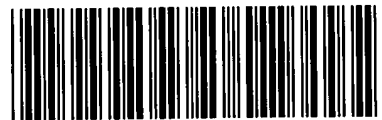


Onfido Ltd

Annual report and financial statements for the 13-month period ended 31 January 2022

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Onfido Ltd

Annual report and financial statements for the 13-month period 31 January 2022

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Onfido Ltd

Directors and advisers

Directors

D Clarke (resigned: 8 March 2021)
A Wallace (appointed: 29 March 2021, resigned: 2 June 2021)
M T G Baret (resigned: 5 November 2021)
L A Tretikov (resigned: 5 November 2021)
J S Sage (resigned: 5 November 2021)
F R V Veenendaal (resigned: 5 November 2021)
M Zappert (resigned: 5 November 2021)
D Teodosiu (resigned: 5 November 2021)
N Roberts (appointed: 30 September 2021, resigned: 5 November 2021)
M Tuchen (appointed: 30 September 2021, resigned: 5 November 2021)
C S Goh (appointed: 3 June 2021)
F Porter (appointed: 5 November 2021)

Company secretary

A Wallace (resigned: 2 June 2021)
E Kearon (appointed 3 June 2021, resigned: 5 November 2021)

Registered office

3rd Floor
Alphabeta
14-18 Finsbury Square
London
EC2A 1AH

Bankers

Silicon Valley Bank
Alphabeta
14-18 Finsbury Square
London
EC2A 1BR

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Onfido Ltd

Strategic report for the 13-month period 31 January 2022

The directors present their strategic report on Onfido Ltd and its consolidated group (the “Group”) for the 13-month period ended 31 January 2022.

Onfido Ltd changed its year-end date during the year from 31 December to 31 January. These financial statements present the current 13-month period ended 31 January 2022 against the prior 12-month period ended 31 December 2020.

Principal activities

The Group’s principal activity is the provision of identity verification (IDV) services to businesses performing checks on individuals who use their service.

Business review

The Group continues on its mission to create a more open world, where identity is the key to access. This mission statement has continued to resonate strongly throughout the 13-month period ended 31 January 2022, with an increasing number of consumers accessing online services driving a heightened demand for digital services to transact safely and securely due to the impact of the Covid-19 pandemic.

The Group continued its significant revenue growth, reporting revenue of £94,513,197 in the 13-month period ended 31 January 2022, compared to prior period (12-months ended 31 December 2020) of £45,407,997. This was driven by continued technological improvements to Onfido Ltd’s IDV platform, as well as improved international reach resulting in the Group adding a large number of new clients along with expansion of existing client activity.

Whilst the UK market continued to generate the majority of the Group’s revenue during the 13-month period ended 31 January 2022, the strong momentum was driven by continued growth in the US, France and Asia-Pacific regions and increased demand by financial services and mobility companies looking to scale up their remote customer onboarding.

Expansion also continued across the wider European market driven by investing to enhance our sales, partnership and customer success teams. Furthermore, continued improvements in Onfido Ltd’s products and services reinforced the value to customers and drove higher customer volumes on our platform. The Group is committed to invest in all regions, driving future growth in years to come with a focus on the US market especially.

The Group’s increased revenue was generated at a consistent gross profit margin during the 13-months ended January 2022, reporting a marginal decrease to 72% (12-months ended 31 December 2020: 73%). This was the result of lower automation rates and higher manual processing utilisation throughout the year.

The continued revenue growth reported during the 13-month period ended 31 January 2022 validates the Group’s strategic objectives to continue to serve both existing and new verticals and geographies. To achieve this growth in the period and to position the Group for further growth in the years ahead, the Group continued to invest heavily in research and development spurring its first acquisition in September 2021. The Group acquired EYN Ltd, whose acoustic liveness technology, a first within the industry, will be incorporated into Onfido Ltd’s Real Identity Platform along with other new product features.

Onfido Ltd

Strategic report for the 13-month period 31 January 2022 (continued)

Business review (continued)

Average employee headcount grew by 31% to 495 (12 month period ended 31 December 2020: 378) resulting in increased staff costs during the 13-month period ended 31 January 2022. The Group made several key strategic hires during the period, adding a new Chief Financial Officer, Chief Customer Officer, Chief Marketing Officer, Chief Revenue Officer and Chief Product Officer to its executive leadership team. The Group expects to continue investing in Sales, Marketing, Technology and Business Operations headcount and related infrastructure costs in 2022 and beyond.

As a result of the continued investment outlined above, the Group reported an operating loss for the 13-month period ended 31 January 2022 of £45,175,506 (12-month period ended 31 December 2020: £34,830,657).

The Group presents its balance sheet as at 31 January 2022 on page 17, with the Company only balance sheet also presented on page 20. The Group's net asset position as at 31 January 2022 was £39,220,859 (as at 31 December 2020: £68,508,073).

During the year the Group took steps to improve the Corporate Governance of the Group, by splitting management and operational Boards between the relevant group entities through the incorporation of a new holding company, Onfido Holdings Ltd. Following incorporation on 1 October 2021, a share for share exchange took place between the shareholders of the newly incorporated entity and the shareholders of Onfido Ltd resulting in Onfido Holdings Ltd becoming the new 100% parent of Onfido Ltd.

Future developments

Product development continues to focus on enhancing Onfido Ltd's technology platform. This includes increasing the speed and automation of processing checks as well as continued research and development to improve Onfido Ltd's automatic fraud detection capabilities, while continually improving the user experience for clients and individuals using the service.

It is the Directors' belief that its existing technology, combined with further investment in research and development and the machine learnings gathered from verifying identity documents and facial similarity, will enable the Group to build on its historic success and ensure it is a global leader in the identity verification and authentication sector.

Key performance indicators ('KPIs')

The directors consider the KPIs to be turnover, gross profit and operating loss. The past two periods' performance is summarised below. Commentary on these metrics is included within the Business Review section.

	13-months ended 31 January 2022 £	12-months ended 31 December 2020 £
Turnover	94,513,197	45,407,997
Gross Profit	67,610,214	33,257,026
Operating Loss	45,175,506	34,830,657

Onfido Ltd

Strategic report for the 13-month period 31 January 2022 (Continued)

Key performance indicators ('KPIs') (continued)

Due to the diversity of Onfido Ltd's services, the Group's directors believe that analysis using either financial or non-financial key performance indicators for the Group other than those noted above is not necessary or appropriate for an understanding of the development, performance, or position of the business.

