
RAVELIN TECHNOLOGY LTD

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



RAVELIN TECHNOLOGY LTD

COMPANY INFORMATION

Directors	R S Dighero V Jayakumar N J Lally M A W Mandin M S O'Riada Dr M C Ramesh M H Sweeney
Registered number	09273460
Registered office	5th Floor Classic House 174-180 Old Street London EC1V 9BP
Independent auditor	CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson) Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

RAVELIN TECHNOLOGY LTD

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RAVELIN TECHNOLOGY LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report for the Group for the year ended 31 December 2021.

Principal activity

The principal activity of the Group during the year was the development and supply of fraud detection software.

Business review

Ravelin grew steadily during the financial year, with revenue growth of 43.2% from 2020 to 2021. Gross margins in 2021 remained consistent with 2020. Losses for the year totalled £4,709,550 (2020 - £2,835,166 loss) which is in line with group expectations. Ravelin experienced exceptional customer success during 2021, retaining 100% of clients whose contracts were due for renewal. Ravelin has adopted a remote first business model, with staff being able to work remotely. Many staff have chosen not to be office based, which will translate to lower office expenditure in future years as the team scales. During the year Ravelin also launched a number of new products, enabling cross-sell opportunities and growth throughout 2022. As at the balance sheet date, Ravelin had £13,345,737 in the bank, providing sufficient liquidity for the 2022 financial year and beyond.

Principal risks and uncertainties

The Group's business is subject to a number of risks and uncertainties which could have a material adverse impact on the business. The factors discussed in this section are not an exhaustive list but are considered some of the principal risks and uncertainties faced by the Group.

Pricing risk

Pricing risk is the risk that the movement in the price of the Group's direct costs will adversely affect the profitability of the business. The Group manages this risk by, wherever possible, adding CPI increase clauses in our customer contracts. The main direct costs for the business are staff, cloud infrastructure and office expenses. For those customer contracts that are up for renewal the Group is negotiating higher pricing to counter for our increased staff costs. The Group, where applicable, is beginning to charge for enhanced professional services. As the Group has adopted a remote first workforce, where possible the Group is exploring hiring staff in less expensive locations outside of the UK. The Group combats the increase of cloud infrastructure costs by signing long term contracts in exchange for cheaper pricing.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Group manages this risk by keeping its credit terms to 30 days wherever possible, and also by collecting funds by direct debit for its smaller clients. During the pandemic, the v supported its most vulnerable clients, by offering them discounts in exchange for longer fixed term contracts. This resulted in happier, more financially stable, retained customers.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty meeting its financial obligations as they fall due. Liquidity risk for the Group is primarily driven by credit risk, which currently remains low. The Group manages this risk by closely monitoring its receivables. The Group's client base is predominantly in the Enterprise space, where the credit risk is low.

RAVELIN TECHNOLOGY LTD

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Regulatory risk

During the last two years the EU has rolled out its Second Payments Services Directive (PSD2). Part of this regulation was aimed at reducing the amount of fraud in eCommerce by enforcing more use of two factor authentication at the point of sale. This posed a risk to the Group because more 2 factor authentication, could lead to a reduced reliance on the Group's core payment fraud product. The Group has countered this risk in 3 ways: Firstly, the Group expanded its product set to include a 2 factor authentication solution (3DS2); secondly the Group expanded the fraud types that its product covers to catch types of fraud outside of payment fraud (Account Takeover, Promotional Code Abuse, Returns and Refund Abuse, Supplier Abuse); and finally to expand its geographical reach to countries without such regulations. This has reduced the impact of any regulatory changes.

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group has a natural hedge between its customers billed in foreign currency and the local expenses it bears in those currencies. So far this has kept the FX risk to a minimum. Should this natural hedge become unbalanced in the future, the Group may look to address any risk through forward currency contracts.

Financial key performance indicators

Details of the Group's financial instruments and its policies regarding financial risk management are given in the notes to the financial statements.

