



Annual Strategic Report 2021



BILDERLINGS PAY

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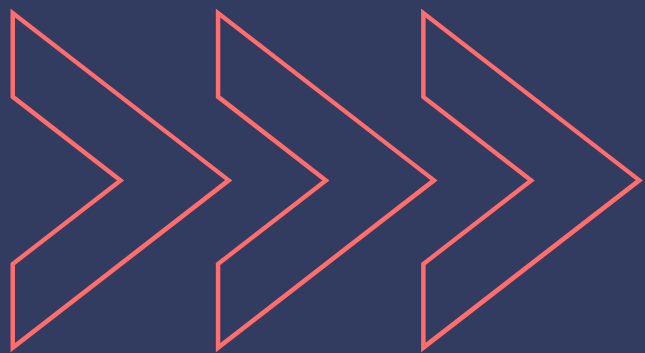


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Statement

Directors of Bilderlings Pay Limited present the strategic report for the year ended 31 December 2021.

The main governance body of the Company (hereinafter – the «Company» or «Bilderlings») is the Board of Directors, which is responsible for prosperity of Bilderlings, leading the Company and supervising its business directions while seeking to develop a culture of good governance.

Bilderlings provides cross-border money transfer services, debit cards and orchestrates various third-party services for personal and business clients in the UK and internationally.

The Company infrastructure comprises multiple products and services, including **Bilderlings Account for Business and customers** to send money abroad and meet multi-currency banking needs; **Bilderlings Platform**, which provides a more efficient and easy access to third-party financial and non-financial services, including online currency exchange services, deposits, loans, investments, asset management and start-up incorporation; and **Bilderlings for Fintech** that allows banks, electronic money and payment institutions, and other digital financial institutions to streamline their customer experience, introduce international banking features by integrating Bilderlings fintech platform features into their online banking and mobile applications.

“We are a technology company with the purpose to design a digital ecosystem spanning multiple industries, providing a mix of financial and non-financial products, an excellent and more streamlined consumer experience, promoting new ways to collaborate, connect and innovate for personal benefit and the public good.

Bilderlings provide:



Bilderlings Account for Business and customers

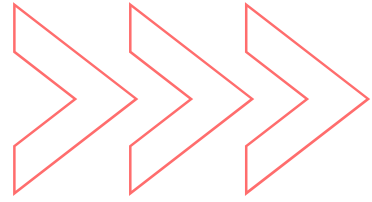


Bilderlings Platform



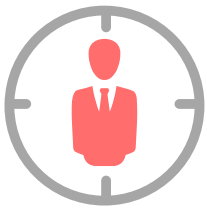
Bilderlings for Fintech

Statement



The primary purpose of Bilderlings' strategy is to help clients achieve sustainable economic growth, improve their financial well-being, and promote accessibility of financial services globally.

Goals



- To help clients achieve sustainable economic growth
- To help clients improve their financial well-being



- To promote accessibility of financial services globally

To achieve this goal, Bilderlings will continue to build its business with a high emphasis on real customer needs, focusing on a more extraordinary, more streamlined user experience, maintaining robust client relationship and securing an empowering environment for its employees.



Emphasis on real customer needs



Streamlined user experience



Client relationship curation



Empowering environment

Fair View of the Business

Mission

Bilderlings' mission is to help clients achieve sustainable economic growth and better financial well-being, focusing on their actual needs, convenience, variety and affordable price.

“The Company believes that its tech-enabled solutions will democratise finance and enhance trust, efficiency, speed, and inclusivity of financial services.

Bilderlings is a technology company with the purpose to design a digital ecosystem spanning multiple industries providing a mix of financial and non-financial products, an excellent and more streamlined consumer experience promoting new ways to collaborate, connect and innovate for personal benefit and the public good.