Directors' section 172(1) statement

The directors have sought, collectively and individually, to always conduct themselves honestly, fairly, impartially and in accordance with the highest ethical standards. These behaviours are considered central to promoting the success of the Group, and in exhibiting them the Board have had careful regard to the matters set out in section 172(1)(a-f) of the Companies Act 2006. Examples of how the directors have had regard to each of these matters is set out below, with reference (where relevant) to information found elsewhere in this Strategic report.

a) Making Decisions in the Long Term

Consideration of the likely consequences of a decision in the long term permeates the Board's thinking on all issues. Whilst day-to-day management is delegated to the executive management team, the Board retains oversight of matters of strategic importance, including the long-term objectives and overall strategic policy of the Company.

b) Considering Employees

The Group's most important resource is its people; their knowledge and experience are crucial to meeting customer requirements. Retention of key staff is critical, and the group has invested increasingly in employment training and development and has appropriate incentive and career progression arrangements.

c) Fostering Relationships with Suppliers, Customers and Stakeholders

The Board is very conscious of the importance of lasting relationships with suppliers, customers and stakeholders. The Group has structured several teams to ensure relationship nurturing with customers including customer success teams, account management and targeted product support. Supplier relationships are fostered by specialist teams, supported by a dedicated procurement function to ensure operational consistency, and external stakeholder relationships such as investors are similarly supported via dedicated teams with focused reporting and engagement at Board level.

d) Community and Environment

In line with our company values, Onfido Ltd is strongly committed to conducting our business operations in an ethically responsible manner. Onfido Ltd takes its responsibilities to all its stakeholders (customers, partners, staff, suppliers, communities) very seriously. This includes its commitments to treat all workers with respect and dignity, to uphold all human and employee rights, and to ensure safe working conditions, both within our business and in our supply chains.

Onfido Ltd

Strategic report for the 13-month period 31 January 2022 (Continued)

Directors' section 172(1) statement (continued)

e) Maintaining a Reputation for High Standards of Business Conduct

The Board is invested in ensuring that high standards of business conduct are embedded throughout all levels of operation at the company. The Group has a code of conduct and multiple sub-policies addressing areas of related focus including conflicts of interest, anti-bribery and corruption, Anti Money Laundering (AML) and sanctions compliance. All staff adhere to these policies as part of their employment engagement and undergo annual training. The group also ensures appropriate risk assessments and compliance audits are carried out throughout its supply chain and that appropriate assurances are obtained.

f) Acting Fairly Between Members

The Board is always aware of the importance of acting fairly between its members and this is considered whenever a decision is being made. The directors believe it is of great importance to continue to foster good relationships with important groups such as stakeholders, customers and suppliers.

Principal risks and uncertainties

Competitor risk

The principal risk factor for the Group is competition in the identity verification sector. The demand for this service is increasing globally, as online fraud becomes an ever-growing issue. In addition, the sophistication of online fraud is also increasing, which requires Onfido Ltd's technology to keep advancing. The Group is well placed amongst competitors due to the lead it has built with its technology platform, and the volume of identity documents that have helped train the technology using machine learning, which also creates a large barrier to entry for new competitors.

Regulatory risk

The Group has taken a proactive approach to safeguarding against potential privacy breaches and changes to legislation during the year.

Following the introduction of the new Data Protection Act 2018 which implemented General Data Protection Regulation (GDPR), all existing employees and new joiners are required to complete mandatory training on the requirements of the GDPR. In addition to this, the Group maintained its SOC 2 compliance in the period.

Financial risk management

The Group's operations expose it to a variety of financial risks that include price risk, foreign exchange risk and credit risk. In recognition of the increasing exposure to financial risk as the Group continues to grow, management continues to review the Group's Treasury Policy on an annual basis. The policies set by the board of directors are implemented by the Group's finance department.

Price risk

Due to the competitive environment within which the Group operates there is a risk of pricing pressures. The Group mitigates this risk by investing in technology to improve its service and increase the value provided to customers, as well as investing in its customer success team to ensure a deeper appreciation of customer requirements and improved efficiency of its manual processing. These factors, combined with growth in check volumes, generate economies of scale which protects the Group against pricing pressures.

Onfido Ltd

Strategic report for the 13-month period 31 January 2022 (Continued)

Principal risks and uncertainties (continued)

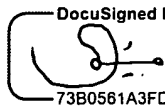
Foreign exchange risk

While the greater part of the Group's revenues and expenses are denominated in Sterling, the Group is exposed to some foreign exchange risk in the normal course of business, principally on sales in US dollars, as it continues to expand globally. Following a US dollar funding round in April 2020, the group is also exposed to foreign exchange risk due to the translation of US dollar cash balances. While the Group currently relies on natural hedge and has not used financial instruments to date to hedge foreign exchange exposure, this position is kept under constant review.

Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposure to customers. The Group performs credit checks on potential customers before sales are made as well as requiring customers to pay on signing of contract where possible. The amount of exposure to individual customers is frequently reviewed, and policies are in place to ensure this risk is limited. The Group also monitors the credit ratings of banks where deposit investments are held to ensure counterparty risk levels are maintained at an appropriate level.

On behalf of the board

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Chin Seng Goh

Director

Date: 12 August 2022

Onfido Ltd

Directors' report for the 13-month period ended 31 January 2022

The directors present their annual report and the audited financial statements of the Group for the 13-month period ended 31 January 2022.

Directors

The directors of the Group who served during the financial year, and up to the date of approval of the financial statements, are shown below:

D Clarke (resigned: 8 March 2021)
A Wallace (appointed: 29 March 2021, resigned: 2 June 2021)
M T G Baret (resigned: 5 November 2021)
L A Tretikov (resigned: 5 November 2021)
J S Sage (resigned: 5 November 2021)
F R V Veenendaal (resigned: 5 November 2021)
M Zappert (resigned: 5 November 2021)
D Teodosiu (resigned: 5 November 2021)
N Roberts (appointed: 30 September 2021, resigned: 5 November 2021)
M Tuchen (appointed: 30 September 2021, resigned: 5 November 2021)
C S Goh (appointed: 3 June 2021)
F Porter (appointed: 5 November 2021)

Directors' insurance and indemnity

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its offices. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Dividends

The directors do not recommend the payment of a final dividend (2020: £nil).

Political donations

The Group made no political donations during the year (2020: £nil).

Research and development

The Group is currently undertaking research and development projects in the areas of computer vision and fraud detection.

Corporate social responsibility

The Group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The Group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Onfido Ltd

Directors' report for the 13-month period ended 31 January 2022 (Continued)

Employees

Further information in respect of the Group's employees, suppliers and customers is provided in the s172 statement in the Strategic report.

Equal Opportunities

The Group's equal opportunity policy ensures everyone gets a fair change at work and that everyone receives equal treatment regardless of age, disability, gender, marital or civil partner status, pregnancy or maternity, race, nationality or religious beliefs.

Suppliers and Customers

Further information in respect of the Group's employees, suppliers and customers is provided in the s172 statement in the Strategic report.

Financial risk management

The Group's operations expose it to a variety of financial risks that include price risk, foreign exchange risk and credit risk. In recognition of the increasing exposure to financial risk as the Group continues to grow, management continues to review the Group's Treasury Policy on an annual basis. The policies set by the board of directors are implemented by the Group's finance department.

Going concern

The directors have prepared the Onfido Ltd consolidated financial statements on a going concern basis. A cashflow forecast for the next 12 months from the date of signature, prepared by management has indicated that the consolidated group will have sufficient cash assets to be able to meet its liabilities as and when they fall due and there are no material uncertainties that cast doubt on the Group's ability to continue as a going concern.

A going concern analysis has been prepared based on the 2023 approved budget, approved by the board in early 2022. Management has performed scenario based sensitivity analysis to understand the impact of an extremely unlikely but plausible downturn in performance compared to budget. The result of this analysis provide comfort that the group holds sufficient cash to continue as a going concern.

