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## SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

### CONTENTS

	Page
Chairman's letter and Chief Executive report	1
Condensed consolidated statement of comprehensive income	5
Condensed consolidated statement of financial position	6
Condensed consolidated statement of changes in equity	7
Condensed consolidated statement of cash flows	8
Notes to the financial statements	9

# SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

## CHAIRMAN'S LETTER AND CHIEF EXECUTIVE'S REPORT

FOR THE 12 MONTH PERIOD ENDED 31 MARCH 2020

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### 1. Chairman's letter

The highlight for Supply@Me Capital Plc (the **Company** or **SYME**) in the 12 months to 31 March 2020 was the successful acquisition, via a reverse takeover, of Supply@Me S.r.l. and a Main Market Listing on the London Stock Exchange just prior to the period end.

Previous to this, the Company (formerly named Abal Group Plc) traded on London's Alternative Investment Market (**AIM**). Pursuant to AIM Rule 15, the Company became a cash shell on 5 February 2019 following the completion of the disposal of its core operating business (known as Imaginatik), and trading in the Company's shares was subsequently suspended on 6 August 2019. On 27 September 2019 the Company announced that it had entered into a conditional sale and purchase agreement to acquire the entire issued share capital of Supply@Me Srl. Cancellation of the admission to trading of the Company's ordinary shares on AIM took effect on 7 February 2020, in accordance with AIM Rule 41. The Main Market Listing of SYME successfully completed on the 23 March 2020, eight days before the end of this reporting period.

SYME is an early stage "FinTech" business which delivers an innovative technology platform for inventory monetisation that enables a wide range of manufacturing and trading customers to improve their working capital position by releasing capital from their inventory stock. SYME matches the working capital needs of its customers with capital invested by its inventory funders. Investors in SYME shares gain exposure to the fee income generated by the platform from inventory monetisation. Inventory funders invest in instruments that are secured on inventory portfolios. The companies that can benefit from the SYME system are found across a wide range of industry sectors including wholesale, retailing and general industrials.

Notwithstanding the COVID-19 backdrop, the Board believes that SYME's customer base remains strong and that the demand for inventory monetisation is growing. Whereas Just In Time (**JIT**) inventory strategies were previously the standard for manufacturing and trading businesses, increasingly following COVID-19, many such businesses are consciously choosing to build inventory to avoid supply chain shortages and subsequent loss of trade. Manufacturing locally rather than thousands of miles away and increasing inventory held may become the new norm. The Company is aware that retailers both on and offline are seeking suppliers who can guarantee inventory levels through a combination of in-house manufacturing, local production capabilities and higher levels of stock held. This is positive development for SYME's business model as companies will look to monetise the higher volumes of stock being held.

The impact of COVID-19 on the inventory funding market is more difficult to interpret, especially as interest rates are currently at historic lows. SYME's inventory investment asset will offer a relative positive margin compared to interest rates and many other rate linked investments. However, investors are undoubtedly more cautious, being less willing to move quickly into new asset classes, so the risk premium attached to alternative investment products has increased to reflect this. This theme will be developed in the Chief Executive's report.

Despite COVID-19 we still remain extremely confident for the future but as a result of the approximate three to four month delay to our business plan caused by COVID-19 we are having to push back our forecasts with a consequential impact on market expectations.

### 2. Chief Executive report

The reverse take over (**RTO**) of Supply@Me S.r.l. into Abal Group Plc completed in March this year. In the three months since and in the midst of the COVID-19 pandemic, the Company has continued to gain traction from its Inventory Monetisation Platform (**Platform**): SYME has been focused on managing its booked inventory customer portfolio (**Originated Portfolio**) and progressing inventory funding initiatives (**Inventory Funding**).

Although the Company listed successfully in the midst of the COVID-19 pandemic, this has undoubtedly had an impact, especially on the main operating company, Supply@Me S.r.l. which currently trades exclusively in Italy.

Performance in the remaining six months of the new financial reporting period to September 30 2020 will very much depend upon the success of European and domestic measures taken to combat COVID-19 and their impact on the Italian economy and capital markets.

