RNS Half-year/Interim Report

Interim Results for the 6 months to 30 June 2020

SUPPLY@ME CAPITAL PLC

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SUPPLY@ME CAPITAL PLC
(PREVIOUSLY ABAL GROUP PLC)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020

SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

COMPANY INFORMATION

Directors	Enrico Camerinelli Susanne Chishti Dominic White Alessandro Zamboni

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SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

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SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

CHIEF EXECUTIVE'S REPORT

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020

Current business activity

The Supply@ME platform ("Platform") aligns Client companies (manufacturing and trading companies) seeking to monetise part of their inventory for cash, with Inventory funders (banks, financial institutions and investment funds). The Inventory funders invest through the Platform into portfolios of inventory assets through multiple funding routes including Securitisation Vehicles.

1. Inventory funding programme

The Company is developing three routes to funding its monetisation service.

i) Open-Funding

Open-Funding is raising capital for Inventory Monetisation through securitisation vehicles or other third-party financing facilities.

Client Companies are sourced by Supply@ME via its commercial partners.

There are currently two Open-Funding structures being marketed.

The first Open-Funding structure is an inventory-backed securitisation note programme, arranged and distributed by StormHarbour Securities LLP. The second Open-Funding structure is a Shariah compliant investment product. This widens the potential investor base for the inventory monetisation platform to include the Islamic Finance Industry.

The Open-Funding objective is to create an entirely new Inventory Monetisation investment asset class that reflects best practice operating and structuring principles in the securitisation and Shariah markets, and more generally in the asset management sector. This aims to deliver repeatable and scalable investment products for subsequent rounds of inventory monetisation transactions.

Separate announcements will be made, as appropriate, regarding the final stage of the first securitisation transaction and the first round of the Shariah funding..

ii) Captive-Funding

Captive-Funding is gathering financing through a strategic "captive" relationship with a bank. The bank (the "Bank"), located in Europe, is in the process of being acquired by a partnership between the Company's shareholders, The AvantGarde Group S.p.A. ("Co-investor"), and Quadrivio Group and its institutional investment fund "Industry 4.0" (the "Financial Partner").

Client Companies are sourced by Supply@ME, via its commercial agreements, the Bank and potentially the wider network of Quadrivio Group and its Partners.

The Bank will be owned by the Financial Partner and the Co-investor and will be independent of Supply@ME. The Financial Partner has committed to recapitalise the Bank. The Company will not be a shareholder and has no costs relating to the transaction. Supply@ME will, however, be the main beneficiary of the acquisition which will provide funding through the Platform via a "banking as a service" model.

iii) Self-Funding

Self-Funding is raising capital through banks and other institutions ("Self-Funders") that also offer the Inventory Monetisation service directly to their customers, such that the banks and their client base can benefit from the systems, assessment, and monitoring processes of Supply@ME's Platform.

Client companies are sourced by the Self-Funders.

The Company is now working with several Banks across the jurisdiction it is now ready to serve (Italy, UK, UAE) in order to design an integrated service model, and is also considering the upcoming key role of the Captive Bank as anchor Inventory funder.

Furthermore, discussions are in place with a number of Insurance Companies in order to create:
- a financial guarantee in favour of the Inventory Funders through the Platform;
- a dedicated inventory insurance product aimed at generating a new revenue stream for the Company.

The overall objective of the multiple funding channels is to support a continuous inventory monetisation programme with monthly transactions. In this regard, as well as completing the first Open-Funding securitisation transaction, the Company expects to have delivered on Captive-Funding and Self-Funding initiatives by the end of the first quarter of 2021.

2. Client Company origination

The portfolio of Client Companies continues to grow and now includes mid-cap and large-cap businesses from Italy, the UK and MENA regions.

Gross origination of Client companies increased 30% between September 2020 and end December 2020.

