

# Molo Tech Limited Annual Report and Consolidated Financial Statements

Annual Report and Financial Statements

For the year ended 31 December 2023



Company Registration No. 10510180 (England and Wales)

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Company Information

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**Directors**

A. M. Chepul	
L. Blackwell	(Appointed 5 October 2023)
I. Pavlopoulos	(Appointed 5 October 2023)
G. L. Olsen	
N. Batley	(Appointed 21 February 2024)
M. Kimber	(Appointed 21 February 2024)

**Company number** 10510180

**Registered office** 84 Thomas House  
Eccleston Square  
London  
SW1V 1PX

**Auditor** RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

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# Molo Tech Limited Annual Report And Consolidated Financial Statements

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# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Directors' Report

For the year ended 31 December 2023

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The directors present the annual report and financial statements for Molo Tech Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023.

### Principal activities

The principal activity of the Company and Group continued to be that of mortgage intermediation and lending.

### Directors

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

A. M Chepul	
G. L. Olsen	
I. Pavlopoulos	(Appointed 5 October 2023)
L. Blackwell	(Appointed 5 October 2023)
F. Carlesi	(Resigned 25 November 2023)
N. Batley	(Appointed 21 February 2024)
M. Kimber	(Appointed 21 February 2024)

### Results and dividends

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

### Qualifying third party indemnity provisions

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

### Auditor

RSM UK Audit LLP were appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of disclosure to auditor

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

### Going concern

During the financial year the Group continued to be affected by capital market volatility. The impact and remedial actions taken were as follows:

- Cash resources: The Group ended 2023 with bank balances of £875,253. The directors monitor trends and market developments in the mortgage sector closely and are expecting continued opportunities in the market throughout 2024 as the capital market volatility eases. The Group has comprehensive cash management and forecasting processes in place and the directors continue to monitor and ensure funding facilities are sufficient for expected requirements.
- During the year, the Company received a strategic investment from ColCap Financial UK Limited (“CFUK”) (see note 26), and a new arm's length loan origination agreement to support the Group's origination of buy-to-let mortgages (see note 26). CFUK's investment provides long-term support to facilitate the Group's growth in the mortgage intermediary market.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

Directors' Report (Continued)

For the year ended 31 December 2023

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The statement headed "Going Concern" included in the accounting policies sets out certain factors relevant to the directors' consideration in reaching their assessment on going concern. The financial statements have been prepared on a going concern basis.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the Board.

*Matthew Kimber*

M. Kimber

**Executive Director and Chief Executive Officer**

18 April 2024

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Directors' Responsibilities Statement

For the year ended 31 December 2023

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group 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. They are also 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.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Independent Auditor's Report (Continued)

### To the Members of Molo Tech Limited Annual Report and Consolidated Financial Statements

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#### **Opinion**

We have audited the financial statements of Molo Tech Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included review of assumptions used by management in preparing forecasts up to at least 12 months from the date of approval of the financial statements.

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Independent Auditor's Report (Continued)

### To the Members of Molo Tech Limited Annual Report and Consolidated 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered 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.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Independent Auditor's Report (Continued)

### To the Members of Molo Tech Limited Annual Report and Consolidated Financial Statements

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud;
- obtained an understanding of the effectiveness of the control environment.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to FCA registration. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; testing the completeness, accuracy and existence of revenue through detailed substantive procedures.

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

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Independent Auditor's Report (Continued)

### To the Members of Molo Tech Limited Annual Report and Consolidated Financial Statements

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#### **Use of our report**

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

*Neil Griggs*

Neil Griggs (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
18/04/2024

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Group Profit and Loss Account

For the year ended 31 December 2023

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		2023	2022
	Notes	£	£
<b>Turnover</b>	<b>3</b>	<b>1,474,337</b>	<b>471,914</b>
Administrative expenses		(5,983,310)	(7,976,029)
Other operating income	3	-	1,994
<b>Operating loss</b>	<b>4</b>	<b>(4,508,973)</b>	<b>(7,502,121)</b>
Interest receivable and similar income	8	1,007,526	739,458
Interest payable and similar expenses	9	(794,900)	(963,935)
Amounts written off investments		(214)	-
<b>Loss before taxation</b>		<b>(4,296,561)</b>	<b>(7,726,598)</b>
Tax on loss	10	7,812,081	(33,555)
<b>Profit/(loss) for the financial year</b>		<b>3,515,520</b>	<b>(7,760,153)</b>

