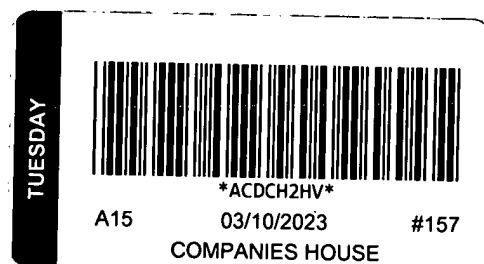


Company Registration No. 09688671 (England and Wales)

SUM AND SUBSTANCE LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



SUM AND SUBSTANCE LTD

COMPANY INFORMATION

Director: Yakov Sever (Severiukhin)

Company number 09688671

Registered office 30 St. Mary Axe
London
EC3A 8BF
England

Auditor RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

SUM AND SUBSTANCE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents the strategic report for the year ended 31 December 2022.

Fair review of the business

Sum and Substance Ltd ("the company") is a software company operating in a Regtech industry through Software as a Service (SaaS) and Platform as a Service (PaaS) models. The core business of the company is the provision of online ID and user verification services, as well as document recognition, prevention of digital identity theft and fraud, user behavior and transaction monitoring, and risk management solutions, to corporate customers. As a by-service the company delivers business advice in the fields of compliance, risk-management and AML, provides advice on various approaches to counter online fraud and to increase a rate of success when implementing online Know Your Customer policies. The company operate several proprietary technologies in the fields of computer vision, image analysis, optical character recognition, face- and liveness-detection, AI programming, Big Data analytics and others. Provision of these technologies alongside the customised UI/UX environment constitutes the aforementioned SaaS/PaaS model.

The vision of the company is to build a single verification platform to secure the whole user journey and handle every verification in a unified environment. Such orchestration allows the company's customers to optimise their onboarding flow, reduce risk level, increase user conversion and transparency while cutting down compliance costs. The company considers the regulatory environment of each customer when tailoring the solution to their needs. The company sometimes supports and advises its customers on how to build a compliant and cost-effective user journey. Verification and onboarding of natural persons and legal entities, as well as case management, investigative compliance cockpit and transaction monitoring, are seamlessly integrated into the Sumsb Group's platform.

Despite an adverse backdrop in the global markets, the company shows significant revenue growth in 2022. This was driven by the growing customer engagement and successful sales execution, continued technological improvements of the Sumsb Group's platform and increasing number of users of various digital services worldwide. The company demonstrates solid progress throughout 2022 in all key areas of business, with total revenues growing by 104.3% compared to 2021.

The company is part of a wider group Sumsb Group ("Sumsb" or "the Group") and during the year ended 31 December 2022, the Group expanded its services within the United Kingdom, Europe, South Asia and MENA regions, as numerous companies were searching for opportunities to enhance their remote customer onboarding. The Sumsb's goal is to make its technology accessible and easy-to-use for the widest possible audience.

The main scope of internal investment for Sumsb in 2022 was the quality of software performance, the new technologies and the customer support. As a result, the company had a significant increase of staff in the Administration, Finance and Human Resource, Product, Design and Technical, Legal and Compliance, Sales and Marketing departments. The company considers people to be its main asset and nurtures its human capital to promote an innovation-driven and inclusive culture, to make each contribution valuable and recognised.

The year overall and outlook

The director is proud of this year. The company has made strategic decisions, enhanced its products, provided a safe and motivational environment for its employees and contributed to the success of its customers. In the light of profits made in previous periods, in 2022 the company increased its expenses with a necessary confidence. As a result of the continued investment outlined above, the company reported profit after tax of £1,229,095 for the year ended 31 December 2022 (2021: £563,408). The company shows a highly positive trend in its financial performance.

