Annual Report.

For the year ended 31 December 2024.

Kroo Bank Ltd.

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Company information.

Directors

SM Joseph (Acting Chairperson)
A De Gottardo
PLM Kenny
CD Lamberson
A Michaelides

Company Secretary

SG Byrne

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Registered number

10359002 (England and Wales)

Independent auditors

BDO LLP
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London
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Strategic report.

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their strategic report for the year ended 31 December 2024.

Review of business

During 2024 Kroo continued to grow, ending the year with total deposits of £965.8m (2023: 854.8m) and 188,382 personal current accounts (2023: 152,055). Kroo continues to offer a competitive interest rate on credit balances of 1.1% below the Bank of England base rate. The margin was 0.9% below the Bank of England base rate prior to a decision in September 2024 to increase it to 1.1%. Consumer loans, which were launched in the last quarter of 2023, have grown to £15.6m. These are offered both directly to Kroo customers and through price comparison websites. The scale-up of loans has been managed conservatively to ensure that systems and processes were working correctly and within Kroo's capacity.

Through the year Kroo continued to develop its product offering and its mobile app, whilst improving customer service by enabling customers to deal with their requests quickly with in-app features. Improvements during 2024 have included the launch of Kroo Pots and a number of customer self-serve enhancements, including a generative AI chatbot and debit card management features. Additionally, several security enhancements were made to protect customers during higher risk activities, such as setting up a new phone with Kroo, or resetting their password. For lending, Kroo improved the web journey for customers searching for a personal loan through an aggregator. During early 2025 Kroo introduced the Flexible Cash ISA.

Kroo has continued to build and procure AI and ML (machine learning) based systems with a focus on increasing the efficiency of financial crime controls and customer support. The number of deployed AI models will increase next year and Kroo has invested in growing and maturing its data science practice, specifically by adopting machine learning operations (MLOps) methodology.

Capital raising has continued during 2024, with a total of £12.5m raised. A further £26.0m has been raised since the end of 2024.

Another focus of Kroo during 2024 has been on reducing costs through increased efficiency and the renegotiation of a number of supplier contracts. As a result, staff costs in 2024 were 3.8% lower than 2023 and non-staff costs were 33.1% lower. At the end of 2024 Kroo had 224 full time equivalent staff compared to 290 at the end of 2023. The decision to increase the interest rate margin on current account credit interest from 0.9% to 1.1% contributed to increased revenue.

Key performance indicators

Kroo made a loss of £19.2m for the year ended 31 December 2024 (2023: £27.7m, as restated). The reduced loss is a result of higher interest income, mainly as a result of higher deposit balances, and lower operating costs. Kroo's regulatory capital, all of which is in the form of Core Equity Tier 1 (CET1) capital, stood at £7.3m at the balance sheet date (2023: £13.4m, as restated), which exceeded the regulatory requirement. The CET1 ratio and total capital ratio at the balance sheet date was 24.0% (2023: 43.8%, as restated).

At 31 December 2024 Kroo had 188,382 personal current accounts (2023: 152,055) with a total credit balance of £884.7m (2023: £788.2m). The number of employees has reduced during the year from 290 to 224 as Kroo has extended automation, reduced marketing efforts and improved the efficiency of its operations. All staff have completed training on a range of topics including treating customers fairly, combating money laundering, consumer duty and bribery and corruption.

Main risk areas

Kroo has identified the following main areas of risk:

- **Capital adequacy risk:** This is the risk that Kroo has inadequate capital to cover its risks appropriately. At this stage in Kroo's life, the main source of capital adequacy risk would be the inability to raise sufficient capital to support its operations or an underestimate of its requirements. To assess its capital requirements Kroo carries out an Internal Capital Adequacy Assessment Process which is approved by the Board.

- **Business risk:** This is the risk that Kroo is not able to execute its strategy according to its plans, failing to generate expected revenues or failing to control costs. These risks are managed through Board oversight of the execution of strategy, regular reporting on project implementation and actions to address deviations from plan.

- **Financial Crime risk:** This is the risk that Kroo's products and services are used to facilitate financial crime and/or the failure of Kroo to comply with financial crime regulation and legislation. It also has a negative impact on customers, the community or Kroo's financial position and reputation. Kroo recognises the importance of understanding the financial crime risk it is exposed to and has implemented a range of controls to identify and mitigate this risk.

- **Credit risk:** This is the risk that a borrower or counterparty will fail to meet their obligations in accordance with agreed terms. Kroo manages credit risk throughout the lending lifecycle: before origination a creditworthiness and affordability assessment is completed; for the duration of the loan ongoing portfolio monitoring is carried out;

and where borrowers are in actual or potential financial difficulty Kroo provides the necessary support. The management of credit risk is overseen by the Credit Committee.

- **Operational risk:** This is the risk of loss, disruption to business, damage to reputation or of legal action arising from inadequate or failed internal processes, people and systems. This risk is elevated at the moment at Kroo as many processes and systems are relatively new. The Risk Register identifies key risks and these are mitigated by the management and ongoing enhancement of the control environment.

- **Conduct risk:** This is the risk of loss or damage to Kroo's reputation through actions or omissions by Kroo which cause customer detriment. At the core of Kroo's approach to conduct risk is maintaining a culture that stresses the importance of treating customers fairly. New products or significant changes to products undergo a new product approval process which gives careful consideration to the impact on customers, including vulnerable customers. Kroo is fully aligned with the Consumer Duty initiative of the Financial Conduct Authority which it sees as reinforcing its existing commitments to ensure that customers receive fair outcomes.

- **Legal and regulatory risk:** This is the risk of economic loss through a breach of legal or regulatory requirements. Kroo undertakes horizon scanning to identify new legal and regulatory requirements and ensures through the new product approval process that regulatory or legal considerations are taken into account in developing products.

- **Other risks:** As Kroo continues to develop its banking operations, its liquidity and funding risk and market risk will grow from their current relatively low levels. The Asset & Liability Committee oversees the management of these risks at executive level. At present, Kroo has limited exposure to climate risk as it has no physical exposure by way of premises which could be vulnerable, and it has no lending to business borrowers who are in sectors which are vulnerable to climate change impacts.

Going concern

The Company is in the process of securing additional capital to support its operations and the directors are confident that the Company will successfully raise these amounts in good time. If further funding is not received the Company may breach its capital requirements within the next 12 months.

In making the going concern assessment the directors have assessed the likelihood of securing the additional capital and the impact of this on forecasts prepared using stressed but plausible operating conditions for a period in excess of 12 months from the date of approval of these financial statements. A range of sensitivities has also been applied to these forecasts, including unplanned expenditure, stress scenarios and reverse stress testing relating to economic uncertainty caused by the direct or indirect consequences of high inflation and rising interest rates, focused on the Company’s capital and liquidity position and operational resilience.

As the status of Kroo as a going concern is dependent on securing this new equity funding, the directors are of the opinion that this matter represents a material uncertainty that may cast significant doubt upon its ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Notwithstanding this material uncertainty, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence, fulfil its regulatory capital requirements and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Management of risk

Kroo’s Risk Management Framework is built on the three lines of defence model. The three lines are as follows:

First line of defence
The first line comprises central functions such as product, finance, IT, human resources and operations as well as customer-facing functions such as customer support, financial crime and lending teams. The first line of defence has primary responsibility for the identification, mitigation, management and monitoring of risks arising within each function. The first line are the primary risk owners.

Second line of defence
The second line of defence comprises the Risk and Compliance, Information Security and Data Protection teams, which are jointly responsible for providing oversight and challenge to the first line as well as helping establish the risk frameworks within which the first line function must operate. In addition, the Risk and Compliance department is responsible for:

- Designing, maintaining and improving the Company’s Risk Management Framework
- Ensuring the risk management tools and controls are appropriately designed and implemented
- Ensuring the appropriateness and availability of the company-wide risk system
- Developing and delivering company-wide training on the various elements of the risk framework to the appropriate staff
- Producing regular, relevant risk reporting to management and the Board
- Producing the Company’s risk policies and maintaining the company-wide policy framework
- Designing, implementing and improving the Company’s security strategy

- Educating employees about security and data management best practices and regulatory requirements
- Ensuring compliance with data protection laws, managing privacy risks, and protecting individuals' privacy rights

Third line of defence
The third line of defence is responsible for providing assurance on the adequacy, appropriateness and effectiveness of the Company's first and second lines of defence. The third line comprises Internal Audit which is provided by an independent provider on an outsourced basis.

Capital management

The Company manages its capital in order to ensure that it maintains appropriate financial resources to support its strategy and meet regulatory requirements.

All the Company's regulatory capital is in the form of Core Equity Tier 1 capital and stands at £7.3m, which is equal to the shareholders' funds. The capital ratio is 24.0% and the regulatory requirements are met.

The Prudential Regulation Authority (PRA) sets a Total Capital Requirement (TCR), which is in excess of the minimum Pillar 1 requirement of 8% of Risk Weighted Assets. The Company is also required to meet the minimum capital requirement of €5m set out in Article 12 of the Capital Requirements Directive. Throughout the year the Company has met the minimum capital requirement.

Disclosure in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013

The Company operates wholly in the UK and all of its turnover and its loss before tax arise in the UK, where all of its employees are also based. The Company has not paid corporation tax or received public subsidies during 2024.

Engagement with stakeholders

This section of the Strategic Report describes how the directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006. The Company recognises a number of key stakeholders whom the Company is required to treat fairly, namely:

Customers
Kroo aims to deliver an exceptional quality of experience and service to its customers. Its products are simple and straightforward and are fairly priced. The Company pays close attention to feedback from customers whether that is in the form of interactions with customer service, reviews or indeed complaints. New products and significant changes to existing products are subject to a new product approval process which ensures that products are designed to meet customer needs.

