

Fractal Labs (t/a tomato pay) (E) – £5m Award**Public Commitments Update – Q1 2023****Key Achievements to Date****2023**

- untied is live with Barclays for the January 2023 tax season
- tomato pay partnership with Spire Technologies in the middle east to address SMEs in the Kingdom of Bahrain and the Kingdom of Saudi Arabia

2022

- untied has been recognised with the Tolley's Taxation Award for Best Digital Innovation.
- tomato pay open banking APIs power fintechs across SME lending, accounting and payments.
- untied distribution partnership went live with Virgin Money for Business in their marketplace.
- tomato pay and API Metrics release open banking performance whitepaper.

2021

- tomato pay's Open Banking payment APIs powered the first payment to HMRC (executed within the untied app).
- untied's app was recognised by HMRC for Making Tax Digital ('MTD') for Income Tax and first tax returns for 2020/21 were submitted using untied.
- The co-branded SMART version in cooperation with Santander UK was shortlisted and highly commended in relation to 'Best Fintech Partnership' in the Banking Tech Awards of 2021.
- untied and tomato pay's joint POC utilising Variable Recurring Payments (the next generation of Open Banking payments) and untied's tax engine won an award from UK Finance/Open Banking World/ Ozone.

2020

- tomato pay launched an instant payments app with QR-code based revenue collection helping SMEs stay on top of their cashflow.
- Strengthened leadership teams within both tomato pay and untied with strong, recognisable names from the SME banking and payments industries.

COMMITMENT 3 – Help SMEs to take control of their customer payment terms by providing them with powerful tools to help incentivise payments.

- **Develop and scale the SMART proposition Revenue management proposition to include:**
- **Tax impact integration by May 2021**
- **Collection, invoicing tools and cash management tools by June 2021**
- **Dynamic discounting by September 2021**
- **Aiming to initiate £70m of Open Banking (PIS) payments by December 2024**

We are largely on track with this commitment. The Tax impact integration module was launched in Q1 2022. Collection, invoicing tools and cash management tools were delivered successfully in June 2021. In Q4 2021, the dynamic discounting feature was launched successfully as per plan.

The total gross transaction value initiated via Open Banking (PIS) payments currently stands at just over £2.6m and we expect this to increase as the partnerships we are currently working on as well as

establishing come into fruition in the upcoming months.

COMMITMENT 4 – Distribute a simple, scalable and affordable method for SMEs to anticipate, prepare and submit tax.

Develop and scale SMART Cost (tax) management proposition to include:

- **Open-Banking driven personal income tax management and optimisation with a focus on sole traders and with support for other income sources. Integration with HMRC via self-assessment and Making Tax Digital. Built-in submission of personal income tax filings at launch by December 2020**
- **Third party tax calculator APIs allowing banks and others to integrate tax by December 2020**
- **Aiming to submit 25,000 tax returns by December 2024**

We are partially on track with this commitment. HMRC's Making Tax Digital programme was a major factor in the SMART tax capability; however, due to HMRC challenges these have led to high levels of uncertainty and delays of at least five years for the core audience we were building for. This means that SMART's tax return targets will be missed as it is now anticipated that for SMEs MTD will only be available in 2028 as opposed to 2023. There is now much smaller commercial opportunity and much higher risk for developers.

SMART was launched in December 2020 including Open Banking driven personal tax management for sole traders, the integration with HMRC and built-in submission of personal income tax filings.

The third-party tax calculator APIs were also launched in December 2020.

SMART has met its commitment in terms of integration. We have a partner using our APIs to file personal tax returns (with an estimated volume of 1,200 returns for January 2023). We have also worked with accounting firm Armstrong Watson to launch tax4doctors.co.uk, a vertical-focused implementation of untied with particular focus on the needs of doctors. This went live at the end of December 2022 and has been approved by the MDU (Medical Defence Union) and Medics Money.

COMMITMENT 6 – Commit to promoting diversity and jobs nationally.

- **This initiative commits to creating 22 jobs across software development, product management, data science, partnerships and sales by December 2022**
- **Empower underrepresented groups with exceptional employment opportunities targeting 50% of these positions outside London, by December 2022**
- **At least 10 paid internships will also be available by December 2024 to support mentoring and training young talent to succeed in the tech world**

We are on track to deliver this commitment. Across tomato pay and untied, we have already created 23 jobs with 50% located outside of London. Across the two businesses, 5 paid internships have already been created.

COMMITMENT 7 – Co-investment

Fractal and untied will boost the delivery of SMART (created using C&I funding) by adding £1 from our own finances to every £1 received from BCR by December 2024.

In Q1 2023, the total contribution of £96,963 went towards the co-investment. Commercial and strategic partnerships are expected to continue covering co-investment over the coming quarters, and the anticipated traction will also assist with external fundraising.