees to auditors		
Taxation compliance services	114,230	34,203
Tax advisory services	45,000	45,000
Accounts preparation	47,735	28,768
	206,965	107,971

9 Income tax

Tax in the statement of comprehensive income

	2022 £	Period from 1 July 2020 to 31 December 2021 £
Income taxation		
Research and development tax credit	(9,503,729)	(2,899,222)
Foreign taxation	38,329	58,784
Tax receipt in the income statement	(9,465,400)	(2,840,438)
Deferred taxation		
Arising from origination and reversal of temporary differences	-	(424,170)
Adjustments in respect of prior periods	-	101,801
Total deferred taxation	-	(322,369)
Total income tax credit	(9,465,400)	(3,162,807)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022: the same as the standard rate of corporation tax in the UK) of 19% (2021: 19%).

Research and development (R&D) tax credits

During the year, a gross R&D credit of £9,503,729 (2021: £2,899,222) is recognised as income tax credit in the statement of comprehensive income in line with the requirements of IAS 20: Government Grants.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

9 Income tax (continued)

	2022 £	Period from 1 July 2020 to 31 December 2021 £
Loss before tax	(65,323,398)	(52,579,164)
Corporation tax at standard rate	(12,411,446)	(9,990,040)
Deferred tax not recognised	11,710,072	12,476,080
Profit and loss utilised to claim research and development tax credit	(9,503,729)	(2,899,222)
Disallowed expenditure	800,605	346,958
Other permanent differences	(16,243)	890
Remeasurement of deferred tax for changes in tax rates	-	(3,174,452)
Other tax adjustments, reliefs and transfers	(2,145)	-
Fixed asset differences	(42,514)	(24,822)
Adjustment to prior period deferred tax	-	101,801
Total tax credit	(9,465,400)	(3,162,807)

Factors that may affect future tax charges

The March 2021 Budget announced an increase in the UK standard rate of corporation tax to 25% from 1 April 2023. The legislation received Royal Assent on 10 June 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

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10 Property, plant and equipment

Group

	Land and buildings	Furniture, fittings and equipment	Total
	£	£	£
Cost			
At 1 January 2022	30,020,246	4,191,554	34,211,800
Additions from acquisition	1,553,624	531,243	2,084,867
Additions from purchase	2,061,071	3,870,608	5,931,679
Disposals	(1,789,984)	(283,440)	(2,073,424)
At 31 December 2022	31,844,957	8,309,965	40,154,922
Depreciation			
At 1 January 2022	1,265,728	1,424,014	2,689,742
Charge for the period	2,736,704	1,774,814	4,511,518
Addition from acquisition	81,759	497,107	578,866
At 31 December 2022	4,084,191	3,695,935	7,780,126
Net book value			
At 31 December 2022	27,760,766	4,614,030	32,374,796
At 1 December 2021	28,754,518	2,767,540	31,522,058

Land and buildings contain a right-of-use asset of £ 27,158,576 (2021: £26,917,198). Refer to note 20.1.

Furniture, fittings and equipment contain a right-of-use asset of £ 3,605,744 (2021: £1,977,166). Refer to note 20.1.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

10 Property, plant and equipment (continued)

Company

	Land and buildings	Furniture, fittings and equipment	Total
	£	£	£
Cost			
At 1 January 2022	27,949,149	4,120,064	32,069,213
Additions from purchase	443,521	3,713,463	4,156,984
Disposals	(1,689,346)	(283,440)	(1,972,786)
At 31 December 2022	26,703,324	7,550,087	34,253,411
Depreciation			
At 1 January 2022	970,750	1,418,559	2,389,309
Charge for the period	1,804,501	1,757,938	3,562,439
Eliminated on disposals	-	-	-
At 31 December 2022	2,775,251	3,176,497	5,951,748
Net book value			
At 31 December 2022	23,928,073	4,373,590	28,301,663
At 1 December 2021	26,978,399	2,701,505	29,679,904

Land and buildings contain a right-of-use asset of £23,388,431 (2021: £25,170,794). Refer to note 20.1.

Furniture, fittings and equipment contain a right-of-use asset of £3,605,744 (2021: £1,977,166). Refer to note 20.1.