Shareholders
Kroo maintains a close relationship with shareholders. One of the largest shareholders is a member of the Board of Directors and all shareholders receive periodic updates on the Company's progress by email updates and through a quarterly investor call. Kroo's strategic objective is to build a successful and profitable bank which rewards shareholders with returns that reflect the risk they have assumed in the start-up phase.

Employees
Employee satisfaction and engagement are key to the success of Kroo. The Company monitors staff engagement regularly through surveys and regular engagement between colleagues at all levels of the organisation, something which has become especially important as remote working is establishing itself as part of the normal mix of hybrid working. It also monitors the employee net promoter score eNPS and employee satisfaction.

Third party suppliers
Kroo operates with a large number of suppliers who are important in building the capabilities that are required to offer banking services and to ensure that these operate in a safe and secure way. Suppliers are subject to rigorous due diligence before they are selected and to periodic reviews thereafter.

Regulators
The Company is authorised by the Prudential Regulation Authority (PRA) and supervised by the PRA and the Financial Conduct Authority (FCA) with reference number 953772. Kroo developed a close, constructive and open relationship with the PRA and the FCA during the authorisation process and maintains the quality of this relationship now that it is fully authorised.

The community and the environment
Kroo prides itself on being a good citizen and seeks to operate in a sustainable manner which reflects the values of its employees and its customers. It encourages employees to volunteer in the community and provides time off and mechanisms to support them in this. During 2024 Kroo staff volunteered 713 hours in the community. More detail is set out on pages 18 to 20.

Directors' statement of compliance with duty to promote the success of the company

The directors have acted in good faith and in a manner conducive to the success of Kroo for the benefit of the members as a whole.

Among the decisions during 2024 that promoted the success of the company have been the following:

- The issuance of additional shares in the company to raise capital from new and existing investors
- Decisions mentioned in the Review of Business in connection with cost saving, increase in net interest income, launch of new products and increased use of AI technology.

External environment

Although inflationary pressures in the UK have eased during 2024, with Consumer Price Index inflation for the year falling to 2.5% compared to 4.0% for 2023, the reduction in the Bank of England's base rate has been slower than had been expected. During 2024 the base rate was reduced from 5.25% to 4.75%. Growth has continued to be weak, with real GDP growth for 2024 at 0.8% compared to 0.3% for 2023.

There was a significant change in the payments industry in October 2024 with the implementation of a new regime to protect customers who have been victims of Authorised Push Payment (APP) fraud. APP fraud occurs when a victim is deceived into making a payment to a fraudster by bank transfer where either

- the payment is made to a fraudster instead of the person the victim was intending to pay, or
- the payment is for a purpose that the victim believes to be legitimate but was in fact fraudulent.

Under the new rules, Kroo is required, like other Payment Service Providers (PSPs), to reimburse APP victims for their loss within a maximum of 35 working days up to a maximum of £85,000. An exception is made if the customer has acted in a grossly negligent manner and the PSP is able to demonstrate that it has taken all reasonable measures to protect the customer. The cost of the reimbursement is shared between the sending and the receiving PSP. Kroo is continuously improving its fraud prevention measures to protect its customers from financial loss whilst introducing controls to target malicious parties who intend to use Kroo accounts to receive fraudulent funds. Nevertheless, Kroo expects fraud losses to increase as a result of these changes.

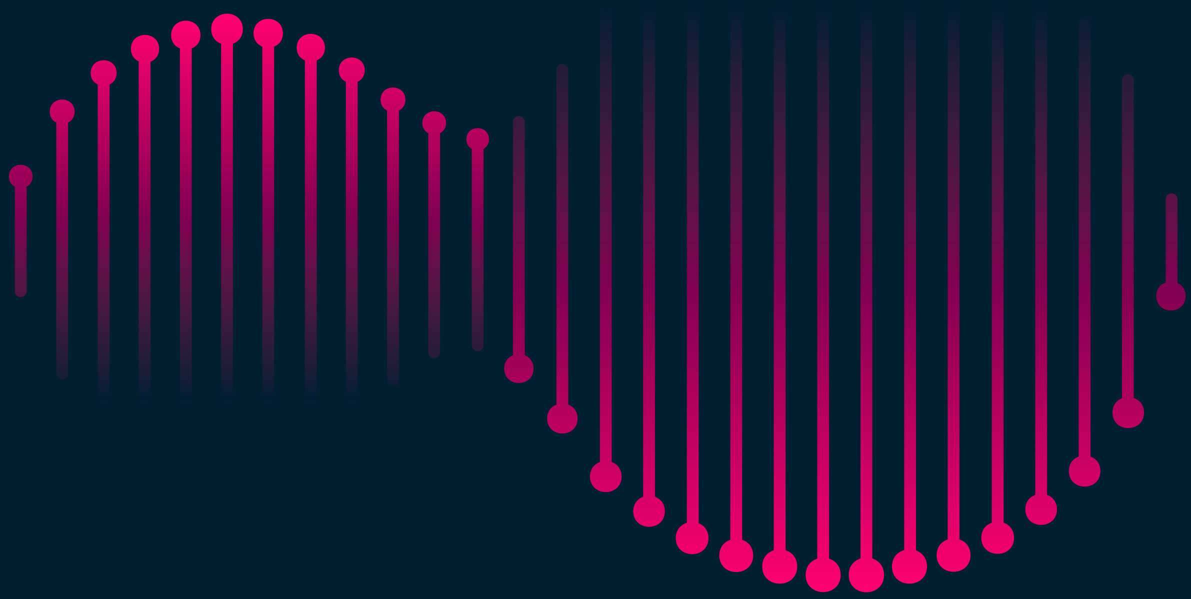
Future developments

Kroo expects to continue to increase the number of customers during 2025 and to substantially increase its loan book and the amount of deposits. It is also planning to raise further capital to support the business going forward.

On behalf of the Board

Serena Joseph
Acting Chairperson

31 July 2025



Report of the directors.

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report with the financial statements of the Kroo Bank Ltd, a private company limited by shares and incorporated and registered in England & Wales, for the year ended 31 December 2024. The review of the business and an indication of likely future developments have been included in the Strategic Report on pages 2 to 8.

Directors

Except where indicated, the directors shown below have held office during the period from 1 January 2024 to the date of this report.

C Van Lanschot (resigned 4 July 2025)
HCG Marr (resigned 7 July 2024)
A De Gottardo
SM Joseph
N Karsan (resigned 3 July 2025)
PLM Kenny
CD Lamberson (appointed 2 July 2025)
A Michaelides

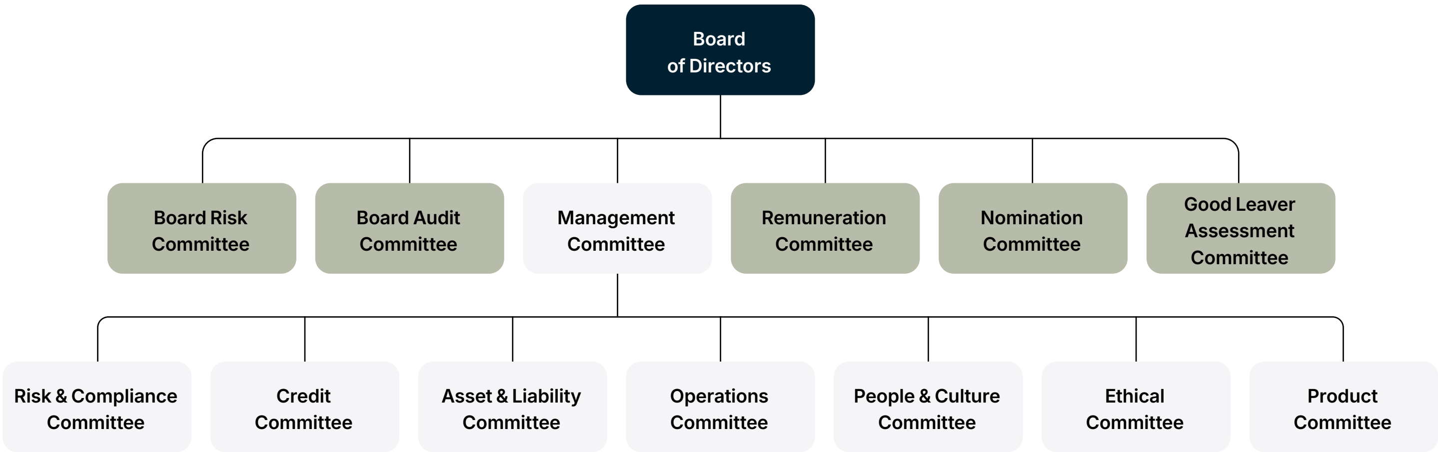
Dividends

No dividends will be distributed for the year ended 31 December 2024.

Governance

In addition to the Board itself, Kroo's governance structure includes a Board Risk Committee, a Board Audit Committee, a Board Remuneration Committee, a Board Nomination Committee and a Board Good Leaver Assessment Committee. At the executive level, the Management Committee has responsibility for day-to-day management of Kroo, including managing risks, and is assisted in this by the Risk & Compliance Committee, the Credit Committee, the Asset & Liability Committee, the Operations Committee, the People Committee, the Ethical Committee and the Product Committee.