The Group's key financial performance indicators during the year were as follows:

	2021	<i>Unaudited</i> 2020
Turnover (£)	11,035,789	7,705,279
Gross profit margin (%)	79.0	80.4
Loss before tax	5,951,570	3,834,780

The directors are pleased with the Group's performance over the reporting period, which is in line with our strategy and budgets.

Future developments

The Group plans to continue to support its current and future clients with its existing and recently released products set. The Group has a strong pipeline of active opportunities and is at the changing face of merchant fraud.

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



N J Lally
Director

Date: 22/08/2022

RAVELIN TECHNOLOGY LTD

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Results and dividends

The loss for the year, after taxation, amounted to £4,709,550 (2020 - loss £2,835,166).

No dividends were paid or proposed during the year (2020 - £Nil).

Directors

The directors who served during the year were:

R S Dighero
V Jayakumar
N J Lally
M A W Mandin
M S O'Riada
Dr M C Ramesh (appointed 18 November 2021)
M H Sweeney
K M Schmitz (appointed 16 June 2021, resigned 18 November 2021)
A R Van Someren (resigned 16 June 2021)

Research and development activities

The Group continues an active programme of research and development, enhancing and updating current products and extending the product range.

Matters covered in the Strategic Report

Where necessary, disclosures relating to principal risks & uncertainties and future developments have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

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

Auditor

The auditor, CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson), will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

RAVELIN TECHNOLOGY LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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



N J Lally
Director

Date: 22/08/2022

RAVELIN TECHNOLOGY LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAVELIN TECHNOLOGY LTD

Opinion

We have audited the financial statements of Ravelin Technology Ltd (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and the 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 Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's 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 Group and 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

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 and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

RAVELIN TECHNOLOGY LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAVELIN TECHNOLOGY LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Consolidated Financial Statements. 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 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.

Matters on which we are required to report by exception

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.

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 5, 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.

RAVELIN TECHNOLOGY LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAVELIN TECHNOLOGY LTD (CONTINUED)

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:

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management in respect of their understanding of relevant laws and regulations. We obtained an understanding of the entity's policies and procedures regarding compliance with laws and regulations. We also drew on our existing understanding of the Group's industry and regulation.

We understand that the Group complies with the framework through:

- Outsourcing payroll, accounts preparation and tax compliance to external experts.
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct its business and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Group:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- The Bribery Act, as the Group relies heavily on tendering to win contracts.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Obtaining written management representations regarding the adequacy of procedures in place.
- Communication with the management regarding any existing litigation claims against the Group.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of this discussion were with regards to manipulation of the financial statements through manual journal entries, incorrect recognition of revenue and management bias in areas of estimation uncertainty.

RAVELIN TECHNOLOGY LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAVELIN TECHNOLOGY LTD (CONTINUED)

The procedures carried out to gain evidence in the above areas included:

- Testing a sample of revenue transactions to underlying documentation.
- Testing manual journal entries, selected based on specific risk assessments applied for significant component based on the Group's processes.
- Substantive sample testing of Share Options workings to underlying agreements. Challenging management regarding the input assumptions to the model, and testing reasonableness of these assumptions to supporting data.
- Challenging management regarding the assumptions used in estimating the warrants charge, including the inputs in the Black-Scholes model used to value the warrants.

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

Other matter

The financial statements of Ravelin Technology Ltd for the year ended 31 December 2020 were unaudited.

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners

CLA Evelyn Partners (Aug 22, 2022 17:56 GMT+1)

Chetan Mistry (Senior Statutory Auditor)

for and on behalf of

CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson)

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG
Date: 22/08/2022

RAVELIN TECHNOLOGY LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	Unaudited 2020 £
Turnover	4	11,035,789	7,705,279
Cost of sales		(2,317,295)	(1,513,154)
Gross profit		8,718,494	6,192,125
Administrative expenses		(14,704,382)	(10,026,905)
Operating loss	5	(5,985,888)	(3,834,780)
Interest receivable and similar income	9	34,425	-
Interest payable and similar expenses	10	(107)	-
Loss before taxation		(5,951,570)	(3,834,780)
Tax on loss	11	1,242,020	999,614
Loss for the financial year		(4,709,550)	(2,835,166)
Foreign exchange differences on consolidation		9,257	12,019
Other comprehensive income for the year		9,257	12,019
Total comprehensive income for the year		(4,700,293)	(2,823,147)

The notes on pages 21 to 41 form part of these financial statements.

