29 September 2022

Supply@ME Capital plc

(the "**Company**" or "**SYME**"
and together with its operating subsidiaries, the "**Group**")

Unaudited interim results for the six months ended 30 June 2022

SYME, the fintech business which provides an innovative fintech platform (the "**Platform**") for use by manufacturing and trading companies to access Inventory Monetisation© ("**IM**") solutions enabling their businesses to generate cashflow, announces its unaudited results for the six months ended 30 June 2022:

Highlights

- Operating loss before acquisition related costs and impairment charges of £2.52m (2021: £1.46m) primarily as a result of increased headcount, higher cost base due to the acquisition of TradeFlow Capital Management Pte. Limited ("**TradeFlow**") in July 2021, and continued investment in operations to satisfy Inventory Funders requirements.
- Revenue of £0.2m fully generated by the investment advisory segment (2021: £0.3m fully generated by the inventory monetisation segment).
- Good progress in the Group's Operational KPIs including:
  - Growth in the warehoused goods monetisation pipeline to £329.8m as at 23 September 2022; and
  - Increase in the Asset Under Management ("**AUM**") referred to the Funds advised by TradeFlow (+75% in 6 months).
- Following the execution of the inaugural IM transaction post 30 June 2022, the Group expects to start the process of building a track record of financial performance, from its inventory monetisation segment, as it delivers new IM transactions and completes due diligence activities.

Financial summary

	6 months to 30 June 2022 Unaudited £000	**6 months to 30 June 2021 Unaudited £000**
Total revenue	209	271
Operating loss before acquisition related costs and impairment charges	(2,518)	(1,462)
Loss before tax	(6,259)	(1,693)
Loss per share (pence)	(0.02)	(0.01)

	As at 30 June 2022 Unaudited £000	**31 December 2021 Audited £000**
Total assets	8,257	10,535
Net liabilities	(4,038)	(1,425)

The unaudited interim results for the period ended 30 June 2021 do not incorporate the acquisition by the Company of TradeFlow, which completed in July 2021.

Alessandro Zamboni, CEO, Supply@ME Capital plc, said:

"The Group's focus so far this year has been on securing the first binding commitment to deploy our inaugural IM transaction, and it's fair to say that the numbers don't tell the full story.

The SYME board believes that the first IM transaction de-risks the investments made by our existing shareholder base, creates a clearer path to profitability, and advances our equity story, such that the door is now open for institutional investors to consider SYME as an attractive investment opportunity.

Additionally, the inventory "in-transit" business model operated by the Group's subsidiary, TradeFlow, has successfully navigated the risks and uncertainties of the external environment, proving the resilience of Funds advised.

The SYME team continues to work tirelessly to manage and develop our pipeline of corporate clients, and engage with potential third-party Inventory Funders that have expressed an interest in the IM asset class, through the Group's innovative Platform.

We are excited about the future for the Group following the successful execution of our first IM transaction, and look forward to providing further business updates to the market in due course."

Enquiries

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Notes

SYME and its operating subsidiaries provide its 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 warehoused goods monetisation. This programme will be focused on creditworthy companies and not those in distress or otherwise seeking to monetise illiquid inventories.

SUPPLY@ME CAPITAL PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2022

Chief Executive's Report

Business model summary

Supply@ME Capital PLC (the "**Company**" or "**SYME**") and its operating subsidiaries (together, the "Group") provide its innovative fintech platform (the "**Platform**") for use by manufacturing and trading companies to access Inventory Monetisation© ("**IM**") 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 ("**IM Transactions**"). The inventory to be monetised can include warehoused goods waiting to be sold to end-customers or goods that are part of a typical import/export transaction. SYME announced in August 2021 the launch of a global IM programme which will be focused on both inventory in transit monetisation and warehoused goods monetisation. This programme will be focused on creditworthy companies and not those in distress or otherwise seeking to monetise illiquid inventories.

The Business Model Canvas: a unique Inventory Monetisation business model

The Group's Business Model Canvas ("**BMC**") envisages the unique value proposition to be "IM specialists", promoting, via a dedicated regulated structure (see below), an innovative service model which allows corporates (our clients) across the globe to improve their IM activities, freeing up extra-value from the goods handled. Hence, this value proposition includes the objective of the Group to be inventory analysis tech-champions for both in-transit and warehoused goods, supporting the investments in IM Transactions, through the Platform (as specified below).

The Group's BMC considers, within its journey, a key player: the Inventory Funders. By providing, a dedicated, regulated structure aimed at aligning each IM Transaction with corporates, we believe that Inventory Funders are now seeing the investment as a new 'real asset' asset class, complex but investable, considering the projected risk/reward profile. Our prospective Inventory Funders are typically investors with appetite for a new asset class or alternative investment opportunities, such as debt and credit funds, hedge funds or asset-based lenders.

The IM Transactions are delivered – through a global programme sponsored by the Company – via segregated, regulated alternative 'real asset' funds which use fund administration services provided by APEX Group[1].

As of today, the Group's global inventory programme has four funds (segregated portfolios, or each, an "**SP**"):

- In-transit goods transactions:
    - CEMP – US Dollar (USD) Trade Flow Fund SP (in-transit transactions denominated in USD);
    - CEMP – Euro (EUR) 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 law of England & Wales and UK tax law).

The other key partners are, effectively, the rest of the eco-system supporting the execution of each IM 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 Platform: the key role of the data ingestion and services and the new Web3 route

[1] https://www.apexgroup.com/.
[2] As announced by the Company in the RNS of 6 August 2021.

The Platform comprises, among the two offerings "in-transit goods" and "warehoused goods" monetisation, a unique combination of software modules, exponential technology components (such as Artificial Intelligence ("**AI**"), Internet of Things and Blockchain), dedicated legal and accounting frameworks and business rules/ methodologies delivered via a hybrid ICT architecture.

Specifically, the ICT architecture adopts two cloud environments (Microsoft Azure for warehoused goods monetisation and Amazon Web Services for the in-transit model delivered by TradeFlow) plus an external integration with distributed ledger frameworks.

The Platform's roadmap 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 IM provided by the Fund). Accordingly, data ingestion services have a critical role in the overall Platform operations and, with reference to the offering of the Group, these cover the key function requested by banks which want to work with SYME via the White-label route.

On 28 June 2022, the Group announced the execution of a strategic alliance agreement (the "**VeChain Agreement**") with the VeChain Foundation ("**VeChain**"), a blockchain enterprise service provider focused on supply chain and sustainability, to fund the first inaugural IM transaction and kick off the "Web3"[3] stream.

The objective of the VeChain Agreement is to create a sustainable Web3 environment that will allow direct participation in the IM journey combining traditional finance with the blockchain space, linking the digital assets community to the real economy. SYME aims to build up an "IM Platform 3.0" with an expected roadmap of Web3 features, including the issuance of NFTs, digital ownership and B2B marketplaces, decentralised finance (DEFI) and, overall, a governance protocol.

The Revenue Model

The Group has clarified and fine-tuned its overall business model, which is now clearly focused on the pure FinTech element of the business, being the Group's Platform and its supporting infrastructure, including exponential technology components, the legal and accounting framework and structured business rules/ methodologies. In this respect, 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. The Company considers it to be an enabler of each transaction. For this reason, the Group officially launched its 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 within its TradeFlow+ system.

The Group also continued to refine the BMC and the revenue model through discussion with potential IM funders over the past year, in particular regarding the introduction of an equity (first loss) line in the capital structure of each IM transaction. This was addressed with the launch of the Fund compartments, which can work as an equity provider and/or on a standalone basis (for example, the Fund also have the option to directly deliver an IM transaction). The Fund leverages the existing fund structuring arrangements and track record of TradeFlow providing a further synergy following the Company's acquisition of the Singapore-based business in July 2021.

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

- "Captive" IM platform servicing ("**C.IM**"): revenue generated through the use of the Platform to facilitate IM transactions performed by the Fund and its IM funders. This revenue is generated by the Group's operating subsidiaries. Revenue is expected to be earned in relation to the following activities:

[3] According to the Messari report "Crypto theses 2022", "crypto, or the recently en vogue "Web3", is an unstoppable force in the long-term". "Web3 is a good and all-encompassing term that captures cryptocurrencies (digital gold & stablecoins), smart contract computing (Layer 1-2 platforms), decentralized hardware infrastructure (video, storage, sensors, etc), Non-Fungible Tokens (digital ID & property rights), DeFi (financial services to swap and collateralize web3 assets), the Metaverse (the digital commons built in game-like environments), and community governance (DAOs, or decentralized autonomous organizations)".

- origination and due diligence (pre-IM); and
- monitoring, controlling and reporting (post-IM).

When fully delivered, this stream is expected to generate revenues of approximately 1-3% of the gross value of the inventories monetised.

- "White-label" IM platform servicing ("**WL.IM**"): 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-as-a-service revenues of approximately 0.5-1.5% of the value of each IM transaction (the amount of funding provided).

- Investment Advisory ("**IA**"): 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 ("**AUM**") for which TradeFlow acts as an investment advisor. Additionally, TradeFlow could receive a further performance incentive fee of up to 15% of the profits generated by the Fund, based on performance.