Furthermore, in February 2022 the Group entered into a credit facility arrangement for \$40,000,000, further strengthening the cash availability for the Group. As at the date of signing the accounts the facility remains fully unutilised.

The Group made several key strategic hires during the period, adding a new Chief Financial Officer, Chief Customer Officer, Chief Marketing Officer, Chief Revenue Officer and Chief Product Officer to its executive leadership team. This strategic hiring will enable further development of our products, improved operational processes and revenue growth. For example, continued improvements in the automation rate of key products, improved operational efficiency of our manual processing operations to improve speed and accuracy of processing as well as reducing costs, formalised pricing strategy to balance competitiveness and profitability as well as providing more insights to optimise decision making.

Directors' report for the 13-month period ended 31 January 2022 (Continued)

Future developments

Further information in respect of the Group's future developments is provided in the Strategic report.

Streamlined Energy and Carbon Report

Onfido Ltd recognises that our global operations have an environmental impact and is committed to monitoring and reducing our emissions year-on-year. The directors and management are also aware of the reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year the company has upgraded our energy and carbon reporting to meet these new requirements and increase the transparency with which we communicate about our environmental impact to our stakeholders.

2021 Performance

Onfido Ltd has calculated our environmental impact across scope 1, 2 and 3 (selected categories) emission sources. Emissions are presented on a location basis. On a location basis emissions are 192.4tCO_{2e}, which is an average impact of 0.39tCO_{2e} per employee. Emission intensity metrics have been calculated on both an employee and revenue basis, which we will monitor to track performance in our subsequent environmental disclosures.

Energy and Carbon Action

No specific emission and energy reduction initiatives have been undertaken during the period, due to this being the first period Onfido Ltd are measuring and reporting such data.

13-month period ended 31 January 2022 Results.

Emissions were calculated following the GHG Reporting Protocol (Corporate Standard) using the Watershed platform. Energy usage data was collected or estimated based on building square-footage for all facilities, and was combined with emissions factors from the US EPA, Ecoinvent, TCR and other data sources to calculate GHG emissions. Electricity emissions factors are chosen based on geography to reflect the emissions intensities of the facilities' local grid.

Emissions and Energy Usage for the 13-month period ended 31 January 2022

	UK & Offshore	Global (excluding UK & Offshore)	Total
Energy consumption used to calculate emissions (scope 1 & 2)	375,466 kWh	160,196 kWh	535,662 kWh
Emissions from combustion of gas tCO _{2e} (scope 1)	12.6 tCO _{2e}	5.4 tCO _{2e}	18.0 tCO _{2e}
Emissions from combustion of fuel for transport purposes (scope 1)	-	-	-
Emissions from business travel in rental cars or employee-owned vehicles (scope 3)	-	-	-
Emissions from purchased electricity, heat, steam, and coiling (scope 2, location based)	135 tCO _{2e}	39.6 tCO _{2e}	174.6 tCO _{2e}
Total gross tCO _{2e} based on above fields	147.5 tCO _{2e}	44.9 tCO _{2e}	192.4 tCO _{2e}
tCO _{2e} per £million of revenue (scope 1 & 2)			2.04
tCO _{2e} per employee			0.39

Onfido Ltd

Directors' report for the 13-month period ended 31 January 2022 (Continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

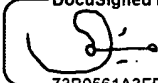
Onfido Ltd

Directors' report for the 13-month period ended 31 January 2022 (Continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed in due course.

On behalf of the board

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Chin Seng Goh

Director

Date: 12 August 2022

Onfido Ltd

Independent auditors' report to the members of Onfido Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Onfido Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2022 and of the group's loss and the group's cash flows for the 13 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 31 January 2022; the Consolidated Profit and Loss account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated Cash Flow Statement for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Onfido Ltd

Independent auditors' report to the members of Onfido Ltd (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 January 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Onfido Ltd

Independent auditors' report to the members of Onfido Ltd (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Data Protection Act 2018 and UK tax and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting, specifically the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management and internal legal counsel, including consideration of known or suspected instances of fraud or non-compliance with laws and regulations;
- Addressing the risk of management override of internal controls, including the testing of journal entries, in particular those posted with unusual account combinations; and
- Challenging assumptions made by management in determining their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 August 2022

Onfido Ltd

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Consolidated Profit and Loss account for the 13-month period ended 31 January 2022

		13-month period ended 31 January 2022	Year ended 31 December 2020
	Note	£	£
Turnover	5	94,513,197	45,407,997
Cost of sales		(26,902,983)	(12,150,971)
Gross profit		67,610,214	33,257,026
Administrative expenses		(112,785,720)	(68,120,732)
Other operating income	6	-	33,049
Operating loss	7	(45,175,506)	(34,830,657)
Interest receivable and similar income	10	195,949	118,396
Loss before taxation		(44,979,557)	(34,712,261)
Tax on loss	11	930,773	1,687,408
Loss for the financial period		(44,048,784)	(33,024,853)

Consolidated Statement of Comprehensive Income for the 13-month period ended 31 January 2022

		13-month period ended 31 January 2022	Year ended 31 December 2020
		£	£
Loss for the financial period		(44,048,784)	(33,024,853)
Other comprehensive expense			
Exchange rate differences on translating foreign operations		189,755	(84,725)
Total comprehensive expense for the period		(43,859,029)	(33,109,578)

Onfido Ltd

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Consolidated Balance Sheet as at 31 January 2022

	Note	As at 31 Jan 2022 £	As at 31 Dec 2020 £
Fixed assets			
Intangible assets	12	2,637,286	150,189
Tangible assets	13	1,019,569	1,097,754
Current assets			
Debtors	14	27,873,399	17,574,484
Cash at bank and in hand		57,123,693	87,100,649
		84,997,092	104,675,133
Creditors: amounts falling due within one year	15	(49,433,088)	(37,415,003)
Net current assets		35,564,004	67,260,130
Total assets less current liabilities		39,220,859	68,508,073
Net assets		39,220,859	68,508,073
Capital and reserves			
Called up share capital	17	85	72
Share premium account		162,789,453	152,227,063
Share reserve		1,064,486	9,578,654
Capital contribution reserve		21,175,162	-
Profit and loss account		(140,023,464)	(93,076,497)
Other reserves		(5,784,863)	(221,219)
Total shareholders' funds		39,220,859	68,508,073

The notes on pages 22 to 48 are an integral part of these financial statements.

