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31 May 2022

Supply@ME Capital plc

(The "Company" or "SYME")

2021 Annual Financial Report

Supply@ME Capital plc, the fintech business which provides an innovative Platform for use by manufacturing and trading companies to access Inventory Monetisation© solutions enabling their businesses to generate cashflow, announces its final results for the year ended 31 December 2021.

The 2021 Annual Financial Report has been uploaded and is available on the National Storage Mechanism and is also available on the Company's website, www.supplymecapital.com.

A hard copy version of the full Annual Report and Accounts for the year ended 2021 will be dispatched to those shareholders who have elected to receive paper communications in due course and a PDF version will be published on the Supply@ME website next week.

Consolidated Financial Summary

	2021 £m	2020 £m
Total revenue	0.5	1.1
Gross (loss)/profit	(0.3)	0.4
Adjusted operating loss[1]	(4.4)	(1.4)
(Loss) before tax	(12.2)	(2.8)
Total assets	10.6	3.3
Net (liabilities)	(1.4)	(0.5)

[1]Adjusted operating loss is the operating (loss) before deemed cost of listing, acquisition related costs and impairment charges.

Operational Highlights

In-transit monetisation		
	2021	Q1 2022
Net growth in capital under management	4%	17%

The increase in the net growth in Q1 2022 is a combined increase from the existing TradeFlow USD and EURO funds. The movement was due to the volatility seen in other asset classes over this period, and the removal of travel restrictions and COVID-19 controls in many parts of the world, both of which resulted in a rise of new investors looking for fixed income alternative investments.

Warehoused Goods monetisation	
Pipeline	£164.8m

The pipeline KPI represents the current potential value of warehoused goods inventory to be monetised rather than pipeline revenue expected to be earned by the Group (being the Company and its subsidiaries). As such, this provides a good indicator of the level of demand for the Groups warehoused goods monetisation services. This pipeline represents the value as at most practical date possible prior to the issue of this annual report (being 24 May 2022).

Alessandro Zamboni, CEO, Supply@ME Capital Plc, said: "*2021 was a formative year for Supply@ME. Across the Group, we have built significant value into the business by way of technological improvements, recruiting new talent, strengthening our internal processes and the acquisition of TradeFlow Capital Management Ltd. Achieving these important milestones has laid the foundations for sustained growth going forward."*

David Bull, Non-Executive Director, Supply@ME Capital Plc, said: *"Throughout 2021, the entire team at Supply@ME worked tremendously to seize opportunities and further progress the business, despite the challenging conditions wrought by a global pandemic followed by a supply chain crisis. The numbers in 2021 are reflective of a period of building, testing, learning and futureproofing. Now, with an enhanced leadership team and significant investment into the proprietary business model and platforms, I look forward to the new dimension the business will add to the global supply chain finance landscape as it continues to grow."*

Notes

Supply@ME Capital PLC and its operating subsidiaries (together the "Group") provide an innovative fintech platform (the "Platform") for use by manufacturing and trading companies to access inventory trade solutions enabling their businesses to generate cashflow, via a non-credit approach and without incurring debt. This is achieved by their existing eligible inventory being added to the Platform and then monetised via purchase by third party Inventory Funders. The inventory to be monetised can include warehouse goods waiting to be sold to end-customers or goods/commodities that are part of a typical import/export transaction. SYME announced in August 2021 the launch of a global Inventory Monetisation programme which will be focused on both inventory in transit monetisation and warehouse goods monetisation. This program will be focused on creditworthy companies and not those in distress or otherwise seeking to monetise illiquid inventories.

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Management Report

Chief Executive Officer's Statement

The need for Supply@ME, and the need for the services which this business offers, is even greater now than when we launched on the London Stock Exchange in 2020. 2021 was a year of global crisis and disruption. Business confidence for many fell to new lows and the focus was on surviving COVID-19. Supply chains have had to be rebuilt stronger: "just in time" has given way to "just in case". This did not happen overnight. Local driver shortages have exacerbated global problems. Supply@ME has learnt considerably from the experiences of the past two years, and as a result we believe the future is very bright.

What We Built

Business confidence in 2021 stymied our progress in some areas. Like many of our shareholders and partners, I expected us to have completed several inventory monetisations by the year end. However, the impact that COVID-19 had on business priorities for our partners, and which multiple lockdowns had on the speed of decision making, was significant. While we could not control this, our business and offering are stronger with the benefit of additional time and the feedback we have been able to incorporate into the Platform. For Supply@ME, 2021 was a formative year.

We Secured Funding and Additional Investment

The proceeds from the two funding arrangements entered into during 2021 allowed the Company to complete the acquisition of TradeFlow (our first M&A deal), as well as to continue the important investment into the assets of the Group, including the intellectual property rights over the platform, and to invest in recruiting our new leadership team. The recent Capital Enhancement Plan, announced in April 2022, was fully subscribed by the longterm investor Venus Capital SA ("Venus Capital") which proved that professional investors believe in the inventory monetisation business model. We also intend to enable existing shareholders of the Company to acquire new ordinary shares on the same terms as Venus Capital. This combination of retail and institutional investment will provide the Group with both commercial and financial support for the next phase of the Group's development.

We Built Our Leadership Team

The Group's unwavering approach is to build a scalable business which exemplifies the strong regulatory requirements required of a listed company. In this regard, we believe shareholders are in good hands thanks to the experience and dedication of our Executive Directors, Alessandro Zamboni, John Collis and Thomas (Tom) James and our leadership team comprising our Chief Financial Officer, our Chief People Officer, our Group Head of Enterprise Risk Management, our Group Head of Operations and Transformation and our Group Head of Origination. Further information on our executive directors and members of our leadership team can be found on page 51 and 23, respectively, in the Company's full Annual Report & Accounts 2021. Additionally, the Company learned from, and leveraged, the deep corporate governance experience of our previous Chairman, James (Jim) Coyle. The Board and the Nomination committee are now focused on evaluating potential candidates for the Chair and Non-Executive Director positions with capabilities and experience that will complement those of the existing executive and Non-Executive Directors in order to future proof the Board as the Group enters its next stage of development.

We Completed the Acquisition of TradeFlow

The addition of TradeFlow to our Group provides the ability to offer an unrivalled inventory monetisation journey, allowing us to offer a unique, and end-to-end, inventory monetisation journey from exporters to importers, followed by a unique warehouse goods monetisation service. With a broader footprint and customer base in Singapore, TradeFlow gives us a clear launch pad for the Asian marketplace and links to key trading hubs globally.

We Clarified the Business Model

We distinguished the pure FinTech business from the inventory funding structure as the provider of each inventory monetisation transaction. Details of the current business model can be found on page 14 in the Company's full Annual Report & Accounts 2021 including those activities that are expected to be delivered by the Group in their capacity as inventory servicer, and those that are expected to be delivered by segregated stock (trading) companies which will be owned by the Global Inventory Fund (the "Fund"). While the TradeFlow acquisition complemented the existing business model, the value of what Supply@ ME has built, in terms of the technology and talent, also became apparent. Our proprietary Platform has an intrinsic value and has generated significant interest from other operators, from banks to debt funders, to improve or facilitate their own inventory backed or based facilities. Accordingly, we launched our White-label initiative at the end of August 2021. We have also invested heavily, both in terms of time and resources, upgrading the underpinning architecture and how it can avail of TradeFlow's technology within its TradeFlow+ system. Our discussions with potential inventory funders regarding the introduction of an equity line into the capital structure of each inventory monetisation led to, and was addressed by, the launch of the Fund as announced in August 2021. This Fund can serve as an equity partner as well as on a standalone basis. The Fund also leverages the funding structure of TradeFlow Capital, a further benefit to, and justification for, the acquisition.

What We Learned

As the impact of COVID-19 crystallised for many businesses, the minds of Chief Financial Officers (CFOs) at companies of every size have increasingly turned to how to survive and thrive in the 'new normal'. There is a universal need to find alternative solutions to manage the risks which the pandemic has brought about. Some of these are obvious and indeed are the same which Supply@ME was created to address. Businesses in every country in which we operate, or may wish to operate, are retaining more inventory for longer. Monetising this inventory and alleviating the increased cost holds an obvious and growing appeal.

However, there are also new risks which have arisen and gained prominence. Supply@ME is well placed to support businesses to find solutions to many of these. From working on the digitisation of operations to inventory cost optimisation and understanding client and supplier risk, the experience of the past two years has emphasised the depth of services which our platform can offer. Monetisation at the core will be combined with other services to bring us closer to our clients. There is clear evidence that the service developed by Supply@ME offers not only a means to allow corporates to sell goods but also a real commercial partnership which allows our clients to better manage their data, using this to monetise their inventory, optimise their supply chain, and so further receive value from the same information generated.

There is much more to come, and we will continue to adopt a 'test and learn' approach. We are now eager to put these lessons into practice.

Future Plans – Looking Ahead

There is now a new era of digitalisation and digitisation of supply chains. The speed at which we have reached this point has been accelerated by the recent geo-political crisis and the rise of new technology and business paradigms (such as Web 3.0).

It is clear that corporates need to improve their processes. They are having to set new objectives for their supply chains with greater focus on resiliency, risk management and efficiency – optimising inventory management and, enhancing the cash position as a key indicator for credit evaluation. In our experience, corporate treasurers are moving from a reactive approach to a more proactive and dynamic view.

For in-transit transactions, we are observing progress towards a new vision of a modernised global trade finance ecosystem, with networks and players focussed on digitalising parts of the trade and finance processes, providing a framework for digitally connecting and facilitating interoperation among these networks through sets of shared standards, processes, protocols, and guiding principles. An integral part of this new vision is the "interoperability layer", a global framework of standards and policies that enables participants in the trade ecosystem to seamlessly connect to both present and future networks.

Our Group wants to play the key role in this huge target addressable market promoting its unique business proposition:

- Through our Platform, as an enabler of an innovative commercial model which allows each Corporate to manage new strategic objectives for their supply chain management (resiliency, cash optimisation, inventory efficiency and digitisation of the trade process regarding both international and domestic trade deals); and
- For investors, generating a unique opportunity in the alternative capital markets, presenting an attractive risk/reward proposition within an innovative asset class aimed at supporting the real economy.

We believe this can be achieved along global supply chains, both during the export-to-import in-transit journey and during the warehoused goods days-in-inventory phase, when goods are stored and enabling CFOs to more efficiently manage the core assets of their business.

This can be realised and scaled, by leveraging our unique business model, underpinned by the technology and the market expertise that our team has. The positive results achieved regarding client companies' origination activities and inventory funding routes expansion are further evidence of this.

It is fair to say the financial results for the year ended 31 December 2021 do not provide the full picture of the vast amount of work that the Supply@ME team have undertaken to continue to develop the Group and the Platform for future success.

Alessandro Zamboni

Chief Executive Officer and Executive Director

The Market

The traditional supply chain funding model came under acute and intense pressure during the global pandemic. But the last two years has reinforced the viability of Supply@ME's innovative fintech solutions as COVID-19 and recent geo-political unrest expedited technological advancement in areas such as treasury, risk management and demand planning, in the face of unprecedented supply chain disruption.

Additionally, the era of companies acting as conventional creditors to meet the needs of the market is over. At Supply@ME, we are building a new inventory monetisation model that gives firms the opportunity to adopt non-credit approaches to free up digitally value from their inventories.

Our market analysis can therefore be viewed through a number of prisms: how CFOs will leverage digitalisation, new methods being used by corporates to manage their resiliency, the future global trade finance ecosystem and the alternative asset investment industry.

The Changing Market

Large Enterprises

The role of today's CFO or treasurer has been rethought in recent times and now encompasses a comprehensive approach to managing enterprise liquidity. CFOs and Treasurers now place a premium on speed and flexibility for evaluating liquidity financing alternatives. Bank-independent technology solutions are becoming the preferred model. Further, seamless integration with enterprise resource planning (ERP) systems and the ability to make swift decisions (for instance, access to financing short-term investments) based on underlying cash positions, are now priorities for large enterprises.

Building a new trusted data environment, which includes a Clients ERP data transfers, the Inventory Monetisation model invented by Supply@ME aims to create a new commercial approach to allow CFOs and treasurers to unlock value from their inventory.

Small and Medium Enterprises (SMEs)

At the same time as Supply@ME first listed on the London Stock Exchange, in March 2020, SMEs began to be negatively impacted by the outbreak of the COVID-19 pandemic. According to the OECD report Financing SMEs and Entrepreneurs 2022, over 50% of SMEs reported a significant drop in revenue and risked being put out of business in less than three months. However, the SME sector has rebounded, as we emerge from the global pandemic with new lending sources emerging as a result of government monetary policy and a renewal in business confidence.

But it is no secret that traditional banks could be doing more to serve the SME sector. There is a perceived lack of appetite to lend to these businesses, with the complexity of this lending outweighing the potential returns. Many business owners have been pushed to dip into their personal finances or forgo debt altogether. However, as businesses begin to bounce back from the impact of Covid-19 and the supply chain crisis, many are looking to invest in their operations to expedite recovery. The alternative finance sector is growing to meet this demand. Supply@ME's Inventory Monetisation service offers an improved alternative to traditional financing. Supply@ME has created a new way to support SME needs, through a unique non-credit approach.

Digital Evolution

In retrospect, the recent supply chain crisis may not have been a matter of if, but when. The "just in time" logistics model was always vulnerable to shock, but previous models relied on such a shock being easily correctable or highly unlikely. Companies' ability to forecast demand and determine how to meet it has been further challenged by the increasingly global scope of supply chains.

As companies begin to shift from this previous system to a more high-tech, digitised supply chain, companies like Supply@ME have a role to play. The unprecedented shift to new technologies forms a cornerstone of our business model - as the digital maturity of more companies increases, our system will slot in alongside them.

Resilience – The New Risk Management

Following the shocks to the existing supply chain structure, the business world has begun to pivot from risk management to resilience. McKinsey found in a 2020 survey that "just over threequarters of respondents said they planned to improve resilience through physical changes to their supply chain footprints". Repeating the survey in 2021, McKinsey found "an overwhelming majority (92 percent) said that they had done so".

The survey also revealed a shift in strategy. Many of the companies surveyed were planning a multi-branch approach to improve supply chain resilience. These steps included increases in the inventory of critical products, components, and materials, diversifying supply bases by relocating supply and production networks. As companies shift their supply chains to this new focus on resilience, they will need access to capital and to improve their inventory data analytics capabilities. Supply@ME's Inventory Monetisation service can facilitate this shift.

In-Transit Risks

The 2021 Suez Canal obstruction now seems like a minor footnote in the issues that supply chains have faced over the last few years, yet it highlights to the world the wider issue of in-transit risk. The last 12 months have reminded shippers that relying on just-in-time supply from container shipping can be risky.

Companies might begin to increase inventories and safety buffers, both at departure and arrival ports. With this added cost, many businesses might also realise that the funds locked up in their inventory could be put to better use elsewhere in their business. While the outlook for containerised logistics and global supply chains remains uncertain, businesses can turn to in-transit inventory monetisation to unlock the liquidity tied up with increased stock levels.

Risk Response Strategies

The frequency and magnitude of supply chain disruptions have been increasing dramatically in the decade preceding the war in Ukraine.

Executive teams have placed a new weight on key supply chain actions, to protect their businesses in the short term and transform their resilience over the next decade.

With the winding down of government support, companies are more aware than ever of the need to keep track of accessible liquidity. Financial institutions oil the wheels of trade, for example around 40 percent of global goods traded is supported by bank-intermediated trade finance. Despite trade finance's critical role, however, gaps in coverage have been recognized for some time, particularly for the SMEs that serve an increasingly important role in global trade.

This process has been exacerbated by the impact of the COVID-19 pandemic and is expected to continue without high-level intervention. As trade and supply chains grow more complex, SMEs face greater challenges in accessing liquidity.

In this regard, we think that the alternative investments market combined with state-of-the art fintech providers can be the solution. Supply@ME will play a key role in this space in the coming years.

The Growth of Alternate Asset Classes

Hedge Funds

The robust growth of the hedge fund sector has continued in 2022. So far this year, taking advantage of increased economic volatility and risk management, the hedge fund industry comfortably outperformed the S&P Total Return Index. In 2021, according to HFR, hedge funds delivered global

annual returns of 10.3%, the second year in succession a double-digit return was recorded. Furthermore, total hedge fund assets now exceed $4 trillion.

Accordingly, Supply@ME's business model and inventory monetisation services are well-suited to the hedge fund asset class, reinforced by the opportunity to leverage TradeFlow's experience in structuring and advising hedge funds.

Private Debt

The private debt market has also emerged from the global pandemic in a stronger condition.

Private debt funds raised a record amount of capital with fewer, yet larger, funds closing. Aggregate capital increased 14% in 2021 to $193.4 billion across 202 funds, down from 2020's 255 funds closed. Indeed, there has been a notable increase in the number of funds gathering commitments of more than $1 billion – and even as much as $10 billion – by some of private capital's largest managers.

Among investors surveyed by Preqin in November 2021, 36% said they looked to private debt for a reliable income stream, while 37% were attracted to its high risk-adjusted returns, a unique combination across private capital.

The upsurge in private debt capital and the attractive risk/returns projected by the funds advised by TradeFlow bode well for Supply@ME's future performance.

Digital assets

As an investable asset, trade finance has desirable attributes, including typically low default rates, attractive yields (compared with traditional instruments), short-term durations and self liquidating disposition. However, institutional investors, to date, have not embraced at-scale trade finance as an investable asset. Indeed, the trade finance market tends to be illiquid and non-transparent for reasons including technology limitations - resulting in the lack of a transparent electronic market - and limited risk assessment expertise among institutional investors. A key first step toward bringing liquidity to the trade finance market has been the recent expansion of the "trade as an asset" concept - the notion of transforming trade finance transactions into instruments readily exchangeable on securities markets. The model of the creation of a digital representation of assets (such as "tokenisation") could expand the market considerably and the Supply@ME Platform is ready to take advantage of this opportunity.

The New Way Of Corporates To Manage Their Resiliency

Resilience: The New Risk-Management Paradigm

The discussion so far has focused on non-financial risk in a continuously changing world. Non-financial risk is found to be deeply embedded in corporate operations. As the 21st-century business environment becomes ever more volatile and disruptive, companies are beginning to question standard risk-management approaches. The thought leaders among them are now calling for new approaches that go beyond risk management, toward corporate resilience. Resilience is still an emerging approach.

In a 2020 McKinsey survey, just over three-quarters of respondents said they planned to improve resilience through physical changes to their supply chain footprints. By 2021, an overwhelming majority (92 percent) said that they had done so. But the survey revealed significant shifts in footprint strategy. Last year, most companies planned to pull multiple levers in their efforts to improve supply chain resilience, combining increases in the inventory of critical products, components, and materials with efforts to diversify supply bases while localising or regionalising supply and production networks. In practice, companies were much more likely than expected to increase inventories, and

much less likely either to diversify supply bases (with raw material supply being a notable exception) or to implement nearshoring or regionalization strategies. In this regard, only 2 percent of companies have visibility into their supply base beyond the second tier.

