

Company Registration No. 10278251 (England and Wales)

**TRUELAYER LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# TRUELAYER LIMITED

## COMPANY INFORMATION

---

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

# TRUELAYER LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 24

---

# TRUELAYER LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

The directors present the strategic report for the year ended 31 December 2020.

#### Fair review of the business

TrueLayer provides global financial connectivity through open APIs. Businesses of every size, from startup to enterprise, use our open banking platform to seamlessly integrate financial data, payments, and banking services into their product offering.

Whilst the company's core market historically has been the UK, we're expanding quickly – we're now live in 12 markets internationally. Today, we're the biggest open banking player in Europe, with our platform routing over half of all open banking traffic in the UK, Spain, and Ireland.

The business holds an Electronic Money Institution ("EMI") license in the UK and is in the process of acquiring a license in Europe from the Central Bank of Ireland ("CBI") for its subsidiary in Ireland.

In September 2020 the company issued Convertible Loan Notes of \$25.2m to its current investors to close the Series C fundraising round and to further accelerate the company's growth. In April 2021 the group also announced it has secured a \$70m Series D investment round led by new investor, Addition. The latest raise reflects the growing demand for its open banking-based services. It marks another significant milestone for TrueLayer on its mission to open up finance, building an open banking network that brings together payments, financial data, and identity to redefine how people spend, save, and transact online. The new funding will be used to fuel global expansion and accelerate the development of premium open banking-based services that will continue to drive innovation and revenue growth for clients. Key investment areas will include growing the engineering, product and commercial teams to deliver our growth objectives.

In early 2020 there was a global outbreak of the Covid-19 pandemic. The growth that the company experienced continued into 2020 despite the market pressures brought by the Covid pandemic. This is evidenced by an even stronger pipeline and growth in 2021.

#### Principal risks and uncertainties

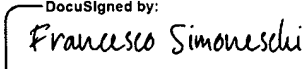
The company is required to manage a number of risks including, but not limited to, technology risk, operational risk, and liquidity risk. The process of risk identification and management is addressed through a framework of policies and internal controls. All policies are subject to review by management. Compliance with regulation, legal and ethical standards is a high priority for the company and we have put in place an appropriate governance structure to monitor this.

The company manages its liquidity through detailed budgeting and cash flow forecasting. Including future revenue projection, usual recurring operational costs and any known CAPEX requirements.

#### Key performance indicators

In 2020 we have demonstrated widespread adoption of open banking technology in the UK and made significant traction in Europe. Our data volumes over 2020 has grown by 290% and our total payments value (TPV) increased 300x over 2020. We have also seen a significant growth in revenue and improvement in gross margin versus FY19. As noted on page 8 of the financial statement, revenue increased by 123% with gross profit margins increasing from 26% to 49%. Administrative costs increased from £8.2m to £17.8m reflecting the group's investment in staff and the continued development of the platform. The directors are pleased with the continued growth and development of the company.

On behalf of the board

DocuSigned by:  
  
E2747893517B46B...

F Simoneschi

Director

2/7/2021

Date: .....

# TRUELAYER LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

The directors present their annual report and financial statements for the year ended 31 December 2020.

#### Principal activities

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

#### Results and dividends

The results for the year are set out on page 8.

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

No preference dividends were paid.

#### Directors

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

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

#### Qualifying third party indemnity provisions

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

#### Financial instruments

##### Liquidity risk

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

##### Credit risk

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

#### Research and development

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

#### Post reporting date events

Subsequent to the year end a resolution has been passed to reclassify all existing share classes as ordinary shares of \$0.000001 each. The company's ultimate parent company, TrueLayer Group Holdings Limited, also successfully completed a Series D fund raise of \$70m in April 2021.

#### Auditor

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

## TRUELAYER LIMITED

### DIRECTORS' REPORT (CONTINUED)

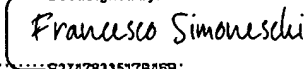
**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

#### Statement of disclosure to auditor

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

On behalf of the board

DocuSigned by:  
  
.....E2747833517B46B...  
F Simoneschi  
Director

2/7/2021

Date: .....