Value (Euro)	**31.3.20**	**30.6.20**	**30.9.20**	**31.12.20**
Gross origination [1]	1.22bn	1.43bn	1.64bn	2.13bn
Number of client companies	82	97	142	165

([1] "Gross origination" includes all client companies that have signed an NDA, a term sheet, or are in or have completed the onboarding process)

According to the GICS classification (www.msci.com/gics) adopted by the Company, the core key portfolio sectors are currently Materials, Capital Goods, Retailing and Food, Beverage & Tobacco.

The Client Company origination and on-boarding process is itself a revenue stream for the Company, since it generates up-front due diligence fees paid by eligible corporates whose inventory will be part of the portfolio of inventory monetised.

3. Business expansion

UK

The Company is working to make the UK a key hub for its Inventory Monetisation service as well as a "pivot" location for cross-border monetisation operations (ideal for large corporates with inventory in a number of global locations). The UK operating subsidiary, Supply@Me Ltd, has recently been established from which UK operations will be managed, including recruitment of a local executive team, sourcing Client Companies and interfacing with Inventory funders.

As announced on 30 November 2020, Supply@ME has signed agreements with two "eco-system partners" SIA Group (www.sia-group.co.uk) and ALTIMAPA Capital (www.altimapa.com). In addition, given the international expansion of the Company, it has agreed an on-going collaboration with one of the "Big Four" professional services groups that is active in the development of International Financial Reporting Standards (IFRS) relating to the multi-jurisdictional themes of Inventory Monetisation.

In relation to the Inventory Monetisation programme for UK companies, Supply@ME:
- has agreed a Heads of Terms with a global asset manager for an Inventory funding facility with a potential value up to €500m. The Platform is arranging a first portfolio of UK corporates, and
- is negotiating a memorandum of understanding with a specialised trade finance fund to benefit from synergies relating to UK Client Company origination.

MENA regions

The Company announced on 20 January 2021 that the approval of the Shariah compliant version of the Platform had been successfully completed.

Supply@Me also announced in January that it had agreed a co-operation agreement with Lenovo Financial Services, through which it will offer its Inventory Monetisation service to potential Client Companies in the region. The Company is keen to develop further Client Company sourcing partnerships to ensure that as it grows its multi-channel funding capability, it has developed in parallel an ability to source high quality Client Company inventory at volume.

Furthermore, the Company is continuing its dialogue with government parties in the region with the objective of offering the Inventory Monetisation process to certain of their sector holding companies as an add-on to their existing digital warehouse solutions.

The Company intends to establish a wholly owned subsidiary in the UAE from which local operations will be managed.

US

The Company and The Trade Advisory are progressing with the development of a first pilot Inventory Monetisation operation within the retail sector and are evaluating an opportunity to deliver an innovative inventory "in transit" monetisation model. Supply@ME is evaluating potential operating partnerships with international freight forwarding companies that could achieve this outcome.

4. Other operational considerations

Digital workplaces

The Company now has operating offices in London and Milan.

To maximise productivity during COVID-19 the Group has activated an integrated Microsoft productivity suite which allow employees, contractors and partners to work digitally across the Platform service model, including the digitised signing of contracts with the Client companies.

Production management

The system architecture of the Platform is made of several components that are managed in partnership with SIA:

- software modules focussed on the management of inventory trading and monitoring activities;
- productivity tools aimed at sharing information (data and documents) via cloud technology;
- database infrastructure aimed at storing data, also use of blockchain technology.

The Company considers its partnership with SIA (https://www.sia.eu/en) as a strategic asset, particularly considering the recent merger between SIA and NEXI that will create a €15 billion- payment giant and the largest blockchain service provider in Europe (source: fintechfutures.com).

Intellectual Property

The Company continues to evaluate further forms of intellectual property protection, in particular relating to its innovative true-sales model and related legal contract framework.

Internet-of-things

The Company, as outlined in its business plan, is exploring potential joint business alliances with Internet-of-things vendors such that it can begin to develop a unique "Internet of Inventory" tracking and monitoring product to enhance its offer.