Profit/(loss) for the financial year is all attributable to the owners of the Company.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Group Statement of Comprehensive Income

For the year ended 31 December 2023

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	<b>2023</b> £	<b>2022</b> £
<b>Profit/(loss) for the year</b>	3,515,520	(7,760,153)
<b>Other comprehensive income</b>		
Cash flow hedges loss or its reversal arising in the year	<u>(1,939,346)</u>	<u>1,939,346</u>
<b>Total comprehensive income for the year</b>	<u><b>1,576,174</b></u>	<u><b>(5,820,807)</b></u>

Total comprehensive income for the year is all attributable to the owners of the Company.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Group Balance Sheet

As at 31 December 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Tangible assets	11		1,455		8,087
<b>Current assets</b>					
Debtors falling due after more than one year	15	7,982,704		28,456,367	
Debtors falling due within one year	15	4,662,562		733,682	
Cash at bank and in hand		875,253		609,503	
		13,520,519		29,799,552	
Creditors: amounts falling due within one year	16	(376,965)		(27,648,038)	
<b>Net current assets</b>			13,143,554		2,151,514
<b>Total assets less current liabilities</b>			13,145,009		2,159,601
Creditors: amounts falling due after more than one year	17		(14,567)		(6,807,120)
<b>Net assets/(liabilities)</b>			<b>13,130,442</b>		<b>(4,647,519)</b>
<b>Capital and reserves</b>					
Called up share capital	21		235,670		27,010
Share premium account			39,029,471		22,839,237
Hedging reserve			-		1,939,346
Other reserves			449,764		646,871
Profit and loss reserves			(26,584,463)		(30,099,983)
<b>Total equity</b>			<b>13,130,442</b>		<b>(4,647,519)</b>

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 18 April 2024 and are signed on its behalf by:

*Matthew Kimber*

M. Kimber

Executive Director and Chief Executive Officer

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Company Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		1,455		8,087
Investments	12		4		4
			<u>1,459</u>		<u>8,091</u>
<b>Current assets</b>					
Debtors falling due after more than one year	15	7,982,704		-	
Debtors falling due within one year	15	4,662,561		3,650,769	
Cash at bank and in hand		875,253		391,591	
		<u>13,520,518</u>		<u>4,042,360</u>	
Creditors: amounts falling due within one year	16	(376,965)		(3,640,824)	
<b>Net current assets</b>			<u>13,520,518</u>		<u>401,536</u>
<b>Total assets less current liabilities</b>			<u>13,143,553</u>		<u>409,627</u>
Creditors: amounts falling due after more than one year	17		(14,567)		(6,807,120)
<b>Net assets/(liabilities)</b>			<u><u>13,130,445</u></u>		<u><u>(6,397,493)</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		235,670		27,010
Share premium account			39,029,471		22,839,237
Other reserves			449,764		646,871
Profit and loss reserves			(26,584,460)		(29,910,611)
<b>Total equity</b>			<u><u>13,130,445</u></u>		<u><u>(6,397,493)</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit/(loss) for the year was £3,326,151 (2022 - £7,049,405 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 18 April 2024 and are signed on its behalf by:

*Matthew Kimber*

M. Kimber

**Executive Director and Chief Executive Officer**  
**Company Registration No. 10510180**

## Molo Tech Limited Annual Report and Consolidated Financial Statements

### Group Statement of Changes in Equity For the year ended 31 December 2023

	Notes	Share capital £	Share premium account £	Hedging reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2022</b>		26,795	22,607,987	-	582,605	(22,354,250)	863,137
<b>Year ended 31 December 2022:</b>							
Loss for the year		-	-	-	-	(7,760,153)	(7,760,153)
Other comprehensive income:							
Change in value of cash flow hedge instruments for the year		-	-	1,939,346	-	-	1,939,346
Total comprehensive income for the year		-	-	1,939,346	-	(7,760,153)	(5,820,807)
Issue of share capital	21	215	231,250	-	-	-	231,465
ESOP share reserve		-	-	-	78,686	-	78,686
Transfer		-	-	-	(14,420)	14,420	-
<b>Balance at 31 December 2022</b>		<b>27,010</b>	<b>22,839,237</b>	<b>1,939,346</b>	<b>646,871</b>	<b>(30,099,983)</b>	<b>(4,647,519)</b>
<b>Year ended 31 December 2023:</b>							
Profit/(loss) for the year		-	-	-	-	3,515,520	3,515,520
Other comprehensive income:							
Change in value of cash flow hedge instruments for the year		-	-	(1,939,346)	-	-	(1,939,346)
Total comprehensive income for the year		-	-	(1,939,346)	-	3,515,520	1,576,174
Issue of share capital	21	208,660	16,190,234	-	-	-	16,398,894
ESOP share reserve		-	-	-	(197,107)	-	(197,107)
<b>Balance at 31 December 2023</b>		<b>235,670</b>	<b>39,029,471</b>	<b>-</b>	<b>449,764</b>	<b>(26,584,463)</b>	<b>13,130,442</b>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Company Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2022</b>		26,795	22,607,987	582,605	(22,875,626)	341,761
<b>Year ended 31 December 2022:</b>						
Loss and total comprehensive income for the year		-	-	-	(7,049,405)	(7,049,405)
Issue of share capital	21	215	231,250	-	-	231,465
ESOP share reserve		-	-	78,686	-	78,686
Transfer		-	-	(14,420)	14,420	-
<b>Balance at 31 December 2022</b>		<b>27,010</b>	<b>22,839,237</b>	<b>646,871</b>	<b>(29,910,611)</b>	<b>(6,397,493)</b>
<b>Year ended 31 December 2023:</b>						
Loss and total comprehensive income for the year		-	-	-	3,326,151	3,326,151
Issue of share capital	21	208,660	16,190,234	-	-	16,398,894
ESOP share reserve		-	-	(197,107)	-	(197,107)
<b>Balance at 31 December 2023</b>		<b>235,670</b>	<b>39,029,471</b>	<b>449,764</b>	<b>(26,584,460)</b>	<b>13,130,445</b>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Group Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	24	(4,963,294)	(6,552,932)
Interest paid		(863,121)	(795,118)
Income taxes refunded		195,823	-
<b>Net cash outflow from operating activities</b>		<b>(5,630,592)</b>	<b>(7,348,050)</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(28)	-
Proceeds from/(purchase of) other investments and mortgage loans		22,217,599	(26,493,704)
Interest received		487,164	608,653
<b>Net cash generated from/(used in) investing activities</b>		<b>22,704,735</b>	<b>(25,885,051)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		16,398,893	231,465
Repayment/(issue) of convertible loans		(9,368,894)	9,200,000
Repayment of funding facilities		(23,838,392)	(422,498)
Drawdown of funding facilities		-	24,260,889
<b>Net cash (used in)/generated from financing activities</b>		<b>(16,808,393)</b>	<b>33,269,856</b>
<b>Net increase in cash and cash equivalents</b>		<b>265,750</b>	<b>36,755</b>
Cash and cash equivalents at beginning of year		609,503	572,748
<b>Cash and cash equivalents at end of year</b>		<b>875,253</b>	<b>609,503</b>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements

For the year ended 31 December 2023

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### 1 Accounting policies

#### Company information

Molo Tech Limited (the "Company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 84 Thomas House, Eccleston Square, London, SW1V 1PX.

The Group consists of Molo Tech Limited and all of its subsidiaries. All subsidiaries are listed in note 13.

The Company is authorised to conduct regulated lending in the United Kingdom by the Financial Conduct Authority ("FCA") (reference number 951899).

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

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

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 1 Accounting policies

(Continued)

#### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. *Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.* Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the Company together with all entities controlled by it (its subsidiaries) and the Group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group profit and loss account and statement of cash flows also include the results and cash flows of Molo Funding No 2 Limited and Molo Funding 3 Limited for the period from 1 January 2022 to date of cessation 1 February 2022.