The governance structure is set out in the diagram on the next page:



Board

During 2024, the Board comprised an independent chairperson, two independent non-executive directors, one non-executive director representing shareholders and two executives. It is the governing body of Kroo, responsible for:

- Overseeing Kroo's operations
- Setting the appropriate tone for a culture of integrity and compliance within Kroo and ensuring that this culture is replicated at all levels of staff
- Approving Kroo's strategy and ensuring it is within the Board-approved risk appetite
- Monitoring performance against strategic plans
- Overseeing the management of risk and reviewing the risk profile against the risk appetite
- Satisfying itself that an appropriate system of internal controls is in place to safeguard Kroo's assets and support robust reporting
- Appointing the external auditors and approving the annual report

During the year the Board met thirty-eight times, of which eleven were short virtual meetings to approve specific matters. The attendance of each director was as set out below:

DIRECTOR	NUMBER OF MEETINGS ATTENDED
Christiaen Van Lanschot (Chairperson)	38
Andrea de Gottardo	37
Serena Joseph	37
Nooruddin Karsan	28
Penelope Kenny	38
Cameron Marr (former Chairperson, resigned 7 July 2024)	20
Andrew Michaelides	36

Matters addressed during the year included:

- Oversight of Kroo's operations and the management of Kroo's business
- Agreeing the strategy for Kroo for 2025
- Approval of the 2023 Annual Report
- Approval of the Internal Capital Adequacy Assessment Process document (ICAAP)
- Approval of the Internal Liquidity Adequacy Assessment Process document (ILAAP)
- Approval of the 2023 Pillar 3 Report
- Delegation of policy approvals to the appropriate Board subcommittees
- Consideration and approval of Kroo's Risk Appetite Statement and Risk Management Framework
- Approval of the Solvent Wind-Down Plan

Board Audit Committee

The Board Audit Committee is chaired by Penelope Kenny, who is also the Senior Independent Director, and during 2024 its other members were Serena Joseph and Nooruddin Karsan. Its terms of reference include:

- Monitoring the integrity of Kroo's financial statements and reviewing significant financial reporting issues and judgments made
- Reviewing and challenging where necessary accounting policies and disclosures
- Reviewing Pillar 3 reporting to ensure that the risks to which Kroo is exposed and the way in which those risks are managed are fairly and adequately disclosed
- Recommending, if it sees fit, the annual report and Pillar 3 report to the Board for approval
- Reviewing and approving the terms of reference of the internal audit function and monitoring its effectiveness, resourcing and programme of work
- Reviewing Internal Audit reports and the implementation of recommendations
- Overseeing the relationship with the external auditor and reviewing the work of the external auditors

During the year the Committee met six times and attendance at those meetings was as follows:

	PENELOPE KENNY (CHAIR)	SERENA JOSEPH	NOORUDDIN KARSAN
31 Jan 2024	✓	✓	✓
14 Mar 2024	✓	✓	
10 Apr 2024	✓	✓	
16 Apr 2024	✓		
13 Jun 2024	✓	✓	
23 Oct 2024	✓	✓	

The meeting of 16 April was inquorate as two of the three members were not able to attend. This meeting reviewed reports from the external auditors and internal auditors but did not take any decisions. The non-attending members were fully briefed on the matters discussed by way of detailed minutes.

Matters addressed during the year included:

- Agreeing the Internal Audit Plan for 2024 and reviewing the performance of the function
- Reviewing internal audit reports on cyber security, regulatory reporting, the ICAAP and conduct risk
- Reviewing external audit plans and the findings of the external auditors, assessing their performance and considering their fees
- Considering whether accounting estimates and judgements in the draft annual report, including in relation to going concern, were appropriate
- Reviewing the draft annual report and draft Pillar 3 disclosures and recommending them to the Board for approval
- Reviewing monthly management reports
- Discussing the nature of disclosures on the environment and sustainability planned for the annual report

Board Risk Committee

The Board Risk Committee is chaired by Serena Joseph, who is an independent non-executive Director. Its other members during 2024 were Penelope Kenny and Christiaen Van Lanschot. Its terms of reference include:

- Reviewing the effectiveness of the risk management function and satisfying itself that it has adequate resources and independence to perform its responsibilities and meet its obligations
- Advising the Board on the Company’s risk appetite, tolerance and strategy and assisting the Board in its implementation
- Reviewing the Company’s actual risk profile against its risk appetite, as well as any exceptions identified
- Receiving presentations from management to understand the significant and emerging risks the Company faces
- Reviewing the Company’s policy framework and providing oversight on its effectiveness
- Reviewing and challenging the Company’s ICAAP, its ILAAP, its Recovery Plan, its Business Continuity Plan, its Disaster Recovery Plan and its Solvent Wind Down Plan all of which, once satisfactory, are then recommended to the Board
- Reviewing risk appraisals of strategic transactions
- Reviewing and challenging the risk reporting produced by the first line of defence to ensure this is accurate, timely, comprehensive and consistent

During the year the Board Risk Committee met nine times and attendance at those meetings was as follows:

	SERENA JOSEPH (CHAIR)	PENELOPE KENNY	CHRISTIAEN VAN LANSCHOT
31 Jan 2024	✓	✓	✓
15 Feb 2024	✓	✓	✓
17 Apr 2024	✓	✓	✓
19 Jun 2024	✓	✓	✓
26 Jun 2024	✓	✓	
19 Jul 2024	✓	✓	✓
15 Aug 2024	✓	✓	✓
17 Sep 2024	✓	✓	✓
11 Dec 2024	✓	✓	✓

Matters addressed during the year included:

- Monitoring compliance with the Consumer Duty
- Continual oversight of the Risk Appetite Statement and Risk Register
- Review and recommendation of the ICAAP and ILAAP to the Board
- Maintaining the Risk Control Self Assessment Framework
- Reviewing and agreeing new policies, policy frameworks, and updates to existing policies, and recommending these to the Board for approval
- Updating the Important Business Services register
- Monitoring financial, compliance, conduct, credit, IT, financial crime, and other risks
- Monitoring the regulatory developments horizon
- Monitoring developments in IT and artificial intelligence
- Reviewing the results of risk culture surveys

Board Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee was chaired by Christiaen Van Lanschot, who was an independent non-executive Director. Its other members were Penelope Kenny, Serena Joseph and Nooruddin Karsan.

In its meeting of 27 June 2024, the Board decided to split the Board Remuneration and Nomination Committee into two separate committees – the Board Remuneration Committee and the Board Nomination Committee. Each of these two committees is dealt with separately below.

The terms of reference of the Board Remuneration and Nomination Committee included:

Remuneration

- Ensuring that Kroo's remuneration policies and practices are aligned with the Company's long-term business plans and continue to support a healthy work culture and the right behaviours as well as meeting regulatory requirements
- Ensuring that diversity and inclusion are embedded
- Recommending to the Board the framework for the remuneration of the Chief Executive, Board Chair, executive directors, other senior managers and for Dual-Regulated Remuneration Code staff
- Approving the design of, and determining targets for, any performance-related pay schemes operated by the Company and approving the total annual payments to be made under such schemes
- Overseeing any major changes in employee benefits structures
- Making recommendations to the Board about the pay of directors whose remuneration shall be a matter for the Chairperson and the members of the Board. No director/ manager can be involved in decisions about his or her own remuneration

Nomination

- Regularly reviewing the structure, size and composition of the Board and making recommendations to the Board if these need changing
- Considering succession planning for directors and other senior managers.
- Keeping under review the leadership needs of the organisation, both executive and non-executive.
- Identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise
- Reviewing role specifications for Board positions, including the time commitment expected.
- Considering potential conflicts of interests at Board level
- Periodically reviewing the process the Board follows when selecting and appointing senior management

During the year the Board Remuneration and Nomination Committee met four times and attendance at those meetings was as follows:

	CHRISTIAEN VAN LANSCHOT (CHAIR)	PENELOPE KENNY	SERENA JOSEPH	NOORUDDIN KARSAN
1 Feb 2024	✓	✓	✓	✓
18 Apr 2024	✓	✓	✓	✓
20 May 2024	✓	✓	✓	✓
26 Jun 2024	✓	✓	✓	

Matters addressed during the year included:

- Assessment of annual performance reviews
- Maintaining the succession plan for senior executives

- Preparation of new remuneration policies for material risk-takers and other employees

Board Remuneration Committee

During 2024 the Board Remuneration Committee was chaired by Christiaen Van Lanschot, who was an independent non-executive Director. Its other members were Penelope Kenny, Serena Joseph and Nooruddin Karsan.

The terms of reference of the Board Remuneration Committee include:

- Ensuring that Kroo's remuneration policies and practices are aligned with the Company's long-term business plans and continue to support a healthy work culture and the right behaviours as well as meeting regulatory requirements
- Ensuring that diversity and inclusion are embedded
- Recommending to the Board the framework for the remuneration of the Chief Executive, Board Chair, executive directors, other senior managers and for Dual-Regulated Remuneration Code staff
- Approving the design of, and determining targets for, any performance-related pay schemes operated by the Company and approving the total payments to be made under such schemes
- Overseeing any major changes in employee benefits structures
- Making recommendations to the Board about the pay of directors whose remuneration shall be a matter for the Chairperson and the members of the Board. No director/ manager can be involved in decisions about his or her own remuneration

During the year the Remuneration Committee met twice and attendance at those meetings was as follows:

	CHRISTIAEN VAN LANSCHOT (CHAIR)	PENELOPE KENNY	SERENA JOSEPH	NOORUDDIN KARSAN
3 Sep 2024	✓	✓	✓	
10 Oct 2024	✓	✓	✓	✓

Matters addressed during the year included:

- Overseeing Kroo's gender pay review
- Managing Kroo's company share option plan

Board Nomination Committee

During 2024 the Board Nomination Committee was chaired by Serena Joseph, who is an independent non-executive Director. Its other members were Penelope Kenny and Nooruddin Karsan.

The terms of reference of the Board Nomination Committee include:

- Regularly reviewing the structure, size and composition of the Board and making recommendations to the Board if these need changing
- Considering succession planning for directors and other senior managers.
- Keeping under review the leadership needs of the organisation, both executive and non-executive.
- Identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise
- Reviewing role specifications for Board positions, including the time commitment expected.
- Considering potential conflicts of interests at Board level
- Periodically reviewing the process the Board follows when selecting and appointing senior management

During the year the Board Nomination Committee met twice and attendance at those meetings was as follows:

	SERENA JOSEPH (CHAIR)	PENELOPE KENNY	NOORUDDIN KARSAN
10 Oct 2024	✓	✓	
11 Dec 2024	✓	✓	

Matters addressed during the year included:

- Preparation of succession planning
- Oversight of Board composition and non-executive director recruitment

Board Social Conscience and Sustainability Committee

The Board Social Conscience & Sustainability Committee was chaired by Cameron Marr until his resignation from the board of directors on 7 July 2024, and afterwards by Christiaen van Lanschot (independent non-executive Director) Its other member was Nooruddin Karsan (non-executive Director).