Public relations activities

Since June 2020, in addition to Walbrook Financial PR the Company engaged Cicero/ AMO (https://cicero-group.com) as full-service communications and market research partner.

Walbrook and Cicero support the formal financial markets reporting and wider marketing and brand development activities of Supply@ME and are preparing an appropriate awareness campaign in the UK and international media once the first securitisation transaction has been completed.

Internal controls over financial reporting

In October 2020, the Company engaged with a specialised headhunter to source and appoint a permanent CFO. A short list of three highly qualified candidates hase been selected and each candidate has been interviewed.A final decision is pending.

Future prospects

As well as completing the first Open-Funding securitisation transactions, in 2021 the Company expects to launch and grow its Captive Bank and Shariah funding routes. The multi-channel Inventory funding opportunity widens the Platform's potential investor base and therefore improves its fund- raising potential.

As stated in the article "Global Supply Chains in a Post-Pandemic World" (by Willy C. Shih, the Robert and Jane Cizik Professor of Management Practice in Business Administration at Harvard Business School), when the Covid-19 pandemic subsides, the world is going to look markedly different. The supply shock that started in China and the demand shock that followed as the global economy shut down, exposed vulnerabilities in the production strategies and supply chains of firms everywhere. As a consequence, the article notes that manufacturers worldwide are going to be under greater political and competitive pressures to increase their domestic production, grow employment in their home countries, reduce or even eliminate their dependence on sources that are perceived as risky, and rethink their use of lean manufacturing strategies that involve minimizing the amount of inventory held in their global supply chains. In this regard, if alternate suppliers are not immediately available, a company will need to determine how much extra stock to hold in the interim, in what form, and where along the value chain.

The expected timing of the completion of the first inventory securitisation and growth of the multi-channel funding inventory potential fits well with this economic outlook.

This new landscape and acknowledged growth in global inventories post pandemic re-confirms the Company's belief in the large and growing international market for its inventory funding services. Supply@ME continues with its mission to become the leading global fintech operator in the Inventory Monetisation sector.

Financial performance

Turnover in the 6 months to 30 June 2020 increased to £368k (2019: £11k). This resulted in a gross profit of £368k (2019: £11k). Exceptional listing costs of £1.369k have been written off.

The material items on the consolidated statement of financial position that 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 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 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, in consultation with the Company's 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.

SYME has recently changed its accounting reference date to 31 December, as announced in a previous RNS.

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.

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.

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

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 6 MONTH PERIOD ENDED 30 JUNE 2020

	Notes	6 months to 30 June 2020 £ '000	6 months to 30 June 2019 £ '000
Revenue	4	368	11
Cost of sales		-	-
Gross profit		**368**	**11**
Administrative expenses		(1,112)	(124)
Exceptional costs	5	(1,369)	-
Operating profit / (loss)		**(2,113)**	**(113)**
Finance costs		-	-
Profit / (loss) before tax		**(2,113)**	**(113)**
Taxation	6	(29)	-
Profit / (loss) for the period / year		**(2,142)**	**(113)**
Loss per share (pence)	7	(0.01)	n/a

	Notes	6 months to 30 June 2020 £ '000	6 months to 30 June 2019 £ '000

Profit / (loss) for the period / year	(2,142)	(113)
Other comprehensive income		
Foreign operations FX translation	4	(3)
Total comprehensive profit / (loss) for the period / year	**(2,138)**	**(116)**

SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	30 June 2020 £ '000	30 June 2019 £ '000
Assets			
Non-current assets			
Intangible assets	8	1,054	321
Tangible assets		3	-
Investments		-	-
		1,057	321
Current assets			
Trade and other receivables		2,159	302
Cash and cash equivalents		892	2
		3,051	304
Total assets		**4,108**	**625**
Equity and liabilities			
Equity			
Share capital	9	5,420	142
Reserves	10	(4,418)	(104)
		1,002	38
Current liabilities			
Trade and other payables		3,058	587
Derivative financial instruments		48	-
		3,106	587
Total equity and liabilities		**4,108**	**625**

SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020

	Share capital £ '000	Share premium £ '000	Other reserves £ '000	Merger relief reserve £ '000	Reverse takeover reserve £ '000	Foreign currency reserves £ '000	Retained earnings £ '000	Total £ '000
B/f as at 1 January 2019	142	-	-	-	-	-	12	154
FX translation	-	-	-	-	-	-	-	-
B/f as at 1 January 2019 post FX	142	-	-	-	-	-	12	154

translation								
Loss for the 6 months	-	-	-	-	-	-	(113)	(113)
FX translation differences	-	-	-	-	-	(3)	-	(3)
Total comprehensive profit for the year	-	-	-	-	-	(3)	(113)	(116)
C/f as at 30 June 2019	**142**	**-**	**-**	**-**	**-**	**(3)**	**(101)**	**38**
FX translation	(7)	-	-	-	-	-	(5)	(12)
B/f as at 1 July 2019 post FX translation	135	-	-	-	-	(3)	(106)	26
Profit for the 6 months	-	-	-	-	-	-	321	321
FX translation differences	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	321	321
C/f as at 31 December 2019	**135**	**-**	**-**	**-**	**-**	**(3)**	**215**	**347**
FX translation	9	-	-	-	-	-	15	24
B/f as at 1 January 2020 post FX translation	144	-	-	-	-	(3)	231	372
Loss for the period	-	-	-	-	-	-	(2,142)	(2,142)
FX translation differences	-	-	-	-	-	5	-	5
Total comprehensive loss for the period	-	-	-	-	-	5	(2,142)	(2,137)
Placing shares	7	2,233	-	-	-	-	-	2,240
Reverse takeover of Supply@Me S.r.l.	5,269	9,252	50	223,831	(237,875)	-	-	527
C/f as at 30 June 2020	**5,420**	**11,485**	**50**	**223,831**	**(237,875)**	**2**	**(1,911)**	**1,002**

SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020

	6 months to 30 June 2020 £ '000	6 months to 30 June 2019 £ '000
Cash flows from operating activities		
Profit / (loss) before income tax	(2,113)	(113)
FX translation of foreign entities	3	(3)
Amortisation	136	59
Deemed cost of listing	1,369	-
(Increase) /decrease in trade and other receivables	(877)	-
Increase /(decrease) in trade and other payables	(3)	(141)

Other decreases /(increases) in net working capital	574	214
Cash flows from operations	(911)	16
Income taxes paid	-	-
Net cash flows from operating activities	**(911)**	**16**
Cash flows from investing activities		
Cash from Abal plc	91	-
Purchase of tangible assets	(2)	-
Purchase of intangible assets	(459)	(8)
Cash flows from investing activities	**(370)**	**(8)**
Cash flows from financing activities		
Decrease in short term bank loans	-	(2)
New loans	125	(6)
Net proceeds from issue of shares	1,896	-
Cash flows from financing activities	**2,021**	**(8)**
Net movement in cash and cash equivalents	**740**	**-**
Cash and cash equivalents as at 1 January	152	2
Cash and cash equivalents as at 30 June	**892**	**2**

SUPPLY@ME CAPITAL PLC (PREVIOUSLY ABAL GROUP PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2020

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 28 January 2021.

2. Basis of preparation

Accounting convention

The Interim Financial Statements are for the 6 months ended 30 June 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 period ended 31 December 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 period ended 31 December 2019, with the exception of the policies noted below.

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.

As a result of the reverse takeover, the consolidated financial statements for the period ended 31 December 2019 have not been included as comparative information, as the Group's activities have changed significantly and those results are not considered comparable.

Significant changes in accounting policies

Revenue recognition

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

Revenues for services are recognised on the basis of the 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 assess 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 exceed 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;
· 32,322,246,220 ordinary shares were issued as consideration;
· placing of 331,604,094 shares; and
· admission to the Official List and trading on the London Stock Exchange's Main Market (Standard list).

The consideration shares were issued 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. The placing shares were issued at the price of £0.006756 per placing share.