Update on the Group's Operational KPIs

Summary

Operational KPIs	**2022 (unaudited)**	**2021 (unaudited)**
Warehoused goods monetisation pipeline *The pipeline KPI represents the current potential value of warehoused goods rather than pipeline revenue expected to be earned by the Group. As such, this provides a good indicator of the level of customer interest and demand for the Group's current and future warehoused goods monetisation services. The pipeline represents the value as at 23 September 2022 (being the practicable date prior to the issue of the unaudited interim financial statements).*	**£329.8 m** (as at 23 September 2022)	**£164.8 m** (as at 24 May 2022)

Operational KPIs	**2022 (unaudited)**	**2021 (unaudited)**
In-transit monetisation *Net growth in AUM*	**75% (H1 22)** **17% (in Q1 2022)**	**4% (FY 2021)**

Warehoused Goods monetisation

Client company origination

Origination of client companies with inventory suitable for Inventory Monetisation continued steadily in our core focus regions of Italy and the United Kingdom. Pipeline of client companies grew from £164.8m as at 24 May 2022 to £329.8m as at 23 September 2022. The need for inventory solutions with a quality platform and backend from day one is driving significant opportunities for client company origination and for self-funding/ White-label opportunities with global banks.

We are also diligently working on building quality portfolios of client companies to attract additional Inventory Funders.

As we on-board new client customers and increase our pipeline of Inventory Funders, we expect the due diligence revenue to significantly improve. In addition, we are still not fully utilising our PR, marketing and events campaigns which are expected to significantly raise awareness of the Platform and SYME capabilities to address a growing need in the global market.

Italy

The Group's origination team works with a select panel of originators and local business introducers. There is a strong pipeline of opportunities in Italy. We expect to see the flow of originated client companies to increase following the announcement of the first Inventory Monetisation and as we renew contracts with existing and new originators.

United Kingdom

Origination in the UK has significantly grown with client companies originated through the strong relationships held with a wide eco-system of introducers. There are a number of opportunities now available to deploy in Q4 2022 and Q1/Q2 2023. In 2023 we will continue to engage with the current eco-system of originators and leverage of the first IM transactions as client companies gain confidence in the platform.

Middle East and North Africa (MENA)

While business in Europe continues to be our core focus, progress was made on a number of fronts to lay the groundwork for future IM transactions in MENA jurisdictions, including the UAE, supported by a select panel of local partners and brokers in the region.

United States

The set up of the US go to market strategy continues to be built upon the SYME' partnership with Anthony Brown of The Trade Advisory. Mr Brown is providing strategic advice to our Executive Directors in relation to seizing the unique opportunity to develop the Inventory Monetisation service in the United States and also exploring potential strategic alliances with vertical software providers on inventory data analytics/ inventory optimisation.

Inventory funding routes

We continue to attract a selection of high-quality prospective global funders, including banks and asset-based lenders.

The Group had hoped the initial IM transactions would be further progressed by 30 June 2022. However, due to the innovative nature of our model and the calibre of the Inventory Funders we are in discussions with, the Group requires time to complete the robust due diligence procedures of such Inventory Funders.

Additionally, each Inventory 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.

Italy

We continue to be in discussion with a number of local Italian banks and Inventory Funders who could have appetite for the existing pipeline.

In addition, discussions are at an advanced phase with potential funders of White-label agreements. In this regard, the new regulation on *pegno non possessorio* (as previously indicated by the Company, a new digital pledge framework over the inventory and, in general, all the assets of a borrower) is expected to be the trigger to finalise the White-label alliances. It's anticipated that this new regulation will be published by the end of the current year.

Separately, in order to allow cross-border asset managers to invest in IM transactions, following the expiration on 30 June 2022 of the extraordinary Covid measure "Garanzia Italia", the Company continues to work closely with the Italian Government's SACE Guarantee, in order to develop a bespoke guarantee covering the risk that the Stock Company will not be able to repay the loans (or notes) provided by the Inventory Funders.

Activities are ongoing with respect to the promotion of capital funding for the Global Inventory Fund 2 SP. These activities are currently being managed by Devonshire Warwick Capital LLP[4].

United Kingdom

As mentioned in the Group's Annual Report and Accounts for the year ended 31 December 2021, we undertook an increased programme of marketing activity in the UK, which raised significant awareness among potential client companies and Inventory Funders. Originators include asset-based lenders, banks, accountants, advisors and other asset-based platforms.

This 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.

This has resulted in a number of on-going conversations with Inventory Funders for both single name transactions and portfolios of client companies for both Inventory Monetisation and self-funding/ White-label.

Across both the UK and Italian markets, capital raise promotion activities are continuing for the Global Inventory Fund 2 SP. These activities are currently being managed by Devonshire Warwick Capital LLP[5].

MENA

We continue to work alongside the Shariah fund arranger Intesa Sanpaolo-Reyl[6] to structure the funding route for our Shariah-compliant IM platform in the Middle East. In this regard, discussions are underway with reference to the opportunity to launch a dedicated Fund or to deploy Over-The-Counter, single-name, transactions. In parallel, we leveraged our partnership with I-MASS LLC to explore further inventory funding alliances in the UAE, including with a local new challenger bank. Additionally, the Company is involved in a White-label tender by a bank operating in Saudi Arabia.

United States

Leveraging our ongoing partnership with Anthony Brown and consulting company Epicirean Brands and The Trade Advisory, we continue to discuss with specific potential Inventory Funders and White-label partners how to structure the first IM transaction in US.

The Company also engaged a "Big 4" firm to conduct a dedicated assessment regarding the application of the Inventory Monetisation framework under the US GAAP.

While we see a number of opportunities in this region our intention is to concentrate, for now, on the core markets.

In-transit monetisation

TradeFlow has continued to focus on three key areas of activity during the six month period ended 30 June 2022. These are fund management, Fintech software as a service (SaaS) development and strategic developments in technology/ fund management, and alliances with Port operators and Logistics partners who share our digitalisation vision.

In respect of the fund management business, its relationship with the International Chamber of Commerce (ICC) continues to progress and it remains on track to launch an ICC endorsed fund to support SME trade in 2022. In the last few months, TradeFlow management has worked together with the Group in the execution of

[4] https://dwcap.co.uk/.
[5] https://dwcap.co.uk/.
[6] https://www.reyl.com/en.

the first IM transaction. The existing TradeFlow Fund covering in-transit cargo transactions are on track to make target returns for its investors.

TradeFlow's partnership with the Singapore Institute of Technology continues to progress with its Research project contract to develop an AI system for enhanced predictive analytics around logistics and shipping. This contract commenced as planned in Q1 2022 and will continue into 2023.

TradeFlow's operational KPIs continue to be met and the growth of its AUM in H1 2022 was 75%. This follows Q1 2022 growth figure for AUM of 17% and the half year total represents a continued strong endorsement of the Investment Advisory strategy. TradeFlow management expect AUM growth to continue in line with its predicted amounts over H2 2022 and into 2023.

Future prospects

Following the announcement made by the Company in the RNS of 12 September 2022 regarding the execution of the inaugural IM transaction, the Group is now focussed on the completion of further IM deals, as well as leveraging the traditional funding routes.

As outlined in the Group's previous announcements, the VeChain Agreement envisages a second phase of IM transactions and developments. As such, the Group has already started to explore opportunities to work together with the most mature decentralised finance frameworks available in the market. Discussions are currently underway with specific protocols. Additionally, it is expected that phase 2 of the VeChain Agreement implementation could also involve further investors, part of the VeChain community, unlocking further features of the VeChainThor blockchain services.

The plans described above, together with the development of the White-label business line, require further investment in technology. For this reason, the Company, in line with the aims of its capital enhancement plan announced in the RNS of 27 April 2022 (the "**Capital Enhancement Plan**"), is working to secure lower cost and more traditional bank credit facilities to support some or all of the funding needs required to execute the Group's Platform roadmap.

Finally, the announcement of the inaugural IM transaction leads the way for the Group, as it delivers new IM transactions, to build a track record of financial performance underpinning the management of the Group's strategy. In this regard the Company intends to evaluate, with the support of external corporate brokers and advisers, how to communicate updated revenue guidance to the market, once the factors outside of our control have stabilised, thereby reducing the risk of specific objectives and milestones not being achieved, due to external volatility.

Overall, as outlined in the BMC shown in the Annual Report and Accounts for the year ended 31 December 2021, the Group will continue to work on its market positioning as inventory data & tech specialists, which we regard as our core capability and competitive advantage, to deliver IM transactions in multiple jurisdictions, boosting the confidence among current and future potential Inventory Funders.

Financial review

	6 months to 30 June 2022 (unaudited)	6 months to 30 June 2021 (unaudited)	Movement
	£ m	£ m	£m
Revenue	0.2	0.3	(0.1)
Operating loss before acquisition related costs and impairment charges	**(2.5)**	**(1.5)**	**(1.0)**
Acquisition related costs and impairments charges	(2.1)	-	(2.1)
Operating (loss)	**(4.6)**	**(1.5)**	**(3.1)**
Finance costs	(1.7)	(0.2)	(1.5)
(Loss) before tax	**(6.3)**	**(1.7)**	**(4.6)**
Income tax	0.1	(0.2)	0.3
(Loss) for the year	**(6.2)**	**(1.9)**	**(4.3)**
	Pence	**Pence**	
Earnings per share (EPS)	(0.02)	(0.01)	

Revenue by segment

	6 months to 30 June 2022 (unaudited)	6 months to 30 June 2021 (unaudited)	Movement
	£ m	£ m	£m
Revenue			
Inventory Monetisation	-	0.3	(0.3)
Investment Advisory	0.2	-	0.2
Revenue by operating segment	**0.2**	**0.3**	**(0.1)**

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 Groups Annual Report and Accounts for the year ended 31 December 2021.