The Group profit and loss account and statement of cash flows also include the results and cash flows of Molo Holdings No 1 Limited ("MH1") for the period from 1 January 2023 to the date the entity was sold on 7 July 2023. The comparative Group profit and loss account and statement of cash flows includes MH1 for 12 months.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 1 Accounting policies

(Continued)

#### 1.3 Going concern

The directors have considered the financial position of the Company and the Group, as well as the Group's forecast for the 12-month period following the point of signing and concluded that it is appropriate to prepare the financial statements on a going concern basis. In making this determination, management have specifically considered the impacts of the Group's FCA responsibilities, the impacts of higher inflation and base interest rates, and the impact on the Group's cash flows over the going concern period, as set out below.

During the period the Group made a loss before taxation of £4,296,561 and at the balance sheet date had net assets of £13,130,442. The United Kingdom is experiencing a period of high inflation and high base interest rates, which has caused volatility in interest swap rates, borrowing costs and mortgage product pricing. Management took precautionary measures by closely monitoring market rates, and diversifying the range of mortgage products, which has resulted in sustained revenue growth during 2023. The directors have prepared projected cash flow information for a 12-month period from the point of signing. The initial base case forecast was prepared with the following key assumptions:

- The Group continues to grow after relaunching mortgage origination with more diversified funding partners.
- The Company successfully launches more diversified mortgage products including new regulated mortgage products.
- Overheads are being closely monitored with a focus on efficiencies and support from the wider ColCap Financial Limited group.

CFUK's £16.4 million strategic investment during the year provides long-term support to assist with expanding the Group's access to mortgage funding and helping it grow in the mortgage intermediary market.

Based on these considerations and indications of ongoing support from the shareholders, the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

#### 1.5 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

#### 1.6 Tangible fixed assets

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

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

Computers	3 years straight line
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# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 1 Accounting policies

(Continued)

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

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the Company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

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

#### 1.9 Cash at bank and in hand

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

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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.

##### **Basic financial assets**

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

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

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

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

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

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

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

##### **Basic financial liabilities**

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

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

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

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 1 Accounting policies

(Continued)

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

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

#### ***Other financial liabilities - convertible loan notes***

The net proceeds received from the issue of the convertible loan notes are required to be split between the financial liability element and the equity component, representing the fair value of the embedded option to convert the financial liability into equity. In determining the appropriate accounting treatment of the loan notes, the specific contractual terms of each note issuance is also analysed to ensure the most appropriate classification as financial liability, equity or a hybrid.

Any equity component would be credited to the equity reserve. The liability component is measured at fair value in accordance with section 12 of FRS102. Where the interest rate is at a market rate, the fair value on initial recognition is deemed to be the transaction cost. Any changes to fair value on subsequent measurement are taken to the profit and loss.

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

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

#### **1.11 Equity instruments**

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

#### **1.12 Current and deferred tax**

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

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

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

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### 1 Accounting policies

(Continued)

#### 1.13 Employee benefits

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

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

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

#### 1.14 Retirement benefits

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

#### 1.15 Share-based payments

The Company has adopted a share option scheme which is compliant with HM Revenue & Custom's Enterprise Management Incentives scheme rules. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured using a Black-Scholes pricing model. The expected life in the model has been adjusted based on management's best estimate of the life of the share options and exercise restrictions.

#### 1.16 Leases

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

#### 1.17 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other operating income" within profit or loss in the same period as the related expenditure. The group has not directly benefited from any other forms of government assistance.

#### 1.18 Foreign exchange

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

#### 1.19 Derivative Financial Instruments

The Group had entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives were measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movements are recognised in profit or loss for the period.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 2 Judgements and key sources of estimation uncertainty

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

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

Management considers that the accounting estimates relating to the following, are the most material to the financial statements;

- Going Concern (see Directors' report and Going Concern note),
- Share based payments (note 20),
- the recognition of deferred tax assets for carried forward tax losses (note 10), and
- the recognition of a research and development (R&D) credit (note 10)
- the recoverability and impairment assessments on mortgage loans and debtors (note 15)
- the valuation of interest free loan to parent (note 26)

### 3 Turnover and other revenue

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Mortgage commissions received	1,034,777	-
Physical Survey Fees	261,228	88,791
Gain on loan sales	37,712	209,532
Software fees	140,620	100,000
Other income	-	73,591
	<hr/> 1,474,337	<hr/> 471,914
	<hr/>	<hr/>
	2023	2022
	£	£
<b>Other significant revenue</b>		
Interest income	1,007,526	739,458
Other commissions received	-	923
Grants received	-	71
	<hr/>	<hr/>

All turnover is derived in the United Kingdom.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 4 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	6,880	(3,104)
Research and development costs	455,764	370,277
Government grants	-	(71)
Depreciation of owned tangible fixed assets	6,632	11,246
Share-based payments	(197,107)	78,687
Operating lease charges	170,438	108,453
Impairment on debtors	95,559	458,564

Exchange differences were recognised in the profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to -£6,880 (2022 £3,104).