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11 Intangible assets

Group

	Goodwill	Trade name	Proprietary Software & Technology	Customer Relationships	Purchased Intangibles	Software Development	Platform Development	Total
	£	£	£	£	£	£	£	£
Valuation								
At 1 January 2022	-	-	-	-	2,110,464	49,290	26,161,093	28,320,847
Additions – purchase	-	-	-	-	-	-	17,789,617	17,789,617
Additions – acquisition	18,318,608	1,143,350	3,353,826	10,976,155	-	-	-	33,791,939
At 31 December 2022	18,318,608	1,143,350	3,353,826	10,976,155	2,110,464	49,290	43,950,710	79,902,403
Amortisation								
At 1 January 2022	-	-	-	-	-	-	4,245,896	4,245,896
Charge for the year	-	100,205	293,936	480,985	-	-	5,827,857	6,702,983
Impairment	-	-	-	-	-	-	5,640,540	5,640,540
At 31 December 2022	-	100,205	293,936	480,985	-	-	15,714,293	16,589,419
Carrying amount								
At 31 December 2022	18,318,608	1,043,145	3,059,890	10,495,170	2,110,464	49,290	28,236,417	63,312,984
At 31 December 2021	-	-	-	-	2,110,464	49,290	21,915,197	24,074,951

Goodwill
Goodwill represent the future economic benefits arising from the acquisition of Stadion Money Management. Refer to Note 27.

Trade name, Proprietary software & technology, and customer relationships
Trade name, proprietary software & technology, and customer relationships are acquired on 9 March 2022 through the acquisition of Stadion Money Management (Note 27).

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

11 Intangible assets (continued)

Group (continued)

Purchased intangibles
Purchased intangibles relate to funds that have been assessed for useful economic lives (UELs) based on the growth of the fund in term of the number of employees, members and financial valuations of the funds to which they relate. Management considers them to have indefinite UELs and there are no indicators of impairment.

Software development
Software development relates to third party costs, which have been capitalised in regard to software development. Additions to software development related to the purchase of a domain which by its nature is considered to have an indefinite UEL and there are no indicators of impairment.

Platform development
Platform development relates to the work performed to date by the Group to develop the platform, which is used to deploy the products and services offered by the Group.

An impairment loss of £5,640,540 was recognized for specific projects within Keystone platform development. The recoverable amount of the asset is its value-in-use, determined using management's expectation that all or part of these projects developed will not feature in the Group's short to medium term strategy.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

11 Intangible assets (continued)

Company

	Purchased Intangibles	Software Development	Platform Development	Total
	£	£	£	£
Valuation				
At 1 January 2022	2,110,464	49,290	-	2,159,754
Additions		-	-	-
Transfer to subsidiary	-	-	-	-
At 31 December 2022	2,110,464	49,290	-	2,159,754
Amortisation				
At 1 January 2022	-	-	-	-
Charge for the period	-	-	-	-
Transfer to subsidiary	-	-	-	-
At 31 December 2022	-	-	-	-
Carrying amount				
At 31 December 2022	2,110,464	49,290	-	2,159,754
At 31 December 2021	2,110,464	49,290	-	2,159,754

Purchased intangibles
Purchased intangibles relate to funds that have been assessed for useful economic lives (UELs) based on the growth of the fund in term of the number of employees, members and financial valuations of the funds to which they relate. Management considers them to have indefinite UELs and there are no indicators of impairment.

Software development
Software development relates to third party costs which have been capitalised in regard to software development. Additions to software development related to the purchase of a domain which by its nature is considered to have an indefinite UEL and there are no indicators of impairment.

Platform development
Platform development relates to the work performed to date by the Group to develop the platform, which is used to deploy the products and services offered by the Group.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

12 Investments

Please find below aggregate investments held by the Group:

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Other investments	15,477	14,977	9,508,126	25,553

The increase in investments in the Company is predominantly due to a debt/equity funding arrangement provided to Smart USA Co. to support the acquisition of Stadion Holdings Inc. amounting to £9,481,983.

Investments	£
Cost or valuation	
At 1 January 2022	14,977
Additions	500
At 31 December 2022	15,477
Carrying amount	
At 31 December 2022	15,477
At 31 December 2021	14,977

Investment in associate	£
Cost	
At 1 January 2022	50,000
Additions	-
At 31 December 2022	50,000
Provision	
At 1 January 2022	50,000
At 31 December 2022	50,000
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

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Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

12 Investments (continued)

Details of the investment in subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Type of shares held	Proportion of ownership interest and voting rights held	
				2022	2021
EC2 Master Ltd	Corporate trustee of Smart Pension Master Trust	136 George Street, London, W1H 5LD, United Kingdom	Ordinary	100%	100%
Smart Governance Limited	Provision of pension administration services	136 George Street, London, W1H 5LD, United Kingdom	Ordinary	100%	100%
Smart Governance (Spain), S.L.U.	Provides support services	c/o Auxadi, Calle Naclares de Oca, No 1B, Madrid, Spain	Ordinary	100%	N/A
Smart USA Co.	Oversees US Partnership development and reselling of Group platform technology	1209 Orange Street, Wilmington, New Castle, Delaware 19801. USA	Ordinary	100%	100%
Smart Fintech Middle East Limited	Provision of Keystone	Dubai International Financial Centre, Dubai, UAE	Ordinary	100%	100%
SFS Platform Ireland Limited	Provision of Keystone	2nd Floor Block E, Iveagh Court, Harcourt Road, Dublin 2, Dublin, Ireland	Ordinary	100%	100%
Smart Technology Holdings Limited	Holds all intangible assets of the group	136 George Street, London, W1H 5LD, United Kingdom	Ordinary	100%	100%
Smart Fintech Poland SP. z.o.o	Provision of development services	ul. Towarowa 28, 00-839 Warsaw, Poland	Ordinary	100%	100%
Smart Platform Limited	Licensee of Keystone by Smart	136 George Street, London, W1H 5LD, United Kingdom	Ordinary	100%	100%
Smart Retire Pty Ltd	Software development	The Field Group Accounting Suite 10 1 East Ridge Drive Chirnside Park VIC 3116	Ordinary	100%	100%