In the year ended 31 December 2022, the company reported operating profit of £1,517,387, compared to £705,657 in the preceding year. This noteworthy increase reflects the company's strong performance in its core operations. It indicates a significant improvement in operational profitability and underscores company's ability to generate earnings prior to accounting for interest and taxes. This demonstrates a commendable level of financial stability and operational efficiency. The gross profit margin for the year ended 31 December 2022, was 33.5%, compared to 19.9% for the year ended 31 December 2021. This indicates a healthy margin on company's core services and reflects a significant improvement in operational efficiency and profitability. This positive trend underscores company's strong financial performance and its ability to effectively manage costs while generating higher returns from its primary operations.

SUM AND SUBSTANCE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

As at 31 December 2022, the company sustained a strong cash position, holding total cash and cash equivalents of £1,708,149. This underscores a thoughtful approach to managing liquidity. In comparison to the preceding year-end, where the cash position was £2,426,783, there has been a decrease. It's important to note that this reduction is solely attributable to intragroup cash movements, particularly advances paid to the parent company. Nevertheless, the company continues to be in a favorable position to fulfill its short-term financial commitments and seize strategic prospects.

The significant increase in net assets from £656,960 in 2021 to £1,885,585 as at 31 December 2022, is a testament to the company's commendable financial performance and prudent management. This notable growth reflects the company's ability to generate and retain value, underscoring its resilience and strategic effectiveness. This positive trajectory in net assets positions the company on a solid foundation for future growth and opportunities.

The company's financial results shall be considered satisfactory and the financial position of the company was expectedly and substantially improved.

Principle risks and uncertainties

The principal risks and uncertainties faced by the company are disclosed:

The company's activities expose it to a variety of financial risks. The company's risk management programme focuses on the unpredictability elements of the market and seeks to minimise potential adverse effects on the company's financial performance.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The company is exposed to interest rate risk in relation to its short-term deposits held in bank and inter company receivables chargeable at fixed interest rates expose the company to interest rate risk. The company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises primarily from cash and cash equivalents and trade receivables. Credit risk is managed on a company basis. For trade and other receivables to clients the company follows a strict and thorough assessment process.

If debtor/borrower are independently rated, these ratings are used. Otherwise, if there is no independent rating, company's management assesses the credit quality of the debtor/borrower, taking into account its position, past experience and other factors. Individual credit limits and the credit terms are set based on the credit quality of the customer in accordance with limits set by the company's management. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Currency risk

Currency risk is the risk that the value of financial assets will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's measurement currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and GBP. The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

SUM AND SUBSTANCE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Progress, strategy and future development

Sumsub aims at further investing in building innovative solutions which can scale up and create competitive advantage. The company remains committed to its ecosystem vision. In the coming years, the company intends to increase the number of available options and products within its platform, to focus on AI implementation in current technologies, and to maintain the trademark level of user experience and safety. Diversification, AI engagement and security are the three strategic priorities of the company.

These steps shall allow Sumsub to improve its presence in the underdeveloped customer industries, speed up the onboarding processes and further automate the complicated use cases. Sumsub is planning to train its self-learning models in rare languages and handwritten scripts, improve OSINT capabilities to ensure reliable documentless verification and include a broader scope of fraud prevention analytics and metadata sources to combat emerging threats to digital identity.

Sumsub remains strong compliance with data protection principles of General Data Protection Regulation (GDPR), Copyright, Designs and Patents Act 1988 (CDPA) and similar acts. The company retains the certified level of quality assurance and process sustainability awarded by International Organization for Standardization (ISO), PCI Data Security Standard (PCI DSS), Security Operation Center (SOC) certifications and aims at further improvements in these areas. Internal due diligence reviews, vulnerability challenges, supplier testing and self-testing and "white hacking" exercises are regularly executed to ensure the enterprise-level of security and reliability.

Future development

Sumsub's strategic priorities are:

- to build highly technological and professional service;
- to expand into new industries with new products and thus enhance the company's presence on the global markets;
- to ensure thorough compliance with international regulatory standards, rules of trade and safety practices.

On behalf of the board

Yakov Sever

.....
Yakov Sever (Severiukhin)

Director

29/09/23

Date:

SUM AND SUBSTANCE LTD

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of providing robust and fraud-protected software for remote ID verification of a natural person or legal entity through the Internet, alongside a number of supplementary services to ensure transparency and compliance online.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid (2021: £nil). The director does not recommend payment of a final dividend (2021: £nil).