BILDERLINGS AIMS TO DESIGN



Digital ecosystem



multiple industries

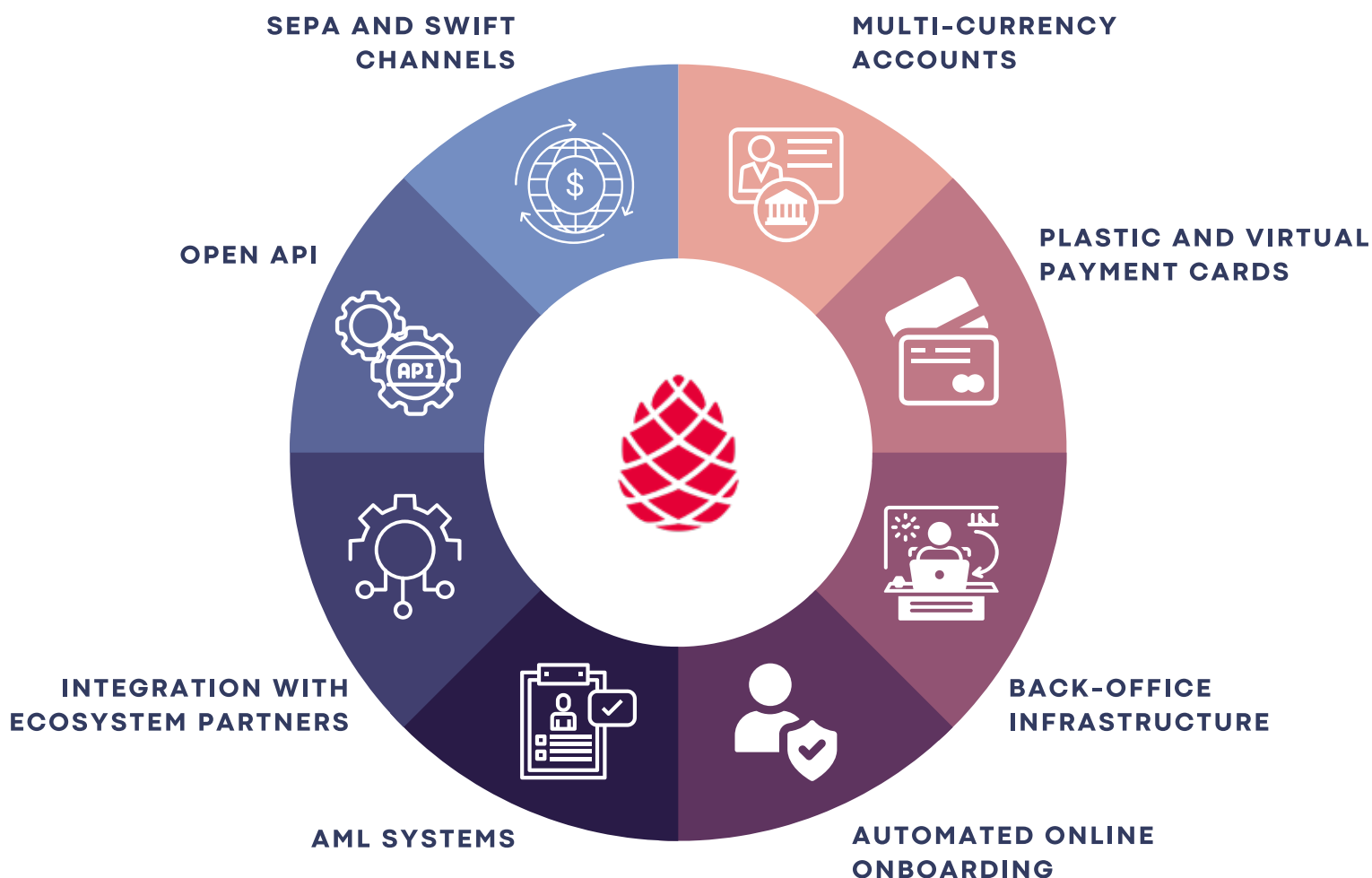


financial and non-financial products

Development in 2021

What did we do in 2021?

In 2021, Bilderlings continued advancement in developing in-house a full-scale digital payment platform architecture including multi-currency accounts, debit cards, SEPA/SEPA Instant and SWIFT channels, Open API, virtual cards, back-office infrastructure, automated online onboarding and AML systems, to access the banking products and services of third-party through integration with ecosystem partners.





Development in 2021

Main areas of improvements in 2021:

In particular, the Company worked on automated monitoring of transactions, anti-fraud solutions, automated online onboarding and customer scoring, internal and external 24/7 payments and currency exchange, salary cards for customers' employees, deposits and investments, and offering other features to our customers.

- ◆ Automated monitoring of transactions
- ◆ Anti-fraud solutions
- ◆ Automated online onboarding and customer scoring
- ◆ Internal and external 24/7 payments
- ◆ 24/7 currency exchange
- ◆ Salary cards for customers' employees
- ◆ Deposits and investments
- ◆ Customer support
- ◆ Compliance and risk infrastructure
- ◆ Expansion into new markets

Development in 2021

TOP-6 MOST IMPORTANT DEVELOPMENTS IN 2021



BILDERLINGS APP

The Bilderlings app, available in AppStore and GooglePlay, continues to develop by adding new features, allowing users more convenience and direct access to its products and services in one interaction, anytime and anywhere.