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

12 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Type of shares held	Proportion of ownership interest and voting rights held	
				2022	2021
Smart Platform Hong Kong Limited	Software development	30/F One Taikoo Place 979, King's Rd, Hong Kong	Ordinary	100%	100%
Stadion Holdings, Inc.	USA Holding Company	1061 Cliff Dawson Road, Watkinsville, Georgia 30677 USA	Ordinary	100%	N/A
Stadion Money Management, LLC	US investment management firm in retirement solutions	1061 Cliff Dawson Road, Watkinsville, Georgia 30677 USA	Ordinary	100%	N/A
Marathon Financial Services, Inc.	Provision of payroll for the Stadion group of companies	1061 Cliff Dawson Road, Watkinsville, Georgia 30677 USA	Ordinary	100%	N/A
Smart Retirement Solutions, Inc.	A retirement plan fiduciary	209 10th Ave S Suite 525 Nashville TN 37203-7102	Ordinary	100%	N/A

Details of the investment in associate as at 31 December 2022 are as follows:

Name of associate	Principal activity	Registered office	Type of shares held	Proportion of ownership interest and voting rights held	
				2022	2021
Trulience Limited	Software development	10 Eastbourne Terrace, London, England, W2 6LG, England and Wales	Ordinary	35%	35%

13 Other non-current financial assets

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Non-current financial assets				
Restricted cash	4,735,529	4,612,529	4,735,529	4,612,529
Rent deposits	2,451,564	2,420,721	2,167,157	2,240,266
	7,187,093	7,033,250	6,902,686	6,852,795

As part of The Pension Regulator's authorisation of the SPMT, the Scheme Funder (SPL) makes available, to the corporate trustee of the scheme, an amount equivalent to the assessed financial reserve requirement. The financial reserve is held fully in cash and in a bank account over which there is a fixed charge in favour of the trustee. This amount is shown as"restricted cash" in the note above.

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Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

13 Other non-current financial assets (continued)

In accordance with the lease agreements, a rent deposit is paid by the Group to lessors to be used in the event that the Group fails to pay the rent or incur damages to the lease property. The rent deposits are refundable upon the end of the lease term.

14 Trade and other receivables

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Trade receivables	11,113,019	697,035	537,716	696,443
Provision for impairment of trade receivables	(128,622)	(21,568)	(124,491)	(21,568)
Net trade receivables	10,984,397	675,467	413,225	674,875
Prepayments	10,520,887	5,144,071	2,828,875	2,017,894
Other receivables	7,705,441	1,985,748	4,786,043	1,985,748
VAT recoverable	3,964,619	2,460,596	-	2,323,413
Total current trade and other receivables	33,175,344	10,265,882	8,028,143	7,001,930

Amounts owed by group undertakings

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Amounts owed by group undertakings	-	-	192,323,634	72,910,585
	-	-	192,323,634	72,910,585

Details of non-current trade and other receivables

As at 31 December 2022, £1,377,894 (2021: £1,377,894) was classified as non-current. Included in this amount are loans to two directors, William Robert Wynne and Andrew Raymond Evans, both to the value of £640,947 each (total £1,281,895) (2021: £1,281,895), and £95,999 (2021: £95,999) relating to amount due from a related party.

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15 Cash and cash equivalents

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Cash and cash equivalents				
GBP	11,871,692	85,536,281	11,869,191	85,533,776
EUR	3,566	26,820	1,031	26,508
USD	2,793,171	-	2,661	-
PLN	714,785	647,835	-	-
	15,383,214	86,210,936	11,872,883	85,560,284

16 Trade and other payables

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Trade payables	3,981,623	4,688,173	1,816,056	4,053,207
Accrued expenses and deferred income	20,664,449	16,585,477	8,003,609	5,048,093
Social security and other taxes	2,044,834	3,449,144	673,555	1,168,233
Other payables	23,543	180,106	689	3,402
Lease liabilities – current portion	3,370,554	1,034,386	2,551,751	823,887
Dilapidation provisions	2,000,000	2,000,000	2,000,000	2,000,000
Corporation tax payable	99,848	56,756	-	-
VAT payable	-	-	1,239,269	-
Amounts owed to group undertakings	-	-	54,880,173	32,163,214
	32,184,851	27,994,042	71,165,102	45,260,036

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17 Deferred tax

Deferred tax assets and liabilities:

2022	Liability £
Deferred tax liability	256,760

2021	Liability £
Deferred tax liability	-

There are £51,110 of deductible temporary differences (2021: Nil), and £142,397,446 of unused tax losses (2021: £59,106,115) for which no deferred tax asset is recognised in the statement of financial position.