In its meeting of 19 August 2024, the Board decided to suspend the Committee for the remainder of 2024. The Committee met on 12 December 2024 to discuss how Kroo's social conscience and sustainability objectives could be addressed by other Board committees, and to confirm that there are no pressing matters that need input from the Committee. The Committee agreed that its sustainability agenda should be assigned to the Board Audit Committee, and its social conscience agenda to the Board Remuneration Committee.

During the year the Committee met once and attendance at that meeting was as follows:

	CHRISTIAEN VAN LANSCHOT (CHAIR)	NOORUDDIN KARSAN
12 Dec 2024	✓	

Matters addressed during the year included reviewing and overseeing:

- Efforts of Kroo to track and reduce its carbon footprint
- The development of in app features that allow customers to elect between two different countries when selecting where trees should be planted in respect of each new current account opened
- The alignment of Kroo's charitable donation policies with one or more of the United Nations' 17 Sustainable Development Goals
- The work of the executive Ethical Committee, which coordinates charitable work done by staff

Board Good Leaver Assessment Committee

The Board Good Leaver Assessment Committee was established on 19 April 2024. Its members are Andrea de Gottardo and Andrew Michaelides. The Board has delegated to this committee the determination of "good leaver" status of former employees who are not members of the Management Committee and who do not hold Senior Management Functions. Good leaver status is a factor in determining whether a former employee has a right to exercise any share options they have been granted. The Committee did not meet in 2024. All determinations of "good leaver" status in 2024 related to persons who fell outside the terms of reference of the Committee, and were accordingly made by the Board.

Environment and climate change

Carbon reporting
In line with Streamlined Energy and Carbon Reporting (SECR) reporting requirements Kroo has measured its Scope 1 and 2 emissions for the calendar year 2024, showing the changes from calendar year 2023.

The following table shows the SECR report, greenhouse gas (GHG) emissions and energy use data. The energy use in Kilowatt Hours (kWh) is converted into tonnes of carbon dioxide equivalent (tCO2e), and emissions intensity ratios.

Kroo's footprint – Scopes 1 and 2
Scope 1 emissions are GHG emissions that occur from sources that are controlled or owned by a business (e.g., emissions associated with combustion in boilers, furnaces, vehicle fleets). As Kroo is a digital bank it does not generate emissions from directly owned and operated equipment or a fleet of vehicles.

Kroo does however produce GHG emissions from activity categorised under Scope 2. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Kroo's Scope 2 emissions are from the purchased energy used at its offices.

At the beginning of 2024, Kroo had two offices, both located in the UK: one in London and another in Manchester. To determine its energy consumption Kroo assessed the total energy usage in kWh for the buildings (only partly occupied by Kroo) and, based on square footage occupied, determined what proportion of the energy usage was attributable to Kroo. To enable a more agile, remote first workforce, Kroo vacated the Manchester office in July 2024 and relocated the London office to the current city location in September 2024.

The electricity used in both of Kroo's office buildings is derived from a combination of renewable resources and nuclear power, leaving the gas used for heating as the main source of its Scope 2 emissions.

Kroo's Scope 1 and 2 energy consumption is set out below:

	2024	2023
Total energy consumption used to calculate carbon emissions (kWh)	114,273	155,259
London office	86,708	108,004
Manchester office	27,565	47,255
Emissions from combustion of natural gas in buildings (tCO2e) (Scope 1)	–	–
Emissions from purchased electricity in buildings (Location-based) (tCO2e)	2.46	–
Emissions from purchased heating in buildings (Location-based) (tCO2e)	8.50	13.43
Total Organisational Emissions (Location-based) (tCO2e)	10.96	13.43
Intensity ratio – emissions per colleague annually (kg CO2e)	44.91	61.62

Methodology
Kroo's Scope 2 emissions were calculated using a third party sustainability and carbon accounting platform. The methodology follows the GHG Protocol, taking heat consumption values and multiplying them by an emission factor applicable to the given timeframe and location where the heating was consumed. The main sources for the emission factors are the national-level emission factor databases reported to the Intergovernmental Panel on Climate Change (IPCC), nation-specific peer-reviewed scientific research articles, established databases (e.g. CEDA) and studies such as those by the Umweltbundesamt, the German government's environment agency.

There are limitations to relying on emissions data for Scopes 1 and 2 alone – particularly for a digital bank. Under the GHG Protocol, the majority of Kroo's emissions (over 95%) fall under Scope 3. Kroo has mapped the Scope 3 emissions for 2024 using the spend-based method for purchased goods and services. These are indirect emissions that come from our activities, but happen at sources in the supply chain which Kroo does not own or control.

Kroo's Scope 3 emissions by category are set out below:

	tCO2e	PERCENTAGE OF SCOPE 3 EMISSIONS
Technology / IT Infrastructure	481.02	42%
Office	113.30	10%
Card Manufacture & Distribution	70.66	6%
Advertising & Marketing	68.15	6%
Other Services	423.29	36%
Total	**1,156.42**	**100%**

One Tree Planted

In 2024 Kroo's partnership with One Tree Planted continued. Kroo pledged two trees for each new current account customer who joined between the launch of Kroo Bank and 30th April 2024. Kroo worked with One Tree Planted to focus planting efforts on areas where there would be a socio-economic benefit as well as an environmental one. Through these projects Kroo supported the planting of fruit trees in India to fight hunger and restoration projects on the coastline of Guatemala to protect crops and local communities.

Incentivising a greener commute

Cycle to Work schemes are one of the most popular employer benefits in the country. The most common type of scheme and the one used at Kroo is based on salary sacrifice. The bank is registered with CycleSchemes, which partners with several vendors, both physical bike shops and online stores. Through the Cycle to Work scheme Kroo boosts health and wellbeing while reducing travel emissions.

Kroo also offers an electric vehicle salary sacrifice scheme.

Political and charitable contributions

The Company made no political donations during the year (2023: nil). The Company made charitable donations of £50,000 (2023: £118,810).

Research and development

Kroo invests in the development of its own platform and developing the interfaces between the platform and systems supplied by third parties. Kroo claims research and development tax relief from His Majesty's Revenue and Customs. During 2024 Kroo spent £0.3m on research and development (2023: £1.3m).

Directors' indemnities

The Board of Directors has put in place a directors' and officers' liability insurance policy to indemnify the directors and officers of the Company against loss arising from any claim made against them jointly or severally for any failure of duty of care in their capacity as director or officer of the Company.

Auditors

BDO LLP were deemed re-appointed as auditors under Section 487(2) of the Companies Act 2006 in the absence of formal re-appointment during 2024.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Andrea de Gottardo
Director

31 July 2025

Statement of directors' responsibilities.

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the independent auditors to the members of Kroo Bank Ltd.

FOR THE YEAR ENDED 31 DECEMBER 2024

Independent auditor's report to the members of Kroo Bank Ltd

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kroo Bank Ltd (the 'Company') for the year ended 31 December 2024 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence
Following the recommendation of the audit committee, we were appointed by the board on 15 April 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 31 December 2021 to 31 December 2024. We remain 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 as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Material uncertainty related to going concern
We draw attention to Note 1 of the financial statements, which indicates that the ability of the company to continue as a going concern is dependent on obtaining additional funding which at the date of this report has been committed, but not paid to the Company. As stated in Note 1, these events, and conditions, along with other matters as set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The going concern of the entity is dependent on additional funding to meet both operating and regulatory capital requirements as disclosed in Note 1. As a result of the impact of this on our risk assessment and audit strategy we considered going concern to be a key audit matter.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting and our response to the key audit matter included the following:

- We have reviewed the Directors' projections for capital for a period of 12 months from the date of approval of these financial statements to challenge the reasonableness of assumptions, including the current cash burn rate, profitability margins and likelihood of additional capital being received.
- We have reviewed key capital and liquidity ratios for significant deterioration which would raise doubt about the going concern assumption.
- We have agreed the existing capital position to supporting documentation including tracing the cash receipts from capital raised during and post year end to bank statements and the share register.
- We considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible adverse effects that could arise from these risks individually and collectively.
- We assessed the completeness and accuracy of the matters covered in the going concern disclosure within the financial statements using our knowledge of the relevant facts and circumstances developed during our audit work and consistency with the going concern assessment.
- We reviewed legal and regulatory correspondence and board and committee meeting minutes.

- We enquired with management and those charged with governance over funding prospects and inspected supporting documentation of ongoing capital raising activities.

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

		2024	2023
Key audit matters	Going concern	✓	✓
	Loan loss provisions	✓	–
	Customer deposits	–	✓
Materiality	Company financial statements as a whole: £251,000 (2023: £213,000) based on 0.85% of administrative expenses (2023: 1.5% of net assets)		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Company's operations and financial statements included:

- Enquiries to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;

- Our own qualitative risk assessment taking into consideration the sector in which the Company operates and how climate change affects this particular sector; and

- Review of the minutes of Board and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact may affect the financial statements and our audit.

We also assessed the consistency of management's disclosures included as Other Information on pages 4, 18 and 19 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As described above we have identified a material uncertainty related to going concern as a key audit matter in addition to the matter described below.