### 5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Group and Company	47,000	63,000

### 6 Employees

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

	Group 2023 Number	Group 2022 Number	Company 2023 Number	Company 2022 Number
Total employees	39	47	39	47

Their aggregate remuneration comprised:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	2,680,053	3,266,285	2,680,053	3,266,285
Social security costs	314,127	386,208	314,127	386,208
Pension costs	221,515	174,018	221,515	174,018
	<u>3,215,695</u>	<u>3,826,511</u>	<u>3,215,695</u>	<u>3,826,511</u>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 7 Directors' remuneration

	2023 £	2022 £
Remuneration paid to directors	344,490	227,746

There were two directors in the Company and Group's defined contribution pension scheme during 2023 (2022: one). The total amount payable to the highest paid director in respect of emoluments was £328,808 (2022: 237,746).

### 8 Interest receivable and similar income

	2023 £	2022 £
<b>Interest income</b>		
Interest on mortgage assets	705,592	616,123
Interest on derivative financial instruments	279,302	-
Other interest income	22,632	123,335
<b>Total income</b>	<b>1,007,526</b>	<b>739,458</b>

Interest income includes the following:

Interest on financial assets not measured at fair value through profit or loss	728,224	616,123
Interest on financial assets measured at fair value through profit or loss	279,302	-

### 9 Interest payable and similar expenses

	2023 £	2022 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on funding facilities including early redemption costs	722,867	865,356
<b>Interest on financial liabilities measured at FVTPL:</b>		
Interest on convertible loan notes	70,786	98,579
<b>Other finance costs:</b>		
Other interest	1,247	-
<b>Total finance costs</b>	<b>794,900</b>	<b>963,935</b>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

10 Taxation	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(219)	33,555
Adjustments in respect of prior periods	170,841	-
Total current tax	<u>170,622</u>	<u>33,555</u>
<b>Deferred tax</b>		
Origination of timing differences	(7,982,704)	-
Total deferred tax	<u>(7,982,704)</u>	<u>-</u>
Total tax (credit)/expense included in other comprehensive income	<u>(7,812,081)</u>	<u>33,555</u>

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Loss before taxation	(4,296,561)	(7,726,598)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)</i>	(1,040,347)	(1,468,054)
Unrecognised deferred tax	(81,298)	1,468,054
Expected R&D claim	-	(166,445)
Prior year adjustment on R&D claim	170,841	200,000
Re-measurement of deferred tax*	<u>(6,861,277)</u>	<u>-</u>
Taxation (credit)/charge	<u>(7,812,081)</u>	<u>33,555</u>

\*Carried forward tax losses have been recognised as a Deferred Tax Asset with effect from the date CFUK acquired its 80% shareholding in the Company (see note 26).

## 11 Tangible fixed assets

Group & Company	Plant and machinery £
<b>Cost</b>	
At 1 January 2023	81,810
Additions	-
At 31 December 2023	<u>81,839</u>
<b>Depreciation and impairment</b>	
At 1 January 2023	73,723
Depreciation charged in the year	6,632
At 31 December 2023	<u>80,355</u>
<b>Carrying amount</b>	
At 31 December 2023	<u>1,455</u>
At 31 December 2022	<u>8,087</u>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 12 Fixed asset investments

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Investments	-	-	4	4
<b>Movements in fixed asset investments</b>				
<b>Company</b>				<b>Shares in Group undertakings £</b>
<b>Cost or valuation</b>				
At 1 January 2023 and 31 December 2023				4
<b>Carrying amount</b>				
At 31 December 2023				4
At 31 December 2022				4

### 13 Subsidiaries

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Molo Holdings No. 2 Limited	84 Eccleston Square, London, SW1V 1PX	Mortgage Intermediation	Ordinary	100	-
Molo Holdings No. 3 Limited	84 Eccleston Square, London, SW1V 1PX	Mortgage Intermediation	Ordinary	100	-
Molo Funding No. 1 Limited	84 Eccleston Square, London, SW1V 1PX	Mortgage Lending Services	Ordinary	100	-
Molo Funding No. 4 Limited	84 Eccleston Square, London, SW1V 1PX	Mortgage Lending Services	Ordinary	100	-

MH1 was a 100% owned subsidiary and was sold at cost value on 7 July 2023.