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.

Since the release of the interim results for the six months ended 31 March 2020, our advisors and their technical teams have amended the basis under which the consolidated accounts have been prepared. The former interim results showed a write off of £225m through the profit and loss account. Under the revised basis, this amount of £225m has been taken directly to the consolidated balance sheet reserves, as described in the Consolidated Statement of Changes in Equity.

This technical change in accounting methodology for the consolidation does not affect the net assets of the group nor does it affect the underlying trading results of the group.

The revised deemed cost of the listing under IFRS 2 of £1,369k has been charged directly to the profit and loss account as an exceptional cost.

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

	6 months to 30 June 2020 £ '000	6 months to 30 June 2019 £ '000
Deemed cost of listing	1,369	-

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 deemed costs of obtaining the listing has been expensed to profit and loss.

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 £2,142,000 divided by the weighted average number of ordinary shares in issue of 21,389,239,785. 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
Cost						
At 1 January 2020	378	194	162	90	27	**851**
Additions	52	3	-	369	34	**458**
At 30 June 2020	430	197	162	459	61	**1,309**
Amortisation						

At 1 January 2020	94	4	14	5	2	**119**
Charge for the year	45	20	17	48	6	**136**
At 30 June 2020	139	24	31	53	8	**255**
Net book value						
At 30 June 2020	291	173	131	406	53	**1,054**
At 30 June 2019	314	-	-	-	7	**321**

9. Share capital

Allotted, called up and fully paid shares

	30 June 2020		30 June 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.	-	-	-	142
Total	33,042,222,590	5,420	-	142

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 38.9 per cent of the shares in Supply@Me Capital plc as announced on 24 December 2020.

Previous to the date of the RTO:

- The AvantGarde Group SpA had provided a loan to Supply@Me S.r.l. of £325,875. As at 30 June 2020 the amount due to The AvantGarde Group SpA was £325,875 (2019 - £nil); and

- The AvantGarde Group SpA had paid various costs on behalf of Supply@Me S.r.l. As at 30 June 2020 the amount due to The AvantGarde Group was £105,925 (2019 - £225,789).

At RTO, the shareholders of The AvantGarde Group SpA were as follows:

- **iWEP Ltd, iWolf Ltd and White Amba LLP**
  iWEP controlled 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 controlled 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 owned 17.66 per cent of The AvantGarde Group SpA.

On 24 December 2020 a reorganisation of shareholdings was announced, resulting in Alessandro Zamboni becoming the sole Beneficial Owner of The AvantGarde Group

Eight Capital Partners Plc

Eight Capital Partners Plc is a current small shareholder (0.1per cent.) in the Company, holds a 28.6 per cent interest in Finance Partners Group SpA and additionally has Dominic White on its Board.

Epsion Capital Ltd

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

Dominic White

Dominic White holds directorships across companies that are related parties (iWEP Ltd and its parent companies iWolf Ltd and White Amba Investments LLP, and, Eight Capital Partners Plc).

Alessandro Zamboni
Alessandro Zamboni is the sole Director of The AvantGarde Group SpA as well as holding numerous directorships across companies that are related parties.

12. Dividends

During the 6 month period to 30 June 2020 the Company did not pay a dividend (no dividend : 2019).

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

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

The Directors have reviewed the forecast cashflows for the next 12 months and consider the Group to be a going concern.

The cashflow forecasts are based on the enlarged group following the reverse acquisition in March 2020 and therefore relate to cashflows arising from the group's Fin Tech platform that focusses on inventory monetisation facilities. The Directors have prepared the forecast using their best estimates however the company is in its start-up phase.

On the basis of the above, the directors have a material uncertainty in relation to its going concern status as noted in the recently filed financial statements for the period ended 31 December 2019. The Directors have prepared scenario-based models which include adjustments for the uncertainties noted and additional cost saving measures that could be implemented if there is a delay in the revenue generation. On the basis of these scenarios and that they are in advanced negotiations with potential investors and there has been significant interest in the product the Directors consider it appropriate to prepare the financial statements on a going concern basis. These interim financial statements do not include any adjustments that may be required if the going concern status was not considered appropriate.