## **TRUELAYER LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

---

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# TRUELAYER LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TRUELAYER LIMITED

---

### Opinion

We have audited the financial statements of TrueLayer Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

## **TRUELAYER LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF TRUELAYER LIMITED**

---

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

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

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

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

#### **Responsibilities of directors**

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

Audit procedures performed by the engagement team included:

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

## TRUELAYER LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF TRUELAYER LIMITED

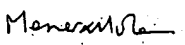
---

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

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

#### Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to 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 member for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
E320CF963ED4408...

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

2/7/2021

.....

**Chartered Accountants**  
**Statutory Auditor**

21 Lombard Street  
London  
EC3V 9AH

**TRUELAYER LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
Turnover	3	1,421,210	637,349
Cost of sales		(723,962)	(469,970)
<b>Gross profit</b>		<b>697,248</b>	<b>167,379</b>
Administrative expenses		(17,820,387)	(8,242,705)
Other operating income		-	84,000
<b>Operating loss</b>	<b>4</b>	<b>(17,123,139)</b>	<b>(7,991,326)</b>
Interest receivable and similar income	8	13	59
<b>Loss before taxation</b>		<b>(17,123,126)</b>	<b>(7,991,267)</b>
Tax on loss	9	827,121	170,942
<b>Loss for the financial year</b>		<b>(16,296,005)</b>	<b>(7,820,325)</b>

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

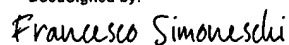
**TRUELAYER LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	10		1,122,217		1,063,515
<b>Current assets</b>					
Debtors	11	2,107,744		1,599,948	
Cash at bank and in hand		28,807,095		24,225,810	
		<u>30,914,839</u>		<u>25,825,758</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(20,738,387)</u>		<u>(794,363)</u>	
<b>Net current assets</b>			10,176,452		25,031,395
<b>Total assets less current liabilities</b>			11,298,669		26,094,910
<b>Provisions for liabilities</b>					
Provisions	14	<u>(38,175)</u>	<u>(38,175)</u>	<u>(38,175)</u>	<u>(38,175)</u>
<b>Net assets</b>			<u>11,260,494</u>		<u>26,056,735</u>
<b>Capital and reserves</b>					
Called up share capital	17		2		2
Share premium account	18		36,840,705		36,836,128
Profit and loss reserves	18		<u>(25,580,213)</u>		<u>(10,779,395)</u>
<b>Total equity</b>			<u>11,260,494</u>		<u>26,056,735</u>

2/7/2021

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

DocuSigned by:



E2747833517846B...

F Simoneschi

Director

Company Registration No. 10278251

**TRUELAYER LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		1	9,071,990	(3,692,077)	5,379,914
<b>Year ended 31 December 2019:</b>					
Loss and total comprehensive income for the year		-	-	(7,820,325)	(7,820,325)
Issue of share capital	17	1	27,764,138	-	27,764,139
Credit to equity for equity settled share-based payments	16	-	-	733,007	733,007
<b>Balance at 31 December 2019</b>		2	36,836,128	(10,779,395)	26,056,735
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(16,296,005)	(16,296,005)
Issue of share capital	17	-	4,577	-	4,577
Credit to equity for equity settled share-based payments	16	-	-	1,495,187	1,495,187
<b>Balance at 31 December 2020</b>		2	36,840,705	(25,580,213)	11,260,494

# TRUELAYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 1 Accounting policies

#### Company information

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

#### 1.1 Accounting convention

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

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

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

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

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

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

#### 1.2 Going concern

Notwithstanding the loss for the year of £16,296,005, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has prepared detailed forecasts of its future working capital requirements which indicate that the company will have sufficient cash resources. Further the group has secured a further \$70m from a Series D fundraise in April 2021 and the directors have received a letter of support from the parent company, TrueLayer Group Holdings Limited. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

#### 1.3 Turnover

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

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

# TRUELAYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Accounting policies

(Continued)

##### 1.4 Tangible fixed assets

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

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

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

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

##### 1.5 Impairment of fixed assets

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

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

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

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

##### 1.6 Cash and cash equivalents

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

# TRUELAYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.7 Financial instruments

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

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

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

#### **Basic financial assets**

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

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

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

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

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

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

# TRUELAYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.9 Taxation

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

#### **Current tax**

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

# TRUELAYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

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

#### **1.10 Provisions**

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

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

#### **1.11 Employee benefits**

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

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

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

#### **1.12 Retirement benefits**

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

#### **1.13 Share-based payments**

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

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

# TRUELAYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 1 Accounting policies

(Continued)