Director

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

Yakov Sever (Severiukhin)

Auditor

The auditor, RSM UK Audit LLP, was appointed in the year and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial risk management objectives and policies.

Statement of disclosure to auditor

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

On behalf of the board

Yakov Sever

.....
Yakov Sever (Severiukhin)

Director

Date: 29/09/23
.....

SUM AND SUBSTANCE LTD

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUM AND SUBSTANCE LTD

Opinion

We have audited the financial statements of Sum and Substance Ltd (the 'Company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 company's affairs as at 31 December 2022 and of its 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 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.

Other matter – prior period financial statements not audited

The company was exempt from audit in the prior year and consequently the corresponding balances for the year ended 31 December 2021 are unaudited.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the director 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 director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUM AND SUBSTANCE LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement set out on page 5, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has 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.

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 audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUM AND SUBSTANCE LTD (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the 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 external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue cut off 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. Audit procedures in relation to revenue cut off included testing a sample of revenue transactions either side of the year end to supporting documentation to confirm that revenue had been recognised in the correct period.

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

Use of our report

This report is made solely to the company's 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 her 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.

Benjamin Marriner

Benjamin Marriner (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

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29/09/23

SUM AND SUBSTANCE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	Unaudited 2021 £
Turnover	3	31,491,733	15,415,447
Cost of sales	4	(20,948,653)	(12,348,952)
Gross profit		10,543,080	3,066,495
Distribution costs		(4,972,676)	(1,860,571)
Administrative expenses	7	(9,990,169)	(9,745,969)
Other operating income	7	5,937,152	9,245,702
Operating profit	7	1,517,387	705,657
Interest receivable and similar income	9	18,181	-
Interest payable and similar expenses	10	-	(2,598)
Profit before taxation		1,535,568	703,059
Tax on profit	11	(306,473)	(139,651)
Profit for the financial year		1,229,095	563,408

Profit for the financial year is all attributable to the owners of the parent company.

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

SUM AND SUBSTANCE LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022		Unaudited 2021	
		£	£	£	£
Fixed assets					
Intangible assets	12		470		-
Current assets					
Debtors	13	7,602,439		3,376,139	
Cash at bank and in hand		1,708,149		2,426,783	
		<u>9,310,588</u>		<u>5,802,922</u>	
Creditors: amounts falling due within one year	14	<u>(7,425,003)</u>		<u>(5,145,962)</u>	
Net current assets			<u>1,885,585</u>		<u>656,960</u>
Total assets less current liabilities			<u>1,886,055</u>		<u>656,960</u>
Capital and reserves					
Called up share capital	16		100		100
Profit and loss reserves	17		1,885,955		656,860
Total equity			<u>1,886,055</u>		<u>656,960</u>

The financial statements were approved and signed by the director and authorised for issue on 29/09/23

Yakov Sever

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Yakov Sever (Severiukhin)
Director

SUM AND SUBSTANCE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021 (unaudited)	100	93,452	93,552
Year ended 31 December 2021 (unaudited):			
Profit and total comprehensive income for the year	-	563,408	563,408
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021 (unaudited)	100	656,860	656,960
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	1,229,095	1,229,095
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	<u>100</u>	<u>1,885,955</u>	<u>1,886,055</u>

SUM AND SUBSTANCE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022		Unaudited 2021	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	18		(576,267)	2,262,343	
Income taxes paid			(139,651)	(20,139)	
Net cash (outflow)/inflow from operating activities			(715,918)	2,242,204	
Investing activities					
Purchase of intangible assets		(470)		-	
Loans issued		(13,074,172)			
Interest income		(18,181)			
Loans repaid		13,090,107			
Net cash used in investing activities			(2,716)		-
Financing activities					
Repayment of borrowings		-		(109,833)	
Net cash used in financing activities			-	(109,833)	
Net (decrease)/increase in cash and cash equivalents			(718,634)	2,132,371	
Cash and cash equivalents at beginning of year			2,426,783	294,412	
Cash and cash equivalents at end of year			1,708,149	2,426,783	

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Sum and Substance Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 30 St. Mary Axe, London, England, EC3A 8BF.