The Board has also monitored closely the impact of COVID on business operations.

Impact on Client companies
SYME's Client company customer base remains strong and that the demand for inventory monetisation continues to grow. The number of Client companies being originated by SYME has grown each quarter since the Reverse Take Over in March 2020. Increasingly, following COVID-19, many businesses are consciously choosing to build inventory to avoid supply chain shortages and subsequent loss of trade, rather than keep stock levels low. This is positive development for SYME's business model as it expects that Client companies globally will look to monetise these higher volumes of stock held.

Impact on Inventory funders
The impact of COVID-19 on Inventory funders, that is the investors in the securitisation notes backed by the inventory portfolios, has been more difficult to interpret. Interest rates are at historic lows which means that investors are getting lower returns on capital compared to previous years when higher interest rates were the norm. SYME's new inventory asset class will offer a strong relative margin compared to interest rates on a risk adjusted basis. However, investors are undoubtedly more cautious and taking longer to make decisions. Time to close transactions, not only in Inventory funding, but across the investment spectrum, has increased.

The three to four month delay that SYME announced in July to its initial end September forecast to complete the first Inventory Monetisation has been the result. We are positive about the performance of the Company in the coming months as the first securitisation transaction closes, and the recently announced Captive Bank and the Shariah investment structures launch. The re-opening of the global economies as the uncertainty caused by COVID-19 dissipates will undoubtedly also help.

14. Principal Risks and Uncertainties

Brexit impacts
During the period, following the British government's decision to invoke Article 50 on 29 March 2017 (and consequent changes to the exit date), the UK left the European Union on 31 January 2020.

At this stage, the nature of the future relationship between the UK and the remaining European Union countries following Brexit has yet to be agreed and negotiations with the European Union on the terms of Brexit have demonstrated the difficulties that exist in reaching such an agreement. Depending on the terms of the negotiations, the UK could also lose access to the single European Union market and to the global trade deals negotiated by the European Union on behalf of its members. Such a decline in trade could affect the attractiveness of the UK as a global investment centre and, as a result, could have a detrimental impact on economic growth in the country. Furthermore, regardless of the form of any withdrawal agreement, there are likely to be changes in the legal rights and obligations of commercial parties across all industries following Brexit, and British regulatory requirements once outside the European Union could be subject to significant change.

Although the Group will not operate exclusively in Britain and, accordingly, the Group's success could be offset by general economic developments in other geographies, negative developments in, or the general weakness of, the British economy may negatively affect the financial conditions of the Group.

Covid-19 pandemic
Following the onset of the COVID-19 pandemic, the Group implemented a number of business continuity measures. In particular, following the UK Government announcement on 24 March 2020 that the public should not leave homes to travel to work if they could work at home, office attendance was limited 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. These measures have continued uninterrupted and are still in place.

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**

Although the Company has progressed its client company onboarding and funding activities significantly, Supply@ME is still at an "early stage". 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 through Supply@ME's multiple funding routes including securitisation notes and Shariah compliant products.

The Group's operations are 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, corresponding appropriate liquidity, and 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.

15. Contacts

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16. Cautionary Statement

These Interim Results have been prepared in accordance with the requirements of English Company Law and the liabilities of the Directors in connection with these Interim Results shall be subject to the limitations and restrictions provided by such law.

These Interim Results are prepared for and addressed only to the Company's shareholders as a whole and to no other person. The Company, its Directors, employees, agents, or advisers do not accept or assume responsibility to any other person to whom these Interim Results are shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

These Interim Results contain forward looking statements, which are unavoidably subject to risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. It is believed that the expectations set out in these forward-looking statements are reasonable, but they may be affected by a wide range of variables which could cause future outcomes to differ from those foreseen. All statements in these Interim Results are based upon information known to the Company at the date of this report. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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