RAVELIN TECHNOLOGY LTD
REGISTERED NUMBER:09273460

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	<i>Unaudited</i> 2020 £
Fixed assets			
Tangible assets	12	106,982	99,963
		<u>106,982</u>	<u>99,963</u>
Current assets			
Debtors: amounts falling due after more than one year	14	126,533	126,533
Debtors: amounts falling due within one year	14	3,900,833	3,475,946
Cash at bank and in hand		13,345,737	16,309,446
		<u>17,373,103</u>	<u>19,911,925</u>
Creditors: amounts falling due within one year	15	(1,604,642)	(1,145,518)
Net current assets		<u>15,768,461</u>	<u>18,766,407</u>
Total assets less current liabilities		<u>15,875,443</u>	<u>18,866,370</u>
Provisions for liabilities			
Other provisions	16	(18,505)	(18,505)
Net assets		<u><u>15,856,938</u></u>	<u><u>18,847,865</u></u>
Capital and reserves			
Called up share capital	17	4,320	4,307
Share premium account	18	28,947,110	28,946,566
Foreign exchange reserve	18	17,778	8,521
Share-based payment reserve	18	2,366,598	1,108,957
Warrants reserve	18	625,565	296,762
Profit and loss account	18	(16,104,433)	(11,517,248)
Shareholders' funds		<u><u>15,856,938</u></u>	<u><u>18,847,865</u></u>

RAVELIN TECHNOLOGY LTD
REGISTERED NUMBER:09273460

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

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



N J Lally
Director

Date: 22/08/2022

The notes on pages 21 to 41 form part of these financial statements.

RAVELIN TECHNOLOGY LTD
REGISTERED NUMBER:09273460

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	102,940	93,772
Investments	13	9	9
		<u>102,949</u>	<u>93,781</u>
Current assets			
Debtors: amounts falling due after more than one year	14	126,533	126,533
Debtors: amounts falling due within one year	14	4,497,160	3,730,345
Cash at bank and in hand		12,810,265	16,124,818
		<u>17,433,958</u>	<u>19,981,696</u>
Creditors: amounts falling due within one year	15	(1,792,906)	(1,507,127)
Net current assets		<u>15,641,052</u>	<u>18,474,569</u>
Total assets less current liabilities		<u>15,744,001</u>	<u>18,568,350</u>
Provisions for liabilities			
Other provisions	16	(18,505)	(18,505)
Net assets		<u><u>15,725,496</u></u>	<u><u>18,549,845</u></u>
Capital and reserves			
Called up share capital	17	4,320	4,307
Share premium account	18	28,947,110	28,946,566
Share-based payment reserve	18	2,366,598	1,108,957
Warrants reserve	18	625,565	296,762
Profit and loss account	18	(16,218,097)	(11,806,747)
Shareholders' funds		<u><u>15,725,496</u></u>	<u><u>18,549,845</u></u>

RAVELIN TECHNOLOGY LTD
REGISTERED NUMBER:09273460

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. During the year, the Company made a loss of £4,533,715 (2020 - £2,705,417).

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



N J Lally
Director

Date: 22/08/2022

The notes on pages 21 to 41 form part of these financial statements.

RAVELIN TECHNOLOGY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Foreign exchange reserve	Share-based payment reserve	Warrants reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2021	4,307	28,946,566	8,521	1,108,957	296,762	(11,517,248)	18,847,865
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(4,709,550)	(4,709,550)
Foreign exchange movement	-	-	9,257	-	-	-	9,257
Total comprehensive income for the year	-	-	9,257	-	-	(4,709,550)	(4,700,293)
Shares issued during the year	13	544	-	-	-	-	557
Transfer for exercised options	-	-	-	(122,365)	-	122,365	-
Share-based payment charge	-	-	-	1,380,006	-	-	1,380,006
Warrants charge	-	-	-	-	328,803	-	328,803
Total transactions with owners	13	544	-	1,257,641	328,803	122,365	1,709,366
At 31 December 2021	4,320	28,947,110	17,778	2,366,598	625,565	(16,104,433)	15,856,938