#### Operational performance

On completion of the March RTO SYME reported funds raised by way of a placing of new ordinary shares of £2.24m (before expenses). The Company has utilised part of these proceeds, pursuant to its strategy, to reinforce and develop its group structure including the recruitment of a number of key personnel in strategic functions (eg enterprise risk management), legal and technology investments related to the Platform, communications (PR and IR) and development costs for the inventory funding programme.

#### Client Companies: Originated Portfolio

The Originated Portfolio is defined as comprising a pipeline of prospective contracts that have been originated with client companies. At the date of the RTO the Originated Portfolio stood at €972m and currently stands at €1.43bn.

At the date of this statement there are €555m of client companies ready to be served / for execution. We expect a significant proportion of these to be monetised once Inventory Funding has been secured.

As outlined in the Chairman's letter, SYME anticipates higher levels of demand for its services as the structure of the supply chain moves to the new norm of higher inventory levels.

#### Funders: Inventory Funding

The Inventory Funding process delivers the capital that enables the Platform to monetise its customers' inventory.

#### First Securitisation Programme

On 22 April 2020, SYME announced that it intends to issue a series of asset-backed securities secured against inventories purchased directly by SYME's special purpose vehicles. The objective this securitisation programme is to cover, within 12 months and through multi-issuances, the whole of SYME's current Originated Portfolio. This is subject to continual review as we monitor how institutional investors react to moving into a period coming out of lockdown.

SYME targeted Q2-Q3 2020 for its first note issuance. However, the COVID-19 pandemic and resultant heightened levels of uncertainty in capital markets, the increased cost of capital and extended decision-making processes by investors, have meant that this issuance inherently carries with it greater uncertainty of concluding within Q3 2020, and an increased probability that it could slip into Q4 2020. There will inevitably be an impact on the rollout of our business plan and our forecasts by three to four months and market expectations should adjust accordingly.

The Directors, however, remain firmly committed to working on all initiatives to secure appropriate funding as soon as possible.

#### Multi-channel funding strategy

In its Prospectus published in March the Company outlined its strategy is to develop a number of funding opportunities such that over time it will gain a diversified group of funders across a range of investment programmes.

To accelerate the delivery of the Inventory Monetisation service relating to the Originated Portfolio, in addition to the securitisation programme, the Company is progressing bridge financing lines secured on inventory with alternative lenders / funders. Discussions have been started with various other strategic funding partners.

#### **Prospectus milestones**

In addition to the Originated Portfolio and Inventory Funding objectives, the key 2020 milestone noted in the Prospectus was to commence operations in its first new geographical market outside of Italy, by the end of Q3 2020. The Company confirms it is in discussions to launch inventory monetisation operations in the UK.

#### **Technology Infrastructure**

SYME is headquartered in London with a subsidiary in Milan. The core technology team is based in Milan. Supply@ME Srl announced on 1 August 2019 a strategic partnership with SIA SpA which is currently the core provider of the distributed ledger technology (**SIAchain**) with respect to all the software modules of the Inventory Monetisation Platform. SIA SpA is a European leader in the design, creation and management of technology infrastructure for Financial Institutions.

The Inventory Monetisation Platform accordingly aims to target the same high-level standards of resiliency managed infrastructure, at the date, by SIA with reference to its global technology infrastructure.

#### **Financial performance**

Turnover in the twelve months to 31 March 2020 increased to £416k (£241k : 2019). This resulted in a gross profit of £26k (£145k : 2019). Exceptional costs of £224m have been written off as a result of the treatment of goodwill and the accounting for the transaction.

Material items within the consolidated statement of financial position which merit comment include the following:

Prior to the completion of the reverse acquisition, the current directors considered Supply@Me Capital plc did not meet the definition of a business in accordance with IFRS 3. Consequently, the reverse acquisition has not been accounted for as a business combination, but as a share based payment.

On 23 March 2020, Supply@Me Capital plc completed the following transactions, details of which are disclosed in the prospectus dated 4 March 2020 (the Prospectus):

- reverse acquisition of Supply@Me S.r.l., a company registered in Italy;
- placing of 331,604,094 shares; and
- admission to the Official List and trading on the London Stock Exchange's Main Market.