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment losses on loans and advances to customers – collective provision The Company's accounting policies are detailed on page 38 with detail about judgements in applying Accounting policies and critical accounting estimates in Notes 1 and 2. As disclosed in Note 9, the collective impairment provision at year-end is £201k (2023: £20k).	The Company accounts for the impairment of loans and advances to customers using an incurred loss model under IAS 39 – Financial Instruments: Recognition and Measurement. In accordance with the recognition and measurement criteria of the applicable accounting standard, management has calculated a collective provision which is recognised for loans that may have incurred a loss but has not been recognised. Estimating the collective provision requires significant management judgement and estimation in determining the value and timing of expected future cash flows. Due to the sensitivity to key inputs, assumptions, judgements, estimates and the high degree of estimation uncertainty, the Company's collective provision has a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. Errors within the provisioning model or bias in key assumptions applied could result in the material misstatement of impairment provisions. The significant assumption that we focused on in our audit was the probability of default used to calculate the collective provision as it had greater level of management judgment and we considered this to be a key audit matter.	We obtained an understanding of the design and implementation as well as operating effectiveness of the Company's controls over the loan origination and arrears calculation. We assessed the collective provision methodology against the requirements of applicable accounting standards. We challenged management's key inputs, assumptions and judgements in the model. The assumptions challenged included probability of default (PD), and loss given default (LGD). These were challenged with reference to historic Company experience, the reasonableness of external data, and the level of the overall collective impairment provision to comparable organisations. We checked the completeness and accuracy of data and key assumptions and inputs feeding into the model through agreeing them on a sample basis to underlying source data. We challenged management on the appropriateness of using probability of default sourced from an external party by the Company's management, and we tested its relevance, reliability and compliance with the incurred loss model. We tested the appropriateness of the model and its logical application by independently recalculating the results for the entire portfolio to test the integrity and mathematical accuracy of the model calculations. We performed sensitivity analysis as well as comparing the estimates to the actual results.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

COMPANY FINANCIAL STATEMENTS		
	2024	2023
	£	£
Materiality	251,000	213,000
Basis for determining materiality	0.85% of administrative expenses (2022: 1.5% of net assets)	
Rationale for the benchmark applied	We determined that administrative expenses is the most appropriate benchmark considering the different stakeholders of the Company. The Company is still in the early stages of its lifecycle with management currently focused on appropriate expense management for the future of the business.	
Performance materiality	188,000	149,000
Basis for determining performance materiality	Performance materiality has been set at 75% (2023: 70%) of materiality, based on our risk assessment together with our assessment of the company's overall control environment and expected total value of known and likely misstatements based on past experience.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £12,000 (2023: £10,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. 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 Directors' report.
Matters on which we are required to report by exception	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 Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given on page 6 for the financial year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Non-compliance with laws and regulations
Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, tax legislation and those resulting from being regulated by the Financial Conduct Authority and Prudential Regulation Authority to undertake regulated activities.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Inspecting internal audit reports, legal correspondence and correspondence with the Financial Conduct Authority and the Prudential Regulation Authority to identify an instance of non-compliance with laws and regulations and fraud.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criterion, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias (refer to the key audit matters section for procedures performed)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

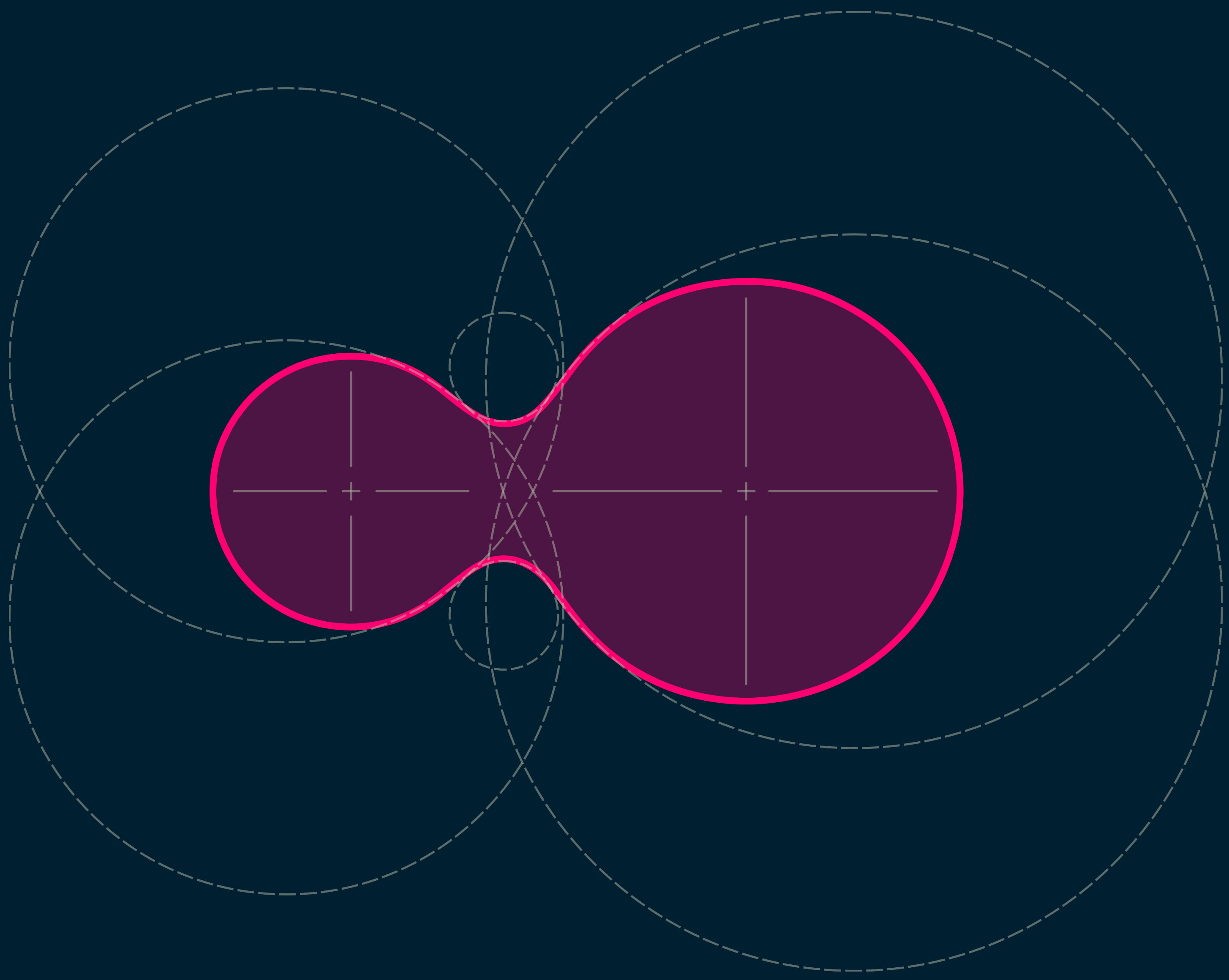
Use of our report

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.

James Billingham (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
31 July 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Statement of comprehensive income.

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	2024	AS RESTATED – 2023
		£	£
Interest receivable and similar income	4	49,198,140	27,973,249
Interest payable and similar expenses	5	(39,738,914)	(21,814,000)
NET INTEREST INCOME		**9,459,226**	**6,159,249**
Fee and commission income		617,780	283,795
Fee and commission expense		(43,992)	(221,917)
NET FEE AND COMMISSION INCOME	**6**	**573,788**	**61,878**
Other operating income	7	325,963	7,722
TOTAL INCOME		**10,358,977**	**6,228,849**
Staff costs		(17,473,788)	(17,541,262)
Depreciation	15	(196,429)	(179,217)
Other non-staff costs		(10,944,554)	(16,375,747)
TOTAL ADMINISTRATIVE EXPENSES	**8**	**(28,614,771)**	**(34,096,226)**
Provision for bad and doubtful debts	9	(1,031,330)	(59,996)
LOSS BEFORE TAXATION		**(19,287,124)**	**(27,927,373)**
Tax credit on loss	10	62,736	220,509
LOSS FOR THE FINANCIAL YEAR		**(19,224,388)**	**(27,706,864)**
Other comprehensive income		–	–
TOTAL LOSS FOR THE YEAR		**(19,224,388)**	**(27,706,864)**

The results for the current and prior year are derived entirely from continuing operations.

The notes on pages 38–57 form part of these financial statements.

Statement of financial position.

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	2024	AS RESTATED – 2023
		£	£
Cash and balances at central banks	12	940,875,108	848,278,623
Loans and advances to banks	13	12,224,304	17,480,800
Loans and advances to customers	14	16,140,896	2,278,905
Tangible fixed assets	15	183,956	390,173
Other assets	16	5,917,566	4,631,099
TOTAL ASSETS		**975,341,830**	**873,059,600**
Customer accounts	17	965,804,257	854,820,499
Other liabilities	18	905,729	2,981,622
Accruals and deferred income	19	1,303,862	1,827,783
TOTAL LIABILITIES		**968,013,848**	**859,629,904**
CAPITAL AND RESERVES			
Called up share capital	20	95	68
Share premium		88,853,695	76,423,514
Share based payments reserve		2,618,433	1,925,967
Accumulated losses		(84,144,241)	(64,919,853)
SHAREHOLDERS' FUNDS		**7,327,982**	**13,429,696**
TOTAL LIABILITIES AND EQUITY		**975,341,830**	**873,059,600**

The notes on pages 38–57 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2025 and were signed on its behalf by:

Andrew Michaelides
Director

KR

Statement of changes in equity.

FOR THE YEAR ENDED 31 DECEMBER 2024

	CALLED UP SHARE CAPITAL	ACCUMULATED LOSSES	SHARE PREMIUM	SHARE BASED PAYMENT RESERVE	TOTAL EQUITY
	£	£	£	£	£
Balance at 1 January 2023	**59**	**(37,212,989)**	**58,475,774**	**1,165,489**	**22,428,333**
CHANGES IN EQUITY					
Loss for the year	–	(27,706,864)	–	–	(27,706,864)
Issue of share capital for cash	9	–	17,947,740	–	17,947,749
Issue of share options to staff	–	–	–	760,478	760,478
Balance at 31 December 2023 as restated	**68**	**(64,919,853)**	**76,423,514**	**1,925,967**	**13,429,696**
CHANGES IN EQUITY					
Loss for the year	–	(19,224,388)	–	–	(19,224,388)
Issue of share capital for cash	27	–	12,508,958	–	12,508,985
Issue of share options	–	–	(78,777)	692,466	613,689
Balance at 31 December 2024	**95**	**(84,144,241)**	**88,853,695**	**2,618,433**	**7,327,982**

The notes on pages 38–57 form part of these financial statements.