The financial statements on pages 16 to 48 were approved by the Board of Directors on 12 August 2022 and were signed on its behalf by:

DocuSigned by:

73B0561A3FDB4E0...
Chin Seng Goh
Director

Onfido Ltd
Registered number: 07479524

Onfido Ltd

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Consolidated Statement of Changes in Equity for the 13-month period ended 31 January 2022

	Called up share capital	Profit and loss account	Share premium account	Share reserve	Capital contribution reserve	Other reserves	Total shareholders' funds / (deficit)
	£	£	£	£	£	£	£
Balance as at 1 January 2020	50	(59,966,919)	46,140,643	4,373,256	-	(41,162)	(9,494,132)
Loss for the financial year	-	(33,024,853)	-	-	-	-	(33,024,853)
Other comprehensive expense for the year	-	(84,725)	-	-	-	-	(84,725)
Total comprehensive expense for the year	-	(33,109,578)	-	-	-	-	(33,109,578)
Issue of share capital	22	-	106,086,420	-	-	-	106,086,442
Foreign exchange translation difference	-	-	-	378	-	(180,057)	(179,679)
Share-based payment credit	-	-	-	5,205,020	-	-	5,205,020
Balance at 31 December 2020	72	(93,076,497)	152,227,063	9,578,654	-	(221,219)	68,508,073
Loss for the financial year	-	(44,048,784)	-	-	-	-	(44,048,784)
Other comprehensive expense for the period	-	189,755	-	-	-	-	189,755
Total comprehensive expense for the period	-	(43,859,029)	-	-	-	-	(43,859,029)
Issue of share capital (Note 17)	13	-	10,562,390	-	-	-	10,562,403
Foreign exchange translation difference	-	-	-	(500)	-	824,344	823,844
Share for share exchange to Onfido Holdings Ltd	-	-	-	(21,175,162)	21,175,162	-	-
Share-based payment credit	-	-	-	12,661,494	-	-	12,661,494
Issue of treasury shares	-	(3,087,938)	-	-	-	(6,387,988)	(9,475,926)
Balance at 31 January 2022	85	(140,023,464)	162,789,453	1,064,486	21,175,162	(5,784,863)	39,220,859

Onfido Ltd

Consolidated Cash Flow Statement for the 13-month period ended 31 January 2022

	Note	13-month period ended 31 January 2022 £	Year ended 31 December 2020 £
Net cash flows from operating activities	20	(31,329,915)	(19,191,864)
Taxation received		2,825,831	75,903
Net cash used in operating activities		(28,504,084)	(19,115,961)
Cash flows from investing activities:			
Purchase of tangible assets	13	(751,734)	(736,000)
Purchase of intangible assets	12	(2,264,773)	(225,836)
Net cash flows used in investing activities		(3,016,507)	(961,836)
Cash flows from financing activities:			
Proceeds from issue of ordinary share capital	17	1,543,546	80,668,092
Proceeds from issue of convertible loan note		-	5,919,499
Proceeds from grant income received		89	5,000,001
Net cash flows generated from financing activities		1,543,635	91,587,592
Net (decrease)/increase in cash and cash equivalents		(29,976,956)	71,509,795
Cash and cash equivalents at the beginning of the year		87,100,649	15,590,854
Cash and cash equivalents at the end of the year		57,123,693	87,100,649

Onfido Ltd

Company Balance Sheet as at 31 January 2022

	Note	As at 31 Jan 2022 £	As at 31 Dec 2020 £
Fixed assets			
Intangible assets	21	2,637,284	150,189
Tangible assets	22	642,379	928,014
Investments	23	23,033,056	824,990
Current assets			
Debtors	24	53,433,714	16,496,586
Cash at bank and in hand		27,283,890	84,086,041
		80,717,604	100,582,627
Creditors: amounts falling due within one year	25	(53,162,318)	(34,396,531)
Net current assets		27,555,286	66,186,096
Total assets less current liabilities		53,868,005	68,089,289
Net assets		53,868,005	68,089,289
Capital and reserves			
Called up share capital	17	85	72
Share premium account		162,789,453	152,227,063
Share reserve		1,068,896	9,578,558
Capital contribution reserve		21,175,162	-
Profit and loss account		(124,777,603)	(93,716,404)
Other reserves		(6,387,988)	-
Total shareholders' funds		53,868,005	68,089,289

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The loss for the company for the 13-month period ended 31 January 2022 £31,061,199 (12-month period ended 31 December 2020: £33,368,250).

The notes on pages 22 to 48 are an integral part of these financial statements.

The financial statements on pages 16 to 48 were approved by the Board of Directors on 12 August 2022 and were signed on its behalf by:

DocuSigned by:

73B0561A3FDB4E0...
 Chin Seng Goh
 Director

Onfido Ltd

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Company Statement of Changes in Equity for the 13-month period ended 31 January 2022

	Called up share capital	Profit and loss account	Share premium account	Share reserve	Capital contribution reserve	Other reserves	Total shareholders' funds / (deficit)
	£	£	£	£	£	£	£
Balance as at 1 January 2020	50	(60,348,154)	46,140,643	4,373,256	-	-	(9,834,205)
Loss for the financial year	-	(33,368,250)	-	-	-	-	(33,368,250)
Total comprehensive expense for the year	-	(33,368,250)	-	-	-	-	(33,368,250)
Issue of share capital	22	-	106,086,420	-	-	-	106,086,442
Share-based payment credit	-	-	-	4,732,016	-	-	4,732,016
Investments in subsidiaries	-	-	-	473,286	-	-	473,286
Balance at 31 December 2020	72	(93,716,404)	152,227,063	9,578,558	-	-	68,089,289
Loss for the financial period	-	(31,061,199)	-	-	-	-	(31,061,199)
Total comprehensive expense for the period	-	(31,061,199)	-	-	-	-	(31,061,199)
Issue of share capital (Note 17)	13	-	10,562,390	-	-	-	10,562,403
Share-based payment credit	-	-	-	2,060,752	-	-	2,060,752
Share for share exchange to Onfido Holdings Ltd	-	-	-	(21,175,162)	21,175,162	-	-
Investments in subsidiaries	-	-	-	10,604,748	-	-	10,604,748
Issue of treasury shares	-	-	-	-	-	(6,387,988)	(6,387,988)
Balance at 31 January 2022	85	(124,777,603)	162,789,453	1,068,896	21,175,162	(6,387,988)	53,868,005

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022

1. General information

The principal activities of the Group are the provision of identity verification services. These services are provided to businesses performing checks on individuals who use their service.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The registered number of the Company is 07479524. The address of its registered office is 3rd Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1AH. Onfido Ltd has seven overseas subsidiaries operating in Portugal, the United States, India, France, Singapore, Germany and Netherlands. Onfido Ltd also has one UK subsidiary, EYN Ltd.

2. Statement of compliance

The Group financial statements of Onfido Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”).

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been applied consistently.

Basis of preparation

These consolidated financial statements present the consolidated results of Onfido Ltd and its subsidiaries Onfido Unipessoal Lda, Onfido Inc, Onfido Services India Private Ltd, Onfido SAS, Onfido PTE Ltd, Onfido GmbH, Onfido BV and EYN Ltd for the 13-month period ended 31 January 2022. Separate financial statements have been presented for Onfido Ltd for the 13-month period ended 31 January 2022. The financial statements are prepared on a going concern basis, under the historical cost method.

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The preparation of these financial statements is in accordance with the Companies Act 2006.

Onfido Ltd changed its year-end date during the year from 31 December to 31 January. These financial statements present the current 13-month period ended 31 January 2022 against the prior 12 month period ended 31 December 2020.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

Going concern

The directors have prepared the Onfido Ltd consolidated financial statements on a going concern basis. A cashflow forecast for the next 12 months from the date of signature, prepared by management has indicated that the consolidated group will have sufficient cash assets to be able to meet its liabilities as and when they fall due and there are no material uncertainties that cast doubt on the Group's ability to continue as a going concern.