Molo Funding No. 4 Limited was a 100% owned subsidiary of MH1 and was sold at cost value to the Company on 28 June 2023.

Subsequent to the reporting date, Molo Holdings No. 3 Limited, Molo Funding No. 1 Limited and Molo Funding No. 4 Limited were dissolved on 19 March 2024 following a voluntary strike off application.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 14 Financial instruments

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	5,266,822	27,445,900	5,266,329	3,656,451
Instruments measured at fair value through profit or loss	-	1,939,346	-	-
	<u>5,266,822</u>	<u>29,385,246</u>	<u>5,266,329</u>	<u>3,656,451</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	168,341	33,757,705	168,341	9,919,314
	<u>168,341</u>	<u>33,757,705</u>	<u>168,341</u>	<u>9,919,314</u>

During the year ended 31 December 2023, Molo Funding No. 1 Limited, a subsidiary of Molo Tech Limited sold £26.5 million of buy-to-let mortgages (see note 15) and repaid £23.8 million of secured funding lines (see note 16).

### 15 Debtors

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
<b>Amounts falling due within one year:</b>				
Provision for doubtful debts	-	(458,654)	(494)	(135,661)
Mortgage loan assets	-	37,662	-	-
Trade debtors	13,454	66,202	13,454	60,207
Corporation tax recoverable	-	366,664	-	366,664
Amounts due from related parties	4,377,621	578	4,378,115	3,204,652
Other debtors	172,890	63,098	172,889	62,898
Prepayments and accrued income	98,597	658,042	98,597	92,009
	<u>4,662,562</u>	<u>733,592</u>	<u>4,662,561</u>	<u>3,650,769</u>
<b>Amounts falling due after more than one year:</b>				
Amounts due from related parties	-	(578)	-	-
Deferred Tax Asset	7,982,704	-	7,982,704	-
Derivative financial instruments	-	1,939,346	-	-
Mortgage loan assets	-	26,517,599	-	-
	<u>7,982,704</u>	<u>28,456,367</u>	<u>7,982,704</u>	<u>-</u>
<b>Total debtors</b>	<u>12,645,266</u>	<u>29,189,959</u>	<u>12,645,265</u>	<u>3,650,769</u>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 15 Debtors

(Continued)

During the year ended 31 December 2023, Molo Funding No. 1 Limited, a subsidiary of Molo Tech Limited sold £26.5 million of buy-to-let mortgages and repaid £23.8 million of secured funding lines.

The impairment loss recognised in the Group profit and loss for the period in respect of bad and doubtful debts debtors was £nil (2022: £458,654). The impairment loss recognised in the Company profit and loss for the period in respect of bad and doubtful debts debtors was £96,053 (2022: £135,661). The impairment losses have been recognised due to the impact of interest rate volatility, which has impacted the future net cash flows expected on the Group and company's deferred consideration on mortgage loan sales. The recoverability and impairment of debtors for part of the Group and Company are considered by management to be material estimates to the financial statements.

#### Derivative financial instruments - Interest rate swaps

During the year the group entered into an interest rate swap to receive variable interest linked to SONIA and pay fixed interest. The swap is based on the expected amortisation profile of the principal amount of the fixed rate mortgage assets.

The instrument was used to hedge the Group's exposure to interest rate movements on the funding facilities. The hedging arrangement aligns the total interest payable to total principal amount of the fixed rate mortgage assets. The hedging contracts were sold during the year as part of the sale of the buy-to-let mortgages, and therefore the fair value of the interest rate swap is £nil (2022: £1,939,346).