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

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

#### 1.14 Leases

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.15 Foreign exchange

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

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Critical judgements

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

#### *Bad debt provision*

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

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****2 Judgements and key sources of estimation uncertainty (Continued)****Key sources of estimation uncertainty**

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

**Measurement of share based payment expense**

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

**3 Turnover and other revenue**

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

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Platform income	1,421,210	637,349
	<u>1,421,210</u>	<u>637,349</u>
	2020 £	2019 £
<b>Other significant revenue</b>		
Interest income	13	59
	<u>13</u>	<u>59</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	1,349,196	573,157
Europe	61,242	28,424
Rest of World	10,772	35,768
	<u>1,421,210</u>	<u>637,349</u>

**4 Operating loss**

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(248,833)	1,382,738
Depreciation of owned tangible fixed assets	290,763	134,765
Share-based payments	1,495,187	733,007
Operating lease charges	748,375	351,505
	<u>1,495,502</u>	<u>2,502,015</u>

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****5 Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	13,000	12,500

**6 Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Engineers	43	24
Client care and sales	25	13
Administration	57	19
<b>Total</b>	<b>125</b>	<b>56</b>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	11,133,525	4,082,430
Social security costs	1,048,087	384,092
Pension costs	355,205	63,178
	<b>12,536,817</b>	<b>4,529,700</b>

**7 Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	241,542	181,192
Company pension contributions to defined contribution schemes	5,534	2,561
	<b>247,076</b>	<b>183,753</b>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****7 Directors' remuneration****(Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	120,813	90,638
Company pension contributions to defined contribution schemes	2,767	1,280
	<u>123,580</u>	<u>91,918</u>

**8 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	13	59
	<u>13</u>	<u>59</u>

**9 Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	(827,121)	(170,942)
	<u>(827,121)</u>	<u>(170,942)</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the Budget on 11 March 2020, it was announced that the UK corporation tax rate would remain at 19% and not reduce to 17% from 1 April 2020. In March 2021, the 2021 budget announced an increase to 25% from 1 April 2023 for taxable profits above £50,000.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(17,123,126)	(7,991,267)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(3,253,394)	(1,518,341)
Tax effect of expenses that are not deductible in determining taxable profit	286,338	178,195
Unutilised tax losses carried forward	3,067,587	1,120,820
Change in unrecognised deferred tax assets	177,282	474,455
Adjustments in respect of prior years	(827,121)	(170,942)
Depreciation on assets not qualifying for tax allowances	2,270	1,264
Research and development tax credit	-	(256,393)
Tax relief on share options	(280,083)	-
Taxation credit for the year	<u>(827,121)</u>	<u>(170,942)</u>

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****9 Taxation****(Continued)**

The company has estimated tax losses of £25m (2019: £8m) to use against future trading profits. A deferred tax asset on these losses has not been recognised as there is currently insufficient evidence that the company will generate sufficient profits in the near future to utilise them.

**10 Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2020	637,912	353,927	238,505	1,230,344
Additions	72,436	30,529	246,500	349,465
At 31 December 2020	710,348	384,456	485,005	1,579,809
<b>Depreciation and impairment</b>				
At 1 January 2020	85,718	44,447	36,664	166,829
Depreciation charged in the year	139,680	76,468	74,615	290,763
At 31 December 2020	225,398	120,915	111,279	457,592
<b>Carrying amount</b>				
At 31 December 2020	484,950	263,541	373,726	1,122,217
At 31 December 2019	552,194	309,480	201,841	1,063,515

**11 Debtors**

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	264,805	419,043
Corporation tax recoverable	827,121	123,364
Other debtors	343,483	615,711
Prepayments and accrued income	672,335	441,830
	2,107,744	1,599,948

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****12 Creditors: amounts falling due within one year**

	Notes	2020 £	2019 £
Other borrowings	13	18,967,858	-
Trade creditors		798,944	408,873
Taxation and social security		427,115	197,094
Other creditors		-	46,201
Accruals and deferred income		544,470	142,195
		<u>20,738,387</u>	<u>794,363</u>