Inventory Monetisation

For the period ended 30 June 2022, the Group recognised £nil (period ended 30 June 2021: £0.3m) of Inventory Monetisation revenue. 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. During the current interim period, the Group has continued to carry out, and charged for due diligence activities, however as at 30 June 2022 these activities were still in the process of being fully delivered to the relevant client companies.

The reduction of £0.3m in the inventory monetisation revenue during the period end 30 June 2022 is primarily the result of the majority of the Group's efforts being focused on finalisation of the strategic alliance with VeChain, alongside the efforts required to identify the most suitable client company to participate in the inaugural IM transaction and to flex the established processes and procedures to meet the requirement of the VeChain Agreement.

Of the £0.3m of inventory monetisation revenue recognised in the prior six month period, £0.2m related 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 diligences on those companies that it had originated for the Group.

Investment Advisory

Investment advisory 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 growing EUR fund. As TradeFlow was not owned by the Group during the prior six month period ending 30 June 2021, 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 were predominately located in Italy during the current six month period ended 30 June 2022, while the investment advisory operations are predominately located in Singapore.

Operating loss before acquisition related costs and impairment charges

In line with the activities carried out in FY21, the first half of 2022 saw the Group continue to focus on refining and developing the business model, with significant amount of time and effort having been spent on the recently achieved milestones of securing a strategic alliance agreement with VeChain and finalising the contractual commitment package to deploy the inaugural IM transaction. Given the Group's innovative IM Platform and business model, the execution of both these commitments required discussions and negotiations that ran longer than the Company had originally expected.

The Group recorded an operating loss before acquisition related costs and impairment charges during the six month period ended 30 June 2022 of £2.5m (period ended 30 June 2021: £1.5m loss). This increase is largely due to an increase in staff and contractor costs of £1.0m as the Group built out both its leadership, business operation and finance teams and, as the Group focused on developing evolutions of its ICT architecture during the second half of 2021 and the first half of 2022. Additionally, the Group acquired TradeFlow in July 2021 and therefore the prior period comparative figures do not contain any costs relating the TradeFlow business.

The investment in staff and contractor costs are expected to give the Group a strong foundation as it enters the next stage of development.

Acquisition related costs and impairment charges

	6 months to 30 June 2022 (unaudited)	**6 months to 30 June 2021 (unaudited)**
	£ m	**£ m**
Amortisation of intangible assets arising on acquisitions	0.4	-
Acquisition related earn-outs	0.8	-
Impairment charges	0.9	-
	2.1	**-**

The acquisition related costs that have arisen in H1 22 are the result of the TradeFlow acquisition that was completed in July 2021. This has bee accounted for as a business combination in accordance with IFRS 3 ("Business Combination") and further details of this accounting can be found in the Group's 2021 Annual Report and Accounts. The following acquisition related costs have been accounted for in the six month period ended 30 June 2022:

- 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 had an initial fair value of £6.9m. The £0.4m represents the amortisation charge arising on these assets for the six month period to 30 June 2022; and

- Acquisition related earn-out costs of £0.8m. 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 statement of comprehensive income. The £0.8m recognised for the six month period ended 30 June 2022 represents the proportion of the total fair value of the future earn out payments that are linked to the services provided during this period.

The impairment charges of £0.9m recognised in the six month period ended 30 June 2022 have arisen due to the following two factors:

- Firstly, in connection with the initial TradeFlow goodwill recognised. As at 30 June 2022, 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 for the H1 22 period. In carrying out this test, the Directors applied what they consider to be reasonable assumptions concerning reductions to forecast revenue levels, increases to the operating loss / decreases to the operating profit, 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 30 June 2022 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 30 June 2022, 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 prior year and current period 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 interim 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 £0.1m as at 30 June 2022.

Group Funding Facilities utilised during the year

<u>Capital Enhancement Plan</u>

On 27 April 2022, the Company announced its Capital Enhancement Plan pursuant to which it would enter into a subscription agreement with Venus Capital S.A ("**Venus**") and undertake an open offer to existing shareholders, in order to raise up to £7.5m in new equity capital. This new equity capital will enable the

Company, at its election, to settle the outstanding loan notes and convertible loan notes with Mercator Capital Management Fund LP ("**Mercator**") in cash rather than by the conversion of the convertible loan notes held into new ordinary shares. During the six month interim period ended 30 June 2022, the Company issued a total of 3,320,000,000 new ordinary shares to Venus in line with the first two mandatory tranches outlined in the subscription agreement. This raised a total of £1.7m.

In connection with the Capital Enhancement Plan, the Company also executed a convertible loan note agreement with Venus, under which the Company, at its discretion, could issue to Venus convertible loan notes up to £1.95m in aggregate principal amount. These convertible loan notes were split up to £0.45m for the purposes of covering the fees associated with the Venus subscription and convertible loan note agreements, and up to £1.5m covering a working capital funding facility. As at 30 June 2022, the Company had the obligation to issue the £0.2m of convertible loans to Venus in connection with the fees incurred on the first two new ordinary share issues described above, and the prepaid debt arrangement fee relating to the working capital loan note facility. This obligation has been recognised as at 30 June 2022.

The subscription agreement with Venus also required the Company to issue one warrant to Venus for every two shares issued in connection with the first two new ordinary share issues to Venus during the six month period ended 30 June 2022. This resulted in a total of 1,660,000,000 share warrants to be issued. Additionally, an amount of 3,250,000,000 share warrants were to be issued to Venus in connection with the signing of the subscription agreement on 26 April 2022. While these share warrants were issued on the 19 July 2022, following the approval of additional share headroom at the AGM held on 30 June 2022, the fair value of these warrants, being £3.0m has been accounted for during the six month period ended 30 June 2022 given the obligation to issue these arose prior to the end of the period.

As set out above, the total share issues costs incurred during the six month period 30 June 2022 in respect of the Capital Enhancement Plan was £3.2m. This has been accounted for as a £1.6m reduction to share premium and a £1.6mreduction to retaining earnings during the current period. The reduction to share premium amount has been limited to the increase to share premium recorded during the same period in respect of the first two mandatory tranche shares issues.

Mercator funding facilities

During the period the Group continued to make monthly repayments under the loan note facility entered into with Mercator Capital Management LP ("Mercator") on 29 September 2021. The Mercator loan note facility had a term of 12 months and required monthly repayments to be made either in cash or via the issue of a convertible loan note at the Company’s discretion.

During the six months ended 30 June 2022, all but one repayment, being a total of £3.4m, was settled through the issue of convertible loan notes to Mercator, with the remaining repayment of £0.6m being settled in cash.

The movement in loan note liability to Mercator during the current financial period are set out in the table below:

	Mercator loan notes (unaudited) £m
Loan note liability at 1 January 2022	5.7
Less monthly repayments made via issue of convertible loan notes	(3.4)
Less cash monthly repayments	(0.6)
Amortisation of finance costs	0.9
Loan note liability at 30 June 2022	**2.6**

In connection with the drawdown of the Mercator loan note facility during 2021, the Company also issued share warrants representing 20% of the total amounts drawn down. The fair value of these warrants was capitalised at the time of issue and this, together with the other capitalised finance costs relating to the loan note facility, and are being recognised over the term of the loan notes using the effective interest rate method. The total of these finance costs recognised in the current six month interim period ended 30 June 2022 is £0.9m.

Following the issue of £3.4m of convertible loan notes to Mercator in lieu of cash repayments during the six month period ended 30 June 2022, £1.5m remained outstanding as at 30 June 2022, following:

a) the conversion of £1.4m in principal amount of convertible loan notes into new ordinary shares during the six month period ended 30 June 2022; and
b) a repayment in cash of £0.6m in principal amount of convertible loan notes during the six month period ended 30 June 2022.

The movement in convertible loan note liability to Mercator during the current financial period are set out in the table below:

	Mercator convertible loan notes (unaudited) £m
Convertible loan note liability at 1 January 2022	-
Monthly loan note repayments made via issue of convertible loan notes	3.4
Financial costs satisfied via the issue of convertible loan notes	0.1
Less convertible loan notes converted into ordinary shares	(1.4)
Less convertible loan notes repaid in cash	(0.6)
Convertible loan note liability at 30 June 2022	**1.5**

The Mercator convertible loan notes do not have any interest costs in addition to that of the Mercator loan notes, but finance costs of £0.5m were recognised during the current financial year as a result of:

- Additional commitment fees and late payment interest charges of £0.3m, or which £0.2m was paid in cash and the remaining £0.1m was settled through the issue of convertible loan notes; and
- The fair value of the warrants of £0.2m issued in connection with the convertible loan notes.

Both costs have been fully recognised in the income statement during the six month period ended 30 June 2022 given the liability to which they relate has been extinguished by 30 June 2022. This amount, together with the finance costs of £0.9m in respect of the loan notes, resulted in a total finance costs of £1.4m in respect of the Mercator funding facilities during the six month period ended 30 June 2022.