In-Transit Risks: Navigating the Current Disruption in Containerised Logistics

We believe container freight rates will remain elevated throughout most of 2022 while the containerised logistics disruption persists. Container demand is driven by end consumer spending on goods, shippers' desire to continue stocking inventory, and an economic re-opening that may shift spend back to services.

In the short term, manufacturers may have little option when it comes to changing their current suppliers and existing manufacturing footprint, but in the medium term they could cultivate alternative suppliers. Some successful strategies could evaluate near-shoring options, or use suppliers in India and South America that reduce exposure to the main Transpacific trade lane. Manufacturers can also rethink product design, particularly to limit highly customisable components that are complex to source. Assessing products and redesigning packaging is often a quick win and can help to improve efficiency in container space utilisation.

Shippers can also re-evaluate their overall supply chain design and strategy. The last 12 months have reminded shippers that relying on just-in-time supply from container shipping can be risky.

Companies may need to increase inventories and safety buffers, both at departure and at arrival ports. This adds costs to the supply chain, which may lead to broader redesigns in product sourcing and manufacturing. While the outlook for containerised logistics and global supply chains remains uncertain, there are actions that shippers could consider to bolster supply-chain resilience and aid recovery. The future may be uncertain, but shippers' ability to react is controllable and known.

The Business Model Canvas: An unprecedent inventory monetisation business model

The Business Model Canvas ("BMC") of the Group envisages the unique value proposition to be "inventory monetisation specialists", promoting, via a dedicated structure, an innovative service model which allows corporates (our clients) across the globe to improve their inventory management activities, freeing up extra-value from the goods handled (such as capital locked into the warehouse or referred to an import/export transaction, efficiencies across the supply chain served or new sales channels). Hence, this value proposition includes the objective of the Group to be inventory analyst' tech-champions for both the in-transit & warehoused goods and sides.

Key partners

- Inventory Funders (investors in alternative asset class and Asset based Lenders ('ABLs'))
- Asset management servicers
- Arrangers
- Commercial Banks
- Insurance Companies
- External Rating Agency
- External technology factories & vertical components providers

Key activities

- Inventory Monetisation servicing
- White-label platform delivered as a service
- Investment Advisory

Key resources

- Our People
- Platform – state of the art technology
- Legal & accounting framework

Cost structure

- People
- Technology - internal team and external partners
- Accounting and Legal - inventory monetisation is a unique service model
- PR and Marketing
- Administrative expenses such as local subsidiaries

Revenue streams

- “Captive” inventory monetisation platform servicing (generated through the use of the Platform to facilitate inventory monetisation transactions and to carry out origination and due diligence services)
- “White-label” inventory monetisation platform servicing (generated through delivery to Banks and Funds of the use of the Platform following a software as a service model)
- Investment Advisory fee (generated by TradeFlow in its capacity as investment advisor to the funds)

Value proposition

- Inventory monetisation scientists non-credit approach alternative funding routes end to end experience - import/ export and warehoused goods
- Inventory analysis tech champions
- New asset class to invest

Customer relationships

- Inventory management optimisation
- Improving supply-chain risk management & working capital efficiency

Customer Segments

- Import/export businesses
- SME/Mid-Cap
- Commercial Banks customer base (including Large Corporates)
- International Associations/ Trade finance marketplaces

Channels

- Originators (eco-system of external sales force/ introducers)
- Corporate finance advisers
- Commercial Bank

The BMC of the Group also considers another key player: the Inventory Funders. By providing, a dedicated, regulated structure aimed at aligning each Inventory Monetisation transaction with corporates, we believe that Inventory Funders are now seeing the investment as a new asset class – complex but investable, considering the risk/reward projected. Our prospective Inventory Funders are typically investors with appetite for a new asset class or alternative investment opportunities, being debt and credit funds, hedge funds or asset-based lenders.

The other key partners are, effectively, the rest of the eco-system supporting the execution of each inventory monetisation transaction (in-transit & warehoused goods). We see an important role for Commercial Banks, considering the potential interest of these type of banks in our White-label proposition (where the bank uses the Platform to deliver inventory-backed financial products – studied and developed by themselves - directly to their clients).

The key activities delivered: inventory monetisation platform providers and asset management experts

Our activities are split between those of Asset Managers and the FinTech service based business, and the activities delivered respectively by the subsidiaries of Supply@ME Capital plc, whether warehoused inventory monetisation in Italy or the United Kingdom, or investment advisory provided by TradeFlow.

In more detail, the Inventory Monetisation transactions are delivered – through a global programme sponsored by the Company – by segregated, regulated alternative funds which use fund administration services provided by APEX Group[1].

As of today, the Global Inventory programme has 4 funds (SP – segregated portfolios):

- In transit goods transactions:
  - CEMP – USD Trade Flow Fund SP (in-transit transactions denominated in USD)
  - CEMP – Euro Trade Flow Fund SP (in-transit transactions denominated in EUR)
- Warehoused goods transactions[2]:
  - Global Inventory Fund 1 SP (transactions regulated by the Italian law)
  - Global Inventory Fund 2 SP (transactions regulated by the UK and UK common law).

[1] Apex Group - Single Source Financial Solution Provider.

[2] As announced by the Company in the RNS of 6 August 2021.

We distinguish the activities of the servicers (TradeFlow – acting as an Investment Advisory Company[3] using its unique ICT system[4] – and local Supply@ME subsidiaries – acting as Inventory Servicers leveraging our Platform) and the Funders. Each Inventory Monetisation transaction can involve multiple types of investors depending on the risk appetite:

- Equity investors (typically Hedge Fund and Family Offices) may be interested in direct subscription to the 4 Funds. The Funds can be aligned to each inventory monetisation transaction (whether in-transit or warehoused goods) and, additionally, achieve leverage through the debt issuance programme as below;
- Debt Investors (whether Debt and Credit Funds, Asset Based Lenders, or Family Offices) may be interested to subscribe:
  - The Senior Notes programme of the two active TradeFlow Funds. In this regard, the Company announced in the RNS published on 9 August 2021, that the TradeFlow Capital funds received. Leveraging the global investor network of the Company, the funds have already secured investors subscribing for the full, initial $40 million issuance);
  - The notes/loans borrowed directly by the so named "Stock (trading) Companies" established for each jurisdiction in order to deploy the inventory – warehoused goods – monetisation transactions
- For investors interested in a Shariah compliant asset class, the Global Inventory programme will launch a dedicated compartment arranged by Reyl-Intesa Sanpaolo[5], as announced by the Company in the RNS of 23 November 2021

[3] TradeFlow is a Registered Fund Management Company regulated by the Monetary Authority of Singapore and Member of the Alternative Investment Management Association.

[4] TradeFlow is a Corporate Member of the Singapore FinTech Association and FinTech Certified by the SFA.

[5] REYL Innovative Banking.

The role of the Platform is essential with reference to the funding structure represented above. In this regard, Inventory Funders (in particular Commercial Banks and Debt and Credit Funds) could also use the Platform to improve their self-funding strategy (where the Inventory Monetisation service is offered directly to the existing customer base or eligible, already identified, prospects).

The framework above also clarifies the difference between the role of TradeFlow and other Supply@ME subsidiaries, acting as servicers without any direct inventory risk in their balance-sheet, and the Funds which are the commercial counterparties of the Corporates for each inventory monetisation transaction. In this regard, it could be envisaged that, in order to promote the Funds sponsored by the Company, Supply@ME Capital plc may have a minor exposure in the Funds subscribing the shares.

Our Platform

We consider our "Platform" to be a unique combination of software modules, exponential technology components (such as Artificial Intelligence, Internet of Things and Blockchain), dedicated legal and accounting frameworks and business rules/methodologies delivered via a hybrid ICT architecture.

We firmly believe in our innovative business model, supported by the Platform, driven by the subject matter experts of our Group.

More specifically, the ICT architecture envisages the use of 2 cloud environments (Microsoft Azure for warehoused goods monetisation and AWS for the in-transit model delivered by TradeFlow) plus an external integration with distributed ledger frameworks (in this regard, the Group has worked with SIA S.p.A. to develop the specific software and infrastructure modules and now is also in discussion with other blockchain global protocols.

The clients of our Platform are:

- Global Inventory Funds and their Stock Companies;
- Inventory Funders (acting as lenders);
- TradeFlow Capital (acting as Investment Advisory Company of the Funds sponsored by the Company);
- Corporates, as commercial counterparties of the Stock Company or directly of the Funds; or
- Banks, as White-label users of the Platform as a service (underpinning their inventory based and/or backed financial products directly provided by the Banks to their clients).

The Platform road map envisages that data sources have a key role for the Platform, triggering the value-added service provided by the Group (whether inventory data analysis or inventory monetisation provided by the Funds sponsored by the Company). Accordingly data ingestion services have a critical role in the overall Platform operations. Additionally, the inventory register and trading modules are able to produce the innovative data analysis and support the creation of the security package in favour of the inventory funders involved in each Inventory Monetisation.

The monitoring component of the Platform is constructed by business rules (which support the creation of specific key risk and performance indicators) and are expected to be underpinned by software modules able to enable the user to visualise early warnings, trigger inspections (to report

digitally) and track the action plan/ remediation plan agreed with the corporate client. The Platform's road-map further envisages the adoption of IoT frameworks in order to improve the effectiveness and the efficiency of the monitoring and inspections activities.

TradeFlow uses a dedicated suite (TradeFlow+) made of multiple software modules reflecting the expertise of the team in the trade finance space, delivering a unique non-credit approach aimed at monetising inventory in-transit (import/export transactions where the buyer is supported to optimise its supply chain relationship).

The high level of automation ensured by the TradeFlow+ suite allows TradeFlow to efficiently manage its operations, leveraging exponential technologies (such as Artificial Intelligence for the documentation analysis during the client onboarding and the Internet of Things to support the vessel tracking phase). Additionally, the suite can also produce mandatory reports regarding the performance of each import/export transaction. We consider this to be important given the vision of the Company to allow, in the future, third-parties operators (such as new Trade Finance Funds or international trading desks of commercial Banks) to adopt the suite through White-label agreements.

In this regard, the whole Platform road-map considers the importance of the opportunity presented by the White-label service model. Considering the market outlook and the increasing appetite of Banks, Funds and FinTech platforms to extend their product offering, the Group wants to play a key role in the inventory backed/based financial product engineering also allowing new partners to use specific components of the Platform "as a service". However, the Inventory Monetisation facility (in transit and warehoused goods) will remain the unique, distinct and proprietary product of the Company.

Finally, the Group continues to study and explore opportunities to adopt blockchain and digital tokenisation into our systems, to support the delivery and the scalability of the business model.

Building the eco-system of partners and channels

Client company origination

Origination of client companies[1] with inventory suitable for inventory monetisation continued steadily in our core focus regions of Italy and the United Kingdom. Demand for the inventory monetisation service remains strong, despite the respective business challenges in each region as a result of COVID-19 and global supply chain difficulties throughout 2021.

Once lockdown restrictions had begun to ease worldwide, pressure on supply chains intensified. Heavy goods vehicle drivers were in short supply, flight and shipping schedules were severely disrupted, parts shortages led to goods not being produced, and worker illness meant entire factories had to be shut down; goods simply were not reaching their next destination on time – if at all. No part of the supply chain was spared, and difficulties continue to the present day.

As businesses look to recover from the pandemic, the supply chain model has undergone a marked shift from 'just in time' goods delivery to 'just in case', whereby companies will hold a surplus of stock and parts just in case of future disruption. Facilitating such a shift will require significantly more working capital. We are readying our business to help existing and potential client companies adapt to the new world order, underpinned by our innovative inventory monetisation platform. As such, the expected value of warehoused goods inventory monetisation transactions across our Group's current global pipeline totals £164.8 million.[*]

[*]It is important to note that the monetary value represents the potential value of inventory to be monetised by client companies rather than the pipeline revenue expected to be earned by the Group. However, this does provide a good indicator of the level of demand for the Group's current and future services. These pipeline numbers also do not include any client companies that have been lost due to either failing to meet eligibility criteria or delays in obtaining funding. A full review of the pipeline

was conducted in 2021 and some of these lost client companies can be expected to be re-onboarded once the first inventory monetisation has been completed.

[1]The number of companies originated refers to those with which we were in active dialogue with and had progressed toward inventory monetisation via our innovative platform as of 31 December 2021. The status of these companies in the origination pipeline was either "on hold" and awaiting a match with a suitable inventory funder, or "active" and progressed into our thorough due diligence procedures. The final stage, once client companies with inventory to monetise are matched with suitable funders and passed rigorous due diligence assessments, will see client companies enter the transaction phase.

Italy

Italy was the busiest region for potential client company origination activity in 2021 by some margin and we originated a total of 43 client companies. Of those, 21 companies were considered to be active and represent approximately £111 million of potential inventory ready to be monetised.

We work with a select panel of originators, or business introducers, in Italy. The number of client companies originated was largely due to the strength of our local relationships, having worked closely with our panel of brokers and external advisors. Some business was also instigated due to our growing, positive reputation and, on some occasions, companies were introduced to Supply@ME by client companies already in the pipeline.

United Kingdom

In the United Kingdom, we originated a total of 6 potential client companies by the year-end, of which 4 progressed to active status. Active client companies represented approximately £28 million of potential inventory to be monetised.

To note, we appointed as Group Head of Origination Nicola Bonini to lead dedicated origination activity in the United Kingdom. Nicola took up her role in September 2021, therefore the client origination numbers in the United Kingdom largely represent an exceptional effort from Nicola and her team beginning in the final quarter of 2021.

The United Kingdom market faced a raft of challenges to ordinary business activity, not least the disruption to trading caused by COVID-19 and the impacts of the supply chain crisis.

Government schemes such as the Coronavirus Business Interruption Loan Scheme (CBILS) gave a much-needed lifeline to SMEs. CBILS provided up to £5 million emergency funding to help businesses recover from lost revenue and cashflow disruption due to the pandemic – which, in 2021, included the third national lockdown from 6 January, with legal restrictions not lifting until 19th July.

Against this unprecedented backdrop of uncertainty, the vast majority of businesses suitable for inventory monetisation were not considering alternative funding; they were focused on surviving the pandemic, not striving for new growth.

Middle East and North Africa (MENA)

While business in Europe continues to be our core focus, £26 million (sterling equivalent) of client companies were originated in the MENA region in 2021. Progress was made on a number of fronts to lay the groundwork for future inventory monetisation transactions in MENA jurisdictions, including the UAE, supported by a select panel of local partners and brokers in the region.

Building on the partnership that began in 2020, Supply@ME continued to work with iMass Investments, to support a number of client origination and inventory funding activities, including an agreement with Lenovo Financial Services META LLC ("LFS"). As announced in the RNS of 11

January 2021, LFS is able to market the Supply@ME platform to its customer base in the Middle East, Turkey and Africa regions (excluding South Africa), as a complementary product to LFS' existing offering.

Additionally, Supply@ME received confirmation in January 2021 that the authorisation process for the Group's Shariah-compliant Inventory Monetisation Platform was successfully completed. Sheikh Dr. Mohamed Elgari and Sheikh Yusuf Talal DeLorenzo in their capacity as members of Sharia Scholar Board confirmed in an official communication that "following a review in compliance with the AAOIFI Shariah standards, The Sharia Scholar Board hereby approves the Inventory Monetisation Structure as acceptable within the principles of Shariah."

United States

Supply@ME continued to explore the possibility of launching its inventory monetisation service to client companies in the United States throughout 2021.

Following the RNS of 22 October 2020, the Company built upon its partnership with Anthony Brown of the consulting company, Epicirean Brands, trading as The Trade Advisory (the "Trade Advisory") during the 2021 reporting period. Anthony Brown continues to provide strategic advice to our Board of Directors in relation to seizing the unique opportunity to develop our Inventory Monetisation service in the United States.

Inventory monetisation funding routes

We continued to attract a selection of high-quality prospective funders – including banks and asset-based lenders – to the platform throughout 2021, working closely with local partners and brokers.

The Group had hoped inventory monetisation transactions would be further along in their progression by year-end. However, due to the innovative nature of our model and the calibre of the banks with which we are in discussions, the due diligence procedures are robust and, therefore, require time to complete accurately. In accordance with the RNS of 11 November 2021, the Board feels inaugural transactions must be focused on accuracy rather than speed.

Additionally, each funder has its own specific requirements and appetites for clients and inventory they are prepared to fund. Our origination team is working diligently to align client company inventories with the investment appetites of our strong panel of prospective inventory funders.

The Board continues to focus on the delivery of the first inaugural Inventory Monetisation transaction which is expected to generate a snowball effect among the rest of prospective Inventory Funders identified.

Italy

The Italian subsidiary was in discussion with 8 banks in relation to funding inventory via our innovative platform at year-end, including the first Inventory Funder for the inaugural Italian inventory monetisation transaction, as stated in the Trading Update of 31 December 2021.

In addition, we were in discussion with one potential funder of a White-label agreement in 2021.

Separately, we were working closely with the Italian Government's SACE Guarantee, in order to study a new bespoke guarantee which would commence following the expiry of the current scheme, which is due to expire in 2022.

United Kingdom

As mentioned in the Trading Update of 31 December 2021, we undertook an increased programme of marketing activity in the United Kingdom, which raised significant awareness among potential client

companies and Inventory Funders. As such, our number of originators, or business introducers increased from 3 to 59 during the reporting period. Originators include asset-based lenders, banks, accountants, advisors and other asset-based platforms.

This dramatic increase in originators is a testament to the strength of the proposition we are building and the confidence of the prospective funders, which include large global banks and major accountancy firms.

In total, this resulted in us entering discussions with four potential inventory monetisation funders in the UK and five banks in initial conversations to complete inventory monetisation transactions via a White-label agreement.

MENA

Further to the RNS announcement of 23 November 2021, we continued to work alongside the Shariah fund arranger Intesa Sanpaolo Private Bank (Suisse) Morval SA to provide funding for our Shariah-compliant Inventory Monetisation platform in the Middle East.

In parallel, we leveraged our partnership with I-MASS LLC in order to explore further inventory funding alliances in the region, including with a local challenger bank.

In total, we entered discussions with three potential funders of inventory monetisation transactions in the MENA region.

United States

As a result of our ongoing partnership with Anthony Brown of the consulting company The Trade Advisory we entered discussions with three potential inventory monetisation transaction funders and one potential funder of a White Label transaction.

As stated above, we continue to explore the possibilities around launching a platform in the United States, buoyed by strong interest and a unique opportunity to deliver the company's innovative inventory monetisation platform in the region.

The Revenue Model

We clarified and fine-tuned our overall business model, distinguishing the pure FinTech business (our Platform being our people and our software) from the inventory funding structure. In this regard:

- the Platform has, by definition, an intrinsic value and accordingly can also be used by other operators (such as banks or other debt funders) to improve inventory backed or based facilities. We consider it to be an enabler of each transaction. For this reason, we officially launched our White-label initiative at the end of August 2020, invested further time in upgrading ICT architecture, selected and started new tech streams, while leveraging and understanding the components used by TradeFlow Capital within its TradeFlow+ system.
- the areas of improvement suggested by inventory funders in the last year regarding the introduction of an equity (first loss) line in the capital structure of each inventory monetisation transaction was addressed with the launch of the Global Inventory Fund (the "Fund"), which can work as equity provider and/or on a standalone basis (the Fund could deliver by itself a inventory monetisation transaction). The Global Inventory Fund leverages the current funding structure of TradeFlow Capital – another reason, in our opinion, that supports the acquisition of the Singapore-based business.