24/7 CURRENCY EXCHANGE

During the year, Bilderlings launched, in cooperation with one of the leading European banks, an automated conversion service available 24/7, allowing currency conversion on a real-time automated platform, providing market exchange rates and currency conversion in 19 currency pairs.



PRICELESS PLANET COALITION

Bilderlings partnered with Mastercard's Priceless Planet Coalition TM on a mission to fight climate change by restoring trees worldwide. The campaign was carried on together with the global environment organisations - Conservation International and World Resources Institute. As an environmentally responsible company, Bilderlings strives to impact the future of our planet, and this project was the first in the Company's history bringing forward social responsibility on a global scale.



BILDERLINGS FOR FINTECH

A new business segment continued to grow in 2021 - Bilderlings for Fintech, allowing EMI and PIs to have a client account for financial institutions, offering faster, cheaper, and secure payments and advisory services for obtaining safeguarding accounts.



PAYMENT CHANNELS

Bilderlings has implemented SEPA Instant to enable ever more effortless and faster pan-European payments at the beginning of 2021. Moreover, in March 2022, Bilderlings became a member of the SWIFT international payment system and concluded the first agreement with a European correspondent bank. The SWIFT system facilitates more efficient, prompt, and secure execution of payments of customers and correspondent banks. In the second quarter of 2022, the direct SWIFT payments will become available for Bilderlings customers.



CARD PRODUCTS

The Company continued adding new features to the card product range, in particular, offering virtual cards, pin change, and planning further integration with Apple Pay and Google Pay in 2022.

Plans for 2022

Bilderlings' strategic plans for 2022 and future periods include further investment and development of a truly digital, low-cost, convenient, secure and inclusive global Fintech ecosystem, which consists of the following:

- ◆ Additional investment in developing the highly adaptive technology infrastructure in-house;
- ◆ Developing the core product offering to Bilderlings customers and expanding Bilderlings for Fintech services by providing Virtual IBANs;
- ◆ Developing the digital Fintech platform and, in collaboration with partners, introducing new financial and non-financial products and services such as deposits, loans for business, investments, asset management, etc.;
- ◆ Further investment in the compliance and risk infrastructure and customer support.

AREAS OF GROWTH

01 Investment in technology infrastructure in-house, compliance and risk infrastructure and customer support

02 Development of core product offering

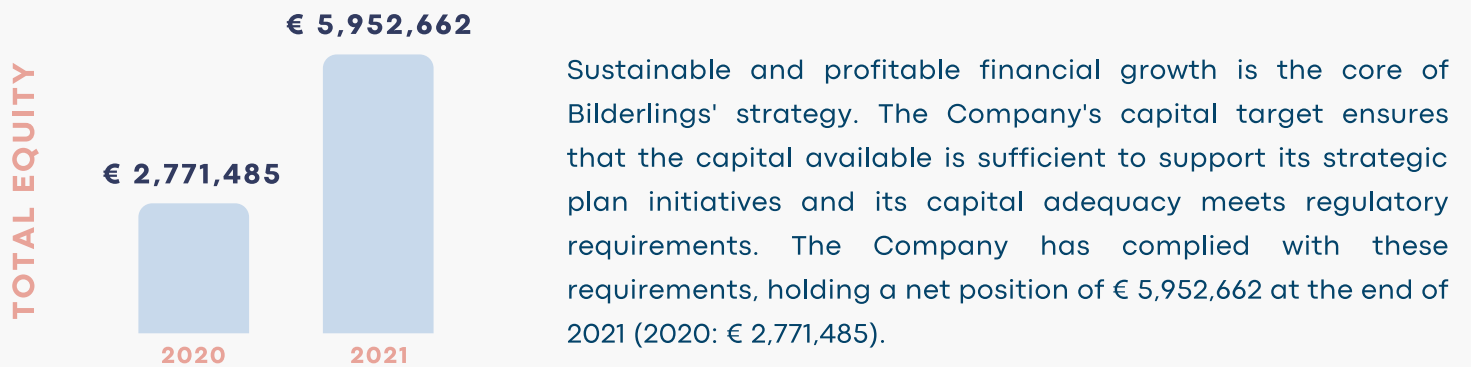
03 Expanding Bilderlings for Fintech services