It should be noted that to assist with the key objective of the Capital Enhancement Plan, the Company and Mercator signed an amendment agreement on 26 April 2022. This agreement stipulated that following the April monthly loan note repayment, the Company would no longer have the obligation to issue further warrants to Mercator in connection with the convertible loan note facility.

Trade Flow long term borrowings

On the 1 April 2022, TradeFlow entered into a new long term loan facility with its existing finance provider, and in connection with this, chose to settle its existing unsecured loan note facility ahead of its maturity date on the 23 October 2022. The key terms of the new long term loan facility are set out below;

- A principal amount of US$3.8m;
- A maturity date of 31 March 2026;
- An additional redemption premium cost of US$0.2m which is payable at the time the principal is repaid; and
- A simple interest at a fixed rate of 7.9% per annum.

Finance costs recognised during the six month period ended relating to TradeFlow long term borrowings totals £0.1m and relates to accrued monthly interest amounts and the recognition of the redemption premium costs over the expected life of the loan using the effective interest rate method. The early settlement of the existing unsecured loan note facility accounted for additional finance costs of £0.1m being recognised during the current six month period relating to the acceleration of the redemption premium cost due on repayment of the principal of the existing loan note facility.

Cashflow

The group decreased its net cash balance by £0.8m (period ended 30 June 2021: £3.6m increase) due to proceeds from the Capital Enhancement Plan share issues of £1.6m and net proceeds from the TradeFlow long term borrowing refinancing of £1.4m, offset by the following items:

- Repayments made on the Mercator loan note and convertible loan note facilities of £1.6m, including £1.4m of principal amounts and £0.2m of additional interest charges;
- Net outflows from operating activities of £2.1m (period ended 30 June 2021: £0.8m net outflow) as the Group's operating expenses increased primarily due to growing headcount and spend on IT contractor specialists; and
- Increased investment in the Group's IM Platform of £0.1m (period ended 30 June 2021: £0.5m).

	6 months to 30 June 2022 (unaudited)	**6 months to 30 June 2021 (unaudited)**
	£ m	**£ m**
Net cash flow from operating activities	(2.1)	(0.8)
Cash flows from investing activities	(0.2)	(0.5)
Cash flows from financing activities	1.5	5.0
Net increase in cash and cash equivalents	**(0.8)**	**3.7**
Cash and cash equivalents at 1 January 2022	1.7	0.5
Cash and cash equivalents as at 30 June	**0.9**	**4.2**

Net liabilities

As at 30 June 2022 net liabilities were £4.0m (31 December 2021: net liabilities of £1.4m). The £2.6m increase in net liabilities reflects:

- A decrease in the Group's intangible assets and goodwill of £1.2m due to amortisation of £0.4m and impairment charges of £0.9m during the six month period ended 30 June 2022. This was slightly offset by additions to the Group's IM Platform of £0.1m during the period;
- A decrease in amounts outstanding under the Mercator loan note and convertible loan facilities of £1.6m in aggregate. This is due to the £1.4m repayments in respect of the loan note and convertible loan note facilities being made in cash, along with the conversion of an additional £1.4m of convertible loan notes into new ordinary shares during the period. These movements are offset by additional amortised interest of £0.9m and additional interest costs cover through the issues of convertible loan notes to Mercator of £0.1m;
- An increase in long terms borrowings of £1.8m largely due to the increase in TradeFlow long term borrowing following the refinancing during the current interim period ended 30 June 2022; and
- A £1.3m decrease in working capital primarily due to the overall net cash outflows from operations.

Going Concern

The Board's assessment of going concern and the key considerations thereto are set out in the note 4 to the unaudited interim financial statements for the year ended 30 June 2022.

Related Parties

Note 21 of the to the unaudited interim financial statements for the year ended 30 June 2022 contains details of the Group's related parties.

Subsequent events

Note 22 of the to the unaudited interim financial statements for the year ended 30 June 2022 contains of the subsequent events following 30 June 2022.

Directors' Responsibility Statement

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

The Directors confirm that, to the best of their knowledge, the interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as issued by the International Accounting Standards Board as contained in UK – adopted international accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4 R.

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

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

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

By Order of the Board

Alessandro Zamboni

Chief Executive Officer

SUPPLY@ME CAPITAL PLC

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2022

	Notes	6 months to 30 June 2022 Unaudited £ '000	6 months to 30 June 2021 Unaudited £ '000
Revenue	5	209	271
Cost of sales		(183)	(402)
Gross profit / (loss)		**26**	**(131)**
Administrative expenses	7	(2,544)	(1,331)
Operating loss before acquisition related costs and impairment charges		(2,518)	(1,462)
Transaction costs		-	(39)
Amortisation of intangible assets arising on acquisition	11	(406)	-
Acquisition related earn-out payments	20	(747)	-
Impairment charges	11	(916)	-
Operating loss		**(4,587)**	**(1,501)**
Finance costs	6	(1,672)	(192)
Loss before tax		**(6,259)**	**(1,693)**
Taxation	8	69	(196)
Loss for the period		**(6,190)**	**(1,889)**
Other comprehensive income			
Foreign operations FX translation		(257)	(21)
Total comprehensive profit / (loss) for the period		**(6,447)**	**(1,910)**
Loss per share (pence)	10	(0.02)	(0.01)

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

SUPPLY@ME CAPITAL PLC

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	30 June 2022 Unaudited £ '000	31 December 2021 Audited £ '000
Non-current assets			
Intangible assets and goodwill	11	6,724	7,895
Tangible assets		16	17
Other non-current assets		19	-
Total non-current assets		6,759	7,912
Current assets			
Trade and other receivables	12	593	896
Cash and cash equivalents		905	1,727
Total current assets		1,498	2,623
Total assets		8,257	10,535
Current liabilities			
Trade and other payables	13	3,699	3,500
Loan notes	14	2,562	5,732
Convertible loan notes	15	1,502	-
Total current liabilities		7,763	9,232
Net current assets/(liabilities)		(6,265)	(6,609)
Non-current liabilities			
Long-term borrowings	14	3,159	1,284
Provisions	16	337	340
Deferred tax liabilities		1,036	1,104
Total non-current liabilities		4,532	2,728
Net liabilities		**(4,038)**	**(1,425)**
Equity attributable to owners of the parent			
Share capital	17	5,581	5,486
Share premium		19,500	18,171
Share-based payment reserve	20	6,019	2,018
Other reserves		(11,148)	(10,891)
Retained losses		(23,990)	(16,209)
Total equity		**(4,038)**	**(1,425)**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

SUPPLY@ME CAPITAL PLC

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

	Share capital £ '000	Share premium £ '000	Other reserves £ '000	Merger relief reserve £ '000	Reverse takeover reserve £ '000	Foreign currency reserves £ '000	Retained earnings £ '000	Total £ '000
As at 1 January 2021	5,420	11,820	4	223,832	(237,835)	13	(3,706)	(452)
Forex retranslation difference	-	-	-	-	-	-	62	62
As at 1 January 2021 post forex translation	5,420	11,820	4	223,832	(237,835)	13	(3,644)	(390)
Loss for the 6 month period	-	-	-	-	-	-	(1,889)	(1,889)
Forex retranslation difference	-	-	-	-	-	(21)	-	(21)
Total comprehensive loss for the period	-	-	-	-	-	(21)	(1,889)	(1,910)
Legal reserve movement	-	-	15	-	-	-	-	15
As at 30 June 2021	**5,420**	**11,820**	**19**	**223,832**	**(237,835)**	**(8)**	**(5,533)**	**(2,285)**

SUPPLY@ME CAPITAL PLC

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2022

	Share capital £ '000	**Share premium £ '000**	**Other reserves £ '000**	**Share-based payment reserve £ '000**	**Merger relief reserve £ '000**	**Reverse takeover reserve £ '000**	**Foreign currency reserves £ '000**	**Retained earnings £ '000**	**Total £ '000**
As at 1 January 2022	5,486	18,171	21	2,018	226,905	(237,835)	18	(16,209)	(1,425)
Loss for the 6 month period	-	-	-	-	-	-	-	(6,190)	(6,190)
Forex retranslation difference	-	-	-	-	-	-	(257)	-	(257)
Loss for the period and total comprehensive income	5,486	18,171	21	2,018	226,905	(237,835)	(239)	(22,399)	(7,872)
Issue of warrants	-	-	-	180	-	-	-	-	180
Warrants to be issued	-	-	-	3,074	-	-	-	-	3,074
Issuance of new ordinary shares	95	2,922	-	-	-	-	-	-	3,017
Share issue costs	-	(1,593)	-	-	-	-	-	(1,591)	(3,184)
Credit to equity for acquisition related earn-out payments	-	-	-	747	-	-	-	-	747
As 30 June 2022	**5,581**	**19,500**	**21**	**6,019**	**226,905**	**(237,835)**	**(239)**	**(23,990)**	**(4,038)**