A going concern analysis has been prepared based on the 2023 approved budget, approved by the board in early 2022. Management has performed scenario based sensitivity analysis to understand the impact of an extremely unlikely but plausible downturn in performance compared to budget. The result of this analysis provide comfort that the group holds sufficient cash to continue as a going concern.

Furthermore, in February 2022 the Group entered into a credit facility arrangement for \$40,000,000, further strengthening the cash availability for the Group. As at the date of signing the accounts the facility remains fully unutilised.

The Group made several key strategic hires during the period, adding a new Chief Financial Officer, Chief Customer Officer, Chief Marketing Officer, Chief Revenue Officer and Chief Product Officer to its executive leadership team. This strategic hiring will enable further development of our products, improved operational processes and revenue growth. For example, continued improvements in the automation rate of key products, improved operational efficiency of our manual processing operations to improve speed and accuracy of processing as well as reducing costs, formalised pricing strategy to balance competitiveness and profitability as well as providing more insights to optimise decision making.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a Company statement of cash flows, on the basis that it is a qualifying entity in-line with FRS 102 paragraph 1.12(b) and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows; and
- from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- from presenting the Company profit and loss account, under section 408 of the Companies Act 2006; and
- from disclosing the company key management personnel compensation as required by FRS 102 paragraph 33.7, under the exemption set out in paragraph 33.7A; and
- from disclosing related parties' transactions under FRS 102 paragraph 33.11.
- from disclosing certain financial instrument related disclosures per section 11 & 12

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

Basis of consolidation

The financial statements provide the consolidated results of Onfido Ltd and its wholly owned overseas subsidiaries Onfido Unipessoal Lda, Onfido Inc, Onfido Services India Private Ltd, Onfido SAS, Onfido PTE Ltd, Onfido GmbH, Onfido BV and EYN Ltd.

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31 January 2022. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency

Functional and presentation currency

The consolidated financial statement and results of Onfido Ltd are presented in pounds sterling. The functional currency of the subsidiaries is in the currency of the primary economic environment in which the entity operates. The functional currency of the parent is pounds sterling.

Transactions and balances

In preparing for the financial statements of the individual entities, 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.

Exchange differences on transactions are recognised in profit or loss within 'Administrative expenses' in the period in which they arise.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to pound sterling using the closing exchange rate. Income and expenses are translated using the average rate for the year and exchange differences arising on the translation of the Group companies are recognised in other comprehensive income.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of refunds, discounts and rebates allowed by the company and value added taxes.

Revenue is deferred until services are delivered to the clients under the terms of agreed contracts, at which point revenue is recognised to the extent that its probable economic benefits will flow to Onfido Ltd and the revenue can be reliably measured. Clients are either invoiced on the signing for the agreed contract for the services or invoiced on a monthly basis once the services are completed with a payment term of 30 days.

Cost of sales

Cost of sales is measured as the direct costs attributed to performing a check. This includes outsourced labour, data suppliers and production related hosting costs.

Other operating income

Other operating income includes rental income and grant income. Rental income is recognised in the year when the expenses are incurred. Grant income is received in relation to salary costs during the year, this income is recognised net with salary costs when the grant has been received.

Sales commission

Commissions and incentives are earned by our growth teams, these costs are recognised upfront and are included in administrative expenses in the Consolidated Profit and Loss account.

Employee benefits

The Group provides a range of benefits to employees including commissions, bonus arrangements, paid holiday arrangements, share option schemes and defined contribution pension plans.

Liabilities for annual leave, as well as those employee entitlements which are expected to be settled within one year, are measured at the amounts expected to be paid when they are settled.

The group operates a number of country-specific defined contribution plans 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

Share-based payments

Onfido Ltd grants options over its ordinary shares to certain employees of the company for their services to the company. The Group financial statements for these as equity-settled share-based payments. These share-based payments, which must be measured at fair value, are recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair market values of these payments are measured once at grant date using Black-Scholes model, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the parent company's estimate of the number of awards which will lapse, either due to employees leaving the company prior to vesting or due to non-market based performance conditions not being met. Awards do not have market-based performance conditions.

The total amount recognised in the profit and loss account as an expense is adjusted to reflect the expected number of awards that vest. Good leavers receive the portion of awards that have vested until the date of their notice period commencing. Good leavers have 90 days following their leaving date to claim their awards.

On 5 Nov 2021, the share options in Onfido Ltd were transferred to Onfido Holdings Ltd as part of share for share exchange detailed in Note 9. Following the transaction, Onfido Ltd acts as an intermediate parent and adopted an accounting policy to continue to account for the share option expense relating to its subsidiaries within capital contribution reserve and the investment in subsidiaries line.

Taxation

Taxation expense or benefit for the year comprises of current and deferred tax. Tax for the year is recognised in the profit and loss account.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable (or refundable) in respect of the taxable profit (or loss) for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

Deferred tax (continued)

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Research and development

Research and development costs are recognised as an expense in the profit and loss as and when software development costs are incurred. These costs relate mainly to software development. The software development costs were expensed during the year due to the difficulty in being able to reliably measure costs.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Repairs, maintenance and minor inspection costs are expensed as incurred.

(i) Leasehold improvements

Leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Fixtures, fittings and office equipment

Fixtures, fittings, office equipment and computer equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Computer equipment

Computer equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

(iv) Depreciation and residual values

Depreciation on assets is calculated, using the straight-line method, to allocate the cost less residual values over their estimated useful lives, as follows:

Leasehold improvements	33.33%, straight line
Fixtures, fittings and office equipment	33.33%, straight line
Computer equipment	33.33%, straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Intangible assets

(i) Software development costs

Software development costs are stated at cost less accumulated amortisation and accumulated impairment losses. These assets are amortised using the straight-line method over a useful life of 3 years.

(ii) Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets and liabilities. Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Leased assets

At inception, the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Impairment of non-financial assets

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

Impairment of non-financial assets (continued)

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit or loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Investments

Investment in subsidiary companies are held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. The group has no bank overdraft facility.

Government grants

Grants that relate to specific expenditure are recognised in the same year the actual costs are incurred.

Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

(i) Financial assets (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the profit and loss account.

Financial instruments (continued)

If there is 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 the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, and amount owed to Group undertakings 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 receipts discounted at a market rate of interest.

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

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

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting

Financial assets and liabilities are offset, and 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.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

3. Accounting policies (continued)

Financial instruments (continued)

(iv) Complex financial instruments

Initial recognition of these instruments is at fair value. Fair value is the price at which the instruments were issued. Subsequent measurement is at fair value with movements recognised in the profit and loss account.

Upon a qualifying event occurring, convertible loan notes classified as complex financial instruments are converted to equity in-line with the terms of the individual agreement applicable to each tranche of loan note. The fair value used upon conversion is measured on the date of such qualifying conversion event occurring.

Distribution to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Share capital

Ordinary shares and preference shares are classified as equity.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

**Notes to the financial statements for the 13-month period ended 31 January 2022
(continued)****4. Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

During the year advances granted to the Directors of the group, by its subsidiaries, totalled \$12,710,833. The advance falls due on the earliest of 9 years from issuance, termination of employment or qualifying transaction. The directors have considered the nature of recourse clauses attached to the advance made and consider sufficient uncertainty exists as to the substance of these clauses. Therefore judgement has been made to recognise the transaction as a share-based payment. The critical accounting estimates in relation to share-based payments are outlined below.