18 Share capital

Allotted, called up and fully paid shares

	2022 No.	2022 £	2021 No.	2021 £
Ordinary Shares of £0.00 each	3,794,194	37.94	3,752,831	37.53
Preferred Shares of £0.00 each	4,307,171	43.07	4,307,171	43.07
A Ordinary Shares of £0.00 each	589,924	5.90	352,081	3.52
	8,691,289	87	8,412,083	84

During the period, 41,363 (2021: 604,064) ordinary shares of 0.00001p each were issued which gave rise to a share premium/loss of £-882,113 (2021: £Nil). These shares rank pari passu with the existing ordinary shares.

During the period, no preferred shares of 0.00001p each were issued (2021: 2,202,925, which gave rise to a share premium of £110,424,194).

During the period, 237,843 (2021: 5,623) A Ordinary shares of 0.00001p each were issued which gave rise to a share premium of £1,567,522 (2021: £56)

In 2021, additions to the preference shares include 242,868 shares issued as a result of the settlement of convertible loans of £10,000,000 and 4,681 shares issued in lieu of interest due of £240,924.

Rights, preferences and restrictions

Preferred shares have the following rights, preferences and restrictions:

Any holder of preferred shares shall be entitled to convert those fully paid-up preferred shares into Ordinary shares at any time, and they shall convert automatically on the date of such notice.

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19 Reserves

Share premium account

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

Profit and loss account

Includes all current and prior period retained profit and losses.

Other reserve

Includes reserves related to the issuing of share-based payment options.

20 Non-current financial liabilities

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Non-current lease liabilities	30,854,460	26,685,770	26,808,180	24,949,167
Long-term borrowings	40,000,000	-	40,000,000	-
Warrant liabilities	836,160	-	836,160	-
	71,690,620	26,685,770	67,644,340	24,949,167

20.1 Right-of-use assets and lease liabilities

Property leases

At closing, the Group had leases for offices. The contracts contain fixed lease payments for each year of the leases. The initial term for all leases is between 3-15 years. On the closing date, the Group recorded a right-of-use asset and lease liability of £27,158,576 (2021: £26,917,198) and £30,490,444 (2021: £25,651,106) respectively.

Fixtures, fittings and equipment leases

At closing, the Group had leases for various fixtures, fittings and items of equipment. The contracts contain fixed lease payments for each year of the leases. The initial term for all leases is typically 3 years. On the closing date, the Group recorded a right-of-use asset and lease liability of £3,605,744 (2021: £1,977,166) and £3,734,570 (2021: £2,069,050) respectively.

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20.1 Right-of-use assets and lease liabilities (continued)

The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognized in the consolidated statement of financial position:

Set out below are the carrying amounts of right-of-use assets recognised in the Group consolidated statement of financial position and movements during the period:

	Land and buildings	Furniture, fittings and equipment	Total
	£	£	£
Cost			
At 1 January 2022	28,155,120	2,720,722	30,875,842
Additions from acquisition	1,470,776	-	1,470,776
Additions	1,607,171	3,033,211	4,640,382
Lease incentive	(100,638)	-	(100,638)
Disposals	-	-	-
At 31 December 2022	31,132,429	5,753,933	36,886,362
Depreciation			
At 1 January 2022	1,237,922	743,556	1,981,478
Additions from acquisition	39,216	-	39,216
Charge for the period	2,696,715	1,404,633	4,101,348
Eliminated on disposals	-	-	-
At 31 December 2022	3,973,853	2,148,189	6,122,042
Net book value			
At 31 December 2022	27,158,576	3,605,744	30,764,320
At 31 December 2021	26,917,198	1,977,166	28,894,364

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20.1 Right-of-use assets and lease liabilities (continued)

Set out below are the carrying amounts of lease liabilities recognised in the Group consolidated statement of financial position and movements during the year:

	31 December 2022	31 December 2021
	£	£
Opening balance	27,720,156	1,643,201
Paid during the period	(2,463,434)	(2,027,340)
Lease incentive	(100,638)	-
Interest accrued	2,799,809	1,212,118
Additions	6,269,121	26,892,177
Closing balance	34,225,014	27,720,156

	31 December 2022	31 December 2021
	£	£
Lease liabilities		
Current	3,370,554	1,034,386
Non-current	30,854,460	26,685,770
Total	34,225,014	27,720,156

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases by the Group:

	31 December 2022	31 December 2021
	£	£
Depreciation expense related to land and buildings	2,696,715	2,060,061
Depreciation expense related to fixtures, fittings and equipment	1,404,633	524,478
Interest expense	2,799,809	1,212,118
Expenses related to short-term and low-value leases	-	78,448
Total	6,901,157	3,875,105

The total cash outflow for leases for the period was £2,463,434 (2021: £2,027,340).