Statement of cash flows.

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(19,287,124)	(27,927,373)
Adjustments		
Depreciation	196,429	179,217
Loss on disposal of fixed assets	25,053	–
Impairment charge	1,031,330	59,996
Share option charge	613,689	760,478
Unauthorised overdraft operational loss	(21,790)	–
Net interest income	(9,459,226)	(6,159,249)
Net change in operating assets and liabilities:		
(Increase) in other assets	(1,221,715)	(1,960,147)
Increase/(decrease) in other liabilities	(2,599,814)	2,769,451
Movement in customer advances	(14,807,003)	(2,315,093)
Movement in customer deposits	111,086,286	850,875,499
R&D tax credit received	–	1,369,199
Interest received	49,131,596	27,920,335
Interest paid	(39,841,442)	(19,112,492)
Net cash from operating activities	**74,846,269**	**826,459,821**
CASHFLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(15,265)	(283,243)
Sale of debt securities	–	10,000,000
Net cash (used in)/from investing activities	**(15,265)**	**9,716,757**
CASHFLOWS FROM FINANCING ACTIVITIES		
Issue of shares	12,508,985	18,020,475
Cost of share issues	–	(72,726)
Net cash from financing activities	**12,508,985**	**17,947,749**
Net increase in cash and cash equivalents	**87,339,989**	**854,124,327**
Cash at beginning of year	865,759,423	11,635,096
Cash at end of year	**953,099,412**	**865,759,423**
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and balances at central banks	940,875,108	848,278,623
Loans and advances to banks	12,224,304	17,480,800
	953,099,412	**865,759,423**

Notes to the financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting policies

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
The Company incurred a loss of £19.2m for 2024 (2023: £27.7m, as restated) and expects to continue to incur losses until its business is fully established. It is in the process of securing additional capital to support its operations and the directors are confident that the Company will successfully raise these amounts in good time. If further funding is not received the Company may breach its capital requirements within the next 12 months.

In making the going concern assessment the directors have assessed the likelihood of securing the additional capital and the impact of this on forecasts prepared using stressed but plausible operating conditions for a period in excess of 12 months from the date of approval of these financial statements. A range of sensitivities has also been applied to these forecasts, including unplanned expenditure, stress scenarios and reverse stress testing relating to economic uncertainty caused by the direct or indirect consequences of adverse economic circumstances, focused on the Company's capital and liquidity position and operational resilience.

As the status of Kroo as a going concern is dependent on securing this new equity funding, the directors are of the opinion that this matter represents a material uncertainty that may cast significant doubt upon its ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Notwithstanding this material uncertainty, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence, fulfil its regulatory capital requirements and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Interest income and interest expense
Interest receivable and similar income on financial assets that are classified as loans and advances to customers, on debt securities, on cash and balances at central banks and on loans and advances to banks, and interest payable on financial liabilities that are classified as customer deposits, are recognised as interest income and interest expense respectively in the Statement of Comprehensive Income, using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or liability. The effective interest rate method calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant year.

Fee and commission income
Fees and commissions are recognised on an accruals basis. Fees and commissions receivable and payable are recognised when the service is provided, or when transactions are processed on an accruals basis.

Tangible fixed assets
Depreciation is provided at the following annual rates on a straight line basis in order to write off each asset over its estimated useful life.

Fixtures and fittings	– 10% on cost
Computer equipment	– 33% on cost

Financial instruments
The Company follows FRS102 but has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement.

The Company classifies financial assets and financial liabilities as loans and receivables, held to maturity investments or other financial liabilities, with management determining the categorisation of its investments at acquisition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when cash is advanced to the borrowers. Loans and receivables are carried at amortised costs using the effective interest method.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest method less any impairment loss.

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments and mainly comprise deposits by customers. Other financial liabilities are recognised when cash is received from depositors. Other financial liabilities are carried at amortised cost using the effective interest method.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, expire, are modified or exchanged.

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is initially recognised at, minus principal payments, plus or minus cumulative amortisation using the effective interest method of any difference between the amount initially recognised and the maturity amount, less any impairment.

Impairment of financial assets carried at amortised cost
The Company first assesses whether objective evidence of impairment exists individually. Objective evidence of impairment may include arrears of loan instalments, forbearance being granted to the borrower, bankruptcy or overdrawn current accounts operating continuously in excess of approved limits or with an absence of credit turnover in the account.

If it is determined that there is no evidence of impairment for any individually assessed financial asset, whether individually significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. Assets which are individually assessed and for which impairment is recognised or continues to be recognised are not included in the collective assessment for impairment. Estimates of collective impairment for groups of financial assets are based on credit bureau scores, on the expected default rates for advances in different bands of credit bureau scores, the expected recovery rates for defaulted advances and on the estimated period taken for individual impairment to emerge. The expected default rates are based on external credit bureau information and the expected recovery rates for loans for defaulted advances are based on published information on similar loan portfolios. The impact of a 10% higher probability of default or 10% higher loss given default would be an increase in impairment provision by £22,000.

When a loan is uncollectable, it is written off against the related provision for loan impairment, once the amount of the loss has been determined. Any subsequent recoveries of amounts previously written off are deducted against the charge for loan impairment in the statement of comprehensive income.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development
Expenditure on research and development is written off in the year in which it is incurred. Applicable R&D tax credits are accounted for on this expenditure. The R&D tax credit allows the deduction of 86% of qualifying costs (130% up to 31 March 2023) from the yearly profit, as well as the normal 100% deduction, to make a total of 186% deduction (230% up to 31 March 2023), which is claimed from HMRC as a 10% payable tax credit (14.5% up to 31 March 2023). R&D tax credits are recognised as an asset and income in the year in which the R&D qualifying expenditure is recognised.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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

Share based commitments
All new employees receive share options when they join the Company and may be entitled to further share options as a reward for performing well and to incentivise them to make Kroo a success. As an unlisted company granting share options to employees, Kroo is required to make several estimates and assumptions to calculate the value of options granted. The assumptions and estimates relate to current share price, volatility in the Black-Scholes model and assumption on future exercise scenarios. These are measured at fair value under FRS102. Further details are set out in Note 23.

Employee benefits

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

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

The obligations for contributions to a defined contribution pension scheme are recognised as an expense in the period they are incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Provisions

Provisions are recognised where the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Share capital, share premium and equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. In accordance with FRS 102, financial instruments issued by the Company are treated as equity only to the extent they meet the following two conditions:

- They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or liabilities with another party under conditions that are potentially unfavourable to the Company; and

- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging of a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Prior year adjustment

The Company has corrected an error in its estimate of the Research & Development Claim receivable for 2023. The error arose from a failure to adequately reflect changes in eligibility of expenditure for R&D claims which were implemented from April 2023.

Below is a summary of the impact of the prior year adjustment:

	2023 AS PREVIOUSLY STATED	ADJUSTMENT	2023 RESTATED
	£	£	£
Tax credit on loss	1,079,366	(858,857)	220,509
Other assets	5,489,956	(858,857)	4,631,099
Accumulated losses	(64,060,996)	(858,857)	(64,919,853)

2. Accounting estimates and judgements

The preparation of financial statements in conformity with FRS102 requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenditure.

These estimates are based on experience and various other factors that are believed to be reasonable in the circumstances. 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 estimates are revised.

In preparing these financial statements the directors have made the following judgements:

Deferred tax: The Company has tax losses available to reduce future corporation tax payments. The resulting deferred tax asset is recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The directors do not consider it appropriate to recognise a deferred tax asset at 31 December 2024, as the Company has not sufficiently evidenced the ability to generate profits.

Share-based payments: In determining the value of share-based payments under the Company Share Option Scheme the directors have made assumptions about the volatility of the share price, the risk-free interest rate and the life of the options. These are set out in Note 23.

Impairment provisions against loans and advances: As described in Note 1 it is the Company's policy to make appropriate provision for the estimated loss when there is objective evidence that loans or advances are impaired.

3. Directors' emoluments

	2024	2023
	£	£
Salaries	434,984	422,507
Fees	299,074	322,000
National Insurance contributions	75,655	72,593
Private healthcare costs	2,722	2,051
Defined contribution pension costs	4,476	2,642
Share based payments	244,215	319,252
	1,061,126	**1,141,045**

The highest paid director received remuneration of £269,233 (2023: £259,257).

Contributions to a defined contribution pension scheme were made on behalf of two directors. The value of the Company's contributions to a defined contribution pension scheme in respect of the highest paid director were £2,238 (2023: £1,320).

Private healthcare premiums were paid on behalf of two directors and their families under a company-wide scheme. Premiums paid on behalf of the highest paid director and their family were £807 (2023: £682).

During the year 179,600 options (2023: 171,825) were promised to the directors. No directors exercised any share options. The total expense recognised in the period in respect of share-based payments to the highest paid director was £230,841 (2023: £299,563).

4. Interest receivable and similar income

	2024	2023
	£	£
Loans and advances to customers	1,298,885	43,480
Balances with central banks	47,678,478	27,774,081
Loans and advances to banks	157,090	68,019
Debt securities	–	27,417
Other	63,687	60,252
	49,198,140	**27,973,249**

5. Interest payable and similar expenses

	2024	2023
	£	£
Current account credit balances	35,645,239	21,074,052
Easy access savings accounts	4,058,589	739,948
Notice accounts	35,086	–
	39,738,914	**21,814,000**

6. Fees and commissions

	2024	2023
	£	£
Customer debit card transaction revenue	617,780	283,795
Customer debit card expense	(43,992)	(221,917)
	573,788	**61,878**

7. Other operating income

	2024	2023
	£	£
Recovery of previous debt	323,993	–
Other	1,970	7,722
	325,963	**7,722**

Recovery of previous debt relates to the recovery of a debt from an outsourcing provider which Kroo had previously written off.