There are no other critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

Share based payments - estimated "fair values" of the share options have been established using a Black-Scholes model. This model uses a number of inputs, including expected dividends, expected share price volatility and the expected period to exercise. The output by its nature is an estimate.

Onfido Ltd**Notes to the financial statements for the 13-month period ended 31 January 2022
(continued)****5. Turnover**

	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
United Kingdom	50,625,656	33,819,861
The United States	28,574,861	10,094,130
France	9,420,346	726,619
Singapore	4,627,599	614,560
India	1,013,137	152,827
Germany	251,598	-
	94,513,197	45,407,997

6. Other operating income

	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Other income	-	33,049

Onfido Ltd

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**Notes to the financial statements for the 13-month period ended 31 January 2022
(continued)****7. Operating loss**

	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Operating loss is stated after charging:		
Wages and salaries	53,124,484	33,900,143
Sales commission costs	7,892,467	2,837,656
Social security costs	8,407,046	5,462,333
Share based payments (Note 9)	12,661,494	5,205,020
Other pension costs	1,505,273	758,752
Staff costs	83,590,764	48,163,904
Depreciation	800,110	878,331
Amortisation	198,471	75,647
Bad debt expense	575,835	356,714
Operating lease charges	508,774	1,051,971
Convertible loan note fair value adjustment	-	570,622
Fee payable to auditors for audit-related assurance services	200,000	80,000
Fee payable to auditors for audit-related assurance services for subsidiaries	51,975	36,306
Fee payable to auditors for taxation compliance services	9,900	-
Fee payable to auditors for taxation advisory services	50,206	-
Fee payable to the company's auditors in relation to non-audit services	65,280	145,504
Restructuring expense due to the incorporation of Onfido Holdings Ltd	555,000	-
Research and Development costs	4,469,556	10,095,296

Research and Development related costs included in the above note have been estimated using the proportion of qualifying expenditure used to calculate R&D tax credits as a percentage of total wages and salary costs.

Additional staff costs disclosure (including executive directors) has been included within note 8.

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

8. Employees and Directors

Employees

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

	13-month period ended 31 January 2022	Year ended 31 December 2020
	Number	Number
Growth	153	113
Exec	13	12
Technology	242	195
Business Operations	86	58
Total	494	378

Directors

The directors' emoluments were as follows:

	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Wages and salaries	652,010	723,967
Social security costs	112,902	98,974
Share based payments (Note 9)	1,479,694	5,511,849
Other pension costs	40,225	29,484

The directors are the key management personnel of the group. 3 Directors exercised share options during the 13-month period ended 31 January 2022.

The highest paid director's emoluments were as follows:

	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	253,570	289,804
Money purchase schemes	32,339	387

No share options were exercised by the highest paid director.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

9. Share-based payments

The company operates an equity-settled compensation plan as part of a group share-based payment arrangement. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The allocation of this expense is based on the entity in which the employee is employed by. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement.

During the year the Group took steps to improve the Corporate Governance of the Group, by splitting management and operational Boards between the relevant group entities through the incorporation of a new holding Company, Onfido Holdings Ltd. Following incorporation on 1 October 2021, a share for share exchange (including share options) took place between the shareholders of the newly incorporated entity and the shareholders of Onfido Ltd resulting in Onfido Holdings Ltd becoming the new 100% parent of Onfido Ltd.

Share-based payment transactions

The company operates five share-based payment schemes: An Enterprise Management Incentive (EMI) qualifying share option scheme, an unapproved share option scheme, a Non-Qualified stock option (NQSO) scheme, a Company Share Option Plan (CSOP) scheme and a French bon de souscription de parts de créateur d'entreprise (BSPCE) scheme. All schemes have similar terms and conditions, and are all equity settled. The options typically vest monthly over a period of 24, 36 or 48 months, usually with a one-year cliff.

Onfido Ltd	13-month period ended 31 January 2022		12-month period ended 31 December 2020	
	No. 000	Weighted average exercise price £	No. 000	Weighted average exercise price £
Outstanding at 1 January	121,830	0.0668	108,254	0.0492
Granted	112,537	0.0370	41,279	0.0480
Exercised	65,142	0.0324	6,222	0.0230
Cancelled	-	-	7,946	0.0232
Expired	13,620	0.0329	13,536	0.0369
Outstanding at 31 December	155,604	0.0955	121,829	0.0668
Transferred to Onfido Holdings Ltd	(146,632)	(0.0955)	-	-
Outstanding at 31 December	8,972	0.0245	121,829	0.0668

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**Notes to the financial statements for the 13-month period ended 31 January 2022
(continued)****9. Share-based payments (continued)**

Onfido Holdings Ltd	13-month period ended 31 January 2022	
	No. 000	Weighted average exercise price £
Outstanding at 1 January	-	-
Transferred from Onfido Ltd	146,632	0.0245
Granted	29,003	0.0487
Exercised	2,583	0.0615
Cancelled	-	-
Expired	2,178	0.0475
Outstanding at 31 December	170,874	0.0308

The share for share exchange which took place during the period resulted in all share schemes being transferred from Onfido Ltd to Onfido Holdings Ltd, except for the BSPCE scheme which remained in Onfido Ltd.

During the period a modification was made to 47,821,303 share options when they were exercised in return for restricted shares, which due to vesting restrictions not being met as at 31 January 2022 are presented as still outstanding as at that date.

10. Interest receivable and similar income

	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Interest received	195,949	118,396

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Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

11. Tax on loss

(a) Tax credit included in profit or loss	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Current tax:		
Foreign tax suffered	799,947	546,112
Adjustment in respect of previous years	(1,730,720)	(2,233,521)
Total current tax credit	(930,773)	(1,687,409)
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous years	-	-
Total deferred tax credit	-	-
Total tax credit	(930,773)	(1,687,409)

(b) Reconciliation of tax charge	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Loss before taxation	(44,979,557)	(34,712,261)
Loss before taxation multiplied by the effective tax rate of 19.0% (2020: 19%)	(8,546,116)	(6,595,330)
Effects of:		
Fixed asset differences	16,877	-
Differences in overseas tax rates	-	47,480
Expenses not deductible for tax purposes	3,676,839	198,566
Other permanent differences	(44,974)	-
Share based payments	-	346,224
Impact of current year losses not recognised	5,728,860	6,570,285
Other adjustments	(31,539)	(21,113)
Tax rate changes	-	-
Adjustment in respect of previous years	(1,730,720)	(2,233,521)
Tax credit on profit on ordinary activities	(930,773)	(1,687,409)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021.