As such, we are now focused on establishing and growing the following active, and future, revenue streams:

- "Captive" inventory monetisation platform servicing ("C.IM"): this is revenue generated through the use of the Platform to facilitate inventory monetisation transactions performed by the Fund and its Inventory Funders. This revenue is generated by the Group's Supply@ME operating subsidiaries, and in the future is expected to be supplemented by Tijara Pte Ltd, a technology subsidiary company of TradeFlow. Revenue will be earned in relation to the following activities:
    - origination and due diligence (preinventory monetisation); and
    - monitoring, controlling and reporting (post-inventory monetisation).

  During the year ended 31 December 2021, the Group recognised £0.3m of C.IM revenue relating to due diligence fees. When fully delivered, this stream is expected to generate revenues of approximately 1-3% of the gross value of the inventories monetised (purchase price plus VAT).

- "White-label" inventory monetisation platform servicing ("WL.IM"): this is the revenue to be generated through the use of the Platform by third parties who choose to employ the self-funding model. When delivered, this stream is expected to generate recurring software-software as-a-service revenues of approximately 0.5-1.5% of the value of each Inventory Monetisation transaction (the amount of funding provided). No WL.IM revenue was recognised by the Group during the year ended 31December 2021.

- Investment Advisory ("IA"): this is the revenue stream currently being generated by TradeFlow in its capacity as investment advisor to its well-established funds, as well as its anticipated role as investment advisor to the Fund going forward. This stream is expected to generate recurring revenues of approximately 1.25% of Assets Under Management for which TradeFlow acts as advisor. Additionally, TradeFlow could receive a further performance incentive fee of up to 15% of the profits generated by the Fund, based on performance. During the year ended 31 December 2021, the Group recognised £0.2m of IA revenue, representing TradeFlow's addition to the Group's revenue from 1 July to 31 December 2021.

Financial Review

	2021 £m	**2020 £m**	**Movement £m**
Revenue	0.5	1.1	(0.6)
Operating (loss) before deemed cost of listing, acquisition related costs and impairment charges	(4.4)	(1.4)	(3.0)
Deemed cost of listing, acquisition related costs and impairment charges	(6.4)	(1.4)	(5.0)
Operating (loss)	(10.8)	(2.8)	(8.0)
Finance costs	(1.3)	-	(1.3)
(Loss) before tax	(12.2)	(2.8)	(9.4)
Income tax	(0.3)	(0.1)	(0.1)
(Loss) for the year	(12.5)	(2.9)	(9.6)
Earnings per share (EPS)	Pence (0.04)	Pence (0.01)	

Revenue by segment

	2021 £m	2020 £m	Movement £m
Inventory Monetisation	0.3	1.1	(0.8)
Investment Advisory	0.2	-	0.3
Total revenue	0.5	1.1	(0.6)

The Investment Advisory revenue has been rounded down to £0.2m in order to ensure the table adds to the rounded total revenue figure.

Revenue by service line is recognised in accordance with IFRS 15 ("Revenue from Contracts with Customers") and more details on the Group's revenue recognition policies can be found in the note 2 consolidated financial statements.

Inventory Monetisation segment

For the year ended 31 December 2021, the Group recognised £0.3m (2020: £1.1m) revenue from its inventory monetisation segment relating solely to due diligence services provided by the Group's Italian operating subsidiary. In line with IFRS 15 ("Revenue from Contracts with Customers") the Group recognised these revenues when the due diligence services have been delivered and the Group's performance obligation has been satisfied. The £1.1m of revenue recognised by the inventory monetisation segment in the prior year related solely to an origination contract entered into with related party, 1AF2 S.r.l. In connection with this contract, 1AF2 S.r.l contracted with the Group to perform due diligence on those companies that it had originated. During the current year, the Group recognised a further £0.2m revenue on this related party contract, with the remainder of the revenue recognised arising from due diligence services provided to third party client companies. Further details of this and other related party transactions are set out in note 29 to the Group's consolidated financial statements.

The reduction of £0.8m in the revenue recognised by the inventory monetisation segment during the year end 31 December 2021 is the result of the delays experienced by the Group in facilitating the first inventory monetisation transaction and increased time and effort being spent on the development of the Platform and the associated operational processes and procedures.

Investment Advisory segment

Investment segment revenue arises from investment advisory services provided by the Group's wholly owned subsidiary, TradeFlow, in its capacity as investment advisor to its well-established USD fund and its newer EUR fund during the six month period from the date of acquisition (being 1 July 2021) through to year end. As TradeFlow was not owned by the Group during the prior financial year, no such revenues were recognised. In line with IFRS 15 ("Revenue from Contracts with Customers") the Group recognised these revenues when the investment advisory services have been delivered and the Group's performance obligation has been satisfied.

Geographical revenue breakdown

The Group's inventory monetisation operations are currently predominately located in Italy, while the investment advisory operations are predominately located in Singapore.

Operating loss

During the year the Group has primarily focused on refining and developing the business model through investing heavily, utilising both internal time and resources, on activities such as upgrading the architecture of the internally generated Platform. Additionally, significant amounts of time and effort have been spent:

- on building a solid base for effective internal controls and governance processes;
- completing the Group's acquisition of TradeFlow during the year; and
- on post-acquisition integration activities.

All of these activities are expected to give the Group a strong foundation as it enters the next stage of development.

The Group recorded an operating loss before deemed cost of listing, acquisition related costs and impairment charges during the year of £4.4m (2020: £1.4m loss). This increase of £3.0m is largely due to the following factors:

- an increase in staff and contractor costs of £1.2m as the Group built out the leadership team and has been focused on developing its ICT architecture alongside the inventory monetisation legal & accounting framework;
- an increase of professional fees of £0.5m arising from a focus on improving the internal controls and governance processes; and
- the fact that the prior year contained costs for approximately nine months, following the reverse take-over that completed in March 2020, compared to a full 12 months of costs in the currently financial year.

Deemed cost of listing, acquisition related costs and impairment charges

	2021 £m	**2020 £m**
Deemed cost of listing	-	1.4
Transaction costs	2.0	-
Amortisation of intangible assets arising on acquisitions	0.4	-
Acquisition related earn-outs	1.4	-
Impairment charges	2.6	-
Total	6.4	1.4

The acquisition related costs arise due to business combinations in accordance with IFRS 3 ("Business Combinations") and include the following in the current financial year:

- Transaction costs of £2.0m. Of this total, £1.9m represented the fair value of shares issued as consideration to third party intermediaries who either introduced TradeFlow to the Company or who provided due diligence activities in respect of the TradeFlow business, market, sector and geographic location. The remaining £0.1m related to legal fees that were directly associated with the acquisition;
- Amortisation of intangible assets arising on acquisition of £0.4m. These costs related to the intangible assets recognised by the Group in connection with the TradeFlow acquisition, which have a fair value of £6.9m. The £0.4m represents the amortisation charge for these assets for the six month period from acquisition on 1 July 2021; and
- Acquisition related earn-out costs of £1.4m. Elements of the consideration payable for the TradeFlow acquisition require post-acquisition service obligations to be performed by the earn-out shareholders over a three-year period. While these legally form part of the consideration costs, under IFRS 3 ("Business Combinations") they must be accounting for as deemed remuneration through the profit and loss. The £1.4m recognised for the year ended 31 December 2021 represents the proportion of the total fair value of the future earn-out payments that are linked to the services provided in the current financial year.

The impairment charges of £2.6m in the current financial year have arisen due to the following two factors:

Firstly, in connection with the initial TradeFlow goodwill recognised. As at 31 December 2021, management carried out an impairment test in line with IAS 36 ("Impairment of Assets") on the TradeFlow Cash Generated Unit ("CGU"). This followed the conclusion that indicators of impairment were present, including under performance against forecast. In carrying out this test, the Directors applied what they consider to be prudent assumptions concerning reductions to forecast revenue levels and the weighted average cost of capital ("WACC") used as the discount rate. The result of this impairment test was that the recoverable amount of the TradeFlow CGU was determined to be lower than the net invested capital value held on the balance sheet at 31 December 2021 by £0.8m and as such an impairment charge has been recognised for this amount; and

Secondly, in connection with the Group's internally developed IM platform. As at 31 December 2021, management carried out an impairment test in line with IAS 36 ("Impairment of Assets") on this intangible asset. This followed the conclusion that indicators of impairment were present, including the current year losses being generated by the Group's Italian operating subsidiary, to which the asset relates. In carrying out this test, the Directors considered discounted cash flows and a weighted average cost of capital ("WACC") as the discount rate. Under this methodology the recoverable amount of the investment did not require an impairment to be made. However, as noted in the going concern statement, set out in note 2 to the consolidated financial statements, there is currently a material uncertainty with respect to both the future timing and growth rates of the forecast discounted cash flows arising from the use of the Internally developed IM Platform intangible asset. As such, the Directors have prudently decided to impair the full carrying amount of this asset of £1.8m as at 31 December 2021.

In the prior year the Group incurred deemed costs of listing of £1.4m relating to the reverse acquisition.

Acquisition of TradeFlow

On 1 July 2021 the Group acquired TradeFlow for total consideration, as defined by IFRS 3 ("Business Combinations"), of £7.1m, split between cash consideration of £4m and equity consideration of £3.1m.

As part of the terms of the agreement to acquire TradeFlow, acquisition related earn-out payments were included. Together with the initial cash payment and issue of equity, these components form the total legal consideration agreed between the parties. The acquisition related earn-out payments are determined by reference to pre-determined revenue milestone targets in each of the 2021, 2022 and 2023 financial years. As these earn-out payments have substantive post-acquisition service conditions attached to them, the Directors have concluded that IFRS 3 ("Business Combinations") requires the fair value of these earn-out payments to be accounted for as a charge to the income statement (as deemed remuneration) rather than as consideration.

Following the acquisition, a purchase price fair value exercise was completed which identified intangible assets of £6.9m, and goodwill of £2.2m, both of which have been recognised in the Group's consolidated balance sheet at the date of acquisition. As described above the goodwill has subsequently been impaired by £0.8m, leaving a balance of £1.4m as at 31 December 2021. Details of those intangible assets identified during the purchase price fair value exercise are set out in the table below:

	2021 **£m**
Customer relationships	4.8
Brand (TradeFlow)	0.2
CTRM software	1.4
AI software	0.4
Total acquired intangible assets	**6.9**
Deferred tax liability arising on recognition of acquired intangible assets	(1.2)
Total acquired intangible assets (net of deferred tax liability)	**5.7**
Other net liabilities acquired	**(0.8)**
Total identifiable net assets acquired	**4.9**

TradeFlow contributed £0.2m of revenue and (£0.5m) to the Group's operating loss for the period between the date of acquisition, being 1 July 2021, and the 31 December 2021. As a preliminary assessment, had the acquisition of TradeFlow been completed on the first day of the financial year, Group revenues would have been approximately £0.3m higher and Group operating loss would have been approximately £0.6m higher.

Group Funding Facilities utilised during the year

During the year the Group secured two different funding facilities. The proceeds of both have been used to support the Group's working capital and growth requirements and cover the cash consideration element of the TradeFlow acquisition. Further details of these two facilities are set out below:

	Negma convertible loan notes **£m**	**Mercator funding Facilities** **£m**
At 1 January 2021	**-**	**-**
Net cash inflows	(5.0)	(6.6)
Fair value of warrant instruments issued in connection with funding facilities	-	0.5
Amortisation of finance costs	(0.6)	(0.5)
Cash repayments	2.0	-
Non cash repayments	3.6	0.9
As at 31 December 2021	**-**	**(5.7)**

Negma convertible loan notes

On 16 June 2021, the Company entered into a subscription agreement with Negma Group Limited for an initial tranche of Convertible Loan Notes with a par value of £5.6m and for which the Group received £5.0m in cash. As shown in the table, £3.6m of this was settled via the conversion of the loan notes into equity and £2.0 was settled in cash, leaving the facility totally repaid at year end. During the current financial year the Group recognised total finance costs of £0.6m in relation to these convertible loan notes.

Mercator funding facilities

On 29 September 2021, the Company entered into a loan note facility with Mercator Capital Management Fund LP ("Mercator"), with a total draw down of £7.0m or £6.6m net of capitalised finance costs. These loan note facilities had a term of 12 months and require monthly repayments to

be made either in cash or via the issue of a convertible loan note at the Company's discretion. During the period to 31 December 2021, all repayments had been settled through the issue of convertible loan note and all of these had been converted to equity.

In connection with the Mercator loan note facility, the Company also issued share warrants, details of which are set out in note 28 to the consolidated financial statements. The fair value of these warrants was also capitalised and this, together with the other capitalised finance costs, will be recognised over the term of the loan notes using the effective interest rate method. The total of the finance costs recognised in the current financial year is £0.5m.

The Mercator convertible loan notes do not have any interest costs in addition to that of the Mercator loan notes, however an additional amount of finance costs of £0.1m have been recognised during the current financial year as a result of:

- additional commitment fees of £25,000; and
- the recognition of the fair value of the warrants issued in connection with the convertible loan notes. This fair value was £88,000.

Both costs have been fully recognised in the income statement during the current year given the liability to which they relate has been extinguished by 31 December 2021.

Cashflow

The Group increased its net cash balance by £1.1m (2020: £0.4m) due to net proceeds from the financing activities of £9.6m which assisted the funding of the acquisition of Tradeflow (net of the cash acquired) of £3.5m and increased investment in the Platform of £1.0m. This offset by an outflow from operating activities of £3.9m.

	2021 **£m**	**2020** **£m**
Net cash flow from operating activities	**(3.9)**	(0.9)
Cash flows from investing activities	**(4.6)**	(0.9)
Net cash flows from financing activities	**9.6**	2.2
Net increase in cash and cash equivalents	**1.1**	0.4
Cash and cash equivalents at 1 January	**0.6**	0.1
Cash and cash equivalents at 31 December	**1.7**	0.6

Net liabilities

As at 31 December 2021 the Group's net liabilities were £1.4m (2020: net liabilities of £0.5m). The movement in net assets is primarily explained as follows:

- a net increase of £5.9m from the acquisition of TradeFlow, representing a net asset fair value of £4.9m, together with initial goodwill of £2.2m, offset by amortisation charges of £0.4m and impairment charges of £0.8m;
- a decrease of a net amount of £1.2m in the net book value of the Group's internally developed IM Platform intangible asset, representing additions during the year of £1.0m from internally generated assets, offset against an amortisation charge in the year of £0.4m and impairment charges of £1.8m;
- an increase in borrowings of £5.7m relating to the Mercator loan notes.

Going concern

The Board's assessment of going concern and the key considerations relating to this are set out in the Directors' Report and note 2 to the consolidated financial statements.

Related Parties

The main related party agreements in place during the year related to shared service agreements with The AvantGarde Group S.p.A ("TAG") and Eight Capital Partners Plc, along with due diligence services provided to 1AF2 S.r.l (now a part of TAG) by the Group.

See note 29 of the consolidated financial statements for further details of the Group's related parties.

Subsequent events

Note 31 of the consolidated financial statements sets out the details of subsequent events following 31 December 2021, including details of the Company's capital enhancement plan and renegotiation of the Mercator funding facilities announced on 27 April 2022.

Principal Risks and Uncertainties

The Board confirms that throughout 2021 a robust assessment of the principal risks facing the Company was completed. A comprehensive list of Group-wide risks and emerging risks was reviewed and monitored throughout the year. The most significant risks and uncertainties we face are listed in the table below, categorised by principal risk.

Strategic Risk

Strategic risk is defined as the failure to build a sustainable, diversified and profitable business that can successfully adapt to environment changes due to the inefficient use of Group's available resources.

Key Risks	**Management of risk**
STRATEGIC COMPETITION The Company's business model is that of an innovative Platform for inventory monetisation, aiming to capitalise upon market developments where supply chains may be placed under pressure, leading suppliers to hold increased amounts of inventory in order to supply both on and offline retailers, with a resultant restriction on available working capital. However, the Company is aware of certain larger key entrants to related markets that may be able to offer related products on a larger scale, which could affect the Company's forecast revenues and profit margins.	The Company acknowledges the risk, but believes it is able to more readily adapt to changing market conditions than larger entrants.
FUTURE DEVELOPMENT AND STRATEGY Certain aspects of the Company's operations remain unproven in operation, which could affect the Company's forecast revenues and profit margins.	This is acknowledged through the Company's strategic plan, which recognises the uncertainty of returns from an evolving business model.
FUNDING RISK	

The risk that demand from Corporates for Inventory Monetisation transactions – which generates revenue for the Company via the Platform consumption - cannot be met by the Global Inventory Funds and TradeFlow Funds when and where they fall due or can only be met at an uneconomic price. This risk varies with the economic attractiveness of Global Inventory programme as an investment, the level of diversification of funding sources and the level of resilience of these funding sources through economic cycles.	We carefully manage this matching by: • Building long-term relationships with investors (Investors in the Global Inventory programme and Inventory Funders) and developing a forward-looking pipeline of new investors/ inventory funders; • actively managing concentration risk and diversifying sources of funding; • leveraging a seasoned team of arrangers and placing agents
GLOBAL ECONOMIC RISKS The recovery from COVID-19 is uncertain; however, the impact on supply chains may prove positive for the Company's business. Nonetheless, the Board appreciates the inherent uncertainly posed by the current geo-political crises.	The Company acknowledges the risk, but believes it is able to more readily adapt to changing market conditions than larger entrants.
EQUITY DILUTION RISK The Company is not currently profitable. Despite strong confidence in its business plan and forecasts, the Directors recognise that this may cause limitations in the Company's funding options, or those which are dilutive to shareholders.	The Company remains engaged with several key stakeholders in respect of funding strategies.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Key Risks	**Management of risk**
EMPLOYEE AND KEY MAN RISK Loss of certain key executives could lead to a reduced ability to effectively run the Company, while loss of the leadership team could materially hamper the Company's move to profitability and increased operational efficiency.	Through their contractual agreements, Executive Directors remain highly incentivised to remain with the Company. The Long Term Incentive Plan being put to shareholders at the AGM will also support retention of key members of the team.
BUSINESS CONTINUITY RISK As an expanding Company, business continuity plans inherently will lack visibility in terms of any new subsidiaries.	The Company is engaged with third parties in relation to business continuity planning.

Regulatory, Reputation and Conduct Risk

Regulatory, reputation and conduct risk is defined as engaging in activities that detract from Group's goal of being a trusted and reputable Company with products, services and processes designed for customer success and delivered in a way that will not cause customer detriment or regulatory censure.

Key Risks	**Management of risk**
DATA PROTECTION The Company undergoes data protection assessments, predominantly under Regulation (EU) 2016/679 (General Data Protection Regulation) and the Data Protection Act 2018, but the Board recognises that operating in multiple jurisdictions leaves it at risk of breach of individual jurisdictional legislation.	The Company is engaged with third parties in relation to addressing data protection issues in the jurisdictions within which it operates.
FINANCIAL RISK MANAGEMENT The Board monitors the internal risk management function across the Group and advises on all relevant risk issues. There is regular communication with internal departments, external advisors and regulators. The Company's policies on financial instruments and the risks pertaining to those instruments are set out in the accounting policies in notes 2 and 25 of the Company's consolidated financial statements.	The Board are apprised of the Company's risk register on at least a quarterly basis, and respond appropriately.