The transaction was effected by way of the issue of consideration shares. Due to Supply@Me Capital plc effectively having no substance, and that Supply@Me S.r.l. was acting as the parent company, the consolidated Group is accounted for as a capital reorganisation rather than a business combination. These interim financial statements have been prepared, in consultation with our accountants, on the basis that Supply@Me S.r.l. is the accounting acquirer and Supply@Me Capital plc the accounting acquiree.

As such, from an accounting perspective, the previous comparatives, and any results prior to 23 March 2020 of Supply@Me Capital plc have not been presented and the assets and liabilities of Supply@Me S.r.l. have been recorded in the consolidated financial statements at their pre-combination amounts.

This accounting policy is different to that set out in the Prospectus dated 4 March 2020 in relation to the reverse takeover. In the Prospectus, the unaudited pro-forma financial information accounted for the transaction under IFRS 3 as a Business Combination as described in section 2 of the Notes to the Financial Statements.

The financial results of Supply@Me S.r.l. are included using its original accounting year end namely 31 December as per IFRS 10, relating to non co-terminous year ends.

SYME recently changed its accounting reference date to 30 September as announced in the RNS dated 23 June 2020. This change is in line with the Board's intended strategy to align the accounting reference date to the operations of the Group, which in turn is aligned with the working capital cycles of our customer base, being manufacturing companies that tend to build up stocks during the year. The Group will publish audited accounts for the 18-month period from 1 April 2019 to 30 September 2020. Thereafter, interim and annual reports will be published each year for the 6 months to 31 March and 12 months to 30 September respectively.

#### **Directors' Responsibility Statement**

The Directors are responsible for preparing the interim financial statements in accordance with applicable law and regulations. A list of current directors is maintained on the Group's website: <https://www.supplymecapital.com>.

The Directors confirm that, to the best of their knowledge, the interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4 R.

The Directors further confirm that the interim financial statements include a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors have shared all the relevant working papers with their accountants and auditors.

However in accordance with the FCA's Disclosure and Transparency Rule 4.2.9(2), the Directors confirm that these interim condensed consolidated financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

#### **By Order of the Board**

Alessandro Zamboni

Chief Executive Officer

**SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE 12 MONTH PERIOD ENDED 31 MARCH 2020**

	Notes	12 months to 31 March 2020 £ '000	Year ended 31 March 2019 £ '000
Revenue	4	416	241
Cost of sales		(390)	(96)
<b>Gross profit</b>		<b>26</b>	<b>145</b>
Administrative expenses		(725)	(130)
Exceptional costs	5	(224,478)	-
<b>Operating profit / (loss)</b>		<b>(225,177)</b>	<b>15</b>
Finance costs		(132)	-
<b>Profit / (loss) before tax</b>		<b>(225,177)</b>	<b>15</b>
Taxation	6	(90)	(4)
<b>Profit / (loss) for the period / year</b>		<b>(225,267)</b>	<b>11</b>
Earnings per share (pence)	7	(8.95)	n/a
	Notes	12 months to 31 March 2020 £ '000	Year ended 31 March 2019 £ '000
Profit / (loss) for the period / year		(225,267)	11
<b>Other comprehensive income</b>			
Foreign operations FX translation		6	-
<b>Total comprehensive profit / (loss) for the period / year</b>		<b>(225,261)</b>	<b>11</b>

**SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2020**

	Notes	31 March 2020 £ '000	31 March 2019 £ '000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	8	683	373
Investments		-	-
		683	373
<b>Current assets</b>			
Trade and other receivables		1,781	293
Cash and cash equivalents		1,848	2
		3,629	295
<b>Total assets</b>		<b>4,312</b>	<b>668</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	9	5,420	142
Reserves	10	(4,642)	12
		778	154
<b>Current liabilities</b>			
Trade and other payables		3,481	514

Derivative financial instruments	53	-
	<u>3,534</u>	<u>514</u>
<b>Total equity and liabilities</b>	<b><u>4,312</u></b>	<b><u>668</u></b>

**SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE 12 MONTH PERIOD ENDED 31 MARCH 2020**

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	Share capital £ '000	Share premium £ '000	Other reserves £ '000	Merger reserves £ '000	Foreign currency reserves £ '000	Retained earnings £ '000	Total £ '000
B/f as at 1 April 2018	139	-	-	-	-	-	139
FX translation	3	-	-	-	-	-	3
B/f as at 1 April 2018 post FX translation	142	-	-	-	-	-	142
Profit for the year	-	-	-	-	-	11	11
FX translation differences	-	-	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	-	-	11	11
<b>C/f as at 31 March 2019</b>	<b>142</b>	-	-	-	-	<b>11</b>	<b>11</b>
FX translation	(8)	-	-	-	-	(1)	(9)
B/f as at 1 April 2019 post FX translation	134	-	-	-	-	10	144
Loss for the period	-	-	-	-	-	(225,267)	(225,267)
FX translation differences	-	-	-	-	6	-	6
Total comprehensive loss for the period	-	-	-	-	6	(225,267)	(225,261)
Reverse takeover of Supply@Me S.r.l.	5,286	235,317	38	135	-	(14,881)	225,895
<b>C/f as at 31 March 2020</b>	<b>5,420</b>	<b>235,317</b>	<b>38</b>	<b>135</b>	<b>6</b>	<b>(240,138)</b>	<b>778</b>

**SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE 12 MONTH PERIOD ENDED 31 MARCH 2020**

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	12 months to 31 March 2020 £ '000	Year ended 31 March 2019 £ '000
<b>Cash flows from operating activities</b>		
Profit / (loss) before income tax	(225,178)	16

FX translation of foreign entities	3	-
Amortisation	113	93
Deemed costs of listing in reverse acquisition	224,478	-
(Increase) /decrease in trade and other receivables	(852)	(245)
Increase / (decrease) in trade and other payables	1,167	466
Other decreases / (increases) in net working capital	266	(12)
Cash flows from operations	3	318
Income taxes paid	-	-
<b>Net cash flows from operating activities</b>	<b>3</b>	<b>318</b>
<b>Cash flows from investing activities</b>		
Cash from Abal plc	105	-
Purchase of intangible assets	(442)	(466)
<b>Cash flows from investing activities</b>	<b>(337)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Increase / (decrease) in short term bank loans	(2)	2
New loans	292	6
Net proceeds from issue of shares	1,896	142
<b>Cash flows from financing activities</b>	<b>2,186</b>	<b>150</b>
<b>Net movement in cash and cash equivalents</b>	<b>1,846</b>	<b>2</b>
Cash and cash equivalents as at 1 April	2	-
<b>Cash and cash equivalents as at 31 March</b>	<b>1,848</b>	<b>2</b>

## SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTH PERIOD ENDED 31 MARCH 2020

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#### 1. Company information

Supply@Me Capital plc is a public limited liability company incorporated in England and Wales. The address of its registered office 27/28 Eastcastle Street, London, W1W 8DH, United Kingdom. Supply@Me Capital's shares are listed on the London Stock Exchange.

The Interim Financial Statements have been approved for issue by the Board of Directors on 30 June 2020.

#### 2. Basis of Preparation

The Interim Financial Statements are for the 12 months ended 31 March 2020 and are presented in Sterling, which is the functional currency of the Group. They have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2019.

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 March 2019, with the exception of the policies noted below.

In accordance with IFRS 10 Consolidated Financial Statements, the condensed consolidated financial statements include the financial results of Supply@Me S.r.l. at the accounting reference date of 31 December 2019 (2019 - 31 December 2018) as it is impracticable to present financial data as at 31 March for the purposes of these interim financial statements. Supply@Me S.r.l. is shortening the year end to 30 September 2020 so as to be co-terminous with Supply@Me Capital plc in the consolidated financial statements for the period ended 30 September 2020.

Prior to the completion of the reverse acquisition, as disclosed in note 3, the current directors considered Supply@Me Capital plc did not meet the definition of a business in accordance with IFRS 3. Consequently, the reverse acquisition has not been accounted for as business combination, but as share based payment.

#### Significant changes in accounting policies

##### Revenue recognition

Revenues are recorded net of returns, discounts and rebates as well as directly related taxes connected to the provision of services.