Onfido Ltd**Notes to the financial statements for the 13-month period ended 31 January 2022
(continued)****12. Intangible assets**

	Note	Software development costs £	Goodwill £	Total £
Cost				
At 1 January 2021		225,836	-	225,836
Additions	26	88,003	2,597,565	2,685,568
At 31 January 2022		313,839	2,597,565	2,911,404
Accumulated amortisation				
At 1 January 2021		75,647	-	75,647
Charge for the year		90,239	108,232	198,471
At 31 January 2022		165,886	108,232	274,118
Net book amount				
At 31 January 2022		147,953	2,489,333	2,637,286
At 31 December 2020		150,189	-	150,189

13. Tangible assets

	Leasehold improvements £	Fixtures, fittings and office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2021	1,318,954	658,625	1,120,315	3,097,894
Additions	-	318	751,417	751,735
Disposals	(17,297)	(20,696)	(84,027)	(122,020)
At 31 January 2022	1,301,657	638,247	1,787,705	3,727,609
Accumulated depreciation				
At 1 January 2021	853,645	460,217	686,278	2,000,140
Charge for the year	309,042	110,394	380,675	800,111
Charge on disposal	-	(12,379)	(79,832)	(92,211)
At 31 January 2022	1,162,687	558,232	987,121	2,708,040
Net book amount				
At 31 January 2022	138,970	80,015	800,584	1,019,569
At 31 December 2020	465,309	198,408	434,037	1,097,754

Onfido Ltd**Notes to the financial statements for the 13-month period ended 31 January 2022
(continued)****14. Debtors**

	As at 31 Jan 2022	As at 31 Dec 2020
	£	£
Trade debtors	23,034,196	12,625,157
Corporation tax	384,316	2,279,376
Other debtors	1,937,701	573,341
Prepayments and accrued income	2,517,186	2,096,610
	27,873,399	17,574,484

Trade debtors are stated after provisions for impairment of £3,016,831 (2020: £2,004,544).

15. Creditors: amounts falling due within one year

	As at 31 Jan 2022	As at 31 Dec 2020
	£	£
Trade creditors	5,144,805	3,584,052
Other creditors	358,607	5,066,097
Amounts due to group undertakings	944,297	-
Taxation and social security	1,896,307	1,290,377
Accruals and deferred income	41,089,072	27,474,477
	49,433,088	37,415,003

Amounts due to group undertakings represents balances due to Onfido Holdings Ltd.

16. Financial instruments

The Group has the following financial instruments:

	As at 31 Jan 2022	As at 31 Dec 2020
	£	£
Financial assets measured at amortised cost		
Trade debtors	23,034,196	12,625,157
Other debtors	1,937,701	573,341
Accrued income	-	30,780
	24,971,897	13,229,278
Financial liabilities measured at amortised cost		
Trade creditors	5,144,805	3,584,052
Other creditors	358,607	5,066,097
Accruals	12,136,333	10,276,167
	17,639,746	18,926,315

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

17. Called up share capital

Aggregate share capital, consisting of ordinary and preference shares:

Allotted and fully paid	Number	£
At 1 January 2021	718,990,506	72
At 31 January 2022	850,475,076	85

Ordinary shares of £0.0000001 each

Allotted and fully paid	Number	£
At 1 January 2021	159,540,388	16.0
At 31 January 2022	291,024,958	29.1

There is a single class of ordinary shares. There were no dividends distributed in the period (2020: nil).

Preference shares of £0.0000001 each

Allotted and fully paid	Number	£
At 1 January 2021		
Series A Preferred	67,574,800	6.8
Series B Preferred	105,511,000	10.6
Series C1 Preferred	109,398,100	10.9
Series C2 Preferred	59,624,583	6.0
Series C3 Preferred	217,341,635	21.7
At 31 January 2022		
Series A Preferred	67,574,800	6.8
Series B Preferred	105,511,000	10.6
Series C1 Preferred	109,398,100	10.9
Series C2 Preferred	59,624,583	6.0
Series C3 Preferred	217,341,635	21.7

During the period, 131,484,570 shares were issued at a premium of £10,562,390 reflecting proceeds from issue of shares.

The preference shares are classified as equity in the balance sheet.

The preference shares entitle the holder to receive dividend payments. There were no dividends distributed in the period (2020: nil). The holders of preference shares have equal voting rights to the holders of ordinary shares.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

17. Called up share capital (continued)

The preference shares can be converted to ordinary shares on the request of the holder, series majority, preferred majority or a qualifying IPO. On a winding-up, the holders of Series C3 preference shares have priority before the holders of Series C2 preference shares, who have priority before the holders of C1 preference, who have priority before the holders of Series B preference shares, who have priority before the holders of Series A preference shares, who have priority before the holders of all other classes of shares to receive repayment of capital.

18. Operating lease and other commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land & building As at 31 Jan 2022 £	Land & building As at 31 Dec 2020 £
Within one year	226,834	559,125
	226,834	559,125

The Group had no other off-balance sheet arrangements and no capital commitments.

19. Ultimate Controlling Party

During the year the Group took steps to improve the Corporate Governance of the Group, by splitting management and operational Boards between the relevant group entities through the incorporation of a new holding Company, Onfido Holdings Ltd. Following incorporation on 1 October 2021, a share for share exchange (including share options) took place between the shareholders of the newly incorporated entity and the shareholders of Onfido Ltd resulting in Onfido Holdings Ltd becoming the new 100% parent of Onfido Ltd.

Onfido Holdings Ltd is therefore the ultimate parent company. The group has no ultimate controlling party.

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

20. Net cash flows from operating activities

	13-month period ended 31 January 2022	Year ended 31 December 2020
	£	£
Loss for the financial year	(44,048,784)	(33,024,853)
Tax on loss	(930,773)	(1,687,408)
Loss before taxation	(44,979,557)	(34,712,261)
Depreciation of tangible assets	800,111	878,331
Amortisation of intangible assets	198,471	75,647
Share based payments	12,661,494	5,205,020
Convertible loan note fair value adjustment	-	570,622
Foreign exchange	1,038,613	(232,491)
Working capital movements:		
Increase in debtors	(12,651,044)	(5,950,868)
Increase in creditors	11,601,997	14,974,136
Total cash flows used in operating activities	(31,329,915)	(19,191,864)

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

21. Intangible assets (Company)

	Note	Software development costs	Goodwill	Total
		£	£	£
Cost				
At 1 January 2021		225,836	-	225,836
Additions	26	88,001	2,597,565	2,685,566
At 31 January 2022		313,837	2,597,565	2,911,402
Accumulated amortisation				
At 1 January 2021		75,647	-	75,647
Charge for the year		90,239	108,232	198,471
At 31 January 2022		165,886	108,232	274,118
Net book amount				
At 31 January 2022		147,951	2,489,333	2,637,284
At 31 December 2020		150,189	-	150,189

22. Tangible assets (Company)

	Leasehold improvements	Fixtures, fittings and office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2021	1,096,428	638,115	942,360	2,676,903
Additions	-	-	354,797	354,797
Disposals	-	(20,696)	(73,637)	(94,333)
At 31 January 2022	1,096,428	617,419	1,223,520	2,937,367
Accumulated depreciation				
At 1 January 2021	702,301	448,731	597,857	1,748,889
Charge for the year	256,167	106,502	269,448	632,117
Disposals	-	(12,379)	(73,637)	(86,016)
At 31 January 2022	958,468	542,854	793,668	2,294,990
Net book amount				
At 31 January 2022	137,960	74,565	429,852	642,377
At 31 December 2020	394,127	189,384	344,503	928,014

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

23. Investments (Company)

During the year the Company's investments have increased to £22,208,066 (2019: £824,990) reflective of £11.5 million additional investment made by Onfido Ltd in Onfido Inc., £10.6 million share based payments in subsidiaries and the impact of the share-for-share exchange taking place between Onfido Ltd and Onfido Holdings Ltd. There has been a £0.1 million addition to investments relating to the Group's acquisition of EYN Ltd.