The strategic report can be seen in full on page 4 to page 48 within the Company's full Annual Report & Accounts 2021, which will be uploaded and will be available on the National Storage Mechanism and on the Company's website.

The strategic report is approved by the Board of Directors and signed on its behalf by:

Alessandro Zamboni

Chief Executive Officer

Directors' responsibilities pursuant to DTR 4

The Directors confirm that to the best of their knowledge:

- the Group consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the requirements of UK adopted International Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, and the parent Company, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the auditor

Each Director at the date of approval of this annual report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- all the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

External Auditor

The auditor, Crowe U.K. LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

2021 AGM

The Notice of Annual General Meeting for 2021 will be circulated to all the shareholders at least 21 working days before the AGM and it will also be made available on our corporate website www.supplymecapital.com. The voting on the resolutions will be announced via the Regulatory News Service.

Post balance sheet events

Details of post events since the reporting date can be found in note 31 to the Group's consolidated Financial Statements.

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies international accounting standards in conformity with the requirements of UK adopted International Accounting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Group's results for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

The Report of the Directors set out from page 96 to page 101 in the Company's full Annual Report & Accounts 2021 is approved by the Board of Directors and signed on its behalf by:

Alessandro Zamboni

Chief Executive Officer and Executive Director

30 May 2022

Financial Statements

The final results announcement for the year ended 31 December 2021 is prepared in accordance with UK adopted International Accounting Standard and does not include all the information required for full annual financial statements. This announcement should be read in conjunction with the 2021 Annual Report. The accounting policies adopted in this announcement are consistent with the Annual Report for the year ended 31 December 2021.

The financial information has been extracted from the financial statements for the year ended 31 December 2021, which have been approved by the Board of Directors and on which the auditors have reported without qualification. The audit report included a material uncertainty relating to going concern. Full details can be seen in the 2021 Annual Report.

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	**Year ended 31 December 2021**	**Year ended 31 December 2020**
		£ 000	**£ 000**
Revenue	4	538	1,147
Cost of sales		(804)	(739)
Gross (loss)/profit		(266)	408
Administrative expenses	8	(4,165)	(1,904)
Other operating income	7	-	53
Operating loss before deemed cost of listing and acquisition related costs and impairment charge	4	(4,431)	(1,443)
Deemed cost of listing	8	-	(1,376)
Transaction costs	8	(2,009)	-
Amortisation of intangible assets arising on acquisition	8	(391)	-
Acquisition related earn-out payments	8	(1,410)	-
Impairment charges	8	(2,573)	-
Operating loss		(10,814)	(2,819)

	Note		
Finance costs	6	(1,341)	-
Loss before tax		(12,155)	(2,819)
Income tax	12	(332)	(145)
Loss for the year		(12,487)	(2,964)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		6	2
Total comprehensive loss for the year		(12,481)	(2,962)
Loss attributable to:			
Owners of the company		(12,481)	(2,962)
		Pence	**Pence**
Earnings per share			
Basic and diluted	14	(0.04)	(0.01)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 December 2021

	Note	As at 31 December 2021 £ 000	As at 31 December 2020* £ 000
Non-current assets			
Intangible assets and goodwill	15	7,895	1,236
Tangible assets		17	2
Deferred tax asset	13	-	422
Total non-current assets		7,912	1,660
Current assets			
Trade and other receivables	16	896	1,113
Cash and cash equivalents		1,727	552
Total current assets		2,623	1,665
Total assets		10,535	3,325
Current liabilities			
Trade and other payables	20	3,500	3,373
Derivative financial instruments		-	24
Loan notes	18	5,732	-
Total current liabilities		9,232	3,397
Net current liabilities		(6,609)	(1,732)
Non-current liabilities			
Long-term borrowings	18	1,284	22
Provisions	21	340	358
Deferred tax liabilities	13	1,104	-
Total non-current liabilities		2,728	380
Net liabilities		(1,425)	(452)

	Note		
Equity attributable to owners of the parent			
Share capital	17	5,486	5,420
Share premium		18,171	11,820
Share-based payment reserve	28	2,018	-
Other reserves		(10,891)	(13,986)
Retained losses		(16,209)	(3,706)
Total equity		(1,425)	(452)

To more accurately reflect the nature of certain items in the balance sheet, the prior year comparatives include a reclassification of bank borrowings of £22,000 from Trade and other payables to Long-term borrowings. In addition, the prior year comparative deferred tax asset balance of £422,000 has been reclassified from Trade and other receivables to non-current assets to comply with IAS 1 ("Presentation of Financial Statements".

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. The consolidated financial statements on pages 48 to 75 were approved and authorised for issue by the Board on 30 May 2022 and signed on its behalf by:

....

Alessandro Zamboni

CEO and Executive Director

....

David Bull

Independent Non-Executive Director and Chair of Audit Committee

Supply@ME Capital plc

Registration number: 039369

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

	Note	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Share- based payment reserve £ 000	Merger reserve £ 000	Reverse takeover reserve £ 000	Forex reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020		148	-	-	-	-	-	3	(708)	(557)
Forex retranslation		-	-	-	-	-	-	-	(34)	(34)
At 1 January 2020 after forex retranslation		148	-	-	-	-	-	3	(742)	(591)
Loss for the year		-	-	-	-	-	-	-	(2,964)	(2,964)
Forex retranslation difference		-	-	(8)	-	-	-	10	-	2
Loss for the year and total comprehensive income		-	-	(8)	-	-	-	10	(2,964)	(2,962)
Transfer to reverse takeover reserve		(148)	-	-	-	-	148	-	-	-
Recognition of plc equity at acquisition date		4,767	9,597	-	-	-	(13,505)	-	-	859
Reverse takeover of Supply@ME S.r.l.		646	-	-	-	223,832	(224,478)	-	-	-
Issue of shares for cash		7	2,234	-	-	-	-	-	-	2,241
Cost of share issues		-	(11)	-	-	-	-	-	-	(11)
Legal reserve		-	-	12	-	-	-	-	-	12
At 31 December 2020		5,420	11,820	4	-	223,832	(237,835)	13	(3,706)	(452)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

	Note	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Share-based payment reserve £ 000	Merger reserve £ 000	Reverse takeover reserve £ 000	Forex reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021		5,420	11,820	4	-	223,832	(237,835)	13	(3,706)	(452)
Loss for the year		-	-	-	-	-	-	-	(12,487)	(12,487)
Forex retranslation difference		-	-	-	-	-	-	5	1	6
Loss for the year and total comprehensive income		-	-	-	-	-	-	5	(12,486)	(12,481)
Issuance of new shares	17	66	6,351	-	-	3,073	-	-	-	9,490
Issue of warrants	28			-	608	-	-	-	-	608
Credit to equity for acquisition related earn-out payments	27			-	1,410	-	-	-	-	1,410
Legal reserve movement		-	-	17	-	-	-	-	(17)	-
At 31 December 2021		5,486	18,171	21	2,018	226,905	(237,835)	18	(16,209)	(1,425)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Year ended 31 December 2021 £ 000	Year ended 31 December 2020* £ 000
Cash flows from operating activities		
Loss for the year	**(10,814)**	**(2,819)**
Adjustments for non-cash costs relating deemed cost of listing and acquisition related costs and impairment charge		
Deemed cost of listing in reverse acquisition	-	1,376
Acquisition related transaction costs	1,900	-
Acquisition related earn-out payments	1,410	-
Amortisation of intangible assets arising on acquisition	391	-
Impairment charges	2,573	
	6,274	**1,376**
Other non-cash adjustments	(70)	16
Other depreciation and amortisation	396	203
Increase to provisions	52	40
Decrease/(increase) in accrued income	(46)	-
Decrease/(increase) in trade receivables	505	(717)
Increase/(decrease) in trade and other payables	77	296
Other decreases/(increases) in net working capital	(158)	686
Net cash flows from operations	(3,784)	(919)
Finance costs paid in cash	(2)	-
Income taxes paid in cash	(89)	(19)
Other collections	-	6
Net cash flow from operating activities	**(3,875)**	**(932)**
Cash flows from investing activities		
Cash from reverse acquisition of Abal plc	-	93
Acquisition of property, plant and equipment	(7)	(2)
Acquisition of intangible assets	(1,020)	(1,026)
Cash consideration on acquisition of Tradeflow, net of cash acquired	(3,523)	-
Net cash flows from investing activities	**(4,550)**	**(935)**

Cash flows from financing activities		
Increase/(decrease) in long-term borrowings	-	22
Net cash inflow from Mercator loan notes	6,629	-
Other finance costs paid in cash	(25)	-
Cash inflow from Negma convertible loan notes	5,000	-
Cash repayment to Negma convertible loan notes	(2,016)	-
Proceeds from issue of ordinary shares, net of allowable issue costs	-	2,230
Net cash flows from financing activities	**9,588**	**2,252**
Net increase in cash and cash equivalents	1,163	385
Foreign exchange differences to cash and cash equivalents on consolidation	12	24
Cash and cash equivalents at 1 January	552	143
Cash and cash equivalents at 31 December	**1,727**	**552**

*In addition, to better reflect the nature of certain cash flow items the prior year comparatives include the a reclassification of bank borrowings of £22,000 from Trade and other payables to Long-term borrowings.

Significant non-cash transactions

During the year, the Group issued 3,313,496,990 ordinary shares in the Company. 2,000,496,990 new ordinary shares were admitted to trading during the year in connection with convertible loan notes that were converted to equity at the discretion of the subscriber during the year. These convertible loans were issued to extinguish in exchange for £4,501,000 principal value of convertible loan notes. 813,000,000 new ordinary shares were admitted to trading during the year as part of the consideration package for the Company's acquisition of TradeFlow Capital Management Pte. Ltd ("TradeFlow"). 500,000,000 new ordinary shares were admitted to trading during the year as consideration for support with the TradeFlow acquisition. Further details of share issues can be found in note 17. Further details of the convertible loan note facilities can be found in note 19. Further details of the acquisition of TradeFlow can be found in note 27.

The reconciliation of the movement in net debt is set out in note 26.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2021

1 General information

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

These consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards.

The financial statements of the Group, consisting Supply@ME Capital plc (the "Company") and its subsidiaries (the "Group"), are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

These consolidated financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the years presented.

2 Accounting policies

Going concern

At the 31 December 2021 the Group had cash balances of £1,727,000 (31 December 2020: £552,000) and net current liabilities of £6,609,000 (31 December 2020: net current liabilities £1,732,000). The Group has posted a loss for the year ended 31 December 2021 after tax of £12,481,000 (2020: loss £2,962,000) and retained losses were £16,209,000 (31 December 2020: losses £3,706,000).

The current liabilities as at 31 December 2021 of £9,232,000 included £5,732,000 relating to the outstanding balance of loan notes which the Group issued on 29 September 2021. As outlined in the note 31, following the 31 December 2021, £2,035,000 of this balance has been repaid through the issue of new convertible loan notes, of which a principal amount of £1,357,000 has been converted into new ordinary shares in the Company at the request of the convertible loan note holder following the period end date, but prior to the issue of these annual consolidated financial statements. The remaining £678,000 has been repaid in cash following the amendment deed signed with the lender on 26 April 2022 (refer to note 31 for further details on any post balance sheet events). In addition to the above, £395,000 included within current liabilities is in relation to deferred income held on the balance sheet as at 31 December 2021 and a further £293,000 relates to refundable client deposits which are expected to be returned to the customers following 31 December 2021.

On the 26 April 2022, the Company agreed a new equity funding facility which provides a binding commitment with a new investor, Venus Capital SA ("Venus Capital"), to invest up to £7,500,000 in exchange for multiple tranches of new ordinary shares to be issued by the Company over a period with a long stop date of 31 December 2023 (the "Capital Raise Plan"). These tranches have been structured as follows:

- New ordinary shares issued from 26 April to date - at the date of these consolidated financial statements being issued, the Company has issued 3,320,000,000 of new ordinary shares to Venus Capital in exchange for £1,660,000;
- Additional mandatory tranches to the value of £2,090,000; and
- Additional optional tranches (where the exercise is at the option of the Company) to the value of £3,750,000.

It should be noted that the issue of the new ordinary shares under the Capital Raise Plan is subject the necessary authorisations from shareholders which the Company is planning to require at the General Meeting to be held in conjunction with the 2021 Annual General Meeting.

Additionally, the Capital Raise Plan also saw the Company enter into an agreement with Venus Capital regarding a loan facility of up to £1,950,000 commencing from June 2022, including £450,000 to cover the arrangement fees relating to the Capital Raise Plan, which would be repayable in shares and which would have a maturity date of 31 December 2025 and an 10% per annum interest rate.

The key objective of the Capital Raise Plan is to allow the outstanding loan notes to be repaid in cash rather than via further convertible loan note issues. To assist with this, on the 26 April 2022, the Company also signed an amendment letter in respect of these loan notes. This amendment gave the Company to ability to meet this objective.

Taking into account the factors above and in order to consider their assessment of the Group as a going concern, the Directors have reviewed the forecast cashflows for the next 12 months. The cashflow forecasts take into account that the Group meets its day to day working capital requirement through its cash resources and are based on the enlarged Group, including TradeFlow. The Directors have prepared the forecast using their best estimates, information and judgement at this time, including the Capital Raise Plan and loan note amendment announced on the 27 April 2021. The Directors have also considered the expected cashflows arising from TradeFlow's investment advisory services ("IA" revenue stream) as well as from the use of the Group's innovative Platform to facilitate inventory monetisation transactions ("C.IM" revenue stream). This reflects the fact that the Directors expect the Group to fully operationalise the business model in the near future.

Despite the facts outlined above, there is currently an absence of a historical track record relating to inventory monetisation transactions being facilitated by the Group's Platform, the Group generating the full range of fees from the use of its Platform and the Group being cash flow positive. As such the Directors have prudently identified uncertainty in the cash flow model. This uncertainty arises with respect to both the future timing and growth rates of the forecast cashflows arising from the Group's multiple revenue streams referred to above. In this regard, if these future revenues are not secured as the Directors envisage, it is possible that the Group will have a shortfall in cash and require additional funding during the forecast period. In addition certain cashflows in relation to the financing transactions noted above have not yet occurred and the issue of new ordinary shares under the Capital Raise Plan is subject to the authorisation from shareholders in the General Meeting. On the basis of the above, the Directors believe there are material uncertainties which may cast significant doubt upon the entities ability to continue as a going concern.

The Directors do however remain confident in the business model and believe the Group could be managed in a way to allow it to meet its ongoing commitments and obligations through mitigating actions including cost saving measures and securing alternative sources of funding should this be required. This includes the application by certain of the Company's subsidiaries to access specialised loans for SME businesses provided by Italian commercial banks with the support of government guarantees. These such loans will allow the Group to access a lower cost of capital.

As such the Directors consider it appropriate to prepare these annual consolidated financial statements on a going concern basis and have not included the adjustments that would result if the Company and Group were unable to continue as a going concern.

Adjusted performance measures

Management believes that adjusted performance measures provide meaningful information to the users of the accounts on the operating performance of the business. Accordingly, the adjusted measure

of operating profit and exclude, where applicable, deemed cost of listing, transaction costs, amortisation of intangible assets arising on acquisitions, acquisition related earn-out payments and impairment charges. These terms are not defined terms under IFRSs and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. The items excluded from adjusted results are those which arise due to the reverse takeover, as disclosed in note 3 and items that are charged to the consolidated statement of comprehensive income in accordance with IFRS 3 ("Business Combinations"). They are not influenced by the day-to-day operations of the Group.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 December 2021. Subsidiaries are entities over which the Group has control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

On 23 March 2020, the Company, completed a reverse acquisition of Supply@ME S.r.l., a company registered in Italy. Further information about this transaction is disclosed in note 3.

On 1 July 2021 the Company completed the acquisition of the entire share capital of TradeFlow by way of cash and share consideration. As such from this date TradeFlow became a fully owned subsidiary of the Company and will form part of the Group's consolidated financial performance and position from the date of acquisition.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

New and revised accounting standards and interpretations

Management has concluded that to date there has been no impact on the results or net assets of the Company as a result of adopting new or revised accounting standards.

New standards, interpretations and amendments not yet effective

At the date of authorisation of the Group's financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board but are not yet effective in the UK and have not been adopted early by the Group. The most significant of these are as follows, which are effective for the periods beginning after 1 January 2022:

- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements 2018–202
- Amendments to IAS 1 Classification of Liabilities as Current
- Amendments to IAS 1 Disclosure of Accounting policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts

All relevant standards, amendments and interpretations to existing standards will be adopted in the Group's accounting policies in the first period beginning on or after the effective date of the relevant pronouncement of adoption by the UK Accounting Standards Endorsement Board.

The directors do not anticipate that the adoption of these standards, amendments and interpretations will have a material impact on the Group's consolidated financial statements in the periods of initial application.

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method under IFRS 3 "Business Combinations".

Measurement of consideration

The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred to former owners and equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition related earn-out payments (deemed remuneration)

In accordance with the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS 3 ("Business Combinations"), the cost of the business combination excludes consideration which requires post-acquisition service obligations to be performed by the selling shareholders.

In the event that the deemed remuneration is to be equity settled under IFRS 2 ("Share-Based Payments"), the fair value is determined at the grant date and then charged to the consolidated statement of comprehensive income over the period of the service obligations.

Fair value assessment

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where the fair value of the assets and liabilities at acquisition cannot be determined reliably in the initial accounting, these values are considered to be provisional for a period of 12 months from the date of acquisition. If additional information relating to the condition of these assets and liabilities at the acquisition date is obtained within this period, then the provisional values are adjusted retrospectively. This includes the restatement of comparative information for prior periods.

Intangible assets arising on business combinations are recognised initially at fair value at the date of acquisition. Subsequently they are carried at cost less accumulated amortisation and impairment charges.

Goodwill

Goodwill arises where the consideration of the business combination exceeds the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. This is recognised as an asset and is tested annually for impairment. The identifiable assets and liabilities acquired are incorporated into the consolidated financial statements at their fair value to the Group

Transaction costs

Transaction costs associated with the acquisition are recognised in the consolidated statement of comprehensive income as incurred and separately disclosed due to the nature of this expense.

Intangible assets

Goodwill

Goodwill arising on consolidation is recognised as an asset.

Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed.

Other intangible assets

a) Internally developed Inventory Monetisation (“IM”) platform

The core activity of the existing Supply@Me business is the creation and marketing of a software-driven secure platform (the “IM Platform”) that can be used for the facilitation, recording and monitoring of IM transactions between third party client companies and segregated trading companies (known as stock companies). The software modules which form part of the IM Platform can also be used, through a White-label model, by third party banks in order for them to deploy their own inventory backed financial products. The internally generated IM Platform includes not only the software but also:

- the methodologies and business policies underpinning each IM transaction
- the legal and accounting frameworks required to support each IM transaction
- the technical infrastructure (cloud environment, distributed ledger technology) used to support each IM transaction.