The company's principal activities and nature of its operations are disclosed in the Director's Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months. Management have prepared cashflow forecasts including plausible downside scenarios, the director is satisfied that the company has sufficient working capital to continue to adopt the going concern basis of accounting in preparing the financial statements for at least 12 months from the signing of the financial statements.

The company continues to operate within its available credit facilities, and cash flows from operations are expected to be sufficient to meet its operating and capital expenditure requirements.

The director had taken into consideration the following factors in their assessment:

- The company has a history of profitable operations and positive cash flows.
- There are no indications of any significant adverse changes in economic conditions or industry trends that would impact the company's ability to continue as a going concern.
- The company has secured long-term contracts with reputable clients, providing a stable source of revenue.

A crucial aspect affirming the company's robust independence from any going concern risks is underscored in note 4 on page 19. This assurance stems from the company's enduring Software Distribution and License Agreement with its parent company, Raritex Trade Ltd. This agreement establishes a specific target operating profit level that the company is contractually bound to achieve under all circumstances. The director is confident in the continuation of this agreement and has obtained written confirmation from the parent company confirming that it intends to continue to adhere to the terms of the contract for at least twelve months from the approval of the financial statements. It's noteworthy that this target undergoes periodic evaluation in strict adherence to transfer pricing standards.

Based on the above assessments and available information, the director is confident that the company is not subject to any material going concern risks, and the financial statements have been prepared on a going concern basis.

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Turnover

Turnover 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, VAT and other sales related taxes.

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer.

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 the company 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 15-60 days.

The company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the company's future cash flows is expected to change as a result of the contract), it is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the company's contracts with customers.

The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Patents and trademarks are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives.

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

Trademark	10 years straight line
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Impairment of fixed assets

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

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company 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 when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group companies, 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.

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

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Employee benefits

The company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The company's contributions are expensed as incurred and are included in staff costs.

The costs of short-term employee benefits are recognised as a liability and an expense.

The company provides a range of benefits to employees including bonus arrangements, paid holiday arrangements and defined contribution pension schemes.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Interest receivable and interest payable

Interest receivable and interest payable are charged to profit or loss as incurred.

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

The directors do not consider there to be a significant judgements and estimates with a material chance of affecting the financial statements.

3 Turnover and other revenue

	2022	Unaudited 2021
	£	£
Turnover analysed by class of business		
Sale of services	31,491,733	15,415,447
	<u>31,491,733</u>	<u>15,415,447</u>
	2022	Unaudited 2021
	£	£
Other revenue		
Interest income	18,181	-
	<u>18,181</u>	<u>-</u>
	2022	Unaudited 2021
	£	£
Turnover analysed by geographical market		
Europe	19,571,671	8,788,968
USA, Canada and Mexico	3,416,248	2,415,571
Asia-Pacific	1,528,818	748,704
United Kingdom	1,146,024	577,824
Latin America	1,071,715	864,414
Australia and New Zealand	532,821	145,558
Middle East and North Africa	249,246	127,411
Rest of World	3,975,190	1,746,997
	<u>31,491,733</u>	<u>15,415,447</u>

The company delivers online verification software to run remote KYC/KYB checks and ID verifications, as well as supplementary consulting services in technology, biometrics, risk and compliance, anti-money laundering. The company has a customer base distributed globally.

Major revenues are extracted from delivering core services to the financial technology sector: payment systems, electronic money institutions, online exchanges, trading systems, gateways. Other customers mainly belong to the transportation industry, online marketplaces, traditional banks, and sharing economies.

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Cost of sales

The cost of sales primarily encompasses expenses incurred under the Intragroup Software Distribution and License Agreement. This agreement designates the parent company, Raritex Trade Ltd ("Raritex"), as the economic and legal proprietor of the Sumsb Group's intellectual property. Raritex appoints the company as a distributor tasked with marketing, promoting, and reselling the Software as a Service to customers globally.