RAVELIN TECHNOLOGY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Foreign exchange reserve	Share-based payment reserve	Warrants reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2020	3,440	12,649,886	(3,498)	527,086	-	(8,588,490)	4,588,424
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(2,835,166)	(2,835,166)
Foreign exchange movement	-	-	12,019	-	-	-	12,019
Total comprehensive income for the year	-	-	12,019	-	-	(2,835,166)	(2,823,147)
Shares issued during the year	867	16,296,680	-	-	-	-	16,297,547
Transfer for exercised options	-	-	-	(29,836)	-	(93,592)	(123,428)
Share-based payment charge	-	-	-	611,707	-	-	611,707
Warrants charge	-	-	-	-	296,762	-	296,762
Total transactions with owners	867	16,296,680	-	581,871	296,762	(93,592)	17,082,588
At 31 December 2020	4,307	28,946,566	8,521	1,108,957	296,762	(11,517,248)	18,847,865

2020 group balances were unaudited.

RAVELIN TECHNOLOGY LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Other reserves	Warrants reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	4,307	28,946,566	1,108,957	296,762	(11,806,747)	18,549,845
Comprehensive income for the year						
Loss for the year	-	-	-	-	(4,533,715)	(4,533,715)
Total comprehensive income for the year	-	-	-	-	(4,533,715)	(4,533,715)
Shares issued during the year	13	544	-	-	-	557
Transfer for exercised options	-	-	(122,365)	-	122,365	-
Share-based payment charge	-	-	1,380,006	-	-	1,380,006
Warrants charge	-	-	-	328,803	-	328,803
Total transactions with owners	13	544	1,257,641	328,803	122,365	1,709,366
At 31 December 2021	4,320	28,947,110	2,366,598	625,565	(16,218,097)	15,725,496

RAVELIN TECHNOLOGY LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Share-based payment reserve	Warrants reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2020	3,440	12,649,886	527,086	-	(9,131,166)	4,049,246
Comprehensive income for the year						
Loss for the year	-	-	-	-	(2,705,417)	(2,705,417)
Total comprehensive income for the year	-	-	-	-	(2,705,417)	(2,705,417)
Shares issued during the year	867	16,296,680	-	-	-	16,297,547
Transfer for exercised options	-	-	(29,836)	-	29,836	-
Share-based payment charge	-	-	611,707	-	-	611,707
Warrants charge	-	-	-	296,762	-	296,762
Total transactions with owners	867	16,296,680	581,871	296,762	29,836	17,206,016
At 31 December 2020	4,307	28,946,566	1,108,957	296,762	(11,806,747)	18,549,845

RAVELIN TECHNOLOGY LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(4,709,550)	(2,835,166)
Adjustments for:		
Depreciation of tangible assets	64,468	45,290
Loss on disposal of tangible assets	6,117	3,543
Interest paid	107	-
Interest received	(34,425)	-
Taxation charge	(1,242,020)	(999,614)
Increase in debtors	(121,910)	(1,209,258)
Increase in creditors	459,124	333,162
Increase in provisions	-	10,000
Corporation tax received	939,043	754,762
Share-based payment expense	1,380,006	488,279
Warrant options charge	328,803	296,762
Foreign exchange	9,257	12,019
Net cash used in operating activities	<u>(2,920,980)</u>	<u>(3,100,221)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(77,604)	(56,767)
Interest received	34,425	-
Net cash used in investing activities	<u>(43,179)</u>	<u>(56,767)</u>
Cash flows from financing activities		
Issue of ordinary shares	557	16,297,547
Interest paid	(107)	-
Net cash generated from financing activities	<u>450</u>	<u>16,297,547</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,963,709)</u>	<u>13,140,559</u>
Cash and cash equivalents at beginning of year	16,309,446	3,168,887
Cash and cash equivalents at the end of year	<u><u>13,345,737</u></u>	<u><u>16,309,446</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>13,345,737</u></u>	<u><u>16,309,446</u></u>

RAVELIN TECHNOLOGY LTD

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	<u>16,309,446</u>	<u>(2,963,709)</u>	<u>13,345,737</u>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Ravelin Technology Ltd is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 09273460). The registered office address is 5th Floor, Classic House, 174-180 Old Street, London, EC1V 9BP.