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20.1 Right-of-use assets and lease liabilities (continued)

(iii) Scheduled maturity of lease liabilities

Future minimum lease payments at statement of financial position date were as follows:

	31 December 2022	31 December 2021
	£	£
Within one year	3,346,688	1,294,819
In one and two years	10,492,912	7,081,803
In two to five years	8,149,177	8,323,667
In over five years	12,079,775	31,006,223
Total	34,068,552	47,706,512

(iv) Amounts recognized in the Company statement of financial position:

Set out below are the carrying amounts of right-of-use assets recognised in the Company statement of financial position and movements during the period:

	Land and buildings	Furniture, fittings and equipment	Total
	£	£	£
Cost			
At 1 January 2022	26,113,736	2,720,722	28,834,458
Additions	-	3,033,212	3,033,212
Disposals	-	-	-
At 31 December 2022	26,113,736	5,753,934	31,867,670
Depreciation			
At 1 January 2022	942,942	743,556	1,686,498
Charge for the period	1,782,363	1,404,633	3,186,996
Eliminated on disposals	-	-	-
At 31 December 2022	2,725,305	2,148,189	4,873,494
Net book value			
At 31 December 2022	23,388,431	3,605,744	26,994,175
At 31 December 2021	25,170,794	1,977,166	27,147,960

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

20.1 Right-of-use assets and lease liabilities (continued)

Set out below are the carrying amounts of lease liabilities recognised in the Company statement of financial position and movements during the period:

	31 December 2022	31 December 2021
	£	£
Opening balance	25,773,054	1,643,201
Paid during the period	(1,702,540)	(1,807,533)
Interest accrued	2,243,070	1,086,176
Additions	3,046,347	24,851,210
Closing balance	29,359,931	25,773,054

	31 December 2022	31 December 2021
	£	£
Lease liabilities		
Current	2,551,751	823,887
Non-current	26,808,180	24,949,167
Total	29,359,931	25,773,054

(v) Amounts recognised in the Company statement of comprehensive income

The company statement of comprehensive income shows the following amounts relating to leases by the Company:

	31 December 2022	31 December 2021
	£	£
Depreciation expense related to land and buildings	1,782,362	1,765,081
Depreciation expense related to fixtures, fittings and equipment	1,404,633	524,478
Interest expense	2,243,070	1,086,176
Expenses related to short-term and low-value leases	19,200	41,372
Total	5,449,265	3,417,107

20.2 Long-term borrowings

Long-term borrowings include the following financial liabilities:

	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
	£	£	£	£
Bank borrowings	40,000,000	-	40,000,000	-

Bank borrowings are secured over the Group's assets. The interest rate on the loan is variable. The carrying amount of the other bank borrowings is considered a reasonable approximation of the fair value. Third party loans are subject to minimum requirements for group turnover and cash liquidity. The group met these borrowing covenants throughout the year.

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for the year ended 31 December 2022 (continued)

20.2 Long-term borrowings (continued)

The following are the contractual maturities of long-term borrowings, including interest payments:

	1 year or less	1-2 years	More than 2 years
As at 31 December 2022	£	£	£
Principal payments	-	3,333,333	36,666,667
Interest payments	3,508,791	3,444,652	6,154,609

20.3 Warrant liabilities

Warrant liabilities include the following financial liabilities:

	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
	£	£	£	£
Warrant liabilities	836,160	-	836,160	-

Warrant liabilities represents the fair value of warrant share options exercisable by the provider of the £40m loan (Refer to Notes 16 and 20.2). It is accounted for as a compound financial instrument.

20.4 Finance costs

Finance costs relating to financial liabilities include the following:

	Group Year to 31 December 2022	Group Period from 1 July 2020 to 31 December 2021
	£	£
Interest accrued on lease liabilities	2,799,809	1,212,118
Interest on borrowings	1,821,933	738,951
Discount on debt instrument	836,160	-
	5,457,902	1,951,069

21 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £1,976,019 (18 months period ended 31 December 2021: £1,590,572). Contributions totalling £Nil (2021: £223,173) were payable to the scheme at the end of the year and are included in creditors.

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22 Share-based payments

Enterprise management initiative

Scheme details and movements

The Group operates an equity-settled share-based compensation plan established under the Enterprise Management Initiative ("EMI") scheme granting share options to employees in the Group. The fair value of the employee services received in exchange for the options granted is expensed. This has been based on Management's estimate of the number of shares that will eventually vest and the fair value of the share options as at the date of granting.