04 Developing the digital Fintech platform

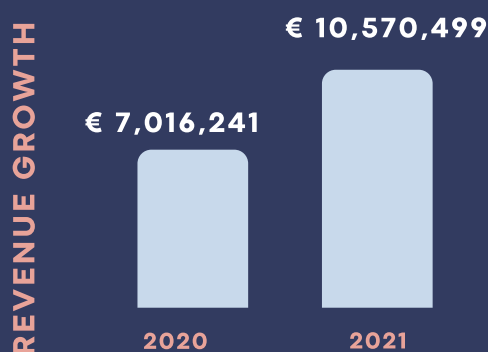
05 Introduction of new financial and non-financial products and services

Financial Performance and KPIs

Bilderlings' strategic plans for 2022 and future periods include further investment and development of a truly digital, low-cost, convenient, secure and inclusive global Fintech ecosystem, which consists of the following:



Following the capital increase plan, the shareholders completed the first tranche of € 600,000 in February 2021, the second tranche of € 800,000 in March 2021, and the third of € 1,194,592 in September 2021, raising the share capital to € 4,544,592 (2020: € 1,950,000).



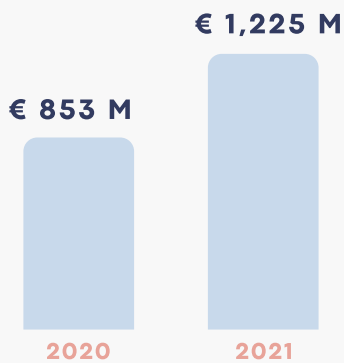
In 2021, revenue increased by 51% year over year to reach € 10,570,499 (2020: € 7,016,241).

+51%

Revenue Growth in 2021

Financial Performance and KPIs

CROSS-BORDER PAYMENTS



The Company has scaled up its European and cross-border payments, with customers transferring € 1,225 million in 2021 (2020: €853 million).

MASTERCARD

Following the release of the Mastercard product in 2020, the portfolio of card users grew up by 154%, increasing the volume of card transactions by 272%.



+154%

CARD USERS



+272%

CARD TRANSACTIONS

At the end of the year, the Company held € 168,943,311 in client money balances (2020: € 76,632,761). The increase was due to the improvement of services, an extended offering of new products, growth in the size of the customer base and enhanced user activity. Total operating expenses for 2021 were € 7,462,542 against € 5,839,798 in 2020, mainly driven by investments in IT systems and infrastructure and staff hiring costs. As a result, the 2021 financial year profit after tax amounted to € 2,581,177 (2020: € 934,410), being higher by 176% against 2020. This highlights the sustainable growth and considerable performance achieved by Bilderlings in 2021.

+176%

Net Profit in 2021

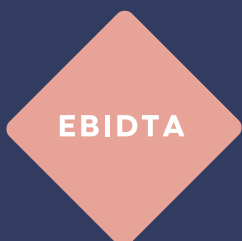
€ 168,943,311

Client Money Balances in 2021

KPIs



+51%
Revenue Growth



+165%
EBIDTA



+28%
OPEX



+115%
Equity Growth



75%
ROE

The Key Performance Indicators (KPIs) measure the Company's performance against key business objectives and are reported to shareholders. Bilderlings' major strategic and operational KPIs are presented here, showing the increase in percentage in 2021 against the previous year.



+27%
Total Client Portfolio



+120%
Client Money Growth

In addition to these metrics, Bilderlings periodically reviews specific analytics to have visibility of progress against its mission, focusing on whether user experience has become more streamlined over time. In particular, compared to 2020, the speed of client onboarding has been improved two-fold.

Financial Performance and KPIs

KEY FACTORS OF SUCCESSFUL FINANCIAL PERFORMANCE



Improvement of services



Extended offering of new products



Growth of the customer base



Enhanced user activity

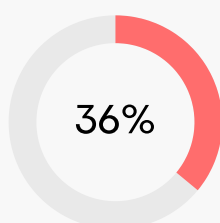
TOTAL OPERATIONAL EXPENSES

2020

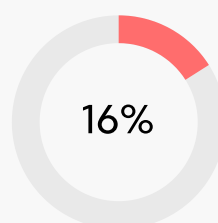
€5,839,798

2021

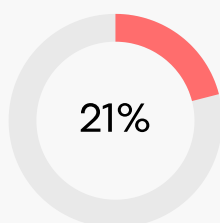
↑ €7,462,542



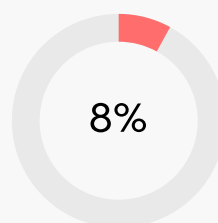
Investments in IT system development



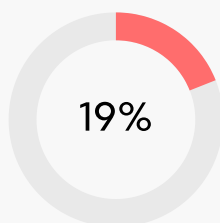
Technical support and compliance costs



Other costs



Customer acquisition costs



Bank & MC charges

Principal Risks and Uncertainties

Bilderlings is exposed to various operational risks in the course of its business. The Company continues to invest in its operational infrastructure, technology, processes and human resources to minimise potential losses due to inadequate or failed internal processes, technology systems, human error and legal and cyber risks. Bilderlings carries out adequate operational risk management, and focuses on effective risk assessment, implementing adequate controls, higher corporate accountability, encouraging senior management commitment, and recruiting and retaining the proper personnel to support its successful growth further.