This is the first year in which the Group has prepared consolidated statutory financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical;
- No Statement of Cash Flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Basis of consolidation

These consolidated financial statements include the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and accounting policies as set out below.

The consolidated financial statements present the results of the Parent Company and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The consolidated financial statement have been prepared on the going concern basis. In making this going concern assessment, the directors have given consideration to the current performance of the Group, the cash reserves as at the date of approval of these consolidated financial statements and the cash flow forecasts for the period covering at least 12 months from the approval of the financial statements.

The Group made an operating loss for the year ended 31 December 2021 of £5,985,888 (2020 - £3,834,780 loss). In July 2020 the Group completed a fund raise of \$20m of new Series C funding providing working capital for the future growth of the Group. Cash reserves were £13,345,737 (2020 - £16,309,446) at the balance sheet date.

On this basis, the directors of the Group have concluded that there are no material uncertainties that may cast doubt on the Group's ability to continue as a going concern. Consequently, the directors have prepared these financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Turnover is shown net of returns, rebates, discounts, VAT and other sales related taxes.

The Group recognises turnover as follows:

- Turnover arising from contracts based on the number of transactions completed or those on variable pricing arrangements, is recognised once a transaction is delivered on the customer's system.
- Turnover arising from fixed contracts is recognised on a straight-line basis over the lifetime of the contract with amounts billed in advance deferred accordingly.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

Expenditure on research activities is recognised in profit or loss as an expense as and when incurred.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over 5 years
Office equipment	- over 4 years
Computer equipment	- over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the 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 end of the reporting period, 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 using a pre-tax discount rate.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.13 Share-based payments

Where share options are awarded to employees, the value of the options at the date of grant is charged to profit or loss over the vesting period. The calculation of the charge is based on a group valuation carried out by the directors which makes reference to, and incorporates, where appropriate, recent fund raises that have occurred prior to the share option grant date. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet 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 value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target-based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the value of the option, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the value of goods and services received is charged to profit or loss.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Warrants

Warrants issued with B1 Ordinary Shares or other commercial agreements are measured at fair value at the date of issue using the Black-Scholes option pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility.

In assessing the number of warrants and the resulting warrant charge, the Group considers the vesting period and assesses any performance conditions attached to the instrument to estimate the number of options that will eventually vest.

The warrant charge fair value is included as a component of equity and is transferred from warrant reserves to B1 Ordinary Shares on exercise.

2.15 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research and development tax credits are recognised as a credit to profit and loss and within the taxation category after loss before tax.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 bases. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

Judgements

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Share-based payments (Share options and warrants)

Estimates have been made to the value of equity settled share-based payments recognised by the Group through the issuances of share options and warrants during the period. The key assumptions used centre on variables relating to the valuation mechanism used to value the options, such as the share price volatility associated with the Group's share price, alongside factors such as inputs to the Group's valuation, its interaction with recent fund raises and the specific rights and obligations to the share classes to which the share options and warrants relate. The Group also make estimates on the vesting period and performance conditions pertaining to the share options and warrants, which affects the number of options that vest and become exercisable.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	Unaudited 2020 £
Fraud detection software	<u>11,035,789</u>	<u>7,705,279</u>

All turnover arose from activities undertaken in the United Kingdom.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Operating loss

The operating loss is stated after charging:

	2021	<i>Unaudited</i> 2020
	£	£
Exchange differences	9,194	2,510
Operating rental costs	<u>313,976</u>	<u>283,294</u>

6. Auditor's remuneration

	2021	<i>Unaudited</i> 2020
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>31,920</u>	<u>-</u>

Fees payable to the Group's auditor in respect of:

Taxation compliance services	5,780	2,600
Other services relating to taxation	-	2,850
Assurance services in respect of non-statutory accounts	-	35,090
All other services	4,200	6,125
	<u>9,980</u>	<u>46,665</u>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	<i>Unaudited</i> Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	7,750,905	5,457,338	6,832,110	5,016,916
Social security costs	861,456	606,081	808,564	578,413
Cost of defined contribution scheme	583,262	402,029	579,280	402,029
	<u>9,195,623</u>	<u>6,465,448</u>	<u>8,219,954</u>	<u>5,997,358</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	<i>Unaudited</i> Group 2020 No.	Company 2021 No.	Company 2020 No.
Sales, Marketing & Accounts Management	23	16	19	14
Operations	8	7	8	7
Engineering, Product & Client Support	64	52	64	51
	<u>95</u>	<u>75</u>	<u>91</u>	<u>72</u>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Directors' remuneration

	2021	Unaudited 2020
	£	£
Directors' emoluments	459,349	370,500
Group contributions to defined contribution pension schemes	38,400	31,200
	<u>497,749</u>	<u>401,700</u>

The highest paid director received remuneration of £153,161 (2020 - £123,500).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,800 (2020 - £10,400).

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

In October 2020 3 directors were each granted 28,000 share options over £0.001 Ordinary shares. The total fair value of these options at grant date was £1,601,124. During 2021, 7,000 share options vested for each director. No options were exercised.

9. Interest receivable

	2021	Unaudited 2020
	£	£
Interest receivable	<u>34,425</u>	<u>-</u>

10. Interest payable and similar expenses

	2021	Unaudited 2020
	£	£
Bank interest payable	<u>107</u>	<u>-</u>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation

	2021 £	<i>Unaudited</i> 2020 £
Corporation tax		
Research & development tax credit	(1,242,020)	(999,614)
	<u>(1,242,020)</u>	<u>(999,614)</u>
Taxation on loss on ordinary activities	<u>(1,242,020)</u>	<u>(999,614)</u>

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	<i>Unaudited</i> 2020 £
Loss on ordinary activities before tax	(5,951,570)	(3,834,780)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,130,798)	(728,608)
Effects of:		
Expenses not deductible for tax purposes	364,971	132,724
Capital allowances for year in excess of depreciation	-	1,559
Difference in overseas tax rates	12,342	2,255
Adjustments to tax charge in respect of prior periods	47,803	-
Remeasurement of deferred tax for changes in tax rates	(274,991)	(71,990)
Non-taxable income	(76,208)	-
Additional deduction for R&D expenditure	(975,093)	(750,700)
Other permanent differences	(46,886)	(5,265)
Surrender of tax losses for R&D tax credit	408,592	251,918
Chargeable gains	-	56,385
Movement in deferred tax not recognised	428,248	112,108
Total tax credit for the year	<u>(1,242,020)</u>	<u>(999,614)</u>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation (continued)

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

The Company had pre 1 April 2017 trading losses of £795,321 to carry forward against future profits of the Company. The Company also had post 1 April 2017 trading losses of £4,047,900 (2020 - £2,887,066) to carry forward against future profits of the Group.

12. Tangible fixed assets

Group

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2021 (unaudited)	13,801	45,672	187,639	247,112
Additions	-	21,292	56,312	77,604
Disposals	-	(439)	(12,346)	(12,785)
At 31 December 2021	<u>13,801</u>	<u>66,525</u>	<u>231,605</u>	<u>311,931</u>
Depreciation				
At 1 January 2021 (unaudited)	9,738	27,876	109,535	147,149
Charge for the year	4,063	8,414	51,991	64,468
Disposals	-	-	(6,668)	(6,668)
At 31 December 2021	<u>13,801</u>	<u>36,290</u>	<u>154,858</u>	<u>204,949</u>
Net book value				
At 31 December 2021	<u>-</u>	<u>30,235</u>	<u>76,747</u>	<u>106,982</u>
At 31 December 2020 (unaudited)	<u>4,063</u>	<u>17,796</u>	<u>78,104</u>	<u>99,963</u>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2021	13,801	45,233	181,235	240,269
Additions	-	21,292	52,465	73,757
Disposals	-	-	(8,336)	(8,336)
At 31 December 2021	<u>13,801</u>	<u>66,525</u>	<u>225,364</u>	<u>305,690</u>
Depreciation				
At 1 January 2021	9,738	27,707	109,052	146,497
Charge for the year	4,063	8,414	50,444	62,921
Disposals	-	-	(6,668)	(6,668)
At 31 December 2021	<u>13,801</u>	<u>36,121</u>	<u>152,828</u>	<u>202,750</u>
Net book value				
At 31 December 2021	<u>-</u>	<u>30,404</u>	<u>72,536</u>	<u>102,940</u>
At 31 December 2020	<u>4,063</u>	<u>17,526</u>	<u>72,183</u>	<u>93,772</u>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2021	9
At 31 December 2021	9