The movements in the number of share options during the year were as follows:

	31 December 2022 No.	31 December 2021 No.
Outstanding, start of period	257,040	735,814
Forfeited during the period	-	(34,531)
Exercised during the period	(42,327)	(444,243)
Outstanding, end of period	214,713	257,040

The movements in the weighted average exercise price of share options during the year were as follows:

	31 December 2022 pence	31 December 2021 pence
Outstanding, start of period	1.00	1.00
Granted during the period	-	-
Forfeited during the period	-	0.99
Exercised during the period	1.00	0.08
Outstanding, end of period	1.00	1.00

The weighted average share price at date of exercise of share options exercised during the year was 1.00p (2021: 0.08p).

Fair value of options granted

There are no options granted during the year and in prior period.

Charge arising from share-based payments

The total charge for the period for share-based payments was £159,125 (2021: £1,456,673).

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. The fair value of award granted under EMI is measured using a Black Scholes model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Statement of Financial Position date, the entity revises its estimates of the number of share options that are expected to vest, with any changes in estimate recognised in the income statement with a corresponding adjustment in equity.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

23 Other provisions

The provision below relates to the loan with Trulience Limited, which has filed dormant accounts and the loan is considered unlikely to be recovered.

	Provision for Trulience
	£
At 1 January 2022	(872,353)
Additional provision	(216,000)
At 31 December 2022	(1,088,353)

The provision below relates to Trade receivables, which are considered to be in default, has not been received within 12 months, and is clear that the counterparty is not in a position to repay.

	Provision for bad debts
	£
At 1 January 2022	(21,568)
Additional provision	(107,054)
At 31 December 2022	(128,622)

The property provisions below are held against dilapidations. The Group has used a best estimate of the Group's potential exposure to calculate the potential cost to the Group over the remaining lease periods.

	Dilapidation Provision
	£
At 1 January 2022	(2,000,000)
Additional provision	-
At 31 December 2022	(2,000,000)

24 Financial instruments

Financial assets

Loans and receivables
Financial assets, which are valued at amortised cost:

	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
	£	£	£	£
Related party balances	1,406,916	1,742,382	192,323,634	74,652,968
Trade and other receivables	22,654,457	2,296,727	5,199,268	2,296,136
Cash and cash equivalents	15,383,214	86,210,936	11,872,883	85,560,284
Non-current financial assets	7,187,094	7,033,250	6,902,686	6,852,795
	46,631,681	97,283,295	216,298,471	169,362,183

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

24 Financial instruments (continued)

Financial assets (continued)

Financial assets, which are valued at FVTPL:

	31 December 2022 £	31 December 2021 £
Investments	15,477	14,977
	15,477	14,977

Financial liabilities

Financial liabilities, which are valued at amortised cost:

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Trade payables	3,981,623	4,688,173	1,816,056	4,053,207
Other payables	2,068,377	3,629,248	55,554,417	33,334,849
Lease liabilities	34,225,014	27,720,156	29,359,932	25,773,053
Dilapidation provisions	2,000,000	2,000,000	2,000,000	2,000,000
Borrowings	40,000,000	-	40,000,000	-
General accruals	16,332,243	8,404,090	7,769,666	3,580,444
	98,607,257	46,441,667	136,500,071	68,741,553

The Group's financial liability carrying amount and the amount that the entity is contractually required to repay at maturity to the holder of the obligation agrees other than for lease liabilities - further details have been disclosed in Note 20.1.

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables;
- cash and cash equivalents;
- trade and other payables; and
- other non-current financial assets.

25 Financial risk management and impairment of financial assets

The Group is exposed to various risks in relation to financial instruments. The main risks, which the Group are exposed to, are credit risk and liquidity risk. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Credit risk and impairment

The Group's financial assets credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group's principal financial assets are cash and cash equivalents, restricted cash and trade and other receivables.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

25 Financial risk management and impairment of financial assets (continued)

Credit risk and impairment (continued)

Included in other receivables are amounts due from HMRC, which is considered low credit risk. As such, the expected credit loss is immaterial.

Counterparties for cash and cash equivalents are limited to financial institutions that have a high credit rating assigned by international credit rating agencies.

The Group granted the Trustee of Smart Pension Master Trust a charge over restricted cash of held in a ring-fenced bank account, which is subject to a fixed charge in favour of the Trustee. The Trustee has the right to draw cash from this account to cover costs if triggering events occur, which are prescribed by section 21 of the Pension Schemes Act 2017. The possibility of the triggering events occurring in the foreseeable future are remote, for which no impairment is deemed necessary.

The Group trades with recognised, creditworthy third parties and provides credit to customers in the normal course of business. Expected credit loss allowances are made against trade receivables based on credit risk characteristics. The Group has credit control functions to monitor receivable balances on an ongoing basis. Based on the assessment of the lifetime expected credit loss, the Group believes all the trade receivables are of good quality and the determined expected credit loss is considered immaterial.