Associated with this core activity are significant product development requirements to address compliance with legal, regulatory, accounting, valuation and insurance criteria. The three main categories of cost are: Software and infrastructure development, intellectual property (IP) related costs and professional fees related to the development of legal and accounting infrastructure.

These costs are capitalised and initially measured at cost and are amortised over their estimated useful economic lives, considered to be 5 years, on a straight-line basis. Amortisation of this internally developed IM platform is charged within cost of sales in the consolidated statement of comprehensive income.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying amount is reduced by any provision for impairment where necessary.

b) Acquired intangible assets

Intangible assets arising on business combinations are recognised initially at fair value at the date of acquisition. Subsequently they are carried at cost less accumulated amortisation. Amortisation of acquired intangible assets is charged within administrative expenses in the consolidated statement of comprehensive income but is excluded from the adjusted operating profit measures as described above.

The estimated useful lives of the acquired intangible assets are set out below:

Customer relationships	13 years
Brand (TradeFlow)	5 years

Commodity Trade Risk Management (“CTRM”) software	5 years
Artificial Intelligence and back-office (“AI”) software	5 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying amount is reduced by any provision for impairment where necessary.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its’ carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Revenue recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the performance obligation is satisfied, the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Currently all the Group’s revenues are recognised at a point in time when the relevant performance obligation has been satisfied.

The Group recognises revenue from the following activities:

a) **Captive inventory monetisation platform servicing (“C.IM”) - Due diligence fees:**

This revenue arises from due diligence services performed by Group’s Italian subsidiary, Supply@Me Srl, in relation to the potential client companies. This due diligence covers topics such as the client's financial information, operations, credit rating and analysis of its inventory.

Given the stage of the Group’s development, and the evolution of the Group’s contracting arrangements, the due diligence revenues recognised by the Group to date have been limited. Further details are provided below:

Historical contractual arrangements - Prior to June 2020, the Group’s contractual arrangements required the client to make a down payment intended to remunerate the Group for the due diligence services being provided. However, these agreements did not clearly identify the Group’s performance obligation and such down payments were also refundable

under certain circumstances and up to the point when the Platform was able to be used for the first time by the client companies.

Due to the above circumstances, these down payments have not been recognised as revenue under IFRS 15 ("Revenue from Contracts with Customers") until the specific performance obligation, being the use of the Group's Platform for the first time, has been satisfied by the Group. Until such time, these amounts have been recognised as deferred income in the balance sheet, or as other payables in the case where a refund has been requested (due to the current delays being experienced by the Group), but not yet paid as at the balance sheet date.

Current contractual arrangements - Post June 2020, the Group updated its contractual arrangements to specifically identify a separate performance obligation in relation to the completion of the due diligence services being provided by the Group, also considering the actual benefits the client companies can directly obtain from such activities, even in case the inventory monetisation transaction does not take place. In these contracts, the due diligence fees are paid in advance by the client companies, and the revenue is recognised when the Group has successfully fulfilled its performance obligation, being the completion of the due diligence service and communication to the client in this respect through the issuance of a detailed due diligence report. Prior to the completion of the performance obligation, the due diligence fees received are held on the balance sheet as deferred income.

In order to conclude if the performance obligations have been successfully fulfilled, management currently assess this on a client-by-client basis to ensure that the control of the due diligence has been transferred to the client company. In developing this accounting policy management have made the assessment that the due diligence services result in a distinct beneficial service being provided to client companies as the information provides insight into their business which can also be used for alternative purposes as well (such as client companies business and operational optimisation). This is also referred to the critical accounting judgements and sources of estimation uncertainty note.

Specific contractual arrangements with related party originator - During 2020, the Group entered into an origination contract with 1AF2 S.r.l in connection with the identification of potential client companies. Also, during 2020, 1AF2 S.r.l merged with The AvantGarde Group S.p.A ("TAG"). As set out in the related party note to these accounts (note 29), both 1AF2 S.r.l and TAG are related parties of the Group.

Under this origination contract it was the originators responsibility to carry out the due diligence services. However, given the Group already had this expertise the originator chose to contract with the Group to perform the due diligence services on their behalf. In this case the Group acts as a service provider to the originator, with the completion of single due diligence activities the identified performance obligation.

This specific contract stipulated a fee to cover the performance of due diligence services for a specific number of clients. This fee was paid at the date the contract was signed. Management's judgement was that the provision of each of the individual due diligence reviews represented a distinct performance obligation under IFRS 15 ("Revenue from Contracts with Customers").

As such, the fees received in advance were held on the balance sheet as deferred income, and the revenue was recognised in line with the completion of each of the due diligence reviews, specifically where the performance obligation had been satisfied being the completion and communication of the due diligence results.

During FY21, this contractual arrangement accounted for 33% of the Group's total revenue (2020: 100%).

b) **Investment Advisory ("IA") fees:** This revenue arises from investment advisory services provided by the Groups wholly owned subsidiary, TradeFlow, in its capacity as investment advisor of the Global Inventory Fund (more specifically, at the date of this report to its well-established CEMP – USD/ EUR Trade Flow Funds Segregated Portfolios). Investment Advisory fees are generated on a monthly basis through investment advisory agreements and are generally based on an agreed percentage of the valuation of Assets Under Management ("AUM") during the relevant period. Investment Advisory fees are recognised as the service is provided and it is probable that the fee will be collected. As these fees are generally received following the particular period to which they relates, any amounts that have been recognised as revenue but not yet received, are recorded on the balance sheet as accrued income.

Cost of Sales

Cost of sales represents those costs that can be directly related to the sales effort. At this early stage in the Group's development, where the C.IM revenue comprises entirely due diligence fee revenue, the cost of sales includes both the costs of the work force who are engaged in that process and the amortisation of the costs relating to the internally developed IM platform. Management regard both as the direct costs associated with generating the C.IM revenue; in line with similar FinTech companies.

Leases

The Group has entered into short term lease contracts (as defined by IFRS 16 "Leases") in respect of one property only and as such, at this time, the Group does not have any material lease arrangements that would be required to be accounted for under IFRS 16 ("Leases"). For these leases the costs are recognised in consolidated statement of comprehensive income in the period which is covered by the term of the lease.

Property, Plant and equipment

Recognition and measurement

All property, plant and equipment is stated at cost less accumulated depreciation and impairment. The costs of the plant and equipment is the purchase price plus any incidental costs of acquisition. Depreciation commences at the point the asset is brought into use.

If there is any indication that an asset's value is less than it's carrying amount an impairment review is carried out. Where impairment is identified an asset's value is reduced to reflect this.

The residual values and useful economic lives of plant and equipment are reviewed by management on an annual basis and revised to the extent required.

Depreciation

Depreciation is charged to write off the cost, less estimated residual values, of all plant and equipment equally over their expected useful lives. It is calculated at the following rates:

- Computers and IT equipment at 33% per annum.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of any deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax and current tax are charged or credited to profit or loss, except when it relates to items charged or credited in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or equity respectively.

In line with IAS 1 “Presentation of Financial Statements” the deferred tax assets have been classified as non-current assets. This has resulted in a reclassification of the deferred tax asset as at 31 December 2020 from Trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Functional and presentational currencies

The consolidated financial statements are presented in pounds sterling (£), the Company’s functional currency.

Foreign currency

The main currencies for the Group are the euro (EUR), pounds sterling (GBP), US dollars (USD) and Singapore dollars (SGD).

Foreign currency transactions and balances

Items included in the consolidated financial statements of each of the Group’s subsidiaries are measured using their functional currency. The functional currency of the parent and each subsidiary is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency using the average exchange rates in the month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

Share capital, share premium and brought forward earnings are translated using the exchange rates prevailing at the dates of the transactions.

See applicable exchange rates to GBP used during FY21 and FY20 below:

	2021		2020	
	Closing	**Average**	**Closing**	**Average**
SGD	1.8195	1.8487	-	-
EUR	1.1907	1.1592	1.1118	1.1250
USD	1.3477	1.3775	-	-

Consolidation of foreign entities:

On consolidation, results of the foreign entities are translated from the local functional currency to pounds sterling, the presentational currency of the Group, using average exchange rates during the period. All assets and liabilities are translated from the local functional currency to pounds sterling using the reporting period end exchange rates. The exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in a separate component of equity.

Employee benefits

Short-term employee benefits

The Group accounts for employee benefits in accordance with IAS 19 ("Employee Benefits").

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution pension obligations

The Group accounts for retirement benefit costs in accordance with IAS 19 ("Employee Benefits").

Contributions to the Group's defined contributions pension scheme are charged to profit or loss in the period in which they become payable.

Financial assets

Classification

Financial assets currently comprise trade and other receivables, cash and cash equivalents.

Recognition and measurement

Loans and receivables

Loans and receivables are mainly contractual trade receivables and are non-derivative financial assets with fixed or determinable payments that do not have a significant financial component and are not quoted in an active market. Accordingly, trade and other receivables are recognised at undiscounted invoice price. A reserve for credit risk is made at the beginning of each transaction and adjusted subsequently through profit and loss.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 ("Financial Instruments") using the lifetime expected credit losses. During this process the probability of the non-payment of trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are reported in a

separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and other short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less and where there is an insignificant risk of changes in value. In the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial liabilities

Classification

Financial liabilities comprise trade and other payables, loan notes, long-term borrowings, convertible loan notes and derivative financial instruments.

Recognition and measurement

Trade and other payables

Trade and other payables are initially recognised at fair value less transaction costs and thereafter carried at amortised cost.

Derivative financial instruments

The Group's derivative financial instruments is a historic convertible loan note that was both issued and then cleared in the past by a debt for equity swap, and warrants were issued with options to acquire shares that are accounted for at fair value, with changes in value taken through profit and loss. The release of the fair value discount on the debt for equity swap has been taken to the income statement as these warrants expired during the current year.

Loan note and long-term borrowings

Interest bearing loan notes and long-term borrowings are initially recorded at the proceeds received, net of direct issue costs (including commitment fees, introducer fees and the fair value of warrants issued to satisfy issue costs). Finance charges, including direct issue costs, are accounted for on an amortised cost basis to the consolidated statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The carrying value of the loan notes have been adjusted to take for the fair value of principal repayments made since inception.

Convertible loan notes

Convertible loan notes issued by the Group are recorded at the fair value of the convertible loan notes issued, net of direct issue costs including commitment fees. Finance charges, including direct issue costs, are accounted for on an amortised cost basis to the consolidated statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The carrying value of the convertible loan notes have been adjusted to take for the fair value of those notes that have been converted into ordinary shares since inception.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and the amount can be reliably estimated.

Share-based payments

Equity-settled share-based payments relate to the acquisition related earn-out payments and warrants issued in connection with the cost of issuing loan notes and convertible notes during the current year.

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

The fair value determined at the grant date of the equity-settled share-based payments relating to the earn-out payments are expensed over the vesting period on a straight-line basis, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The fair value determined at the grant date of the equity-settled share-based payments relating to the warrants issued are net off against the fair value of the loan notes or convertibles loan notes to which they directly relate. The fair value is then expensed together with the other related finance costs on an amortised cost basis to the consolidated statement of comprehensive income using the effective interest method. In respect of the share-based payments, the fair value is not revised at subsequent reporting dates.

Equity

"Share capital" represents the nominal value of equity shares issued.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue.

"Other reserves" represents legal reserves in respect of Supply@ME S.r.l. In accordance with Article 2430 of the Italian Civil Code, Supply@ME S.r.l., a limited liability company registered in Italy, with a corporate capital of euro 10,000 or above shall annually allocate as a legal reserve an amount of 5% of the annual net profit until the legal reserve will be equal to 20% of corporate capital.

"Share-based payment reserve" represents the credit adjustments to equity in respect of the fair value of outstanding share-based payments including acquisition related earn-out payments and warrants issued in connection with the cost of issuing loan notes and convertible notes during the current year.

"Merger relief reserve" represents the excess of the value of the consideration shares issued to the shareholders of Supply@ME S.r.l. upon the reverse takeover over the fair value of the assets acquired.

"Reverse takeover reserve" represents the accounting adjustments required to reflect the reverse takeover upon consolidation. Specifically, removing the value of the "investment" in Supply@ME S.r.l., removing the share capital of Supply@ME S.r.l. and bringing in the pre-acquisition equity of Supply @ME Capital plc.

"FX reserves" represents foreign currency translation differences on consolidation of subsidiaries reporting under a different functional currency to the parent company.

“Retained earnings” represents retained losses of the Group. As a result of the reverse takeover, the consolidated figures include the retained losses of the Group only from the date of the reverse takeover together with the brought forward losses of Supply@ME S.r.l.

Critical accounting judgements and sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on experience to date and other factors, including reasonable expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

A number of these key estimates and underlying assumptions have been considered for the first time this financial year as a results of specific transactions outlined in these consolidated financial statements. The Directors have evaluated the estimates using historical experience and other methods considered reasonable specific to the circumstances. The Directors have also but also in consultation with third-party experts where appropriate. These estimates will be evaluated on an ongoing basis as required.

The Group believes that the estimates and judgements that have the most significant impact on the annual results under IFRS are as set out below:

Judgements

Internally developed intangible assets

The cost of an internally generated IM platform comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. During the period judgement was required to distinguish those costs that were capable of being capitalised under IAS 38 (“Intangible assets”) and that costs that related to research activities, the cost of which has been recognised as an expense during the relevant period.

Revenue recognition – assessment of performance obligations

The Directors are required to make a judgement as to if the due diligence services represent a distinct performance obligation under IFRS 15 (“Revenue from Contracts with Customers”). The Board and management have concluded that this is indeed the case due to the distinct beneficial service being provided to client companies through the delivery of the due diligence report which provide insight and information into the business.

Accounting for acquisition related earn-out payments

The terms of the agreement to acquire TradeFlow included acquisition related earn-out payments that, together with the initial cash payment and issue of equity, form the total legal consideration agreed between the parties. The acquisition related earn-out payments are determined by reference to pre-determined revenue milestone targets in each of the 2021, 2022 and 2023 financial years. These payments may be forfeited by the selling shareholders should they, in certain circumstances, no longer remain employed prior to the end of each earn-out period. Under the IFRS Interpretations

Committee's interpretation of paragraph B55 of IFRS 3 ("Business Combinations"), the Directors have concluded that the inclusion of the substantive post-acquisition service conditions requires the fair value of these earn-out payments to be accounted for as a charge to the income statement (as deemed remuneration) rather than as consideration.

Business combinations

The share purchase agreements governing the acquisition of TradeFlow included an option for the selling shareholders, who remained directors of Tradeflow following the acquisition, to repurchase and give the ability for these selling shareholders to veto certain actions in relation to the TradeFlow business for the first 24 months of ownership. The Directors consider these clauses to be protective in nature and not substantive and are in place to protect these selling shareholders during the earn-out period. Furthermore, the Directors have assessed the option clauses to be unlikely during the year and at the balance sheet date. Therefore, the Directors have concluded that Supply@ME Capital plc has control over TradeFlow.

Estimates

Intangible assets in a business combination

On the acquisition of a business the identifiable intangible assets may include customer relationships, brands and internally generated software. The fair value of certain of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the asset exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets, with a resultant impact on the goodwill or gain on acquisition recognised.

On acquisition the Group recognised intangible assets of £6,888,000, representing customer relationships (£4,829,000), Brand ("TradeFlow") (£205,000), CTRM software (£1,429,000) and AI software (£425,000).

Customer relationships

The most significant intangible asset recognised is relationships with customers, in this case being potential investors to the Global Inventory programme (more specifically, at the date of this report to its well-established CEMP – USD/ EUR Trade Flow Funds Segregated Portfolios) for which TradeFlow acts as an investment advisor. A model was used that present valued the earnings forecast to be generated by the investor relationships, net of a reasonable return on other assets also contributing to that stream of earnings. The significant assumptions used in this model were as follows:

Discount rate – 25%

Annual customer attrition rate – 5%

If the discount rate was adjusted by 2.5% the impact on the value of the asset would be approximately plus or minus £769,000 and £605,000 respectively. If the annual customer attrition rate was adjusted by 2.5% the impact on the value of the asset would be approximately plus or minus £989,000 and £824,000 respectively

Brand

The brand has been valued by present valuing the saved costs by owning the brand rather than paying a royalty to licence the brand. The significant assumptions used in this model were as follows:

Discount rate – 25%

Royalty rate – 1%

If the discount rate was adjusted by 2.5% the impact on the value of the asset would be not be impacted. If the royalty rate was adjusted by 1% the impact on the value of the asset would be approximately plus or minus £220,000.

CTRM software

CTRM software has been valued by present valuing the saved costs by owning the software rather than paying a royalty to licence the software. The significant assumptions used in this model were as follows:

Discount rate – 25%

Royalty rate – 7%

If the discount rate was adjusted by 2.5% the impact on the value of the asset would be approximately plus or minus £110,000. If the royalty rate was adjusted by 1% the impact on the value of the asset would be approximately plus or minus £220,000.

AI software

AI software has been valued with reference to the costs that would have to be expended in order to recreate the asset. The cost assumptions were based on historical costs and as such there we no significant judgemental or subjective assumptions.

Useful Economic Lives of Acquired Intangibles

On acquisition, the useful economic lives of acquired intangibles, which are key estimates, are assessed by management. The estimated useful lives of the acquired intangible assets are set out below:

Customer relationships	13 years
Brand (TradeFlow)	5 years
CTRM software	5 years
AI software	5 years

These useful economic lives have been based on the following factors:

- Customer relationships – the period over which 95% of the value of the customer relationships is expected to be achieved.
- Brand, CTRM software and AI software – the specific characteristics of the asset, its life to date and benchmarking to market data for comparable acquisition transactions.

We have outlined below a sensitivity analysis detailing the impact of changing the useful economic lives of each of the acquired intangibles would have on the amortisation charged to profit or loss for the year ended 31 December 2021:

	Decreasing useful life by 3 years	**Increasing useful life by 3 years**
	Approximate increase in amortisation (£000)	*Approximate decrease in amortisation (£000)*

Customer relationships	56	35
Brand (TradeFlow)	31	8
CTRM software	214	54
AI software	64	16
Total	**365**	**112**

Valuation of acquisition related earn-out payments

The acquisition related earn-out payments described above, are able to be settled in either cash or equity. The contracts governing the acquisition of TradeFlow however contain conflicting terms with respect to which party has the right to decide whether to settle the earn-out payments in cash or shares. After taking legal advice, management have concluded that the choice is at the discretion of the Company, and that it is the Company's current intention to settle these payments in equity, capturing them within the scope of IFRS 2 ("Share-based payments").

As such the Directors were required to determine the fair value of the equity-settled share-based payments at the date on which they were granted. This valuation needed to take into account the following market conditions related to these earn-out awards:

- The number of shares to be issued will be determined using the Volume Weighted Average Price ("VWAP") over the 20 dealing days to the end of the relevant financial year subject to a floor of 1p. In addition, the number of shares will be enhanced by 50% if the VWAP is greater than 1p; and
- That 50% of any earn-out shares may not be sold for 12 months following the award but are not contingent on continued employment.