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Ravelin Technology Inc	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle Country, Delaware, 19801, United States	Ordinary	100%
Ravelin Technology Ireland Limited	1st Floor, 9 Exchange Place I.F.S.C., Dublin 1, D01 X8H2, Ireland	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit £
Ravelin Technology Inc	112,974	97,239
Ravelin Technology Ireland Limited	10,545	96,243

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Debtors

	Group 2021 £	<i>Unaudited</i> Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	126,533	<i>126,533</i>	126,533	<i>126,533</i>
Due within one year				
Trade debtors	1,703,010	<i>2,166,955</i>	1,703,010	<i>2,166,955</i>
Amounts owed by group undertakings	-	<i>-</i>	613,200	<i>256,983</i>
Other debtors	38,548	<i>5,938</i>	38,548	<i>2,871</i>
Prepayments and accrued income	842,701	<i>289,456</i>	825,828	<i>289,939</i>
Tax recoverable	1,316,574	<i>1,013,597</i>	1,316,574	<i>1,013,597</i>
	3,900,833	<i>3,475,946</i>	4,497,160	<i>3,730,345</i>

The amount in other debtors due in more than one year of £126,533 (2020 - £126,533) is in relation to a rental deposit repayable in February 2024.

15. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Unaudited</i> Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	396,401	<i>281,563</i>	391,909	<i>281,564</i>
Amounts owed to group undertakings	-	<i>-</i>	257,178	<i>374,723</i>
Other taxation and social security	404,617	<i>356,007</i>	382,874	<i>356,007</i>
Other creditors	260,781	<i>120,519</i>	218,102	<i>107,404</i>
Accruals and deferred income	542,843	<i>387,429</i>	542,843	<i>387,429</i>
	1,604,642	<i>1,145,518</i>	1,792,906	<i>1,507,127</i>

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Provisions

Group

	Dilapidations provision £
At 1 January 2021 (unaudited)	18,505
At 31 December 2021	<u>18,505</u>

Company

	Dilapidations provision £	Total £
At 1 January 2021	18,505	18,505
At 31 December 2021	<u>18,505</u>	<u>18,505</u>

17. Share capital

	2021 £	<i>Unaudited</i> 2020 £
Allotted, called up and fully paid		
2,610,094 (2020 - 2,596,877) Ordinary shares of £0.001 each	2,610	2,597
719,925 (2020 - 719,925) Series B1 shares of £0.001 each	720	720
76,965 (2020 - 76,965) Series B2 shares of £0.001 each	77	77
580,588 (2020 - 580,588) Series C1 shares of £0.001 each	581	581
332,266 (2020 - 332,266) Series C2 shares of £0.001 each	332	332
	<u>4,320</u>	<u>4,307</u>

During the year 13,217 share options over £0.001 Ordinary shares were exercised for a total subscription price of £557. See note 19 for more details.

All categories of share in issue at the balance sheet date entitle the holder to one vote per share, and the right to participate in a dividend proportionate to the number of shares held. Series B1, Series B2, Series C1 and Series C2 shares are non-redeemable.

RAVELIN TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued by the Company, less transaction costs.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative movements in foreign exchange.