BASIC MEASURES TO PREVENT RISKS:



RIGOROUS AND FAST-CHANGING REGULATORY LANDSCAPE

To meet these challenges and ensure the secure functioning of Bilderlings, to ensure the optimum ratio of the risks Bilderlings accepts and the profitability of the transactions Bilderlings is involved in, the Risk Management system has been implemented. Bilderlings exercises a systemic approach to risk management, having set the unified standards for identifying, assessing and limiting the risks regarding applicable legislation and recommendations and expectations of the chief UK finance and regulatory authority (FCA).

SAFEGUARDING AND CAPITAL REQUIREMENTS

Bilderlings issues electronic money to its clients which must be controlled in accordance with its relevant regulator's safeguarding and regulatory capital requirements. Measures to prevent the risks:

- Precise control over its commitment to the Safeguarding regulations;
- Annual external safeguarding audit.

PARTNERS RISKS

Bilderlings collaborates with a growing number of ecosystem banking partners, outsourcing services providers and other third parties across many lines of business. Measures to prevent the risks:

- Initial due diligence on partners prior to onboarding and then on an ongoing basis.

Principal Risks and Uncertainties

FINANCIAL CRIME RISK

The Company handles a large number of transactions in clients' funds and therefore is subject to potentially increased financial crime risk. Consequently, the Company faces the risk of non-compliance with Anti-Money Laundering / Combating the Financing of Terrorism (AML/CTF) and is, in addition, subject to potential losses due to breaches of its Terms & Conditions by its clients. Measures to prevent the risks:

- eliminating low-value AML/CTF activities;
- automating more of its processes;
- implementing more advanced analytics;
- detailed reviews of customer activities;
- screening all clients on a daily basis;
- ongoing monitoring of transactions.

CYBER SECURITY THREATS

Cyber security threats that could potentially compromise business services, infrastructure, customer data and confidential company data remain the principal risk for Bilderlings. Measures to prevent the risks:

- developing resilient technologies and processes;
- employee training improvement;
- regular external testing;
- audit activities;
- support of systems and their vulnerabilities;
- analysis of the new cybersecurity threats;
- implementation of robust mitigation controls and countermeasures.

DATA SECURITY

As a digital services provider, Bilderlings processes a massive amount of personal, confidential Company and employee data that imposes obligations on the Company to comply with personal data protection and privacy laws. Measures to prevent the risks:

- investing in technologies;
- facilitating best practices in handling sensitive data;
- stress testing by third parties specialised in IT Systems Security;
- centralised Risk Management Framework tool for effective risk management.

COVID 19

In response to COVID 19 (Coronavirus) Bilderlings has established a cross-functional response team with senior representatives from various business divisions. Despite the move to remote working, the transition has been seamless and there has been no interruption in the services Bilderlings provides. Bilderlings' business operations have performed as usual during this time and have worked hard to support its customers to enable them to manage business activity across markets efficiently. Bilderlings has experienced substantial growth in all primary strategic and operational KPIs, while managing risks to customers, financial stability and integrity. As a cloud-based company, Bilderlings has a robust digital presence, sufficient financial resources, and is prepared to meet the challenges coronavirus could have on customers and staff even in a long-term slow down.

Principal Risks and Uncertainties

BREXIT

Although the UK left the EU at the end of 2020, all provisions that regulate EMI activities and which have been implemented under the requirements of the relevant Directives have not undergone any changes. All changes to the FCA rules and requirements are being constantly monitored by the key employees of Bilderlings to keep track and promptly react to any relevant changes in the UK legislation.

DISCLAIMER

This Annual strategic report is not audited and is based on the Audited annual report, which uses a different approach for KPIs calculation. The KPIs computed in the audited Annual report used the Indexation approach. However, KPIs for this strategic report have been calculated using YoY (year over year) approach for the purpose of easier comparison.

Full Bilderlings Pay Limited annual report 2021 is available [here](#).



Questions? Contact us.

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August 2022



BILDERLINGS