Judgement was required in determining the most appropriate inputs into the valuation model (refer to detail in note 27) used and the key judgemental input was the expected volatility rate of the Company's share price over the relevant period and the assumption applied in the model was 90%, with 162% applied for any required holding period. This assumption reflects the Company's actual volatility from the date of listing through the grant date, and the Company's actual volatility for a 12 month period prior to the grant date, respectively. Given the Group's early stage of development, it was concluded that the Group's actual volatility was the most appropriate rate to use. If the expected volatility rates were adjusted by plus 10%, then the impact on the fair value recognised in the income statement in the current year would have been approximately minus £65,000. If the expected volatility rates were adjusted by minus 10%, then the impact on the fair value recognised in the income statement in the current year would have been approximately plus £54,000.

If management had reached the alternative conclusion that the choice to settle in either cash or shares is at the discretion of the TradeFlow shareholder, they would have been accounting for under IFRS 2 ("Share-based payments"). The impact would be to increase the acquisition related earn-out charge by approximately £3.3 million.

Valuation of share warrants issued

During the year the Company issued share warrants in connection with the loan notes and certain convertible loan notes that were also issued during the year ended 31 December 2021. As these share warrants were issued as a cost of securing the funding facility they fall into the scope of IFRS 2 ("Share-based payments"). As such the Directors were required to determine the fair value of the equity-settled share-based payments at the date on which they were granted. Judgement was required

in determining the most appropriate inputs into the valuation model (Black Scholes) used and the key judgemental input was the expected volatility rate of the Company's share price over the relevant period and the assumption applied in the model was 97% and was based the actual volatility of the Company's share price from the date of the RTO. If the expected volatility rate was adjusted by plus 10%, then the impact on the fair value in the current year would have been approximately plus £71,000. If the expected volatility rate was adjusted by minus 10%, then the impact on the fair value in the current year would have been approximately minus £76,000.

3 Reverse acquisition during the year ended 31 December 2020

On 23 March 2020, the Company acquired through a share for share exchange the entire share capital of Supply@ME S.r.l, whose principal activity is an early-stage business that 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.

Although the transaction resulted in Supply@ME S.r.l. becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of Supply@ME S.r.l. own a substantial majority of the Ordinary Shares of the Company and the executive management of Supply@ME S.r.l. became the executive management of Supply@ME Capital plc, previously Abal Group plc.

In substance, the shareholders of Supply@ME S.r.l. acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the acquisition were purely the maintenance of the AIM Listing, acquiring Supply@ME S.r.l and raising equity finance to provide the required funding for the operations of the acquisition it did not meet the definition of a business in accordance with IFRS 3 for the purpose of these consolidated financial statements of the Group.

Accordingly, in these consolidated financial statements, the reverse acquisition did not constitute a business combination and was accounted for in accordance with IFRS 2 "Share-based Payments" and the associated IFRIC guidance. Although, the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The Directors have prepared these consolidated financial statements using the reverse acquisition methodology, but rather than recognising goodwill, the difference between the equity value given up by the Supply@ME S.r.l.'s shareholders and the share of the fair value of net assets gained by the Supply@ME S.r.l. shareholders is charged to the statement of comprehensive income as a share-based payment on reverse acquisition and represents in substance the cost of acquiring a main market listing.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated statements of Supply@ME S.r.l. and include:

- The assets and liabilities of Supply@ME S.r.l. at their pre-acquisition carrying value amounts and the results for both years; and
- The assets and liabilities of the Company as at 23 March 2020 and its results from the date of the reverse acquisition (23 March 2020) to 31 December 2021.

On 23 March 2020, the Company issued 32,322,246,220 ordinary shares to acquire the whole of the share capital of Supply@ME S.r.l. The prospectus dated 4th March 2020 had an issue price of £0.006945 per share of the Company's share capital to be issued and therefore valued the investment in Supply@ME S.r.l. at £224,478,000.

Because the legal subsidiary, Supply@ME S.r.l., was treated on consolidation as the accounting acquirer and the then legal Parent Company, Supply@ME Capital plc, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by Supply@ME S.r.l. was calculated at £859,000 based on an assessment of the purchase consideration for a 100% holding of Supply@ME Capital plc, being its entire share capital of 101,094,276 Ordinary Shares at the last listing price of £0.0085.

The fair value of the net assets of Supply@ME Capital plc at acquisition was as follows:

	£ 000
Cash and cash equivalents	93
Receivables	50
Payables	(660)
Total Net Liabilities	(517)

The difference between the deemed cost (£859,000) and the fair value of the net liabilities assumed per above of £517,000 resulted in £1,376,000 being expensed within "reverse acquisition expenses" in accordance with IFRS 2, Share-Based Payments, reflecting the economic cost to Supply@ME S.r.l. shareholders of acquiring a quoted entity.

The reverse acquisition reserve which arose from the reverse takeover is made up as follows:

	£'000
Pre-acquisition equity[1]	(14,881)
Supply@ME S.r.l. equity at acquisition[2]	148
Investment in Supply@ME S.r.l.[3]	(224,478)
Reverse acquisition expense[4]	1,376
	(237,835)

Notes:

1. Recognition of pre-acquisition equity of Supply@ME Capital plc as at 23 March 2020.
2. Supply@ME S.r.l. had issued equity of £148,000. As these consolidated financial statements present the capital structure of the legal parent entity, the equity of Supply@ME S.r.l. is eliminated.
3. The value of the shares issued by the Company in exchange for the entire share capital of Supply@ME S.r.l. The above entry is required to eliminate the balance sheet impact of this transaction.
4. The reverse acquisition expense represents the difference between the value of the equity issued by the Company, and the deemed consideration given by Supply@ME S.r.l. to acquire the Company.

4 Segmental reporting

IFRS 8 ("Operating segments") requires the Group's operating segments to be established on the basis of the components of the Group that are evaluated regularly by the chief operating decision maker, which has been determined to be the Board of Directors. At this early stage of development, the Group's structure and internal reporting is continually developing. Prior to the acquisition of TradeFlow on 1 July 2021, the Board considered that the Group operated in a single business segment of due diligence and all activities were undertaken in Italy.

Following the acquisition, the Board of Directors manage the Group as two operating segments being inventory monetisation (comprising the Group's Italian operating subsidiary) and investment advisory

(comprising the TradeFlow operations), alongside the head office costs (comprising the Company). To date the inventory monetisation segment has been focused on the development of the IM platform and the provision of due diligence services.

The key metrics assessed by the Board of Directors include revenue and adjusted operating profit (before deemed cost of listing, acquisition related costs and impairment charges) which is presented below. Revenue is presented by basis of recognition and by service line, in accordance with IFRS 15.

As the business continues to grow, it is expected that the operating segments may need to be monitored and updated to reflect the needs and requirement of the chief operating decision maker.

Year ended 31 December 2021	Inventory Monetisation	Investment Advisory	Head office	Consolidated Group
	£ 000	**£ 000**	**£ 000**	**£ 000**
Revenue				
Due Diligence fees	279	-	-	279
Investment Advisory fees	-	259	-	259
Revenue by operating segment	**279**	**259**	**-**	**538**
Operating loss before deemed cost of listing and acquisition related costs and impairment charges	**(1,071)**	**(407)**	**(2,953)**	**(4,431)**

All the Group's revenue is recognised at a point in time.

As at 31 December 2021	Inventory Monetisation	Investment Advisory	Head office	Consolidated Group
	£ 000	**£ 000**	**£ 000**	**£ 000**
Balance sheet				
Assets	802	181	9,552	10,535
Liabilities	(4,363)	(1,526)	(6,071)	(11,960)
Net assets / (liabilities)	**(3,561)**	**(1,345)**	**3,481**	**(1,425)**

The Company completed the acquisition of TradeFlow in 1 July 2021 and therefore the above tables include the results from this date and the assets / (liabilities) only as at 31 December 2021.

Geographical analysis

The Group's inventory monetisation operation is currently predominately located in Europe, while the investment advisory operations are currently predominately located in Singapore.

5 Deemed cost of listing

	2021 £ 000	2020 £ 000
Deemed cost of listing – share-based payment	-	1,376

As explained in note 3, 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").

The amount of £1,376,000 represents the deemed cost of acquisition over the net assets of Supply@ME S.r.l. that were acquired. Under IFRS 2, the deemed costs of obtaining the listing have been expensed to profit and loss.

6 Finance costs

	2021 £ 000	2020 £ 000
Interest expense – loan notes / convertible loan notes	1,252	-
Interest expense – long-term borrowings	89	-
Total finance costs	**1,341**	**-**

7 Other operating income

	2021 £ 000	2020 £ 000
Write back of payables	-	53
	-	53

8 Operating loss

The Group's operating loss for the year has been arrived at after charging (crediting):

	2021 £ 000	2020 £ 000
Amortisation of internally developed IM platform (note 15)	391	234

Depreciation	5	1
Staff costs (note 10)	1,728	745
Short-term lease costs	43	-
Professional and legal fees	1,825	1,327
Contractor costs	180	-
Insurance	123	66
Training and recruitment costs	75	-

In addition to the above, the Group incurred the following costs relating the deemed cost of listing in the prior year, acquisition related costs and impairment charges as detailed below:

	2021 **£ 000**	**2020** **£ 000**
Deemed cost of listing (note 5)	-	1,376
Transaction costs (note 27)	2,009	-
Amortisation of intangible assets arising on acquisition (note 15)	391	-
Acquisition related earn-out payments (note 27)	1,410	-
Impairment charges (note 15)	2,573	-
Total deemed cost of listing, acquisition related costs and impairment charges	**6,383**	**1,376**

9 Auditors' remuneration

During the year, the Group obtained the following services from the Group's auditor, at the costs detailed below:

	2021 **£ 000**	**2020** **£ 000**
Fees payable to the Company's auditors for the audit of the consolidated financial statements	75	27
Fees payable to the Company's auditors and its associates for other services to the Group:		
Audit of the Companies subsidiaries	29	10
Audit fees relating to prior periods	30	-

Total audit fees	134	37
Non-audit services	-	-
Total audit and non-audit related services	134	37

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages, salaries and other short term employee benefits	1,476	633
Social security costs	166	95
Post-employment benefits	86	1
Redundancy costs	-	16
Total staff costs	**1,728**	**745**

The average number of persons employed by the Group (including executive directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Executive directors	2	1
Finance, Risk and HR	2	1
Sales and marketing	4	3
Legal	2	2
Operations and Platform development	9	7
Total average number of people employed	**19**	**14**

11 Key management personnel

Key management compensation (including directors):

	2021 £ 000	2020 £ 000
Wages, salaries and short-term employee benefits	890	361

Social security costs	60	-
Post-employment benefits	60	-
Total key management compensation	**1,010**	**361**

Key management personnel consist of the Company leadership team and the Directors.

No retirement benefits are accruing to Company Directors under a defined contribution scheme (2020: none), however the Chief Executive Officer received cash in lieu of payments to a defined contribution pension scheme of £49,310 during the year (2020: none). This was allowable under his directors employment contract. Of the £49,310, £21,560 that was paid during FY21 but which related to base salary earned in FY20. The remaining £27,750 related to base salary earned in FY21.

The Directors' emoluments are detailed in the Remuneration Report of the Annual Report and Accounts for the year ended 31 December 2021.

12 Income tax

Tax charged in the income statement:

	2021	2020
	£ 000	**£ 000**
Current Taxation		
UK Corporation tax	-	-
Foreign taxation paid/(receivable) by subsidiaries	332	145
	332	145

The tax on loss before tax for the period is more than (2020 - less than) the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£ 000	**£ 000**
Loss before tax	12,155	2,819
Corporation tax at standard rate - 19%	(2,309)	(536)
Effect of expenses not deductible in determining taxable profit (tax loss)	929	593
Increase in tax losses carried forward which were unutilised in the current year	616	38

Tax adjustments in respect of foreign subsidiaries (timing differences)	1,096	50
Total tax charge	**332**	**145**

13 Deferred tax

The following are the deferred tax (liabilities) / assets have been recognised by the Group and movements thereon during the current and prior year:

	Deferred tax liability arising on acquired intangible assets £ 000	Deferred tax asset arising on short-term timing differences £ 000	Total £ 000
As at 1 January 2020	-	**283**	**283**
Foreign exchange movement	-	17	17
Additions	-	142	142
Credit / (charge) to income	-	(20)	(20)
As at 31 December 2020	-	**422**	**422**
Foreign exchange movement	-	(28)	(28)
As at 1 January 2021	**-**	**394**	**394**
Arising on acquisition of TradeFlow	(1,171)	-	(1,171)
Additions	-	24	24
Credit / (charge) to income	67	(254)	(187)
Impairment		(164)	(164)
As at 31 December 2021	**(1,104)**	-	**(1,104)**

The deferred tax liability arises on the acquisition of TradeFlow and in particular on the fair value uplift that was applied to the acquired intangible assets. This deferred tax liability will be released in line with the amortisation profile of the acquired intangible assets.

The deferred tax asset represents an aggregate of the following short-term timing differences:

	As at 31 December 2021 £ 000	As at 31 December 2020 £ 000
Short-term timing differences		
Arising on revenue recognition timing differences	-	383
Arising on amortisation costs timing differences	-	36
Arising on IAS 19 timing differences	-	3
Total short term deferred tax timing differences	**-**	**422**

In line with IAS 1 ("Presentation of Financial Statements") the prior year comparative deferred tax asset balance of £422,000 has been reclassified from Trade and other receivables to non-current assets.

Arising on revenue recognition timing differences

These deferred tax assets arise due to the Group's Italian subsidiary recognising revenue in the local tax accounts (in accordance with local rules) ahead of the IFRS 15 revenue recognition policy applied in the Group consolidated financial statements. As such this generated income taxes payable in Italy for the Group relating to revenue that will not be recognised in the consolidated Group accounts until a later period at which time these timing differences will be reversed.

The decrease in these short-term timing differences over the year resulted from amounts being recognised as revenue under IFRS 15 in the current period or amounts no longer expected to be recognised as revenue in the future due to refunds having been requested from clients.

Arising on amortisation costs timing differences

These deferred tax assets arise due to the Group's Italian subsidiary capitalising certain expenditure in their local tax accounts (in accordance with local rules), that did not meet the requirements for capitalisation under IAS 38. As such this resulted in lower costs in the local tax accounts and these timing differences will be reversed as these capitalised items are amortised.

Deferred tax asset impairment assessment

As at 31 December 2021, the Directors reviewed the carrying amount of all deferred tax assets to determine whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. In order to be prudent, and to follow a consistent approach used to determine the impairment of the Group's internally generated IM platform asset (refer to note 15 for further details), the Directors reached the conclusion to impair the full carrying value of the deferred tax assets as at the year-end date.

In addition, unrecognised deferred tax assets, relating tax losses carried forward across the Group, total approximately £1.2 million and have not been recognised due to uncertainty over the timing and extent of future taxable profits. The losses can be carried forward indefinitely and have no expiry date.

14 Earnings per share

The calculation of the Basic earnings per share (EPS) is based on the loss for the year of £12,487,000 (2020 — loss £2,964,000) and on a weighted average number of ordinary shares in issue of 33,921,396,568 (2020 — 27,118,800,563). The basic EPS from continuing operations is (0.04) pence (2020 – (0.01)).

The following share warrants and future acquisition related earn-out payments to be issued in shares were in issue at the dates shown below and if exercised, would dilute the earnings per share in the future.

	2021 No.	2020 No.
Number of shares:		
Share warrants	522,791,511	11,363,636
Acquisition related earn-out share options	1,578,324,153	-
Total	2,101,115,664	11,363,636

No dilution per share was calculated for 2021 and 2020 as with the reported loss they are all anti-dilutive.

15 Intangible assets

	Customer Relation-ships £ 000	Brand £ 000	CTRM Software £ 000	AI Software £ 000	Goodwill £ 000	Internally developed IM platform £ 000	Total
Cost or valuation							
At 1 January 2020	-	-	-	-	-	606	606
Additions	-	-	-	-	-	1,027	1,027
At 31 December 2020	-	-	-	-	-	1,633	1,633
Forex retranslation adjustment	-	-	-	-	-	(109)	(109)
At 1 January 2021	-	-	-	-	-	1,524	1,524
Arising of acquisition of TradeFlow	4,829	205	1,429	425	2,199	-	9,087
Additions	-	-	-	-	-	1,020	1,020
At 31 December 2021	4,829	205	1,429	425	2,199	2,544	11,631
Amortisation							

At 1 January 2020	-	-	-	-	-	194	194
Amortisation charge	-	-	-	-	-	203	203
At 31 December 2020	-	-	-	-	-	397	397
Forex retranslation adjustment	-	-	-	-	-	(17)	(17)
At 1 January 2021						380	380
Amortisation charge	186	20	143	43	-	391	783
At 31 December 2021	186	20	143	43	-	771	1,163
Impairment							
At 1 January 2021	-	-	-	-	-	-	-
Impairment charge	-	-	-	-	800	1,773	2,573
At 31 December 2021	-	-	-	-	800	1,773	2,573
Net Book Value							
At 31 December 2021	4,643	185	1,286	382	1,399	-	7,895
At 31 December 2020	-	-	-	-	-	1,236	1,236

The following intangible assets arose on the acquisition of TradeFlow during the current period; Customer relationships, Brand, Commodity Trade Risk Management ("CTRM") software, Artificial Intelligence and back-office ("AI") software and Goodwill. The carrying value of these assets at the date of acquisition is shown in the table above.

Impairment assessment – Internally developed IM Platform

The Directors considered the current year losses of the Group's Italian subsidiary, to which the Internally developed IM platform relates, as an impairment indicator and therefore, in accordance to IAS 36 ("Impairment of Assets"), an impairment test on this asset has been performed as at 31 December 2021.

This impairment test has been carried out using the Group's 2022 - 2025 Business Plan prepared by the management and approved by the Board of Directors on 30 May 2022, and, in particular, the cash flows the particular asset is expected to generate during the forecasted period in its current condition. The recoverable amount has been identified in the value in use, equal to the sum of the discounted future cash flows (considering a terminal value) that the asset will be able to generate according to management estimates in its current condition.

The weighted average cost of capital ("WACC") has been used as the discount rate, which takes into account the specific risks of the asset and reflects the current market conditions and the cost of money, based on a weighting between the cost of debt and the cost of equity, calculated on the basis of the values of comparable companies operating in the same sector. The value of the WACC thus determined was equal to 10.64%.

The recoverable amount of the investment was higher than its carrying amount using this methodology as at 31 December 2021.

However, as noted in the full going concern statement, set out in note 2, there is currently an absence of a historical track record relating to inventory monetisation transactions being facilitated by the Group's Platform, the generation of the full range of fees from the use of its Platform and the Group being cash flow positive. As such the Directors have prudently identified a material uncertainty in relation to the going concern statement. The Directors have also concluded that this uncertainty applies to the discounted cash flow model used in this impairment test also. In particular, there is uncertainty that arises with respect to both the future timing and growth rates of the forecast discounted cash flows arising from the use of the Internally developed IM Platform intangible asset.