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

SUPPLY@ME CAPITAL PLC

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2022

	6 months to 30 June 2022 Unaudited	6 months to 30 June 2021 Unaudited
	£ '000	**£ '000**
Cash flows from operating activities		
Operating loss	**(4,587)**	**(1,501)**
Adjustments for non-cash acquisition related costs and impairment charge		
Acquisition related earn outs	747	-
Amortisation of intangible assets arising on acquisition	406	-
Impairment charges	916	-
	2,069	-
Other non-cash adjustments	10	(1)
Amortisation and depreciation	16	179
Increase in provisions	3	3
Decrease in accrued income	1	-
Decrease in trade receivables	27	526
Increase in trade payables	407	116
Other decreases / (increases) in net working capital	229	(139)
Cash flows from operations	(1,825)	(817)
Finance costs paid in cash	(2)	(2)
Income taxes paid in respect of prior year amounts owing	(268)	**-**
Net cash flows from operating activities	**(2,095)**	**(819)**
Cash flows from investing activities		
Purchase of tangible assets	(4)	(3)
Purchase of intangible assets	(164)	(529)
Increase in non-current assets	(19)	-
Cash flows from investing activities	**(187)**	**(532)**
Cash flows from financing activities		
Cash inflow from convertible loan notes	-	5,000
Inflow from new long term borrowings	3,050	-
Repayment of previous long term borrowings	(1,685)	
Cash inflow from issue of new ordinary shares	1,660	-
Cash repayment of loan notes and convertible loan notes	(1,357)	-
Other finance costs paid in cash	(183)	-
Cash flows from financing activities	**1,485**	**5,000**
Net movement in cash and cash equivalents	**(797)**	**3,649**
Foreign exchange differences to cash and cash equivalents on consolidation	**(25)**	**-**
Cash and cash equivalents as at 1 January	1,727	552
Cash and cash equivalents as at 30 June	**905**	**4,201**

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

SUPPLY@ME CAPITAL PLC

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2022

1. Company information

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

The unaudited Interim Financial Statements have been approved for issue by the Board of Directors on 28 September 2022.

2. Basis of preparation

Accounting convention

This unaudited interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting.*

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report and accounts for the year ended 31 December 2021 (the "**2021 Annual Report**") and any public announcements made by Supply@ME Capital Plc during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of the estimation of income tax (refer to note 8 for further details).

New and amended standards adopted by the group

No new or amended standards became applicable for the current reporting period that impacted the Group. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting any new or amended standards in the current interim reporting period

3. Significant changes in the current reporting period

Below provides a summary of the significant changes that occurred during the six month period ended 30 June 2022.

Capital Enhancement Plan

On 27 April 2022, the Company announced its Capital Enhancement Plan pursuant to which it would enter into a subscription agreement with Venus Capital S.A ("**Venus**") and undertake an open offer to existing shareholders, in order to raise up to £7,500,000 in new equity capital (the "**Capital Enhancement Plan**"). This new equity capital will enable the Company, at its election, to settle the outstanding loan notes and convertible loan notes with Mercator Capital Management Fund LP ("**Mercator**") in cash rather than by the conversion of the convertible loan notes into new ordinary shares. During the six month interim period ended 30 June 2022, the following share issues were made to Venus in line with subscription agreement dated 26 April 2022:

- On 26 April 2022, the Company drew down the first mandatory tranche with Venus, as set out in the subscription agreement dated 26 April 2022, which comprised the issue of 2,770,000,000 new ordinary share at a price of 0.05 pence. This raised £1,385,000 and the new ordinary shares were admitted to trading on the Main Market on 28 April 2022; and On 10 May 2022, the Company drew down the second mandatory tranche with Venus, as set out in the subscription agreement dated 26 April 2022, which comprised the issue of 550,000,000 new ordinary shares at a price of 0.05 pence. This raised £275,000 and the new ordinary shares were admitted to a Standard Listing and to trading on the Main Market on 11 May 2022.

In connection with the Capital Enhancement Plan, the Company also executed a convertible loan note agreement with Venus, under which the Company, at its discretion, could issue to Venus convertible loan notes up to £1,950,000 in aggregate principal amount. These convertible loan notes were split into two tranches being:

1) The Tranche A Venus convertible loan notes which could be issued by the Company to cover the fees associated with the Venus subscription and convertible loan agreements: and
2) The Tranche B Venus convertible loan notes which could be issued by the Company to receive a working capital facility of up to £1,500,000.

As at 30 June 2022, the Company had the obligation to issue the following convertible loan notes to Venus:

1) £166,000 of Tranche A Venus convertible loan notes in relation to the fees incurred for the two share issues referred to above. This amount has been recorded within trade and other payables as at 30 June 2022 and offset against the share premium in accordance with IAS 32 ("Financial Instruments"); and
2) £75,000 of Tranche A Venus convertible loan notes in relation to the fees incurred for the arrangement of the working capital facility with Venus. The £75,000 has been recorded within trade and other payables as at 30 June 2022 and was also recorded as a prepaid debt arrangement fee given no amounts under the working capital facility had been drawn down at 30 June 2022.

Both the convertible loan notes outlined in 1 and 2 above were issued by the Company to Venus on 19 July 2022. These convertible loan notes are repayable in shares with a maturity date of 31 December 2025 and incur a 10% per annual interest rate.

The subscription agreement with Venus also required the Company to issue one warrant to Venus for every two shares issued in connection with the first and second mandatory tranches share issues referred to above. This was a total of 1,660,000,000 share warrants. Additionally, an amount of 3,250,000,000 share warrants were to be issued to Venus in connection with the signing of the subscription agreement on 26 April 2022. As such the Company had the obligation to issue a total of 4,910,000,000 share warrants to Venus as at 30 June 2022. These were issued on the 19 July 2022 following the approval of additional share headroom at the AGM held on 30 June 2022. As at 30 June 2022, the obligation to issue these share warrants to Venus has been recognised within equity as warrants to be issued within the share based payment reserve.

Mercator funding arrangements

On 29 September 2021, the Company announced it had entered a loan note facility with Mercator. The key terms of these loan notes can be found in Note 14 to these interim financial statements. As at 31 December 2021, the loan note liability was £5,732,000.

To assist with the key objective of the Capital Enhancement Plan, which was to enable the Company, at its election, to settle the outstanding Mercator loan notes and convertible loan notes in cash rather than by the conversion into new ordinary shares of the Company, the Company and Mercator signed an amendment agreement on 26 April 2022.

During the six month interim period ended 30 June 2022, the Group continued to repay the Mercator loan note liability on a monthly basis as follows:

- The January, February and March monthly repayments of £678,000 were settled through the issue of convertible loan notes, in lieu of cash repayments, to Mercator.
- The April monthly repayment was paid in cash on 10 June 2022, in accordance with the amendment agreement referred to above. This was for an amount of £678,000, plus an additional late payment interest charge of £73,000.
- The May and June monthly payments were settled together on the 10 June 2022 through the issue of convertible loan notes to the value of £1,502,000, in lieu of cash repayments,

to Mercator. This combined repayment was in accordance with the amendment agreement and incurred additional late payment interest charges of £146,000.

Pursuant to the original Mercator funding agreements, each of the January, February and March convertible loan note issues, also triggered the issue of share warrants to Mercator. The total share warrants issued during the six month period ended 30 June 2022 in connection with these January, February and March convertible loan note issues were 262,891,765. The fair value of each of these share warrants has been recognised as finance costs and a share based payment during the six month period ended 30 June 2022. The amendment agreement with Mercator further agreed that the Company was required to issue one further tranche of warrants in relation to the cash payment made for the April monthly repayment. The associated 176,149,157 warrants were issued to Mercator on 14 July 2022 following the approval of additional share headroom at the AGM held on 30 June 2022. As at 30 June 2022, the obligation to issue these share warrants to Venus has been recognised within equity as warrants to be issued within the share based payment reserve.

Mercator convertible loan note settlement

Both the January and February convertible loan notes were subsequently fully converted into new ordinary shares of the Company. These conversions took place as detailed below:

- On 13 January 2022, the Company issued and allotted 594,664,101 new ordinary shares to Mercator on conversion of £678,000 of convertible loan notes that had been issued on 4 January 2022 by the Company in lieu of the January cash repayment;

- On 28 February 2022, the Company issued and allotted 489,787,922 new ordinary shares to Mercator on conversion of £500,000 of convertible loan notes that had been issued on 2 February 2022 by the Company in lieu of the February cash repayment; and

- On 29 March 2022, the Company issued and allotted 316,446,349 new ordinary shares to Mercator on conversion of the remaining £178,000 convertible loan notes that had been issued on 2 February 2022 by the Company in lieu of the February cash repayment.

In addition to the share conversions outlined above, following the execution of the amendment agreement with Mercator on the 26 April 2022, the Company repaid in cash the £678,000 outstanding in relation to the convertible loan note issued by the Company on 4 March 2022, in lieu of the March cash repayment. This repayment was made on 9 May 2022 and included an additional late payment interest charge of 8%.

The May and June convertible loan notes of £1,502,000 remain outstanding as at 30 June 2022.

New loan into TradeFlow Capital Management Pte. Limited ("TradeFlow")

On 1 April 2022, TradeFlow entered into a new loan agreement with a third-party lender for US$3,800,000, with a maturity date of 31 March 2026. The new TradeFlow loan incurs simple interest at a fixed rate of 7.9% per annum and has an additional redemption premium of USD$200,000 which is payable at the time the principal is repaid. The proceeds from the new TradeFlow loan was used to pay down the existing outstanding unsecured loan notes of TradeFlow which as at 31 December 2021 had a principal balance of £1,263,000 (US$1,700,000), accrued interest of £77,000 (US$103,558) and amortised costs in respect of the redemption premium costs (using the effective interest rate method) of £84,000 (US$113,026) held on the balance sheet. The total amount used to repay the existing loan notes was US$2,100,000 (being the principal balance of US$1,700,000, total costs of issue of US$300,000 and outstanding interest of US$100,000). The net amount received in cash relating to the new TradeFlow loan was US$1,700,000. The new loan agreement is with the same third-party lender as the existing unsecured loan note provider.