Revenues for services are recognised on the basis of performance and in accordance with the related contracts. Revenues relating to contract work in progress are recognised proportionately with the progress of the works.

Revenue is deferred where it relates to the provision of future services and is subsequently recognised when key milestones are reached.

##### Intangible assets

Intangible assets are recognised at their cost price plus any associated costs of bringing the asset into use. Development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred.

Amortisation begins from the month the asset is brought into use at the following rates:

Acquisition of company branch	20% straight line
Software development	20% straight line
Research and development	20% straight line
Legal project development	20% straight line
Website and marketing	20% straight line

At the end of each accounting period the Group assesses the recoverable amounts of intangible assets. Where there is an indication of impairment, an impairment loss is recognised for the amount by which the assets carrying value exceeds its recoverable amount. Impairment losses are recognised in the profit and loss.

#### New and revised accounting standards and interpretations

IFRS 16 Leases became effective for annual periods beginning on or after 1 January 2019. The Directors have considered the impact of this new standard in the preparation of these interim statements. At this time, the group does not have any lease arrangements and therefore no adjustments are considered necessary as a result of this new standard.

### 3. Significant changes in the current reporting period

On 23 March 2020, Supply@Me Capital plc completed the following transactions, details of which are disclosed in the prospectus dated 4 March 2020:

- reverse acquisition of Supply@Me S.r.l., a company registered in Italy;
- placing of 331,604,094 shares; and
- admission to the Official List and trading on the London Stock Exchange's Main Market (Standard list).

Shares were issued pursuant to the reverse acquisition of Supply@ME Srl on the basis of an independent professional valuation commissioned by the Board on behalf of the Company that ascribes to such consideration shares an issue price of £0.006945 per consideration share as described in the prospectus.

The transaction was effected by way of the issue of consideration shares. Due to Supply@Me Capital plc effectively having no substance, and in fact Supply@Me S.r.l. was acting as the parent of the Group, the consolidated Group is accounted for as a capital reorganisation rather than a business combination. These interim financial statements have been prepared on the basis that Supply@Me S.r.l. is the accounting acquirer and Supply@Me Capital plc the accounting acquiree.

As such, from an accounting perspective, the previous comparatives, and any results prior to 23 March 2020 of Supply@Me Capital plc have not been presented and the assets and liabilities of Supply@Me S.r.l. have been recorded in the consolidated financial statements at their pre-combination amounts.

### 4. Revenue and operating segments

There is one continuing class of business, being the investment in the financial technological sector. Given that there is only one continuing class of business, operating within Italy no further segmental information has been provided.

### 5. Exceptional costs

	12 months to 31 March 2020	Year ended 31 March 2019
	£ '000	£ '000
Deemed cost of listing	<u>224,845</u>	-

As explained in note 2, the reverse acquisition of Supply@Me S.r.l. does not meet the requirements of IFRS 3 Business Combinations so has been accounted for under IFRS 2 Share Based Payments. Under IFRS 2, the "goodwill" element of the transaction is expensed as the deemed costs of obtaining the listing.

### 6. Taxation

Income tax liabilities for the period to 31 March 2020 have been estimated at the prevailing rates applicable in each jurisdiction.

### 7. Earnings per share

The calculation of the Basic earnings per share (EPS) is based on the loss attributable to equity holders of the parent for the period of £225,267,000 divided by the weighted average number of ordinary shares in issue of 2,516,584,573. No EPS comparative is provided as the share capital of Supply@Me S.r.l. is not made up of distributable shares.