8. Administrative costs

The operating loss for the year is stated after charging:

	2024	2023
	£	£
Staff costs	17,473,788	17,541,262
Depreciation	196,429	179,217
Other non-staff costs	10,944,554	16,375,747
	28,614,771	**34,096,226**

Staff costs comprise:

	2024	2023
	£	£
Wages and salaries	14,487,487	13,654,933
National Insurance	1,713,379	1,661,143
Defined contribution pension cost	206,350	177,771
Contractors	158,766	978,201
Share options granted	613,689	760,478
Other	294,117	308,736
	17,473,788	**17,541,262**

The average number of employees (including directors) was:

AVERAGE – ADJUSTED	2024	2023
Operations	133	115
Technology & product	80	79
Management & support	25	29
	238	**223**

Other non-staff costs comprise:

	2024	2023
	£	£
Central overheads	2,575,304	2,841,836
Banking infrastructure	2,829,928	2,597,820
Customer operations	2,720,883	2,868,332
Technology	2,025,815	2,146,607
Marketing	792,624	5,921,152
	10,944,554	**16,375,747**

9. Provision for bad and doubtful debts

	2024	2023
	£	£
Losses specifically provided for	830,461	39,581
Collective impairment charge for losses incurred but not specifically provided for	200,869	20,415
	1,031,330	**59,996**

10. Corporation tax

CURRENT TAX	2024	2023 AS RESTATED
	£	£
Current year – corporation tax	(62,736)	(293,136)
Adjustment in respect of prior years	–	72,627
	(62,736)	**(220,509)**

DEFERRED TAX	2024	2023
	£	£
Current year	–	–
Adjustment in respect of prior years	–	–
Change in deferred tax charge as a result of change in tax rate	–	–
	–	–

The Company has not recognised a net deferred tax asset of £19.0m (2023: £13.4m) as there is insufficient evidence of its recoverability. At 31 December 2024 there was a deferred tax liability of £49,124 in respect of fixed asset timing differences (2023: £97,543). A deferred tax asset of this amount has been recognised, with a corresponding gross unrecognised deferred tax asset. The Company has tax losses of £73.4m (2023: £52.8m) that are available indefinitely for offset against future taxable profits.

Reconciliation of total tax credit included in statement of comprehensive income

The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK. The difference is explained overleaf:

	2024	2023 AS RESTATED
	£	£
Loss before tax	(19,287,124)	(27,927,373)
Tax thereon at 25% (2023: 23.5%)	(4,821,781)	(6,562,933)
EFFECTS OF:		
Permanent differences	162,136	59,577
Impact of deferred tax not recognised	4,575,323	6,190,446
Tax losses surrendered for R&D tax claim	156,839	613,889
R&D enhanced deduction	(72,517)	(300,979)
R&D claim	(62,736)	(293,136)
Prior year tax adjustment	–	72,627
	(62,736)	**(220,509)**

The research and development tax relief for 2024 relates to the £337,288 of expenditure in the year on research and development (2023: £1,331,532).

The tax rate applying to the Company for 2024 is 25.0% (2023: 23.5%).

11. Auditors' remuneration

	2024	2023
	£	£
Fees payable to the Company's auditor for audit	272,500	220,000

12. Cash and balances at central banks

	2024	2023
	£	£
Bank of England	940,875,108	848,278,623

The balance at the Bank of England is repayable on demand.

13. Loans and advances to banks

	2024	2023
	£	£
UK financial institutions rated A1 by Moody's	4,056,232	4,945,842
UK financial institutions not rated	8,168,072	12,534,958
	12,224,304	**17,480,800**

14. Loans and advances to customers

	2024	2023
	£	£
Gross loans and advances to customers	17,224,343	2,337,344
Provision for impairment	(1,083,447)	(58,439)
	16,140,896	**2,278,905**

The maturity analysis of customer advances is set out below:

	2024	2023
	£	£
Repayable on demand	711,314	188,224
3 months or less	1,466,485	182,880
Between 3 months and 1 year	3,990,775	530,426
Between 1 year and 5 years	11,055,769	1,435,814
Over 5 years	–	–
	17,224,343	**2,337,344**

The movement on the impairment provision during each year is set out below:

	2024	2023
	£	£
Provision for impairment 1 January 2024	58,439	1,151
Impairment charge	1,031,330	59,996
Operational losses	67,515	–
Write-offs	(73,837)	(2,708)
Provision for impairment 31 December 2024	1,083,447	58,439

15. Tangible fixed assets

	FIXTURES AND FITTINGS	COMPUTER EQUIPMENT	TOTAL
	£	£	£
COST			
At 1 January 2024	8,935	822,323	831,258
Additions	–	15,265	15,265
Disposals	(6,132)	(69,578)	(75,710)
At 31 December 2024	2,803	768,010	770,813
ACCUMULATED DEPRECIATION			
At 1 January 2024	4,845	436,240	441,085
Accumulated depreciation on disposals	(3,841)	(46,816)	(50,657)
Charge for the year	654	195,775	196,429
At 31 December 2024	1,658	585,199	586,857
NET BOOK VALUE			
At 31 December 2024	1,145	182,811	183,956
At 31 December 2023	4,090	386,083	390,173

16. Other assets

	2024	2023 AS RESTATED
	£	£
R&D tax credit receivable	355,872	293,136
Visa collateral	3,621,663	2,808,757
Other debtors	684,964	540,588
Prepayments	1,255,067	988,618
	5,917,566	**4,631,099**

17. Customer accounts

	2024	2023
	£	£
Current account balances	884,655,952	788,169,559
Instant access savings accounts	78,106,418	66,650,940
Notice accounts	3,041,031	–
Individual Savings Accounts	856	–
	965,804,257	**854,820,499**

18. Other liabilities

	2024	2023
	£	£
Trade creditors	289,270	2,261,445
PAYE and National Insurance	407,191	539,000
VAT	209,268	181,177
	905,729	**2,981,622**

19. Accruals and deferred income

	2024	2023
	£	£
Accruals and deferred income	1,303,862	1,827,783

20. Called up share capital

26,870,127 ordinary shares of £0.000001 each were allotted and fully paid during the year, for a total consideration of £12,508,958.

	2024	2023
ORDINARY SHARES OF £0.000001		
As at 1 January 2024: 67,693,276 ordinary shares	68	59
Issued during the year: 26,870,127 ordinary shares	27	9
As at 31 December 2024: 94,563,403 ordinary shares	95	68

All shares rank *pari passu* and have full voting rights, full dividend rights and full rights to capital distribution, including on winding up, but do not have any right of redemption.

21. Other financial commitments

At 31 December 2024, the minimum rental commitments were as follows:

	2024	2023
	£	£
Within 1 year	166,320	1,190,275
1–5 years	–	–
Over 5 years	–	–
	166,320	**1,190,275**

Rental payments which were included within administrative expenses during the year ended 31 December 2024 were £792,791 (2023: £1,283,540).

At 31 December 2024 there were undrawn overdraft commitments totalling £1,078,416 (2023: £586,383).

22. Risk management

Credit risk
At 31 December 2024, the Company had exposure to customers in the form of unsecured overdrafts which are repayable on demand and fixed rate unsecured consumer loans repayable in equal instalments over a period of up to five years.

The analysis of advances by credit quality is set out below:

AT 31 DECEMBER 2024	OVERDRAFTS	LOANS	TOTAL
	£	£	£
Gross impaired advances	279,303	788,252	1,067,555
Specific provision for impairment	(182,509)	(670,015)	(852,524)
Net impaired advances	**96,794**	**118,237**	**215,031**
Neither past due nor impaired (gross)	432,011	15,724,777	16,156,788
Collective provision	(34,751)	(196,172)	(230,923)
Neither past due nor impaired (net)	**397,260**	**15,528,605**	**15,925,865**
Total	**494,054**	**15,646,842**	**16,140,896**
AT 31 DECEMBER 2023			
Gross impaired advances	36,873	–	36,873
Specific provision for impairment	(36,873)	–	(36,873)
Net impaired advances	**–**	**–**	**–**
Neither past due nor impaired (gross)	240,656	2,149,120	2,389,776
Collective provision	(12,033)	(9,533)	(21,566)
Neither past due nor impaired (net)	**228,623**	**2,139,587**	**2,368,210**
Total	**228,623**	**2,139,587**	**2,368,210**

The ageing analysis of impaired advances is set out below:

	OVERDRAFTS	LOANS	TOTAL
	£	£	£
Past due less than 3 months	47,242	–	47,242
Past due 3 to 12 months	232,061	788,252	1,020,313
	279,303	**788,252**	**1,067,555**

22. Risk management (cont)

Kroo's exposure to counterparties was as follows:

	2024	2023
	£	£
Central banks rated Aa3 by Moody's	940,875,108	848,278,623
UK financial institutions rated A1 by Moody's	4,056,232	4,945,842
UK financial institutions not rated	8,168,072	12,534,958
	953,099,412	**865,759,423**

The exposure to central banks and UK financial institutions is in the form of balances repayable on demand.

Other credit exposures were as follows:

	2024	2023
	£	£
R&D tax credit receivable	355,872	293,136
Visa collateral	3,621,663	2,808,757
Other debtors	684,964	540,588
	4,662,499	**3,642,481**

R&D tax credit receivable represents the research and development tax relief receivable. The collateral deposited with Visa secures Kroo's obligations as a member of Visa. It is held in an interest-bearing account and is repayable when Kroo ceases to be a member and has repaid its obligations under the scheme.

All financial instruments are measured at amortised cost and are unsecured.