4. Going Concern

At the 30 June 2022 the Group had cash balances of £905,000 (31 December 2021: £1,727,000) and net current liabilities of £6,265,000 (31 December 2021: £6,609,000). The Group has posted a loss for the period ended 30 June 2022 after tax of £6,190,000 (Period ended 30 June 2021: loss £1,889,000) and retained losses were £23,990,000 (31 December 2021: losses £16,209,000).

The current liabilities as at 30 June 2022 of £7,763,000 included £2,562,000 relating to the outstanding balance of loan notes which the Group issued on 29 September 2021 and £1,502,000 relating to outstanding convertible loan notes issued to make certain repayments under the loan note facility. As outlined in the note 22, following 30 June 2022, £1,200,000 of the loan note balance has been repaid through the issue of new convertible loan notes to Mercator, and an additional principal amount of £835,000 has been repaid in cash to Mercator. In addition, subsequent to 30 June 2022, the Company has drawn down the £1,500,000 working capital facility from Venus by way of convertible loans, and has issued further convertible loan notes to Venus of £115,000 in terms of additional fees on subsequent share issues.

Subsequent to 30 June 2022 the convertible loan note liability to Mercator has increased to £2,702,000, and the convertible loan note liability to Venus has increased by a principal amount of £1,115,000. The Company is currently executing the Capital Enhancement Plan to enable the Company, at its election, to settle the outstanding Mercator loan notes and convertible loan notes in cash rather than by the conversion into new ordinary shares of the Company. Additionally, the outstanding Venus convertible loan notes are expected to be repaid via the conversion into new ordinary shares.

The Capital Enhancement Plan referred to above was signed during the current interim period on the 26 April 2022, and under this plan the Company agreed a new equity funding facility with Venus, 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. As at the date of the issue of these unaudited interim financial statements, the Company had raised a total of £3,131,000, with a further amount of up to £4,365,000 to be raised.

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 Enhancement Plan and loan note amendment announced on the 27 April 2022. 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 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 Enhancement Plan is subject to the issue and approval of a prospectus. 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, which will allow the Group to access a lower cost of capital; and the recent announcement of the first inaugural inventory monetisation ("IM") being facilitated by the Group over its IM Platform.

As such the Directors consider it appropriate to prepare these annual consolidated interim financial statements on a going concern basis, taking into account the material uncertainties noted above, and have not included the adjustments that would result if the Company and Group were unable to continue as a going concern.

5. Revenue and operating segments

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 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.

6 months to 30 June 2022	**Inventory Monetisation £'000**	**Investment Advisory £'000**	**Head office £'000**	**Consolidated Group £'000**
Revenue				
Due Diligence fees	-	-	-	-
Investment Advisory fees	-	209	-	209
Revenue by operating segment	-	209	-	209
Operating loss before acquisition related costs and impairment charges	**(286)**	**(584)**	**(1,648)**	**(2,518)**
As at 30 June 2022				
Balance sheet				
Assets	347	993	6,917	8,257
Liabilities	(4,023)	(3,279)	(4,993)	(12,295)
Net assets /(liabilities)	**(3,676)**	**(2,286)**	**1,924**	**(4,038)**

6. Finance costs

	6 months to 30 June 2022 £ '000	6 months to 30 June 2021 £ '000
Interest expense – loan notes/ convertible loan notes	1,464	192
Interest expense – long-term borrowings	208	-
Total finance costs	**1,672**	**192**

On the 1 April 2022, TradeFlow entered into a new long term loan facility, with a maturity date of 31 March 2026, and in connection with this, chose to settle its existing unsecured loan note facility ahead of its maturity date on the 23 October 2023. This early settlement resulted in finance costs of £122,000 being recognised during the current six month period relating to the acceleration of the redemption premium cost due on repayment of the principal of the existing loan note facility. The cost of the redemption premium was previously being recognised over the expected life of the loan note facility using the effective interest rate method.

7. Operating loss before acquisition related costs and impairment charges

The Group's operating loss before acquisition related costs and impairment charges for the six month period ended 30 June 2022 has been arrived at after charging:

	6 months to 30 June 2022 £ '000	6 months to 30 June 2021 £ '000
Amortisation of internally developed IM platform	13	178
Depreciation	2	1
Staff costs	1,190	455
Short-term lease costs	46	-
Professional and legal fees	812	719
Contractor costs	233	-
Insurance	59	76
Training and recruitment costs	7	53

8. Taxation

Income tax expense for the period to 30 June 2022 primarily represents the movement in the deferred tax liabilities during the six month period ended 30 June 2022.

To date any accumulated tax losses resulting from net losses in the consolidated financial statement have not been recognised in the balance sheet given the Group does not have a track record of generating profits against which these accumulated losses could be offset.

9. Dividends

During the half-year to 30 June 2022 the Group did not pay a dividend (2021: no dividend).

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

10. Earnings / (loss) per share

The calculation of the Basic earnings per share (EPS) is based on the loss for the period of £6,190,000 (2021 — loss £1,889,000) and on a weighted average number of ordinary shares in issue of 38,271,981,611 (2021: 27,118,800,563). The basic EPS from continuing operations is (0.02) pence (2021: (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.

	30 June 2022 No.	30 June 2021 No.
Number of shares:		
Share warrants - issued	785,683,276	11,363,636
Share warrants – to be issued	5,086,149,157	-
Acquisition related earn-out share based payments	1,282,550,632	-
Total	**7,154,383,065**	**11,363,636**

No dilution per share was calculated for either period in the table above as with the reported loss they are all antidilutive.

11. Intangible assets

	Customer Relationships £'000	Brand £'000	CTRM Software £'000	AI Software £'000	Goodwill £'000	Internally developed IM platform £'000	Total £'000
Cost or valuation							
At 1 January 2021	-	-	-	-	-	1,558	1,558
Additions	-	-	-	-	-	529	529
At 30 June 2021	-	-	-	-	-	2,087	2,087
Depreciation							
At 1 January 2021	-	-	-	-	-	379	379
Charge for the period	-	-	-	-	-	176	176
At 30 June 2021	-	-	-	-	-	555	555
Net book value							
At 30 June 2021	**-**	**-**	**-**	**-**	**-**	**1,532**	**1,532**
Cost or valuation							
At 1 January 2022	4,829	205	1,429	425	2,199	2,544	11,631
Additions	-	-	-	-	-	164	164
At 30 June 2022	4,829	205	1,429	425	2,199	2,708	11,795
Amortisation							
At 1 January 2022	186	20	143	43	-	771	1,163
Charge for the period	193	21	148	44	-	13	419
At 30 June 2022	379	41	291	87	-	784	1,582
Impairment							
At 1 January 2022	-	-	-	-	800	1,773	2,573
Impairment charges	-	-	-	-	765	151	916
At 30 June 2022	-	-	-	-	1,565	1,924	3,489
Net book value							
At 30 June 2022	**4,450**	**164**	**1,138**	**338**	**634**	**-**	**6,724**

The following intangible assets arose on the acquisition of TradeFlow during the year ended 31 December 2021; 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. Further details regarding the accounting for the business combination can be found in the 2021 Annual report.

Impairment assessment – Internally developed IM Platform

As at 31 December 2021, the Directors performed an impairment test on this asset. This followed the losses for the year ended 31 December 2021 of the Group's Italian subsidiary, to which the

Internally developed IM platform relates. These losses were considered an impairment indicator in accordance with IAS 36 (“Impairment of Assets”).

Details of the impairment test referred to above can be found in the 2021 Annual Report. While the recoverable amount of the IM Platform was higher than its carrying amount as a result of the impairment test, the Directors prudently decided to impair the full carrying amount of this asset as at 31 December 2021. This took account of the fact that the Group currently has 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 concluded that there was an uncertainty around 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.

During the six month period ended 30 June 2022, the Group continued to develop the IM Platform. As at 30 June 2022, the Directors again looked for indicators of impairment and noted the those that had been present at 31 December 2021, continued to exist at 30 June 2022. Specifically, the Directors again concluded 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 prudently decided to impair the carrying value of the IM Platform at 30 June 2022. This impairment loss may subsequently be reversed and if so, the carrying amount of the asset may be increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does no exceed the carrying amount that would have been determined had no impairment loss been recognised for the IM Platform asset in the prior periods.

Impairment assessment – TradeFlow

As at 30 June 2022, the Directors looked for indicators of impairment in order to determine if there was a need to carry out an impairment test in accordance with IAS 36 (“Impairment of Assets”) on the TradeFlow Cash Generating Unit (“CGU”) at this date. Given that TradeFlow continued to under-perform against both its revenue and operating loss forecasts for the six month ended 30 June 2022, the Directors considered this an indicator of impairment as at 30 June 2022.

This IAS 36 (“Impairment of Asset”) impairment test has been carried out using an updated cash flow forecast that the TradeFlow CGU is expected to generate during the period to FY25 in its current conditions. This reforecast has been prepared by the Directors of TradeFlow and factored in reduced revenues, higher operating losses for the first two years of the reforecast and lower operating profits for the remaining periods. The Directors believe that the reforecast are based on a set of reasonable assumption given the current expectations for TradeFlow’s growth and development in the future.