### 8. Intangible assets

	Acquisition of company branch	Software development	R&D	Legal project development	Website and marketing	Total
<b>Cost</b>						
At 1 April 2019	461	-	-	-	-	<b>461</b>
Additions	-	189	159	88	26	<b>462</b>
At 31 March 2020	<u>461</u>	<u>189</u>	<u>159</u>	<u>88</u>	<u>26</u>	<b><u>923</u></b>
<b>Amortisation</b>						
At 1 April 2019	115	-	-	-	-	<b>115</b>
Charge for the year	69	4	14	5	2	<b>94</b>
At 31 March 2020	<u>184</u>	<u>4</u>	<u>14</u>	<u>5</u>	<u>2</u>	<b><u>209</u></b>
<b>Net book value</b>						
At 31 March 2020	<u>277</u>	<u>185</u>	<u>145</u>	<u>83</u>	<u>24</u>	<b><u>714</u></b>
At 31 March 2019	<u>346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>346</u></b>

### 9. Share capital

Allotted, called up and fully paid shares

	2020	2019
	No. £ '000	No. £ '000
Ordinary shares of £0.00002 each	32,754,944,590	655
Deferred shares of £0.04 each	63,084,290	2,523
2018 deferred shares of £0.009998 each	224,193,710	2,241
Capital of Supply@Me S.r.l.	-	-
Total	<u>33,042,222,590</u>	<u>5,420</u>

#### New shares allotted

On 23 March 2020, the Group completed a reverse acquisition transaction with Supply@Me S.r.l. It was considered that Supply@Me S.r.l. was the accounting acquirer in the transaction and so the comparative share capital is that of Supply@Me S.r.l. Upon completion of the transaction, the share capital of Supply@Me Capital plc has been disclosed, to represent that of the legal acquirer. 32,322,246,220 ordinary shares were issued as consideration.

Also on 23 March 2020, 331,604,094 ordinary shares were issued through a placing which raised gross proceeds of £2,240,000.

### 10. Reserves

Analysis of the movement in reserves is disclosed in the Statement of Changes in Equity on page 7.

### 11. Related party transactions

With reference to the RTO as detailed in the prospectus, the following are treated as related parties:

**The AvantGarde Group SpA**

The AvantGarde Group currently holds 72.95 per cent of the shares in Supply@Me Capital plc.

Previous to the date of the RTO:

- The AvantGarde Group SpA had provided a loan to Supply@Me S.r.l. of £318,049. As at 31 March 2020 the amount due to The AvantGarde Group SpA was £318,049 (2019 - £nil); and
- The AvantGarde Group SpA had paid various costs on behalf of Supply@Me S.r.l. As at 31 March 2020 the amount due to The AvantGarde Group was £204,556 (2019 - £154,671).

The shareholders of the AvantGarde Group SpA are as follows:

- **iWEP Ltd, iWolf Ltd and White Amba LLP**  
iWEP controls more than 20 per cent. of the share capital of The AvantGarde Group and is wholly owned by iWolf and White Amba. The beneficial owner of iWEP, iWolf and White Amba is Dominic White.
- **Orchestra Group, AZ Company Srl and AvantGarde 4.0 Srl**  
Orchestra Group SpA controls more than 20 per cent. of the share capital of The AvantGarde Group SpA and is controlled by AZ Company Srl and AvantGarde 4.0 Srl.
- **Finance Partners Group SpA**  
Finance Partners Group SpA owns 17.66 per cent of The AvantGarde Group SpA.

**Eight Capital Partners Plc**

Eight Capital Partners Plc is a current shareholder in the Company, holds a 40 per cent interest in Finance Partners Group SpA and additionally has Dominic White on its Board.

**Epsilon Capital Ltd**

Epsilon Capital, is a wholly owned subsidiary of Eight Capital Partners Plc and conducted the placing for the RTO.

**Dominic and Susan White**

Dominic White is on the Board of The AvantGarde Group as well as holding numerous directorships across companies that are related parties (iWEP Ltd, iWolf Ltd, White Amba LLP and Eight Capital Partners Plc).

**Alessandro Zamboni**

Alessandro Zamboni is on the Board of The AvantGarde Group SpA as well as holding numerous directorships across companies that are related parties (AZ Company Srl).

**12. Dividends**

During the twelve month period to 31 March 2020, the Company did not pay a dividend.

The Directors do not foresee a dividend being payable in the next financial year as the Group will be concentrating on growing its market share and enhancing its technology and capabilities.

**13. Going Concern**

The financial statements have been prepared on a going concern basis following an assessment by the Directors.

When making this assessment the Directors have taken into consideration the substantial, downward movements in world equity markets since late February 2020. Market volatility and uncertainty is expected to continue for some time, due to the COVID-19 and the effect of measures taken to combat it.