The company's subsidiaries, which operate principally in their respective countries of incorporation, are:

Name	Principal activity	Address	Country of incorporation	Proportion of ordinary shares held
Onfido Unipessoal Lda	Provides engineering services to its parent	Avenida D João II, no. 46-4A, 1990-095 Lisbon, Portugal	Portugal	100%
Onfido Inc	Sale & marketing of Onfido Ltd's identity verification solution in the United States	Suite 633, Wergwise ,149 New Montgomery St, 4th Floor, San Francisco, CA 94105, USA	United States	100%
Onfido Services India Private Limited	Sale & marketing of Onfido Ltd's identity verification solution in India	Unit No. 9, Corporate Park II, 9th floor, VN Purav Marg, Near Swastik Chambers, Chembur, Mumbai - 400071	India	99.99%
Onfido SAS	Sale & marketing of Onfido Ltd's identity verification solution in France	4 Place de la Défense, Paris La Défense Cedex, 92974, France	France	100%
Onfido PTE Ltd	Sale & marketing of Onfido Ltd's identity verification solution in Singapore	20A Tanjong Pagar Road, Singapore, 088443	Singapore	100%
Onfido GmbH	Sale & marketing of Onfido Ltd's identity verification solution in Germany	c/o Osborne Clarke, Innere Kanalstraße 15, 50823, Köln, Germany	Germany	100%
Onfido BV	Sale & marketing of Onfido Ltd's identity verification solution in the Netherlands	Groud, 1st, 2nd and 3rd Floor, Joop Geesinkweg 901-999, Amsterdam-Duivendrecht, 1114 AB, Netherlands	Netherlands	100%
EYN Ltd	Provides technology services to its parent	3 Finsbury Avenue, 5th Floor, London, EC2M 2PA	United Kingdom	100%

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

24. Debtors (Company)

Amounts due within one year:

	As at 31 Jan 2022	As at 31 Dec 2020
	£	£
Trade debtors	11,671,937	9,734,999
Corporation tax	356,810	2,279,726
Other debtors	991,696	452,559
Amounts due from group undertakings	37,852,641	1,586,166
Prepayments and accrued income	1,983,600	1,974,088
	52,856,684	16,027,538

Amounts due after more than one year:

	As at 31 Jan 2022	As at 31 Dec 2020
	£	£
Loan due from group undertakings	577,030	469,048
	577,030	469,048
Total debtors	53,433,714	16,496,585

Amounts owed by the Group undertakings due within one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Amounts owed by the Group undertakings due after more than one year represents a loan issued by Onfido Ltd to Onfido Inc entered in December 2019. This loan attracts interest at a rate of 5.87% which is payable annually, with the loan principal repayable at the end of three years.

25. Creditors: amounts falling due within one year (Company)

	As at 31 Jan 2022	As at 31 Dec 2020
	£	£
Trade creditors	4,606,899	3,111,896
Other creditors	6,669,454	5,061,641
Taxation and social security	1,833,859	1,078,136
Accruals and deferred income	23,581,416	18,820,203
Amounts due to group undertakings	16,470,690	6,324,655
	53,162,318	34,396,531

Amounts owed to the Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January 2022 (continued)

26. Business combinations

On 3 September 2021, the Group acquired control of EYN Ltd through the purchase of 100% of the share capital. EYN has developed an acoustic liveness technology which Onfido Ltd intends to deploy into its product offering to customers.

The goodwill of £2,597,565 arising from the acquisition is attributable to the cost of creating the technology and future profitability expected from combining the operations into the group. The useful life of the goodwill has been estimated to be 10 years.

The following table summarises the consideration paid by the group, the fair value of assets acquired, and liabilities assumed. As at the acquisition date a portion of the total consideration was retained by Onfido Ltd and due to be paid to the EYN founders 12-months following acquisition. This has been accounted for in other creditors as at the balance sheet date. No non-controlling interest existed at the acquisition date.

Consideration at 3 September 2021:	£
Cash	2,277,997
Deferred consideration	250,000
Total consideration	2,527,997

For cash flow disclosure purposes the amounts are disclosed as follows:	£
Cash consideration	2,277,997
Less: Cash and cash equivalents acquired	(101,227)
Net cash outflow	2,176,770

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Fair value
	£
Property, plant and equipment	4,168
Cash and cash equivalents	101,227
Trade and other receivables	49,267
Trade and other payables	(58,230)
Total identifiable net assets	96,432

No adjustments have been made to book value of the assets and liabilities assumed.

In addition to the amounts disclosed above, £166,000 of directly attributable costs were incurred in relation to the acquisition. These costs were paid after the balance sheet date and included in current liabilities as of 31 January 2022.

Onfido Ltd

Notes to the financial statements for the 13-month period ended 31 January (continued)

27. Related parties

During the year advances granted to the Directors of the group, by its subsidiaries, totalled \$12,710,833. Interest on the unpaid principal balance of this advance will accrue at the Applicable Federal Rate in effect on the Effective Date (1.02% as of 4 June 2021), compounded semi-annually, commencing on the Effective Date. The advance falls due on the earliest of 9 years from issuance, termination of employment or qualifying transaction. No repayments have been made in relation to this advance as at the balance sheet date.

During the year salaries and commissions of £nil (2020: £113,226) were paid to relatives of the Directors of the Group.

28. Subsequent events and contingent liabilities

On 12 June 2020, plaintiff filed a putative class action against Onfido Inc in state court in Cook County, Illinois, claiming that Onfido Inc's facial recognition software violates the Illinois Biometric Information Privacy Act ("BIPA"), alleging that Onfido Inc failed to inform users in writing of the specific purpose and length of time for which their biometric data were being collected, stored, and used, failed to provide a publicly available retention schedule and guidelines for permanently destroying user data, and failed to receive written releases from plaintiff and the other Class members to collect, capture, or otherwise obtain biometric data. The Group disputes these claims and is currently preparing a defence with support from its advisers. As at the date of these financial statements, the Group has limited information about the size of the class. Therefore, it is impractical to disclose any further details in relation to this matter.

29. Events after the reporting year

Non-adjusting events:

- Included in note 18 is an operating lease commitment of Onfido Ltd in relation to a lease commitment for the UK office for a 6-month notice period served on 27 January 2022 by the Landlord. As at the date of signing the financial statements for the year ended 31 January 2022, Onfido Ltd are due to exit the offices on 27 July 2022. On 7 February 2022, Onfido Ltd signed a new 3.5 year property lease for 3rd Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1AH. The agreed annual rental charge is £1,166,890 plus VAT and annual service charge is £303,013 plus VAT. Onfido Ltd agreed to provide a deposit equivalent to six months' rent plus VAT. No break clause was included in the lease terms. Onfido's rental charge is capped at £1,080,090 due to an agreement with the former tenant Elsevier who agreed to pay the rental charge in excess of the agreed capped rental charge.
- In February 2022 the Group entered into a credit facility for \$40,000,000 which as at the date of signing the financial statements remains fully un-drawn.