During 2023 a hedging loss of £1,939,346 (2022: hedging gain £1,939,346) was recognised in other comprehensive income for changes in the fair value of the interest rate swap and £nil (2022: £nil) was reclassified from the hedge reserve to profit and loss.

### 16 Creditors: amounts falling due within one year

	Notes	Group		Company	
		2023	2022	2023	2022
		£	£	£	£
Convertible loans	28	-	2,510,114	-	2,510,114
Trade creditors		153,774	602,080	153,774	602,080
Amounts due to group undertakings		-	-	-	1
Corporation tax payable		-	-	-	-
Other taxation and social security		96,347	94,362	96,347	94,362
Other creditors		126,844	603,091	126,844	434,267
Funding facilities		-	23,838,391	-	-
		<u>376,965</u>	<u>27,648,038</u>	<u>376,965</u>	<u>3,640,824</u>

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 17 Creditors: amounts falling due after more than one year

		Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	18	14,567	19,127	14,567	19,127
Convertible loans	28	-	6,787,993	-	6,787,993

Amounts included above which fall due after five years are as follows:

Payable by instalments	14,567	19,127	14,567	19,127
Payable other than by instalments	-	6,787,993	-	6,787,993
	<u>14,567</u>	<u>6,807,120</u>	<u>14,567</u>	<u>6,807,120</u>

### 18 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	14,567	19,127	14,567	19,127
Funding facilities	-	23,838,391	-	-
	<u>14,567</u>	<u>23,857,518</u>	<u>14,567</u>	<u>19,127</u>
Payable within one year	-	23,838,391	-	-
Payable after one year	<u>14,567</u>	<u>19,127</u>	<u>14,567</u>	<u>19,127</u>

### 19 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	221,515	174,018

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 20 Share-based payment transactions

Group	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 January 2023	144,200	211,700	0.01	0.01
Granted	29,800	-	0.01	0.01
Forfeited	(64,625)	(66,525)	0.01	0.01
Exercised	-	(975)	0.01	0.01
Outstanding at 31 December 2023	109,375	144,200	0.01	0.01
Exercisable at 31 December 2023	59,000	52,875	0.01	0.01

The options outstanding at 31 December 2023 had an exercise price of 0.01 and a remaining contractual life of 1.5 years (2022: 1.6 years).

Company	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 January 2023	144,200	211,700	0.01	0.01
Granted	29,800	-	0.01	0.01
Forfeited	(64,625)	(66,525)	0.01	0.01
Exercised	-	(975)	0.01	0.01
Outstanding at 31 December 2023	109,375	144,200	0.01	0.01
Exercisable at 31 December 2023	59,000	52,875	0.01	0.01

The Black-Scholes option pricing model was used to value equity-settled share based payment awards. This valuation model was used as there was a lack of market trading and it was considered that this approach would result in materially accurate estimate of the fair value of options granted. The following information was used in this valuation for the options outstanding at 31 December 2023:

- all shares had an exercise price of £0.01 (2022: £0.01);
- the weighted average remaining contractual life of 1.0 years (2022: 1.6 years);
- expected volatility was based on observable data in respect to peers in the market;
- staff retention rates are based on historical Human Resources records; and
- share price value is referenced to the latest fund raise.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 20 Share-based payment transactions (Continued)

	Group 2023	2022	Company 2023	2022
<b>Expenses recognised in the year</b>				
Arising from equity settled share based payment transactions	(197,107)	78,687	(197,107)	78,687

### 21 Share capital

	Group and Company 2023	2022
	£	£
<b>Ordinary share capital Issued and fully paid</b>		
23,567,005 (2022: 2,701,026) Ordinary shares of 1p each	235,670	27,010
Share premium	39,029,471	22,839,237

The Company issued 20,865,979 £0.01 ordinary shares at £0.79 on 28 February 2023 (see note 26).