Having conducted cash flow and working capital projections, taking account of the impact of further possible adverse changes in the current economic climate, the Directors are satisfied that the Group is able to manage its current business risks.

Accordingly, the Directors do not believe a material uncertainty currently exists that would have an effect on the going concern of the Group and have prepared the financial statements on a going concern basis.

Clearly, as an early stage business, SYME's financial strength depends on two key factors: Inventory Funding and matching this funding to an inventory customer base. Its ability to continue as a going concern will be determined by its success in these two areas.

**14. Principal Risks and Uncertainties**

Following the onset of the COVID-19 pandemic, we implemented a number of business continuity measures. In particular, following the Government announcement on 24 March 2020 that the public should not leave homes to travel to work if they could work at home, we limited office attendance to short visits by essential IT colleagues and other key workers necessary to maintain the continuity of operations and systems. All other staff support the business through remote home working.

The pandemic has created many uncertainties and we have adapted the business rapidly to reflect the sudden change in its risk profile. This has resulted in changes to our operational risk profile. However, in other respects the key risks and uncertainties associated with our strategic objectives remain broadly the same. An overview of those risks, along with the associated risk management and controls, follows:

***Increased operational risk***

The remote working of staff and the inaccessibility of the Group's normal offices in Italy and London presents heightened operational risks. The extent of use of remote IT access has increased threat of external fraud and cyber-attack. Our critical business services have been reviewed and, in some instances, it has been necessary to amend the usual routines and procedures.

***Early-stage business***

Supply@ME is still at an early stage of its development and has not generated material revenues from its operations to date. The generation of revenues is difficult to predict and there is no guarantee that the Group will generate significant revenues in the foreseeable future. There are a number of operational, strategic and financial risks associated with early stage companies. Supply@ME faces risks frequently encountered by smaller, growing companies seeking to bring new products and services to the market. There can be no assurance that the prospective agreements being discussed with potential funders will complete at the expected level or at all, which would materially and adversely affect Supply@ME's ability to provide its inventory monetisation service, or even if such funding were to be forthcoming, there can be no assurance that sufficient numbers of corporate customers would use the service to assure Supply@ME's growth or viability in the future.

***If the Group is unable to maintain or increase originations through its Platform or if existing customers or funders do not continue to participate on its Platform, its business, results of operations, financial condition or prospects will be adversely affected.***

To grow its business, the Group must increase originations through its Platform by attracting and retaining new and existing trading and manufacturing companies who meet its working capital needs in the different territories where the Group intends to operate, as well as new and existing funders interested in investing into Supply@ME's securitisation notes.

The Group's operations are also reliant on sufficient investor funding. The Group's ability to attract funders to its Platform and secure sufficient funding from investors depends on, among other things, its ability to provide attractive investor returns and corresponding appropriate liquidity, compliance with the terms and conditions of funding agreements with investors.

Any of these events could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

***The Group's success and future growth depend significantly on its successful marketing efforts, increasing its brand awareness, and its ability to attract new funders and customers.***

Supply@ME's current business model involves the substantial majority of its funders and customers being acquired via direct and indirect channels. The Group's success and future growth therefore depend significantly on its marketing and sales efforts and its ability to attract new customers to the Platform. The Group intends to dedicate significant resources to its marketing efforts, particularly as it continues to grow and expand into new territories. The Group's ability to attract funders and customers (trading and manufacturing companies) depends in large part on the success of these marketing efforts and the success of the marketing channels the Group uses to promote its Platform.

***The supply chain financing market is competitive and evolving.***

Although Supply@ME provides an alternative platform focused on inventory monetisation (the innovation is that, for customers the transaction is not, strictly speaking, a financing transaction), the Group competes with lenders and lending platforms, as well as financial products, that attract borrowers, investors or both. With respect to borrowers, the Group primarily competes with traditional financial institutions, such as banks, asset based lenders, online platforms and captive networks. With respect to investors, the Group primarily competes with other investment vehicles and asset classes offered by a large number of financial and other institutions.

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**Cautionary Statement**

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