In recognition of the intellectual property rights and services specified in this Agreement, the company is entitled to a fee referred to as the "Distribution and License Fee". This fee is determined based on a specific target operating profit level, subject to regular review in accordance with transfer pricing standards. In 2022, the total Distribution and License Fee amounted to £20,180,200 (2021: £11,067,048).

5 Employees

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

	2022 Number	Unaudited 2021 Number
Administration, Finance and Human Resource	21	2
Product, Design and Technical	20	6
Legal and Compliance	36	4
Sales and Marketing	132	53
Total	<u>209</u>	<u>65</u>

Their aggregate remuneration comprised:

	2022 £	Unaudited 2021 £
Wages and salaries	4,579,824	481,757
Social security costs	70,216	15,595
Pension costs	7,723	2,217
	<u>4,657,763</u>	<u>499,569</u>

6 Director's remuneration

The directors were remunerated by another group company during the current and prior year. No remuneration was paid to the director (2021: £nil) by the company.

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Operating profit

	2022	Unaudited 2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Other operating expense	5,776,520	9,004,144
Wages and salaries	2,821,632	78,324
Social security costs	30,702	-
Other IT and software	342,046	173,512
Bank and payment providers fees	259,353	43,249
Accommodation and subsistence	205,931	60,726
Legal and professional fees	74,036	123,833
Audit fees	64,000	-
Rent on operating lease	50,211	6,485
Staff training	41,550	3,086
Other office expenses	41,435	19,491
Sundry expenses	24,660	94
Bad debt	457,956	109,783
Exchange differences	(199,863)	123,242
	<u> </u>	<u> </u>

Other operating expenses (being part of administrative expenses) and other operating income (displayed as a separate line in the statement of comprehensive income) pertain to certain intragroup transfer pricing agreements with the parent company – Raritex Trade Ltd ("Raritex"), namely:

- Marketing Support Services Agreement - wherein Raritex covers the aggregate cost incurred by the company, along with an agreed markup. The services encompass the creation and development of the platform's design on a global scale, as well as strategic marketing services. These services extend to activities such as researching current customer demands, conducting analytics, and performing comparative market research.
- Financing Agreement - wherein Raritex covers the aggregate cost incurred by the company, along with an agreed markup. The nature of these services allows Raritex to occasionally instruct the company to manage and finance day-to-day activities, transactions, and operations essential for, or beneficial to, Raritex's business endeavors.

8 Auditor's remuneration

	2022	Unaudited 2021
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	64,000	-
	<u> </u>	<u> </u>

9 Interest receivable and similar income

	2022	Unaudited 2021
	£	£
Interest income		
Interest receivable from group companies	18,181	-
	<u> </u>	<u> </u>

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Interest receivable and similar income (Continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	18,181	-
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10 Interest payable and similar expenses

	2022	Unaudited 2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	-	2,598

11 Taxation

	2022	Unaudited 2021
	£	£
Current tax		
UK corporation tax on profits for the current period	306,473	139,651

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022	Unaudited 2021
	£	£
Profit before taxation	1,535,568	703,059
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	291,758	133,581
Tax effect of expenses that are not deductible in determining taxable profit	14,715	6,070
Taxation charge for the year	306,473	139,651

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible fixed assets

	Trademark £
Cost	
At 1 January 2022	-
Additions - internally developed	470
	<hr/>
At 31 December 2022	470
	<hr/>
Carrying amount	
At 31 December 2022	470
	<hr/> <hr/>
At 31 December 2021	-
	<hr/> <hr/>

13 Debtors

	2022 £	Unaudited 2021 £
Amounts falling due within one year:		
Trade debtors	1,730,041	3,090,200
Amounts owed by group undertakings	5,602,012	17,128
Other debtors	8,128	-
Prepayments and accrued income	262,258	268,811
	<hr/>	<hr/>
	7,602,439	3,376,139
	<hr/> <hr/>	<hr/> <hr/>