As such, the Directors have prudently decided to impair the full carrying amount of this asset as at 31 December 2021. This impairment loss may subsequently be reversed and if so, the carrying amount of the asset will be increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Impairment assessment – TradeFlow

The Directors considered the underperformance of TradeFlow compared to the forecast for the year ended 31 December 2021 (included in the independent valuation report prepared for the purposes of the acquisition) to be an impairment indicator. In particular, the Directors noted that 80% of the earn-out milestone target, which had been set in line with the forecast referred to above, for the year ended 31 December 2021 was achieved. Therefore, in accordance with IAS 36 ("Impairment of Assets"), an impairment test on the TradeFlow Cash Generating Unit ("CGU") has been performed as at 31 December 2021.

This impairment test has been carried out using the Group's 2022 - 2025 Business Plan prepared by the management and approved by the Board of Directors on 30 May 2022, and, in particular, the cash flows the TradeFlow CGU is expected to generate during the forecasted period in its current conditions. In performing the impairment test, the Directors reduced its revenue forecasts by 20% each year over this period in order to reflect the circumstances experienced in the current financial year. The Directors believe this is a prudent assumption to have made given the current expectations are for revenue to be largely in line with the unadjusted forecasts going forward.

The Directors used WACC as the discount rate, which takes into account the specific risks of the TradeFlow CGU forecasts, and reflects the current market conditions and the cost of money, based on a weighting between the cost of debt and the cost of equity, calculated on the basis of the values of comparable companies operating in the same sector. Given the early stage development of the TradeFlow business, the Directors initial determined WACC to be equal to 16.43%.

However, the Directors also noted that the independent purchase price accounting exercise carried out in respect of the TradeFlow, applied a discount rate of 25.00% to the forecast cashflows. This discount rate has been determined largely by reference to the initial rate of return, which would ensure the present value of the future TradeFlow CGU forecasts equalled to the value of the investment made.

In order to ensure consistency between the WACC applied in this impairment test and the recent purchase price accounting exercise, the Directors took the decision and subsequently adjusted the discount rate applied in the impairment test to 25.00%. This is also believed to be a prudent assumption.

Using the assumptions applied above, the recoverable amount has been identified as the value in use, equal to the sum of the discounted future cash flows (including a terminal value and terminal value growth rates of 1.5%) that the TradeFlow CGU will be able to generate according to management estimates in its current condition. This recoverable amount of the TradeFlow CGU was determined to

be lower than its carrying amount on the balance sheet at 31 December 2021 by £800,000.

As such, in accordance with IAS 36 ("Impairment of Assets"), an impairment charge of £800,000 has been recognised against the value of the goodwill initially recognised in line with IFRS 3 ("Business Combinations"). This impairment charge has also been recognised in the profit and loss in the current financial year.

16 Trade and other receivables

	As at 31 December 2021 £ 000	As at 31 December 2020 £ 000
Trade receivables	13	489
Contract assets	84	
Other receivables	727	601
Prepayments	72	23
Total current trade and other receivables	896	1,113

17 Share capital

Allotted, called up and fully paid shares

	As at 31 December 2021		As at 31 December 2020	
	No. 000	£ 000	No. 000	£ 000
Equity			-	-
Ordinary shares of £0.00002 each	36,068,442	721	32,754,945	655
Deferred shares of £0.04000 each	63,084	2,523	63,084	2,523
2018 Deferred shares of £0.01000 each	224,194	2,242	224,194	2,2412
	36,355,720	5,486	33,042,223	5,420

New shares allotted during the current financial year

On 7 July 2021, the Company allotted 1,477,705,882 new ordinary shares. These shares were issued with the following activities:

- 813,000,000 were issued as consideration for the acquisition of TradeFlow;
- 500,000,000 were issued as consideration to intermediaries and introducers which support the TradeFlow acquisition; and
- 164,705,882 were issued in connection with the conversion of £560,000 convertible loan notes held by Negma Group.

On 29 July 2021 the Company allotted 315,000,000 new ordinary shares in connection with the conversion of £1,008,000 convertible loan notes held by Negma Group.

On 3 September 2021 the Company allotted 840,000,000 new ordinary shares in connection with the

conversion of £2,016,000 convertible loan notes held by Negma Group.

On 18 November 2021 the Company allotted 77,614,382 new ordinary shares in connection with the conversion of £158,333 convertible loan notes held Mercator Capital Management Fund LP.

On 29 November 2021 the Company allotted 221,836,063 new ordinary shares in connection with the conversion of £300,000 convertible loan notes held Mercator Capital Management Fund LP.

On 21 December 2021 the Company allotted 381,340,661 new ordinary shares in connection with the conversion of £458,333 convertible loan notes held Mercator Capital Management Fund LP.

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences, and restrictions:
The Ordinary shares carry rights to participate in dividends and distributions declared by the Company and each share carries the right to one vote at any general meeting. There are no rights of redemption attaching to the Ordinary shares.

Deferred shares have the following rights, preferences, and restrictions:
The deferred shares carry no rights to receive any dividend or distribution and carry no rights to vote at any general meeting. On a return of capital, the Deferred shareholders are entitled to receive the amount paid up on them after the Ordinary shareholders have received £100,000,000 in respect of each share held by them. The Company may purchase all or any of the Deferred shares at an appropriate consideration of £1.

2018 Deferred shares have the following rights, preferences, and restrictions:
The deferred shares carry no rights to receive any dividend or distribution and carry no rights to vote at any general meeting.

Reconciliation of allotted, called up and fully paid shares

	As at 31 December 2021		**As at 31 December 2020**	
	No. 000	**£ 000**	**No. 000**	**£ 000**
As at 1 January	33,042,223	5,420	-	148
Transfer to RTO reserve	-	-	-	(148)
Bring in plc share capital		-	388,372	4,767
Reverse acquisition		-	32,322,246	646
Issue of shares for cash		-	331,604	7
Shares issued on conversion of convertible loan notes (note 19)	2,000,497	40	-	-
Shares issued as consideration for acquisition (note 27)	813,000	16	-	-
Shares issued as consideration for support with the TradeFlow acquisition (note 27)	500,000	10	-	-
As at 31 December	36,355,720	5,486	33,042,223	5,420

18 Loan notes and Long-Term Borrowings

Loan notes

On 29 September 2021, the Company announced it had entered a loan note facility with Mercator Capital Management Fund LP ("Mercator"). The new loan note facility consisted of a short-term loan with the following key terms:

- Initial draw down of £5 million, with a further £2 million available within 60 days subject to certain conditions precedent which were subsequently met;
- 12-month term, with an interest rate of 10%;
- The principal and interest to be repaid on a monthly basis; and
- Warrants will be issued representing 20% of both tranches. The warrants will have a term of 3 years from issue and an exercise price of 130% of the lowest closing VWAP over the ten trading days immediately preceding the issue of the warrants.

The loan note facility was linked to a convertible loan note facility also entered into with Mercator, which was able to be used should the Company elect not to repay any of the interest or principal relating to the loan notes in cash. The Mercator convertible loan note facility was for the same aggregate value as the loan facility including interest, being £7.7 million, and was able to be drawn in tranches equal to the monthly loan repayments. Further details of the Mercator convertible loan notes can be found in note 19.

The loan notes were initially recorded at the proceeds received, net of direct issue costs (including commitment fees, introducer fees and the fair value of warrants issued to satisfy issue costs). As at 31 December 2021, the Company had made the first two monthly repayments which had been satisfied through the issue of convertible loan notes in order to allow the Group to preserve cash for working capital requirements or to facilitate further new strategic initiatives. The finance charges, including direct issue costs, are accounted for on an amortised cost basis using the effective interest method. The effective interest rate applied was 47.5%.

Further details on the fair value of the warrants are set out in note 28.

The movement in the loan notes during the current financial year are set out in the table below:

	£ 000
Loan note liability at 1 January 2021	-
Initial drawdown net of commitment, introducer fees and fair value of warrants issued in connection with the loan notes	4,209
Second drawdown net of commitment and introducer fees	1,900
Amortisation of finance costs during the period recognised in the income statement	540
Less Repayments made via issues of convertible loan notes	(917)
Loan note liability at 31 December 2021	5,732

Long-Term Borrowings

	As at 31 December 2021 £ 000	As at 31 December 2020 £ 000
Unsecured loan notes	1,263	-

Other bank borrowings	21	22
Total long-term borrowings	1,284	22

TradeFlow entered into an unsecured loan note subscription agreement on 23 October 2020 and this was recognised by the Group from the date of acquisition. This loan note was for a principal amount of USD 1,700,000. The terms of this agreement require the principal to be repaid as one lump sum on the 23 October 2023 along with an additional cost of issue of USD 300,000.

As at 31 December 2021, the Group has recognised £1,263,000 (USD 1,700,000) as a long-term liability. These TradeFlow loan notes bear a simple fixed interest rate of 8.235% per annum which is to be paid semi-annually. As at 31 December 2021, the Group has recognised the accrued interest that had not been paid of £84,000 (2020: nil) within trade and other payables. In addition, the Group has also recognised accrued interest in respect of the cost of issue using the effective interest rate method, resulting in additional accrued interest of £77,000 as at 31 December 2021.

The total interest expense recognised in the income statement for the current financial year, from the date of acquisition of TradeFlow, in relation to this unsecured loan note was £86,000 (2020: nil).

19 Convertible loan notes

During the current financial year, the Company entered two different convertible loan note arrangements. These are set out below:

Negma convertible loan notes

On 16 June 2021, the Company entered a subscription agreement with Negma Group Ltd (“Negma”") for the issue of an initial tranche of £5,600,000 of convertible loan notes, in exchange for cash proceeds of £5,000,000.

The difference between the par value of the convertible loan notes and the cash received is the effective interest charged in relation to these instruments.

Negma issued conversion notices during the period totalling £3,584,000 which resulted in the issue of 1,319,705,882 ordinary shares (for further detail see note 17).

The remaining £2,016,000 convertible loan note balance was repaid in cash following the drawdown of the initial tranche of the loan notes referred to above.

The total interest cost of £600,000 in relation to these convertible loan notes has been recognised as a finance expense during the current period.

Mercator convertible loan notes

As set out in note 18, the Company entered a second convertible loan note agreed with Mercator in connection with the loan note facility described above.

The Mercator convertible loan notes contains the following key terms:

- They were each to be issued at par value;
- Each convertible loan note had a 12-month term, a conversion price of 85% of the lowest 10 day closing VWAP prior to the issue of the conversion notice and was able to be convertible at the holders request;
- Warrants are to be issued for 20% of each tranche. The warrants will have a term of 3 years from issue and an exercise price of 130% of the lowest closing VWAP over the ten trading days immediately preceding the request to issue a new tranche.

During the year ended 31 December 2021, the Company issued convertible loan notes to Mercator to the value of £916,667, however as at 31 December 2021 these had fully been converted into 680,791,106 ordinary shares.

The Mercator convertible loan notes did not have any interest costs in addition to the loan notes but did have costs relating to commitment fees of £25,000 and the fair value of the warrants of £88,000 associated with warrants. Both costs have been recognised in the income statement in the current year given the liability to which they relate has been extinguished (2020: nil). Further details on the fair value of the warrants is set out in note 28.

As at 31 December 2021, the convertible loan note liability is nil (2020: nil).

Historical convertible loan notes

In addition to the above, the Company also had the following historical convertible loan notes and associated derivative financial instruments which expired during the year resulting in a credit to the income statement in respect of the outstanding fair value of £24,000.

20 Trade and other payables

	As at 31 December 2021 £ 000	As at 31 December 2020 £ 000
Trade payables	1,086	1,062
Other payables	588	271
Social security and other taxes	994	792
Accruals	437	117
Contract liabilities	395	1,131
	3,500	3,373

The decreased in contract liabilities over the period is a result of:

- £182,000 being recognised as revenue in the year ended 31 December 2021 in line with the due diligence performance obligations having been satisfied during this time; and
- A number of refunds having been requested from client companies during the current financial year in connection with the Group's older contracts that allowed for this. A number of these amounts were refunded during the year, but a number were due for repayment as at 31 December 2021 and were recorded within other payables. Management is confident that some of these client companies are likely to return following the first inventory monetisation transactions being executed on the Platform.

21 Provisions

	Post-employment benefits £ 000	Provision for risks and charges £ 000	Provision for VAT and penalties £ 000	Total £ 000
At 1 January 2020	-	-	207	211
Released to profit and loss	-	-	-	(4)
Provided for in the year	32	40	79	151
At 31 December 2020	32	40	286	358
Forex retranslation adjustment	-	(4)	(19)	(23)
At 1 January 2021	32	36	267	335
Released to profit and loss	-	-	(58)	(58)
Provided for in the year	26	51	-	77
Payments	(11)	-	-	(11)
Actuarial (gain)/loss	(3)	-	-	(3)
At 31 December 2021	**44**	**87**	**209**	**340**

Post-employment benefits

Post-employment benefits include severance pay and liabilities relating to future commitments to be disbursed to employees based on their permanence in the company. This entirely relates to the Italian subsidiary where severance indemnities are due to each employee at the end of the employment relationship.

Post-employment benefits relating to severance indemnities are calculated by estimating the amount of the future benefit that employees have accrued in the current period and in previous years using actuarial techniques. The calculation is carried out by an independent actuary using the "Projected Unit Credit Method".

Provision for risks and charges

Provision for risks and charges includes the estimated amounts of penalties for payment delays referring the tax payables recorded in the Italian subsidiary financial statements which, at the closing date, are overdue.

Provision for VAT and penalties

In advance of the Group's first monetisation transaction, a number of advance payments have been received by the Group's Italian subsidiary from potential client companies in accordance with agreed contractual terms. These payments have been recognised as revenue in accordance with local accounting rules. These advance payments, for which an invoice has not yet been issued, have been

made exclusive of VAT. As at 31 December 2021, the Group has included a provision relating to a potential VAT liability, including penalties, in respect of these advance payments of £209,000 (31 December 2020: £286,000). The reduction in the provision during the year represents the fact that a number of these payments have been refunded, at the customer's request, and therefore the potential VAT liability has been removed.

At the point in the future when the associated monetisation transaction takes place, the potential VAT liability will be settled by the Group. At this same point in time, the Directors expect to be able to recover the VAT from the client companies as invoices in respect of the monetisation transactions are issued. The timing of these future monetisation transactions currently remains uncertain and as such no corresponding VAT receivable has been recognised as at 31 December 2021, however there is a contingent asset of £149,000 as at 31 December 2021 (31 December 2020: £204,000) in respect of this.

From time to time, during the course of business, the Group maybe subject to disputes which may give rise to claims. The Group will defend such claims vigorously and provision for such matters are made when costs relating to defending and concluding such matters can be measured reliably. There were no cases outstanding as at 31 December 2021 that meet the criteria for a provision to be recognised.

22 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are recognised as being held separately from those of the Group and Company and will be paid over to an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund.

The total pension charge for the year represents contributions payable by the Group to the scheme and amounted to £86,000 (2020: £1,000).

Contributions totalling £21,000 (2020: £2,000) were payable to the scheme at the end of the year and are included in creditors. This has been paid post year end.

23 Capital commitments

There were no capital commitments for the Group at 31 December 2021 or 31 December 2020.

24 Contingent liabilities

There were no contingent liabilities for the Group at 31 December 2021 or 31 December 2020.

25 Financial instruments

Financial assets

	Carrying value		Fair value	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
	£ 000	£ 000	£ 000	£ 000
Financial assets at amortised cost:				
Cash and cash equivalents	1,727	552	1,727	552
Trade receivables	13	489	13	489
Other receivables	727	601	727	601
	2,467	1,642	2,467	1,642

Valuation methods and assumptions: The directors believe due to their short term nature, the fair value approximates to the carrying amount.

Financial liabilities

	Carrying value		Fair value	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
	£ 000	£ 000	£ 000	£ 000
Financial liabilities at amortised cost:				
Loan notes	5,732	-	5,732	-
Long-term borrowings	1,284	22	1,284	22
Trade payables	1,086	1,062	1086	1,062
Other payables	588	271	588	271
	8,690	1,355	8,690	1,355

	Fair value	
	As at 31 December 2021	As at 31 December 2020
	£ 000	£ 000
Financial liabilities at fair value through profit and loss:		

Derivative financial instruments	-	24

Valuation methods and assumptions: The directors believe that the fair value of trade and other payables approximates to the carrying value.

Risk management

The Group is exposed through its operations to the following financial risks: credit risk, foreign exchange risk; and liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, were as follows:

- trade receivables;
- cash at bank; and
- trade and other payables.

General objectives, policies and processes

The board had overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it had delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The board received monthly reports from the chief Financial Officer through which it reviewed the effectiveness of the processes put in place and the appropriateness of the objectives and policies it had set. The overall objective of the board was to set polices that sought to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Interest rate risk

At present the directors do not believe that the Group has significant interest rate risk and consequently does not hedge against such risk. Cash balances earn interest at variable rates.

The Group's interest generating financial assets as at 31 December 2021 comprised cash at bank of £,1,727,000 (2020: £552,000). Interest is paid on cash at floating rates in line with prevailing market rates.

The Group's interest generating financial liabilities as at 31 December 2021 comprised loan notes of £5,732,000, loan term borrowings of £1,284,000 (2020 – £22,000).

Sensitivity analysis

At 31 December 2021, had the LIBOR 1 MONTH rate of 0.01047 (2020 – 0.01913) increased by 1% with all other variables held constant, the increase in interest receivable on financial assets would

amount to approximately £nil (2020 - £nil). Similarly, a 1% decrease in the LIBOR 1 MONTH rate with all other variables held constant would result in a decrease in interest receivable on financial assets of approximately £nil (2020 - £nil).

Credit risk and impairment

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings take into account local business practices. The Group has a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. To manage this, the Group has made sure that they use reputable banks.

The Group's chief financial officer monitors the utilisation of the credit limits regularly.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

	Carrying value as at 31 December 2021 £ 000	Maximum exposure as at 31 December 2021 £ 000	Carrying value as at 31 December 2020 £ 000	Maximum exposure as at 31 December 2020 £ 000
Cash and cash equivalents	1,727	1,727	552	552
Trade receivables	13	13	489	489
	1,740	1,740	1,041	1,041

As at 31 December 2021, the assets held by the Group are not past due or impaired.

Trade receivables are all considered to be low risk and have been fully repaid since year end.

Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Group operates. Although its global market penetration reduces the Group's operational risk, in that it has diversified into several markets, the Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. Only in exceptional circumstances would the Group consider hedging its net investments in overseas operations as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (primarily Euros or pound sterling) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Currency profile

Financial assets
- Cash Sterling: £1,585,000 (2020 - £539,000)
- Cash Euro: £92,000 (2020 - £13,000)

- Cash US Dollar: £44,000 (2020 - £nil)

- Cash Singapore Dollar: £5,000 (2020 - £nil)
- Trade receivables Sterling: £nil (2020 - £nil)
- Trade receivables Euro: £13,000 (2020 - £489,000)

Financial liabilities
- Trade payables Sterling: £193,100 (2020 - £342,000)
- Trade payables Euro: £879,000 (2020 - £720,000)

Trade payables Singapore Dollar: £14,0000 (2020 - £nil)

Sensitivity analysis

At 31 December 2021, if Sterling had strengthened by 10% against the below currencies with all other variables held constant, loss before tax for the year would have been approximately

- EUR: £131,000 higher (2020 - £41,000 lower).