The Directors prudently applied a 25% discount rate in order to be consistent with the approach followed at 31 December 2021 (further detailed of which can be in the 2021 Annual Report) and also to be consistent with the independent purchase price accounting exercise carried out in respect of the TradeFlow acquisition. Using these assumptions, 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 2.5%) 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 £765,000.

As such, in accordance with IAS 36 (“Impairment of Assets”), an impairment charge of £765,000 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 six month period ended 30 June 2022.

12. Trade and other receivables

	30 June 2022	31 December 2021
	£ '000	**£ '000**
Trade receivables	11	13
Contract assets	61	84
Other receivables	393	727
Prepayments	53	72
Pre-paid debt issue costs	75	-
	593	**896**

13. Trade and other payables

	30 June 2022	31 December 2021
	£ '000	**£ '000**
Trade payables	1,542	1,086
Other payables	526	588
Social security and other taxes	674	994
Accruals	322	437
Contract liabilities	394	395
Convertible loan notes to be issued	241	-
	3,699	**3,500**

Other payables include any refunds that have been requested from client companies in connection with the Group's older contracts that allowed for this, but which are currently still to be paid at 30 June 2022.

Contract liabilities relate to those due diligence fees or customer deposits (in relation to the Group's older contracts) that have been paid by clients, but for which the corresponding performance obligation has not yet been satisfied by the Group.

The convertible loan notes to be issued relates to the Tranche A Venus convertible loan notes which the Company had the obligation to issue at 30 June 2022 and which were issued to Venus on the 19 July 2022. Further details are set out in Note 3 above.

14. Loan notes and Long-term Borrowings

Loan notes

On 29 September 2021, the Company announced it had entered a loan note facility with Mercator. The Mercator 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 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 15.

As set out in Note 3 above, to assist with the key objective of the Capital Enhancement Plan, which was to enable the Company, at its election, to settle the outstanding Mercator loan notes and convertible loan notes in cash rather than by the conversion into new ordinary shares of the Company, the Company and Mercator signed an amendment agreement on 26 April 2022.

Pursuant to both the original agreement dated 29 September 2022 and the amendment agreement dated 26 April 2022, the Group repaid the following monthly instalments of the loan note liability over the six month period ended 30 June 2022:

- The January, February and March monthly repayments of £678,000 per month were settled through the issue of convertible loan notes, in lieu of cash repayments, to Mercator.
- The April monthly repayment was paid in cash on 10 June 2022, in accordance with the amendment agreement referred to above. This was for an amount of £678,000, plus an additional late payment interest charge of £73,000.
- The May and June monthly payments were settled together on the 10 June 2022 through the issue of convertible loan notes to the value of £1,502,000, in lieu of cash repayments, to Mercator. This combined repayment was in accordance with the amendment agreement and included additional late payment interest charges of £146,000.

The payments in lieu of cash were made in order to allow the Group to preserve cash for working capital requirements and to facility further new strategic initiatives.

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). 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%. The additional late payment interest charges have been recorded as finance costs in the period in which they were incurred and have not been included in the effective interest rate calculation.

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

	£ '000
Loan note liability at 1 January 2022	5,732
Less monthly repayments made via issue of convertible loan notes	(3,392)
Less cash monthly repayments	(678)
Amortisation of finance costs during the period	900
Loan note liability at 30 June 2022	**2,562**

Long-Term Borrowings

	30 June 2022	**31 December 2021**
	£ '000	**£ '000**
Unsecured loan	3,137	1,263
Other bank borrowings	22	21
	3,159	**1,284**

As set out in Note 3 above, on 1 April 2022, TradeFlow settled the outstanding unsecured loan notes earlier than the original maturity date of 23 October 2023. This involved the settlement of the principal amount of USD$1,700,000, the additional redemption premium cost of USD $300,000 and accrued interest of USD $100,000. These loan term borrowings were replaced by a new long term loan facility, with the same third party, for USD $3,800,000, which has a maturity date of 31 March 2026. The new long term borrowings bears a simple fixed interest rate of 7.9% per annum and has an additional redemption premium cost of USD$200,000 which is payable at the time the principal is repaid. In accordance with IFRS 9 ("Financial Instruments") the new long term loan facility resulted in a substantial modification to the previous loan note facility.

Both the unsecured loan notes and the new loan facility include an redemption premium cost which is payable together with the settlement of the principal amount of the facility. This redemption premium cost is recognised over the expected life of the facility using the effective interest rate method. Due to the early settlement of the unsecured loan notes this resulted in the unrecognised portion of the redemption premium cost being accelerated. This contributed an additional finance costs of £122,000 during the six month period ended 30 June 2022.

As at 30 June 2022, the Group has recognised outstanding monthly accrued interest on the new long term loan facility of £62,000 within trade and other payables. An additional amount of £10,000 relating to the amortisation of the redemption premium cost has been recognised as part of the unsecured loan balance at 30 June 2022.

15. Convertible loan notes

The balance of the loan notes during the current financial period are set out in the table below:

	30 June 2022 £ '000	**31 December 2021 £ '000**
Convertible loan notes	1,502	-
	1,502	**-**

As set out in Note 14 above, the loan note facility the Company entered into with Mercator is linked to a convertible loan note facility also with Mercator.

The Mercator convertible loan notes contain 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. Under the terms of amendment agreement signed with Mercator dated 26 April 2022, no further warrants were required to be issued on the monthly repayments due following April 2022.

During the interim period, the Group made the following loan note repayments through the issue of convertible loan notes in order to preserve cash for working capital requirements and to facilitate further new strategic initiatives:

- The January, February and March monthly repayments of £678,000 per month were settled through the issue of convertible loan notes, in lieu of cash repayments, to Mercator.
- The May and June monthly payments were settled together on the 10 June 2022 through the issue of convertible loan notes to the value of £1,502,000, in lieu of cash repayments, to Mercator. This combined repayment was in accordance with the amendment agreement and included additional late payment interest charges of £146,000.

During the six months ended 30 June 2022, both the January and February convertible loan notes were subsequently fully converted into new ordinary share of the Company. The details of these conversions are set out in Note 3 above. In addition to these share conversions, following the execution of the amendment agreement with Mercator on the 26 April 2022, the Company repaid in cash the £678,000 outstanding in relation to the convertible loan notes issued by the Company on 4 March 2022, in lieu on the March cash repayment. This cash repayment was made on 9 May 2022 and included an additional late payment interest charge of 8% which was also paid in cash.

As at 30 June 2022, the May and June convertible loan note remains outstanding. The Directors have included these in current liabilities due to the expectation that they will be converted or settled within the next 12 month period.

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 and late payment interest charges of £255,000 and the fair value cost of £236,000 associated with warrants. Both costs have been recognised in the income statement in the current interim period given the liability to which they relate has been extinguished. Further details on the fair value of the warrants is set out in note 20.

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

	£ '000
Convertible loan note liability at 1 January 2022	**-**
Monthly loan note repayments made via issue of convertible loan notes	3,392
Financial costs satisfied via the issue of convertible loan notes	145
Less convertible loan notes converted into ordinary shares	(1,357)
Less convertible loan notes repaid in cash	(678)
Convertible loan note liability at 30 June 2022	**1,502**

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 in October 2021 resulting in a credit to the income statement in respect of the outstanding fair value of £24,000 during the second half of 2021.

16. Provisions

	Post-employment benefits £'000	Provision for risks and charges £'000	Provision for VAT and penalties £'000	Total £'000
At 31 December 2021	44	87	209	340
Fx translation adjustment	1	3	5	8
Carrying amount at 1 January 2022	45	90	214	348
Released to profit and loss	-	-	(5)	(5)
Provided for in the half-year	1	1	-	2
Payments	(9)	-	-	(8)
At 30 June 2022	**37**	**91**	**209**	**337**

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 30 June 2022, 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 2021: £209,000). The small reduction during the current interim period set out in the table above represents the fact that a only a few 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 30 June 2022, however there is a contingent asset of £149,000 as at 31 December 2021 (31 December 2021: £149,000) in respect of this.

17. Share capital

Allotted, called up and fully paid shares

	30 June 2022		31 December 2021	
	No. 000	**£ '000**	**No. 000**	**£ '000**
Ordinary shares of £0.00002 each	40,789,340	816	36,068,442	721
Deferred shares of £0.04 each	63,084	2,523	63,084	2,523
2018 deferred shares of £0.01000 each	224,194	2,242	224,194	2,242
Total	**41,076,618**	**5,581**	**36,355,720**	**5,486**

New shares allotted during the interim period to 30 June 2022

On 13 January 2022, the Company allotted 594,664,101 new ordinary shares as a result of the conversion of £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 of £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 of £178,333 of the convertible loan notes issued and subscribed by Mercator Group.

On 26 April 2022, the Company issued 2,770,000 of new ordinary shares to Venus Capital in exchange for £1,385,000.

On 10 May 2022, the Company issued 550,000,000 of new ordinary shares to Venus Capital in exchange for £275,000.