### 22 Operating lease commitments

#### Lessee

The Group and Company had minimum lease payments under non-cancellable operating leases as set out below:

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Not later than one year	156,990	22,469	156,990	22,469
Later than one year	1,884	7,388	1,884	7,388
<b>Total</b>	<b>158,874</b>	<b>29,857</b>	<b>158,874</b>	<b>29,857</b>

### 23 Controlling party

The Company is an 80% subsidiary of CFUK, a company registered in England and Wales. ColCap Financial Limited ("CFL"), a company registered in Australia with a registered office at Level 12, 77 Castlereagh Street, Sydney NSW 2000, is the ultimate controlling parent as no other entity has a controlling ownership of CFL. CFL prepares group financial statements and is the largest group that consolidates the Company and the Group. These accounts are the smallest group that includes the Company and Group.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 24 Cash absorbed by Group operations

	2023 £	2022 £
Profit/(Loss) for the year after tax	3,515,520	(7,760,153)
<b>Adjustments for:</b>		
Taxation (credited)/charged	(7,812,081)	33,555
Finance costs	794,900	963,935
Investment income	(520,358)	(739,458)
Depreciation and impairment of tangible fixed assets (note 11)	6,661	11,246
Equity settled share-based payment expense	(197,107)	78,687
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	618,263	1,034,352
(Decrease)/increase in creditors	(1,369,092)	(175,074)
<b>Cash absorbed by operations</b>	<u>(4,963,294)</u>	<u>(6,552,910)</u>

### 25 Analysis of changes in net funds/(debt) – Group

	1 January 2023 £	Cash flows £	Accrued interest £	31 December 2023 £
Cash at bank and in hand	609,503	265,750	-	875,253
Borrowings	(30,645,511)	30,701,726	(70,782)	(14,567)
	<u>(30,036,008)</u>	<u>30,967,476</u>	<u>(70,782)</u>	<u>860,686</u>

### 26 Related party transactions

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management for services provided to the Group was £1,118,275 (2022: £1,240,548).

During the year ended 31 December 2022, the Company and Group issued convertible loan notes ("CLNs"), as disclosed in note 17, of which £1,500,000 was issued to existing shareholders. As stated in note 17, the terms of the CLNs were not off-market and so no further disclosure is required by FRS102. In February 2023, the Company and Group converted the loan notes to equity at the price of £0.79 per share, which is deemed to be a market price (see note 21).

In February 2023 CFUK received permission from the FCA to acquire 80% of the ordinary share capital of the Company. On 28 February 2023, the Company received £16.4 million of new equity investment in a combination of cash receipts (£6.4 million) and the conversion of convertible loans (£10.0 million) (see note 21).

Sales of £1,034,777 (2022: £nil) were made during the year by the Company and Group to CFUK. CFUK is the immediate parent of the Company and Group with a controlling shareholding. All transactions were conducted on an arm's length basis and normal trading terms. At 31 December 2023, £77,621 (2022: £nil) was owed by CFUK to the Company and Group.

# Molo Tech Limited Annual Report and Consolidated Financial Statements

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

### 26 Related party transactions

(Continued)

During the year ended 31 December 2023, the Company and Group extended a loan to CFUK, the balance of which at 31 December 2023 was £4,300,000 (2022: £nil). The loan is interest free and repayable on demand to the Company and Group. Due to the loan being short term and repayable on demand, the present value of the loan is also £4,300,000.

During the year ended 31 December, the Company and Group sold MH1 to CFUK in an arms length transaction. MH1 was sold at cost value on 7 July 2023 for a consideration of £1.

### 27 Events after the reporting date

On 26 February 2024, the Company received £552,000 from CFUK for partial repayment on the loan (see note 26).

On 19 March 2024, Molo Holdings No. 3 Limited, Molo Funding No. 1 Limited and Molo Funding No. 4 Limited were dissolved following a voluntary strike off application.

### 28 Convertible loan notes

	Group 2023 £	2022 £	Company 2023 £	2022 £
Liability component of convertible loan notes	-	6,787,993	-	6,787,993

In 2022 no component of the loan note was deemed to be equity and therefore the entire balance was recorded as a liability.

The terms of the note resulted in its classification as a financial liability and as such it was measured at fair value in accordance with section 12 of FRS102. The convertible loan was issued to a private investor who had the right, depending on future uncertain events, to convert the liability into a controlling shareholding in the Company (see note 26). The notes nominal interest combined with the premium conversion rights associated with the notes, are considered by the directors to be an interest rate at market rate. Accordingly, the fair value on initial recognition is the transaction cost and amortised cost at 31 December 2023 is considered to be equivalent to the fair value.

The convertible loan notes were converted to equity on 28 February 2023 (refer to note 26).