- Singapore Dollar: £51,000 higher

Conversely, if the below currencies had weakened by 10% with all other variables held constant, loss before tax for the year would have been approximately:

- EURO: £131,000 lower (2020 - £41,000 higher).

- Singapore Dollar: £51,000 lower

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.
The board receives rolling 12-month cash flow projections on a regular basis as well as information regarding cash balances. At the statement of financial position date, these projections indicated that the Group expects to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

There were no undrawn facilities at 31 December 2021 or 31 December 2020.

At 31 December 2021	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£ 000	£ 000	£ 000	£ 000	£ 000

Liabilities					
Loan notes	1,493	4,239	-	-	-
Long-term borrowings*	-	2	1,269	13	
Trade and other payables	1,674	-	-	-	-
Social security and other taxes	994	-	-	-	-
Total liabilities	4,161	4,241	1,269	13	-

At 31 December 2020	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Liabilities					
Loans and borrowings*	-	-	2	19	1
Trade and other payables	1,333	-	-	-	-
Social security and other taxes	792	-	-	-	-
Total liabilities	2,125	-	2	19	1

* To better reflect the nature of certain items the prior year comparatives include the a reclassification of bank borrowings of £22k from Trade and other payables to long-term borrowings. The tables above also reflect the repayment profile for this reclassified amount.

Capital risk management

The Group's capital management objectives are to ensure the Group is appropriately funded to continue as a going concern and to provide an adequate return to shareholders commensurate with risk. The Group defines capital as being total shareholder's equity. The Group's capital structure is periodically reviewed and, if appropriate, adjustments are made in the light of expected future funding needs, changes in economic conditions, financial performance and changes in Group structure. As explained in notes 18 and 19, the Group has currently entered into external debt finance by way of loan notes, long term borrowings and convertible loan notes.

The Group adheres to the capital maintenance requirements as set out in the Companies Act.
Capital for the reporting periods under review is summarised as follows:
- Net liabilities: (£1,425,000) (2020: (£452,000))
- Cash and cash equivalents: £1,727,000 (2020: £552,000)

26 Net debt

The Group reconciliation of the movement in net debt is set out below:

	Cash at bank	Loan notes	Convertible loan notes	Long-term borrowings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2021	552	-	-	(22)	530
Net Cashflows	686	(6,629)	(5,000)	-	(10,943)
Fair value of warrants	-	520	-	-	520
Amortisation of finance costs	-	(540)	(600)	-	(1,140)
Cash repayments	-	-	2,016		2,016
Non cash repayments	-	917	3,584	-	4,501
Arising on acquisition	477	-	-	(1,229)	(752)
Foreign exchange	12	-	-	(33)	(21)
As at 31 December 2021	1,727	(5,732)	-	(1,284)	(5,289)

	Cash at bank	Long-term borrowings	Total
	£ 000	£ 000	
At 1 January 2020	143	-	143
Net Cashflows	385	(22)	363
Foreign exchange	24	-	24
As at 31 December 2020	552	(22)	530

27 Business combinations

On 1 July 2021, the Group completed the acquisition of the entire issued share capital of TradeFlow Capital Management Pte. Ltd ("TradeFlow"). TradeFlow is a leading Singapore-based FinTech-powered commodities trade enabler focused on small and medium size entities. The Board approved the acquisition by the Group to complement its global offering of its “warehouse goods” inventory monetisation platform with the TradeFlow offering of monetising “in-transit” inventory (in particular, commodities). It was also expected the acquisition generate a number of attractive synergy benefits for Group from both a funding and customer origination perspective.

TradeFlow owes 85% of the issued share capital of Tijara Pte. Limited and 50% of the issued share capital of TradeFlow Capital Management Systems Pte. Limited. Both of these companies are at very early-stage of their development and their results and balances as at 31 December 2021 are immaterial to the Group.

The provisional net asset amounts in respect of the identifiable assets acquired and liabilities which have recognised in the financial statements are set out in the table below. These are based on a fair valuation of the acquired identifiable net assets as at the acquisition date. The assets and liabilities recognised as a result of the acquisition are:

	Book Value	Fair value Adjustment	Fair Value
	£ 000	**£ 000**	**£ 000**
Net assets / (liabilities) acquired			
Cash and cash equivalents	477	-	477
Accrued income	47	-	47
Trade and other receivables	6	-	6
Property, plant and equipment	9	-	9
Trade and other payables	(137)	-	(137)
Long-term borrowings	(1,229)	-	(1,229)
Intangible assets			
Customer relationships		4,829	4,829
Brand – “TradeFlow”		205	205
CTRM Software		1,429	1,429
AI Software		425	425
Deferred tax liability		(1,171)	(1,171)
Total identifiable net (liabilities) / assets acquired	**(827)**	**5,717**	**4,890**

Satisfied by:

Consideration under IFRS 3:

	£'000
Cash consideration	4,000
Equity instruments (813,000,000 new ordinary shares)	3,089
Total consideration	**7,089**
Goodwill recognised on acquisition	**2,199**

Consideration accounted as deemed remuneration

Acquisition related earn-out recognised in the current financial year	1,410
Acquisition related earn-out expected to be recognised in future periods	3,126
	4,536

The goodwill arising is attributable to:

- the significant amount of knowledge, experience and expertise acquired through the TradeFlow workforce, and in particular the earn-out shareholders;
- the anticipated future profit from growth opportunities; and
- synergies expected to be realised with the Group.

The goodwill arising from the acquisition has been allocated to the TradeFlow Cash Generated Unit ("CGU"). Fair value adjustments of £6,888,000 have been recognised for acquisition-related intangible assets and related deferred tax of £1,171,000. Details of intangible assets recorded can be found in note 15.

As detailed above, elements of the consideration payable for this acquisition require post-acquisition service obligations to be performed by the earn-out shareholders over a three-year period. These amounts are accounted for as deemed remuneration (see notes 2 and 24) as required by IFRS 3 ("Business Combinations").

Transaction costs of £2,009,000 have been charged to the statement of comprehensive income as a transaction cost. £1,900,000 of these costs represented the fair value of 500,000,0000 new ordinary shares issued as consideration to third party intermediaries who either introduced TradeFlow to the Company or who provided due diligence activities in respect of the TradeFlow business, market, sector and geographic location. The Companies Act 2006 required that when these shares were issued they be accompanied by an independent valuers report as to the value of the services. However, due to an error on behalf of the Company, this was not done at the time. Despite this, the shares were issued in good faith between company and the third parties and remain legal and valid and the independent valuation report has now subsequently been received by the Company and, having sought legal advice, this and an amended share issue form will be lodged with Companies House to rectify the situation. The remaining £109,000 related to legal fees that were directly associated with the acquisition.

The acquisition contributed £231,000 of revenue and (£522,000) to the Group's operating loss before acquisition related costs for the period between the date of acquisition and the balance sheet date. As a preliminary assessment, had the acquisition of TradeFlow been completed on the first day of the financial year, Group revenues would have been approximately £259,000 higher and Group's operating loss before acquisition related costs would have been approximately £590,000 higher.

28 Share-based payments

Acquisition related earn-out payments

As explained in notes 2 and 27, the terms of the agreement to acquire TradeFlow included acquisition related earn-out payments that, together with the initial cash payment and issue of equity, form the total legal consideration agreed between the parties.

This acquisition related earn-out payments are determined by reference to pre-determined revenue milestone targets in each of the 2021, 2022 and 2023 financial years. These payments may be forfeited by the selling shareholders should they, in certain circumstances, no longer remain employed prior to the end

of each earn-out period. As such, under the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS 3 ("Business Combinations"), the fair value of these earn-out payments have been accounted for a charge to the income statement (as deemed remuneration) rather than as consideration.

The terms of the agreements also allow this acquisition related earn-out payments to be settled in either cash or equity at the discretion of the Company. As it is the Company's current intention is to settle these payments in equity, they have been fair valued at the grant date in line with IFRS 2 ("Share-based payments"). When the Company choses to issue the earn-out payment in shares, the number of shares to be issued will be determined using the Volume Weighted Average Price ("VWAP") over the 20 dealing days to the end of the relevant financial year subject to a floor of 1p. In addition, the number of shares will be enhanced by 50% if the VWAP is greater than 1p. Finally, 50% of any earn-out shares may not be sold for 12 months following the award but are not contingent on continued employment.

Taking into account the factors above, value of the earn-out payments settled by way of equity have market conditions associated with them, being the future share price, and the fair value at grant date (being 1 July 2021) has been estimated using a Monte Carlo simulation model. A further discount has been applied to the 50% which are subject to lock in provisions, and this discount factor has been calculated using a Finnerty model, being a variant of the Black Scholes model.

The key judgemental assumptions have been detailed in note 2. The models above have assumed the non-market conditions surrounding these earn-out payments / awards will be meet and as such in future periods the impact of the revision of the original estimates, if any, will be recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The expense recognised in the income statement in the current financial year and the expected expense to be recognised in future periods are set out in note 23 above.

Share warrants

As explained in notes 18 and 19, during the year the Company entered into a funding facility with Mercator which included the Company issuing loan notes in exchange for funding. These loan notes linked to a convertible loan note facility, which was able be used should the Company elect not to repay any of the interest or principal relating to the loan notes in cash. Both the loan note and convertible loan note agreements required share warrants to be issued representing 20% of the face value of any loan notes or convertible loans issued. The warrants have a term of 3 years from issue and an exercise price of 130% of the lowest closing VWAP over the ten trading days immediately preceding the issue of the warrants.

The total number of share warrants issued during the current financial year was 522,791,511, details of which are set out in the table below.

As these share warrants were issued as a cost of securing the funding facility they fall into the scope of scope of IFRS 2 ("Share-based payments"). As such, the Directors were required to determine the fair value of the equity-settled share-based payments at the date on which they were granted. The fair value was determined using a Black Sholes model and the key judgemental assumptions have been detailed in note 2.

Date of issue	Principal value of warrants issued (£000)	Number of warrants	Exercise price	Fair value (£000)	Amount recognised in during FY21(£000)
1 October 2021	1,400	443,726,030	£0.00316	520	177

1 November 2021	92	29,197,856	£0.00314	42	42
1 December 2021	92	49,867,625	£0.00184	46	46
Total	1,584	522,791,511		608	265

The total fair value of the above share warrants issued during the current financial year is £608,000. Of this amount £520,000 related to those warrants issued in connection with the loan notes and were netted off the initial proceeds received on the balance sheet. This amount is being amortised to the income statement using the effective interest rate method and £177,000 was recognised in the income statement for the period ended 31 December 2021. The remaining £88,000 related to those warrants issued in connection with the convertible loan notes, this amount was fully in the income statement in the current year given the liability to which they relate has been extinguished.

29 Related party transactions

During the year to 31 December 2021, the following are treated as related parties:

Alessandro Zamboni

Alessandro Zamboni is the CEO of the Group and is also the sole director of The AvantGarde Group S.p.A as well as holding numerous directorships across companies including AZ company S.r.l – a private limited company. Both of these entities are related parties due the following transactions that took place over the current or prior financial year.

Following historical transactions with AZ company S.r.l the Group had an amount payable of £63,000 to this related party at 31 December 2020 which was paid off during the year. There were no further transactions undertaken with AZ company S.r.l during the current financial year with the exception of the repayment of the amount owing at 31 December 2020 detailed above. There were no balances outstanding with AZ company S.r.l at 31 December 2021.

The AvantGarde Group S.p.A ("TAG") and its subsidiaries

As at 31 December 2021 TAG held 35.3% of the Company's total ordinary shares in issued in Supply@ME Capital plc (as at 31 December 2021: 38.9%).

As announced in the RNS issued on 24 December 2020, 1AF2 S.r.l. and TAG previously merged. Alessandro Zamboni was also a director of 1AF2 S.r.l. During 2020, the Group entered into an origination contract with 1AF2 S.r.l in connection with the identification of potential client companies. Under this origination contract it was the related party's responsibility to carry out due diligence services. However, given the Group already had this expertise they chose to contract with the Group to perform the due diligence services on their behalf.

This specific contract stipulated a fee to cover the performance of due diligence services for a specific number of clients. This fee was paid at the date the contract was signed. As such, the fees received in advance were held on the balance sheet as deferred income, and the revenue was recognised in line with the completion of each of the due diligence reviews. During the year ended 31 December 2021, £175,000 (2020: £1,134,000) of the Group's revenue related to client companies originated by TAG (previously 1AF2 S.r.l) as referred to above, and for which the Group was contracted to carry out due diligence services. This revenue was recognised in line with the Group's revenue recognition policy set out in note 3.

In addition to the above, following the reverse takeover in March 2020, the Group entered into a Master Service Agreement with TAG in respect of certain shared service to be provided to the Group. During the year ended 31 December 2021, the Group paid £129,000 (2020: £48,000) to TAG in respect of this agreement.

Following the above transactions with TAG the Group has a net amount payable of £64,000 as at 31 December 2021 (net amount receivable of £232,000 as at 31 December 2020).

The TAG Group includes other companies which the Group had entered into transaction with. These companies include the Future of Fintech Srl and RegTech Open Project S.p.A, a regulatory technology company focussed on the development of an integrated risk management platform for Banks, Insurance Companies and Large Corporations. Alessandro Zamboni is also the sole director of both these companies.

As at 31 December 2021 there is an outstanding amount owed to the Group of £6,000 from Future of Fintech in relation to severance pay accrued by former employees which has been transferred to the Group by the related party (31 December 2020: nil).

As at 31 December 2021 there is an outstanding amount owed by the Group of £5,000 to RegTech Open Project S.p.A in relation historical amounts owing for regulatory technology professional services provided to the Group (31 December 2020: amount owed by the Group of £4,000).

Eight Capital Partners Plc

Dominic White, the previous Non-Executive Chairman, is a director of Eight Capital Partners PLC, and David Bull, an Independent Non-Executive Director and audit committee chair is the CEO of Eight Capital Partners PLC. Following the reverse takeover in March 2020, the Company entered into a Master Service Agreement with Eight Capital Partners Plc in respect of certain shared service to be provided to the Group. During the year, the Group paid £72,000 (2020: £60,000) to Eight Capital Partners Plc in respect of this agreement. As at 31 December 2021 there is an outstanding amount owed by the Group of £8,000 (31 December 2020: £2,000). Since the year end the Master Service Agreement with Eight Capital Partners plc has been terminated.

Epsion Capital Ltd

Epsion Capital, is a wholly owned subsidiary of Eight Capital Partners Plc and conducted the placing for the RTO and were paid £159,000 in respect of these activities. This related party has not been used in 2021 and there were no amounts outstanding at either 31 December 2021 or 2020.

30 Controlling party

At 31 December 2021 the Directors do not believe that a controlling party exists.

31 Subsequent events

Issue of convertible loans and related warrants

On each of the 4 January 2022, 2 February 2022 and the 4 March 2022, the Company issued further convertible loan notes in lieu of the monthly cash repayments in respect of the outstanding loan notes. Each of these convertible loan notes was for a principal amount of £678,333, and together totalled £2,035,000. In additional, warrants to the value of 20% of the principal value were also issued, this equated to a total number of warrants issued of 262,891,765.

Issue of new share capital following conversion of convertible loan notes

On 13 January 2022, the Company allotted 594,664,101 new ordinary shares as a result of the conversion £678,333 of the convertible loan notes issued and subscribed by Mercator Group.

On 28 February 2022, the Company allotted 489,787,922 new ordinary shares as a result of the conversion £500,000 of the convertible loan notes issued and subscribed by Mercator Group.

On 29 March 2022, the Company allotted 316,446,349 new ordinary shares as a result of the conversion £178,333 of the convertible loan notes issued and subscribed by Mercator Group.

Issue of new share capital following capital raise

On the 26 April 2022, the Company agreed a new equity funding facility with provides a binding commitment with a new investor, Venus Capital SA ("Venus Capital"), to invest up to £7,500,000 in exchange for multiple tranches of new ordinary shares to be issued by the Company over a period with a long stop date of 31 December 2023 (the "Capital Raise Plan"). These tranches have been structured as follows:

- New ordinary shares issued from 26 April to date - at the date of these consolidated financial statements being issued, the Company has issued 3,320,000,000 of new ordinary share to Venus Capital in exchange for £1,660,000;
- Additional mandatory tranches to the value of £2,090,000; and
- Additional optional tranches (where the exercise is at the option of the Company) to the value of £3,750,000.

It should be noted that the issue of the new ordinary shares under the Capital Raise Plan is subject the necessary authorisations from shareholders which the Company is planning to require at the General Meeting to be held in conjunction with the 2021 Annual General Meeting.

Additionally, the Capital Raise Plan also saw the Company entered into an agreement with Venus Capital regarding a loan facility of up to £1,950,000 commencing from June 2022, including £450,000 to cover the arrangement fees relating to the Capital Raise Plan, which would be repayable in shares and which would have a maturity date of 31 December 2025 and an 10% per annum interest rate.

Restructure of Mercator funding facility

The key objective of the Capital Raise Plan is to allow the outstanding Mercator loan notes to be repaid in cash rather than via further convertible loan note issues. To assist with this, on the 26 April 2022, the Company and Mercator signed an amendment deed to the Loan Note Instrument and Convertible Loan Note Instruments that were agreed on 29 September 2021 (the "Mercator Amendment"). This amendment is aimed at avoiding further conversions under the terms of the Instruments and allows the Company:

- to repay in cash the £678,333.34 of outstanding Convertible Loan Notes issued by the Company on 4 March 2022, using the proceeds of the first tranche of the Capital Raise. This repayment was made on 9 May 2022 and included an additional interest charge of 8%;

- to repay in cash to Mercator the balance of the outstanding Loan Note Instrument, through an updated instalment plan, in accordance with the current terms and conditions of the Instruments and the new conditions comprised in the Mercator Amendment.

Pursuant to the Mercator Amendment, Mercator has further agreed that the Company is required to issue only one further tranche of warrants related to 20% of the most recent Loan Note Instrument monthly repayment of £678,333.34.

Establishment of Supply@Me technologies S.r.l

On 25 March 2022, the Company established a new 100% owned subsidiary called Supply@ME technologies S.r.l. The new subsidiary is currently non-operational but it is expected in the future that the Group's Intellectual Property rights relating to the Platform will be purchased by this new entity from another Group entity, Supply@Me S.r.l. Following this, it is expected that all future developments will be undertaken by this newly established subsidiary. This will highlight the value generated by the Platform in terms of trademarks, technology and innovative legal & accounting frameworks. It is also envisaged that the newly established entity will be the direct counterparty of White-label contracts and other potential strategic partnerships which the Group is evaluating.

New loan into TradeFlow

On 1 April 2022, TradeFlow entered into a loan agreement for USD 3,800,000, with a maturity date of 31 March 2026. The loan bears simple interest at a fixed rate of $7.9% per annum.

The loan will be used to pay down the existing outstanding unsecured loan notes which as at 31 December 2021 had a principal balance of £1,263,000 and accrued interest of £77,000.

Board restructuring

On 4 March 2022, James Coyle, the Non-Executive Chairman at the time, resigned from the Board of Directors of the Company in order to focus on his other business interests.

On 14 April 2022, Susanne Chishti, an independent non-executive director, resigned from the Board of Directors of the Company in order to explore new business opportunities.