Liquidity risk
At 31 December 2024 the Company had total customer deposits of £965.8m (2023: £854.8m), which were in the form of current account credit balances, instant access savings accounts and Individual Savings Accounts repayable on demand and notice accounts due after 32 days' notice. High quality liquid assets and balances with UK banks with a maturity of less than 3 months represented 98.7% of these deposits.

The analysis of assets and liabilities by contractual maturity is set out below:

31 DECEMBER 2024	TOTAL	ON DEMAND	UP TO 3M	3–12 MONTHS	1–3 YEARS	3–5 YEARS
	£	£	£	£	£	£
Cash and balances at bank	953,099,412	951,505,170	1,594,242	–	–	–
Loans and advances to customers	16,140,896	494,054	1,350,271	3,752,789	7,592,647	2,951,134
Other assets	5,917,566	–	5,917,566	–	–	–
Total contractual inflows	**975,157,874**	**951,999,224**	**8,862,079**	**3,752,789**	**7,592,647**	**2,951,134**
Customer deposits	(965,804,257)	(965,804,257)	–	–	–	–
Other liabilities	(905,729)	–	(905,729)	–	–	–
Accruals and deferred income	(1,303,862)	–	(1,303,862)	–	–	–
Total contractual outflows	**(968,013,848)**	**(965,804,257)**	**(2,209,591)**	**–**	**–**	**–**

31 DECEMBER 2023	TOTAL	ON DEMAND	UP TO 3M	3–12 MONTHS	1–3 YEARS	3–5 YEARS
	£	£	£	£	£	£
Cash and balances at bank	865,759,423	863,571,258	2,188,165	–	–	–
Loans and advances to customers	2,278,905	154,278	172,941	526,500	569,178	856,008
Other assets	4,631,099	–	4,631,099	–	–	–
Total contractual inflows	**872,669,427**	**863,725,536**	**6,992,205**	**526,500**	**569,178**	**856,008**
Customer deposits	(854,820,499)	(854,820,499)	–	–	–	–
Other liabilities	(2,981,622)	–	(2,981,622)	–	–	–
Accruals and deferred income	(1,827,783)	–	(1,827,783)	–	–	–
Total contractual outflows	**(859,629,904)**	**(854,820,499)**	**(4,809,405)**	**–**	**–**	**–**

Financial liabilities comprise customer deposits. The undiscounted contractual cash flows arising from these financial liabilities total £965.8m (2023: 854.8m), of which £962.8m is due on demand and £3.0m is due after 32 days' notice.

Interest rate risk

At 31 December 2024 the main interest-bearing assets and liabilities were balances held at central banks of £940.9m accruing interest at the Bank Rate and credit balances on current accounts of £884.7m earning interest at 1.1% below base rate. Instant access savings accounts and Individual Savings Accounts totalling £81.1m and overdraft balances of £0.5m were at managed rates while loans to customers of £15.8m were at fixed rates. Interest rate risk is managed within the risk appetite set by the Board.

At 31 December 2024 the sensitivity of the value of the Company's equity to a parallel upward or downward shift in the yield curve by 200 basis points was as follows:

	2024	2023
	£	£
200bp upward shift	(296,215)	30,518
200bp downward shift	260,288	(31,155)

22. Risk management (cont)

Capital adequacy risk

The Company manages its capital in order to ensure that it maintains appropriate financial resources to support its strategy and meet regulatory requirements.

All the Company's regulatory capital is in the form of Core Equity Tier 1 capital.

The regulatory capital requirements are set by the Prudential Regulation Authority (PRA) under the Capital Requirements Regulation and Capital Requirements Directive, following review of the Company's own Capital Adequacy Assessment Process (ICAAP) document. The PRA sets a Total Capital Requirement (TCR), which is in excess of the minimum Pillar 1 requirement of 8% of Risk Weighted Assets. The Company is also required to meet the minimum capital requirement of €5m set out in Article 12 of the Capital Requirements Directive. Throughout the year the Company has met the minimum capital requirement.

The Company has opted to adopt the Standardised Approach to capital requirements for credit risk.

23. Share-based payment transactions

All new employees receive share options when they join the Company and may be granted further share options as a reward for performing well and to incentivise them to make Kroo a success.

The share options issued are equity settled with no cash settlement options. Options typically vest evenly over four years with a one year cliff.

Kroo's expense for the share options granted to employees is recognised over the period between the grant date and the vesting date of those options. The overall cost of the option award is calculated using the number of options expected to vest and the fair value of the options at the grant date. The overall cost is recognised as a personnel expense, with a corresponding increase in share based reserves within equity, over the period that employees provide services. This is generally the period between the award being granted or notified and the vesting date of the options.

The fair value is determined using the Black-Scholes model which takes into account the terms and conditions attached to awards. Inputs into the valuation model include the risk-free rate, an estimate of the market share price and the expected volatility of the share price. The market share price is assessed using the pricing achieved in the round immediately preceding the issuances.

Kroo operates one equity share options scheme which has been approved by HMRC as a Company Share Option Plan (CSOP) and an unapproved scheme for options in excess of CSOP limits.

The main assumptions used in deriving the value of the options at grant are shown overleaf:

The main assumptions used in deriving the value of the options at grant are shown below:

VALUATION ASSUMPTIONS	TRANCHE 1	TRANCHE 2	TRANCHE 3	TRANCHE 4	TRANCHE 5
Timing	2020	2021	2022/23	2023/24	2024
Exercise price	0.86	1.05	1.21	0.53	0.53
Share price	1.25	1.25	1.57	0.59	0.59
Risk free rate	1.00%	1.00%	3.00%	3.81%	3.81%
Volatility	50%	50%	50%	40%	40%
Dividend Yield	Nil	Nil	Nil	Nil	Nil
Expected life	8.8 years	10 years	4 years	4 years	4 years

The expected volatility was determined by assessing the historical volatility of listed peers and comparable private companies to obtain an estimated implied volatility. The total expense for the year ended 31 December 2024 was £613,689 (2023: £760,478).

The movement in the number of options outstanding during 2024 is as follows:

	TRANCHE 1	TRANCHE 2	TRANCHE 3	TRANCHE 4	TRANCHE 5	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
ISSUED OR PROMISED:							
At 1 January 2024	747,899	1,320,692	1,393,907	1,099,069	–	4,561,567	0.94
Issued or promised during 2024	5,627	12,250	–	1,946,631	572,500	2,537,008	0.53
Lapsed during 2024	(17,008)	(29,068)	(171,737)	(196,164)	–	(413,977)	0.86
Exercised during 2024	–	–	–	–	–	–	n/a
At 31 December 2024	**736,518**	**1,303,874**	**1,222,170**	**2,849,536**	**572,500**	**6,684,598**	**0.79**
RECOGNISED:							
At 1 January 2024	716,909	883,541	546,922	211,786	–	2,359,158	0.98
Recognised during 2024	32,971	314,669	293,892	1,204,164	30,311	1,876,007	0.73
Lapsed during 2024	(14,091)	(7,061)	(12,732)	(25,191)	–	(59,075)	0.82
Exercised during 2024	–	–	–	–	–	–	n/a
At 31 December 2024	**735,789**	**1,191,149**	**828,082**	**1,390,759**	**30,311**	**4,176,090**	**0.87**

The first part of this table shows share options formally granted or promised but not yet granted. Options are formally granted in batches following the agreement of a share valuation with HMRC. Most options vest over a period, and are recognised in the statement of comprehensive income as they vest. Typically shares vest on a straight line basis over a period such as four years, with the vesting for the first twelve months delayed until the completion of the twelve month period. For accounting purposes this initial delay in vesting is ignored.

In addition to options issued to employees, 189,955 options have been granted to introducers for assistance with capital raising. The value of these options, totalling £78,777, has been debited to the share premium account.

24. Related Party Transactions

During the year ended 31 December 2024, members of the Board of Directors and members of the Management Committee held personal current accounts and unsecured personal loans. At 31 December 2024, credit balances on personal current accounts totalled £81,159 (2023: £122,592), cash Individual Savings Accounts (ISAs) with balances of £650 (2023: nil) and balances on loans and advances totalled £2,288 (2023: £7,248).

	2024	2023
	£	£
Directors – Current Accounts	32,786	82,934
Directors – Cash Individual Savings Accounts (ISAs)	500	–
Directors – Loans and advances	–	2,433
	33,286	**85,367**

Balances relating to other key management personnel were as follows:

	2024	2023
	£	£
Other key management personnel – Current Accounts	48,373	39,658
Other key management personnel – Cash ISAs	150	–
Other key management personnel – Loans and advances	2,288	4,815
	50,811	**44,473**

At 31 December 2024 parties related to the directors held credit balances in current accounts totalling £2,904 (2023: £25,025) and parties related to other key management personnel held credit balances in current accounts totalling £5,697 (£2023: £65,050).

The remuneration of directors is set out in Note 3. The remuneration of other other key management personnel is set out below:

	2024	2023
	£	£
Other key management personnel salaries	880,755	881,374
Other key management personnel fees	–	65,500
Private healthcare costs	7,260	4,798
Pension scheme contributions	36,481	6,274
Share based payments	114,638	105,086
	1,039,134	**1,063,032**

25. Post balance sheet events

Since 31 December 2024 the Company has issued 163,196,116 shares to new and existing investors for a total consideration of £26.0m.

In February 2025 the Company extended an offer to staff who hold options with strike prices above £0.53 to rebase them to a £0.53 strike price. Holders of 2,531,063 options have taken advantage of this offer. The increase in the fair value for option holders, totalling £349,301, will be amortised over the remaining vesting period of the options. The amortisation during 2025 will total £296,996.

In July 2025 Christiaen van Lanschot, who was Chairperson of the board, and Nooruddin Karsan, who was the shareholder representative, resigned as directors. Colby Lamberson was appointed as the new shareholder representative on the board and Serena Joseph was appointed as Acting Chairperson.

There have been no other significant events between 31 December 2024 and the date of approval of the financial statements which would require a change or additional disclosure in the financial statements.

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