The Group regularly monitors its on-going Keystone contracts and feels that the expected credit loss of any associated contract assets is immaterial.

The Group has no significant concentration of credit risk.

The Group does not require collateral in respect of its financial assets.

Loans and receivables credit risk exposure and management

2022	Maximum amount of exposure	Provision for doubtful debt	Carrying value
	£	£	£
Cash and cash equivalents	15,383,214	-	15,383,214
Trade and other receivables (excluding prepayments)	21,523,923	(128,622)	21,395,301
	36,907,137	(128,622)	36,778,515

2021	Maximum amount of exposure	Provision for doubtful debt	Carrying value
	£	£	£
Cash and cash equivalents	86,210,936	-	86,210,936
Trade and other receivables (excluding prepayments)	2,682,783	(21,568)	2,661,215
	88,893,719	(21,568)	88,872,151

The Group's financial assets subject to the Expected Credit Loss ("ECL") model within IFRS 9 are as listed above. There is no concentration of credit risk within these assets.

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25 Financial risk management and impairment of financial assets (continued)

Credit risk and impairment (continued)

As only trade and other receivables and cash and cash equivalents are impacted by the IFRS 9 ECL model, the Group has adopted the simplified approach. The loss allowance shown is therefore based on lifetime ECLs.

At the balance sheet date, cash and cash equivalents were held with Lloyds Bank, Synovus Bank (previously AFB&T) and Silicon Valley Bank (SVB). The Group did not suffer financial loss as a result of the challenges at SVB and have subsequently moved banking relationships away from SVB.

An amount of £1,088,353 relating to a loan balance with Trulience is considered unlikely to be recovered and as such has been fully impaired. This impacts trade and other receivables in the financial statements. Refer to note 23 for details of the provision. All other trade and other receivables are expected to be received in twelve months. However, an amount is only considered to be in default if it has not been received within 12 months and it is clear that the counterparty is not in a position to repay.

Loans and receivables credit risk exposure and management (continued)

Foreign currency risk is the risk that fair value or future cash flows associated with a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has increasing exposure to foreign currency risk as it expands internationally. This risk is managed via treasury operations by matching of foreign currency denominated (primarily USD) income and expenditure.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group deems interest rate risk (i.e. the risk that interest rates increase or decrease) as manageable because other than cash and cash equivalents and long-term borrowings, none of the Group's financial instruments generates either interest expense or interest income.

The interest earned on cash and cash equivalents is immaterial in the context of the financial statements and, consequently, no sensitivity analysis has been presented.

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by forecasting cash inflows and outflows due in day-to-day business and arranging appropriate financing as required.

For the year from 1 January 2022 to 31 December 2022, the Group had cash and cash equivalents of £15,383,214 (2021: £86,210,936).

The Group's principal cash requirements are primarily to meet its working capital needs, support on-going business activities, including the payment of taxes, fund capital expenditures and invest in business acquisitions.

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25 Financial risk management and impairment of financial assets (continued)

Maturity analysis

31 December 2022	Within 1 year £	After 1 year £	Total £
Trade and other payables	28,814,297	-	28,814,297
Lease liabilities (present value)	3,370,554	30,854,460	34,225,014
	32,184,851	30,854,460	63,039,311

31 December 2021	Within 1 year £	After 1 year £	Total £
Trade and other payables	26,959,656	-	26,959,656
Lease liabilities (present value)	1,034,386	26,685,770	27,720,156
	27,994,042	26,685,770	54,679,812

Capital risk management

The Group manages its capital to ensure that it will be able to continue on a going concern basis while maximising its long-term return to shareholders. The capital structure of the Group consists of equity attributable to the equity holders of Smart Pension Limited comprising issued share capital, share premium, other reserves and retained earnings/accumulated losses as well as long-term borrowings.

The Group is not exposed to any externally imposed capital requirements.

26 Related party transactions

Key management compensation

	31 December 2022 £	31 December 2021 £
Salaries and other short term employee benefits	3,133,442	2,688,517
Post-employment benefits	97,938	117,811
Share-based payments	159,307	265,450
	3,390,687	3,071,778

Loans, transactions and guarantees with directors

During the period ended 30 June 2020, £640,947 was advanced to each of William Robert Wynne and Andrew Raymond Evans (total £1,281,895). As at 31 December 2022, £1,281,895 was outstanding. The loans are non-interest bearing and repayment is generally in connection with the disposal of shares held by the Directors.

Related party loans

	31 December 2022 £	31 December 2021 £
Ashdown Holdings Ltd	96,000	96,000
EC2 Master Ltd on behalf of the Smart Pension Master Trust	29,022	364,488
	125,022	460,488

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

26 Related party transactions (continued)

The loan to Ashdown Holding Ltd is unsecured. The repayment terms are as follows: the sum of £32,000 to be paid to within 13 months of the agreement; then the sum of £32,000 to be paid on each of the second, third, fourth and fifth anniversaries of the date of the agreement.