Share-based payment reserve

This reserve records the cumulative fair value of share options as they vest and for those which have fully vested and are exercisable. On exercise of fully vested options, a transfer of the fair value of those options is made to profit or loss.

Warrants reserve

The warrants reserve reflects the fair value of the warrants issued and was measured using the Black-Scholes model. The warrants reserve includes the cumulative fair value recognised over the vesting period of the warrants.

Profit and loss account

This reserve relates to the cumulative profits and losses less amounts distributed to shareholders.

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19. Share-based payments

Employee share options

The Parent Company operates equity settled share based payment schemes.

All options are granted over ordinary shares and have a 10 year life. They are exercisable once the options vest. Options that have vested but have not been exercised within the 10 year life or prior to the employee leaving the Company are lapsed. Unvested options are forfeited upon the employee leaving the Company. The fair value of awards granted under the scheme is estimated based upon a group valuation carried out by the directors which makes reference to, and incorporates, where appropriate, recent fund raises that have occurred prior to the share option grant date. All options granted have performance conditions to the relevant employee remaining in the employment of the Group at the vesting date. All options granted vest in tranches, the details of which stated below.

With exception of options granted to founder members in 2020, the option vesting period for all options granted is as follows; 25% of the option shares will vest on the last day of the initial 12 month period following the date of grant. Each additional 12.5% of the option shares will vest on the last day of each 6 month period following the date of grant. The option vesting period for options granted to founder members in 2020 is as follows: 6.25% of each of the option shares will vest on the last day of the initial 3 month period following the date of grant, with further 6.25% tranches vesting every 3 months thereafter until all granted options have vested.

Where an employee leaves the Group, any share option tranches fully vested at the leave date are exercised. Unvested share options will lapse where an employee leaves the Group, subject to the directors' discretion. If not exercised, the share options will lapse and cease to be exercisable in the event of a sale or exit.

During the year 13,217 (2020 - 5,813) options were exercised. 191,933 (2020 - 148,324) options were exercisable at the reporting date.

Details of the share options granted are stated below:

	Weighted average exercise price (£) 2021	Number 2021	Weighted average exercise price (£) 2020	Unaudited Number 2020
Outstanding at the beginning of the year	0.079	344,803	0.015	197,162
Granted during the year	0.470	23,393	0.154	158,142
Forfeited during the year	0.298	(16,795)	0.004	(4,688)
Exercised during the year	0.042	(13,217)	0.002	(5,813)
Outstanding at the end of the year	0.096	338,184	0.079	344,803

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19. Share-based payments (continued)

The charge arising during the year was:

	2021 £	<i>Unaudited</i> 2020 £
Equity-settled schemes	<u>1,380,006</u>	<u>611,707</u>

Warrants

On 22 April 2020, warrants were issued with the right to subscribe for ordinary shares on 22 April 2027, or immediately prior to an Exit event, whichever is the earlier. The number of warrants is subject to certain performance conditions being met against annual targets and cumulative targets over a 6 year period. Management have formed an expectation around the likelihood of these annual and cumulative targets being met and incorporated these assumptions into their warrants model, which calculates the resulting equity settled warrants charge recognised in profit and loss. These assumptions are reviewed on a regular basis and adjusted annually within these financial statement.

The fair value of the warrants granted under the agreement is estimated at each reporting date using the Black-Scholes valuation model. At 31 December the fair value of the warrants was £11.59.

The Group recognised a total equity settled warrant charge of £328,803 (2020 - £296,762) during the year, which resulted in an increase in the Warrants reserve of the same amount.

20. Commitments under operating leases

At 31 December the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Unaudited</i> Group 2020 £	Company 2021 £	<i>Company</i> 2020 £
Not later than 1 year	350,799	307,580	350,799	307,580
Later than 1 year and not later than 5 years	90,302	-	90,302	-
	<u>441,101</u>	<u>307,580</u>	<u>441,101</u>	<u>307,580</u>

21. Related party transactions

The Group has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Directors are considered to be Key Management Personnel. Directors' remuneration is disclosed in note 8 to the financial statements.

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22. Controlling party

The directors do not consider there to be an ultimate controlling party.