Trade debtors are stated after provision for impairment of £459,081 (2021: £94,743). During the year, £457,956 (2021: £109,783) was recognised in the profit or loss in respect of the impairment of trade debtors.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Creditors: amounts falling due within one year

	2022	Unaudited 2021
	£	£
Trade creditors	120,505	441,327
Amounts owed to group undertakings	618,433	2,003,173
Corporation tax	306,536	139,651
Other taxation and social security	105,410	32,893
Other creditors	7,890	7,890
Accruals and deferred income	6,266,229	2,521,028
	<u>7,425,003</u>	<u>5,145,962</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Included in other creditors is a director's loan account totalling £7,890 (2021: £7,890), which is unsecured, interest free and repayable on demand.

Included in accruals and deferred income is £4,996,889 (2021: £1,884,643) relating to deferred income received from customers.

15 Retirement benefit schemes

	2022	Unaudited 2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>7,723</u>	<u>2,217</u>

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

16 Share capital

	2022	Unaudited 2021	2022	Unaudited 2021
	Number	Number	£	£
Ordinary share capital issued and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The holder of the ordinary shares has full rights with regards to voting, participation and dividends.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

18 Cash (absorbed by)/generated from operations

	2022 £	Unaudited 2021 £
Profit for the year after tax	1,229,095	563,408
Adjustments for:		
Taxation charged	306,473	139,651
Finance costs	-	2,598
Investment income	(18,181)	-
Movements in working capital:		
Increase in debtors	(4,205,873)	(1,919,704)
Increase in creditors	2,112,219	3,476,390
Cash (absorbed by)/generated from operations	<u>(576,267)</u>	<u>2,262,343</u>

19 Analysis of changes in net funds

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	2,426,783	(718,634)	1,708,149

20 Operating lease commitments

Lessee

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

	2022 £	Unaudited 2021 £
Within one year	79,536	-
Between one and five years	8,652	-
	<u>88,188</u>	<u>-</u>

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2022	Unaudited 2021	2022	Unaudited 2021
	£	£	£	£
Entities with control, joint control or significant influence over the company	6,061,093	9,276,321	20,870,299	13,631,525

	Amounts owed by related parties		Amounts owed to related parties	
	2022	Unaudited 2021	2022	Unaudited 2021
	£	£	£	£
Entities with control, joint control or significant influence over the company	5,602,012	17,128	618,433	2,003,173

During the year, the company advanced loans to related parties totalling £12,864,741 (2021: £nil). Interest received was £17,768 (2021: £nil). An amount of £12,882,509 (2021: £nil) was repaid and £nil (2021: £nil) was outstanding at the year end.

22 Directors' transactions

Loans have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Yakov Sever (Severiukhin) -	0.05	-	85,458	35	(85,493)	-
		-	85,458	35	(85,493)	-

During the year, a loan was granted by the company to a director of the immediate parent company of £85,458. Interest was charged at 0.05% totalling £35 and the amount repaid by 31 December 2022 was £85,493. The balance at 1 January 2022 was £nil and the balance at 31 December 2022 was £nil.

SUM AND SUBSTANCE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Ultimate controlling party

The company's immediate parent is Raritex Trade Ltd, a company incorporated and domiciled in Cyprus. Its registered number is HE369578 and its registered address is 29 Patmou Street, 6th Floor, Flat/office 601, Strovolos, CY - 2058, Cyprus.

The parent of the smallest and largest group preparing consolidated financial statements including the results of this company is Raritex Trade Ltd, a company incorporated in Cyprus. Consolidated financial statements of Raritex Trade Ltd and its subsidiaries (collectively, "the Group" or "Sumsb Group", or "Sumsb") for the year ended 31 December 2022 were authorised for issue by the Board of Directors of the Group on 10 May 2023. These consolidated financial statements are available from its registered office 29 Patmou Street, 6th floor, Flat/office 601, Strovolos, CY - 2058, Cyprus.

In the opinion of the directors, there is no ultimate controlling party.