The balance outstanding with the Smart Pension Master Trust is a temporary working capital loan. EC2 Master Ltd held the funds on behalf of the Smart Pension Master Trust. It is unsecured and repayable on demand.

The following balances, included in amounts owed by Group companies of £ 192,323,634 (see Note 14), are outstanding at the period end.

Intercompany balance due from:

- Smart Governance Limited of £ 24,418,033;
- Smart Fintech Poland of £ 1,776,648;
- Smart Technology Holdings Limited of £ 103,114,700;
- Smart Fintech Middle East of £ 514,435;
- Smart USA Co. of £ 62,031,173;
- Smart Retire Pty Ltd of £ 12,464;
- SFS Platform (Ireland) Ltd of £432,509; and
- Smart Governance Spain of £23,672.

The following balances, included in amounts owed by Group companies of £ 54,880,173 (see Note 16), are outstanding at the period end.

Intercompany balance due to:

- Smart Governance Limited of £ 1,620,282;
- Smart Fintech Poland of £ 5,782,333;
- Smart Platform Hong Kong Limited £ 44,557,612; and
- Smart Platform Limited of £ 2,919,946.

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27 Acquisition of Stadion Money Management

On 9 March 2022, the Group acquired 100% of the equity instruments of Stadion Money Management ("Stadion"), a USA based business, thereby obtaining control. Stadion represents a key strategic acquisition for the Group and the leadership team bring enormous knowledge in relation to the US retirement market from both a product and operational standpoint.

The details of the business combination are as follows:

	£
Fair value of consideration transferred	
Amount settled in cash	37,927,894
Total	**37,927,894**
Recognised amount of identifiable net assets	
Property, plant and equipment	1,506,001
Intangible assets	15,473,331
Total non-current assets	**16,979,332**
Trade and other receivables	1,934,171
Cash and cash equivalents	3,290,122
Total current assets	**5,224,293**
Borrowings	1,280,550
Deferred tax liabilities	256,760
Total non-current liabilities	**1,537,310**
Trade and other payables	1,057,029
Total current liabilities	**1,057,029**
Identifiable net assets	**19,609,286**
Goodwill on acquisition (Note 11)	**18,318,608**
Consideration transferred settled in cash	37,927,894
Cash and cash equivalents acquired	3,290,122
Net cash outflow on acquisition	**34,637,772**
Acquisition costs charged to expenses	-

Consideration transferred
The acquisition of Stadion was settled in cash amounting to £37,927,894.

No acquisition-related costs were included as part of consideration transferred and have been recognised as an expense in the consolidated statement of comprehensive income, as part of administrative expenses.

Trade and other receivables acquired
The fair value of the trade and other receivables acquired as part of the business combination amounted to £1,934,171, with a gross contractual amount of £1,934,171. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to £1,934,171.

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27 Acquisition of Stadion Money Management (continued)

Goodwill

Goodwill of £18,318,608 is primarily growth expectations, expected future profitability, the substantial skill and expertise of Stadion's workforce and expected cost synergies.

Stadion's contribution to the Group results

Stadion incurred a loss of £3,989,475 for the nine months from 9 March 2022 to the reporting date, primarily due to one-time transaction related costs. Revenue for the nine months to 31 December 2022 was £6,789,836.

If Stadion had been acquired 1 January 2022, revenue of the Group for 2022 would have been £58,765,902, and loss for the year would have increased by £623,637.

28 Comparative information

The financial statements have been prepared for the twelve-month period from the 1 January 2022 to 31 December 2022. The comparative period is for the eighteen-month period from 1 July 2020 to 31 December 2021.

29 Parent and ultimate parent undertaking

Smart Pension Limited is a standalone entity with several shareholders but none with sufficient individual shareholding to be noted as the controlling party.

30 Non adjusting events after the financial period

The following non-adjusting events took place after the period ended 31 December 2022:

Group Restructure

The Group decided to reduce its cost base by rationalising its workforce post year-end. This restructure has now been completed and the reduction in the cost base will provide a robust footing to drive the Group towards profitability in the medium-term.

Series E

On 12 May 2023, the Company finalised a 'Series E' investment round of £76m ($95m), securing the capital required to support the growth of the business over the coming years, embedding our PaaS model in key DC markets, whilst supporting continued growth of SPMT.

ProManage LLC

On 31 May 2023, the Company via its subsidiary, Smart USA Co, acquired 100% of the equity of ProManage LLC ('ProManage'), a US managed account provider headquartered in Chicago. The transaction involves an initial cash consideration of $6m, with additional potential performance based payments totalling a maximum of $9m to be paid across a three year period. The acquisition broadens Smart's service offering and capabilities in the growing US managed account market.