**13 Loans and overdrafts**

	2020 £	2019 £
Loans from group undertakings	<u>18,967,858</u>	<u>-</u>
Payable within one year	<u>18,967,858</u>	<u>-</u>

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

**14 Provisions for liabilities**

	2020 £	2019 £
Dilapidations	<u>38,175</u>	<u>38,175</u>

Movements on provisions:

	Dilapidations £
At 1 January 2020 and 31 December 2020	<u>38,175</u>

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

**15 Retirement benefit schemes**

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>355,205</u>	<u>63,178</u>

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

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****16 Share-based payment transactions**

	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 \$	2019 \$
Outstanding at 1 January 2020	206,420	122,318	0.13	0.13
Granted	71,532	84,102	0.13	0.13
Exercised	(47,540)	-	0.13	-
Outstanding at 31 December 2020	<u>230,412</u>	<u>206,420</u>	<u>0.13</u>	<u>0.13</u>
Exercisable at 31 December 2020	<u>165,421</u>	<u>164,754</u>	<u>0.13</u>	<u>0.13</u>

The options outstanding at 31 December 2020 had an exercise price of \$0.13, and a remaining contractual life of between 6 and 10 years.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method.

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

Inputs were as follows:

	2020	2019
Weighted average share price	\$30.84	\$14.21
Weighted average exercise price	\$0.13	\$0.13
Expected volatility	20.00	20.00
Expected life	10.00	10.00
Risk free rate	0.01	0.52

**17 Share capital**

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary Shares of \$0.000001 each	1,054,509	1,000,000	1	1
A Ordinary Shares of \$0.000001 each	<u>6,956</u>	<u>6,956</u>	<u>-</u>	<u>-</u>

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020****17 Share capital****(Continued)**

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Preference share capital</b>				
<b>Issued and fully paid</b>				
Seed Preference of \$0.000001 each	296,135	296,135	-	-
A Preference Shares of \$0.000001 each	364,269	364,269	-	-
B Preference Shares of \$0.000001 each	531,765	531,765	-	-
C Preference Shares of \$0.000001 each	881,168	881,168	1	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Preference shares classified as equity			1	1
			<u>          </u>	<u>          </u>
<b>Total equity share capital</b>			2	2
			<u>          </u>	<u>          </u>

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

**Seed Preference Shares:** Each holder of series Seed Preference Shares has the right to receive notice and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed resolutions of the company.

**A Preference Shares:** Each holder of A Preference Shares has the right to receive notice and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed resolutions of the company. Each holder of A Preference Shares may at any time convert all or part of their A Preference Shares to an equal number of Ordinary Shares.

**B Preference Shares:** Each holder of B Preference Shares has the right to receive notice and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed resolutions of the company. Each holder of B Preference Shares may at any time convert all or part of their B Preference Shares to an equal number of Ordinary Shares.

**C Preference Shares:** Each holder of C Preference Shares has the right to receive notice and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed resolutions of the company. Each holder of C Preference Shares may at any time convert all or part of their C Preference Shares to an equal number of Ordinary Shares.

During the year, the company issued 54,409 Ordinary shares of \$0.000001 at an average price of \$0.13 per share.

**18 Reserves****Share premium**

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

**Profit and loss reserves**

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

**TRUELAYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****19 Operating lease commitments****Lessee**

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

	2020 £	2019 £
Within one year	696,475	606,281
Between two and five years	1,596,991	2,293,466
	<u>2,293,466</u>	<u>2,899,747</u>

**20 Events after the reporting date**

Subsequent to the year end a resolution has been passed to reclassify all existing share classes as ordinary shares of \$0.000001 each. The company's ultimate parent company, TrueLayer Group Holdings Limited, also successfully completed a Series D fund raise of \$70m in April 2021.

**21 Related party transactions**

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

**22 Ultimate controlling party**

On 11 December 2020, the company became a wholly owned subsidiary of Truelayer (Jersey) Limited, a company incorporated in Jersey whose registered office address is 22 Grenville Street, St Helier, Jersey JE4 8PX.

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

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