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 30 June 2022	
	No. 000	**£ 000**
As at 1 January 2022	36,355,720	5,486
Shares issued on conversion of convertible loan notes	1,400,898	28
Shares issued in relation to Capital Enhancement Plan	3,320,000	67
As at 30 June 2022	**41,076,618**	**5,581**

18. Financial instruments

Financial assets at amortised cost

	Carrying value		**Fair value**	
	30 June 2022 £'000	**31 December 2021 £'000**	**30 June 2022 £'000**	**31 December 2021 £'000**
Cash and cash equivalents	905	1,727	905	1,727
Trade receivables	11	13	11	13
Other receivables	582	727	582	727
	1,498	**2,467**	**1,498**	**2,467**

Valuation methods and assumptions:

The directors believe that the fair value of all financial assets at amortised cost approximate to their carrying values.

Financial liabilities at amortised cost

	Carrying value		**Fair value**	
	30 June 2022 £'000	**31 December 2021 £'000**	**30 June 2022 £'000**	**31 December 2021 £'000**
Long-term borrowings	3,159	1,284	3,159	1,284
Trade payables	1,542	1,086	1,542	1,086
Other payables	2,157	588	2,157	588
Loan notes	2,562	5,732	2,562	5,732
Convertible loan notes	1,502	-	1,502	-
	10,922	**8,690**	**10,922**	**8,690**

Valuation methods and assumptions:

The directors believe that the fair value of all financial liabilities at amortised cost approximate to their carrying values.

The Group has no derivative financial instruments as at 30 June 2022 (31 December 2021: nil)

Valuation methods and assumptions:

Further information relating to the valuation of the derivative financial instruments is available in note 25 of the annual financial statements for the year ended 31 December 2021.

19. Financial risk management

Note 25 to the annual financial statements for the year ended 31 December 2021 include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to interest rate risk, credit risk, foreign exchange risk and liquidity risk.

20. Share-based payments

Acquisition related earn-out payments

The terms of the TradeFlow acquisition included 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 as 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 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 settles 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. As set out in Note 18, the 2021 earn out payment was settled through the issue of new ordinary shares on the 18 July 2022.

Taking into account the factors above, the fair value of the earn-out payments at grant date (being 1 July 2021) has been estimated using a Monte Carlo simulation model. These earn-out payments, to be settled by way of equity, have market conditions associated with them including the future share price. As part of the valuation, 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 associated with this valuation have been detailed in the 2021 Annual Report. The models above have assumed the non-market conditions surrounding these earn-out payments / awards will be met 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 interim period was £747,000.

Share warrants - Mercator

As explained in notes 14 and 15 to these interim financial statements, the Company has 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 to 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 issued to Mercator 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. Under the terms of amendment agreement signed with Mercator dated 26 April 2022, no further warrants were required to be issued on the monthly repayments due following April 2022.

The total number of share warrants issued to Mercator during the current interim period was 262,891,765. Additionally, the Company had an obligation to issue a further 176,149,157 share warrants to Mercator as at 30 June 2022 and these were issued following the approval of additional share headroom at the AGM. As at 30 June 2022, the obligation to issue these share warrants to Venus has been recognised in the interim financial statements.

As these share warrants were issued as a cost of securing the funding facility they fall into 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 which required certain judgements to be made in determining the most appropriate inputs to be used. The key judgemental point was the expected volatility rate of the Company's share price over the relevant period prior to the grant of the warrants. The assumption applied in the model for the warrants issued, and to be issued, to Mercator during the current interim period was a range of 88%-97%, depending of the grant date. This was based on the actual volatility of the Company's shares over the historical period from March 2020 (the date of the reverse take over) to the valuation date.

The total fair value of the above share warrants issued during the interim period, and to be issued as at 30 June 2022, to Mercator was £236,000. This amount was fully in the income statement in the current year given the specific liability to which they relate has been extinguished. If the expected volatility rate used in the Black Scholes modelling of these warrants was adjusted by plus 10%, then the impact on the fair value in the interim period would have been approximately £24,000 more. If the expected volatility rate used in the Black Scholes modelling of these warrants was adjusted by minus 10%, then the impact on the fair value in the current interim period would have been approximately £24,000 less.

Share warrants – Venus

As set out in Note 3, on the 27 April 2021, the Company entered a subscription agreement with Venus in connection with the Capital Enhancement Plan. The subscription agreement specified that the Company was issue one warrant for every two shares issued in connection with the first two ordinary share issues to Venus during the six month period ended 30 June 2022. This was a total of 1,660,000,000 share warrants. Additionally, an amount of 3,250,000,000 share warrants were to be issued to Venus in connection with the signing of the subscription agreement on 26 April 2022. As such the Company had the obligation to issue a total of 4,910,000,000 share warrants to Venus as at 30 June 2022. These were issued on the 19 July 2022 following the approval of additional share headroom at the AGM. As at 30 June 2022, the obligation to issue these share warrants to Venus has been recognised in the interim financial statements. The warrants issued to Venus can be exercised at any time up to 31 December 2025 and have an exercise price of 0.065 pence per warrant.

As these share warrants were issued as a cost of issuing new ordinary shares to Venus they fall into 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 which required certain judgements to be made in determining the most appropriate inputs to be used. The key judgemental point was the expected volatility rate of the Company's share price over the relevant period prior to the grant of the warrants. The assumption applied in the model for the warrants to be issued to Venus during the current interim period was 88%. This was based on the actual volatility of the Company's shares over the historical period from March 2020 (the date of the reverse take over) to the valuation date.

The total fair value of the above share warrants to be issued to Venus at 30 June 2022 is £3,019,000. Given this amount directly related to the cost of issuing new ordinary shares to Venus, an amounts of £1,428,000 has been offset against the share premium balance as at 30 June 2022 in accordance with IAS 32 "Financial Instruments". The amount offset is the entire share premium that was created during the current interim period in connection with the first two ordinary share issues to Venus outlined above. The remaining fair value amount of £1,591,000 has been recognised in retained earnings.

If the expected volatility rate used in the Black Scholes modelling of these warrants was adjusted by plus 10%, then the impact on the fair value in the current interim period would have been approximately £183,000 more. If the expected volatility rate used in the Black Scholes modelling of these warrants was adjusted by minus 10%, then the impact on the fair value in the current interim period would have been approximately £196,000 less.

21. Related party transactions

During the period to 30 June 2022, the following are treated as related parties:

Alessandro Zamboni and The AvantGarde Group S.p.A ("TAG") and its subsidiaries
Alessandro Zamboni is the CEO of the Group and is also the sole director of The AvantGarde Group S.p.A As at 30 June 2022 TAG held 31.2% of the Company's total ordinary shares in issued in Supply@ ME Capital plc (as at 31 December 2021: 35.3%).

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 period ended 30 June 2022, nil (period ended 30 June 2021 £167,000) 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 the 2021 Annual Report.

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 period ended 30 June 2022, the Group incurred expenses of £26,000 (period ended 30 June 2022: £50,000) to TAG in respect of this agreement.

The TAG Group includes other companies which the Group had entered into transactions 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 30 June 2022 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 (30 June 2021: nil).

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 also a director 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. Since the year end the Master Service Agreement with Eight Capital

Partners plc has been terminated. During the period ended 30 June 2022 the Group incurred expense of £3,000 in respect of this agreement with Eight Capital Partners plc (period ended 30 June 2021: £36,000)

22. Events occurring after the reporting period

Settlement of Mercator funding facility through the issue of Mercator CLNs and cash repayments

Following the amendment agreement with Mercator signed on 26 April 2022 a proportion of the July, August and September monthly loan note instalments were repaid partly in cash, with the remaining proportion satisfied through the issue of convertible loan notes to Mercator.

The following cash repayments have been made following 30 June 2022:

- In respect of the July monthly loan note instalment, cash repayment of £278,333 was made on 25 July 2022 and included an additional interest charge in line with the amendment agreement with Mercator;

- In respect of the August monthly loan note instalment, a cash repayment of £278,333 was made on 8 August 2022 and included an additional interest charge in line with amendment agreement with Mercator; and

- In respect of the September monthly loan note instalment, cash repayment of £278,333 was made on 5 September 2022 and included an additional interest charge in line with the amendment agreement with Mercator.

The following convertible loan notes have been issued following 30 June 2022:

- In respect of the July monthly loan note instalment, the Company issued £400,000 in principal amount of convertible loan notes on 25 July 2022 to Mercator in lieu of a proportion of the monthly cash repayments of both principal and interest accruing on the outstanding Mercator loan notes facility.

- In respect of the August monthly loan note instalment, the Company issued £400,000 in principal amount of convertible loan notes on 8 August 2022 to Mercator in lieu of a proportion of the monthly cash repayments of both principal and interest accruing on the outstanding Mercator loan notes facility.

- In respect of the September monthly loan note instalment, the Company issued £400,000 in principal amount of convertible loan notes on 5 September 2022 to Mercator in lieu of a proportion of the monthly cash repayments of both principal and interest accruing on the outstanding Mercator loan notes facility.

Additionally on the 15 July 2022, the Company issued the outstanding 176,149,157 warrants to Mercator.

Issue of and allotment of new Ordinary Shares, convertible loan notes and warrants under the Capital Enhancement Plan

On 18 July 2022, the Company drew down the third Venus Mandatory Tranche, which comprised an issue of 1,350,000,000 new ordinary share to Venus raising £675,000. The resulting new ordinary shares were admitted to a Standard Listing and to trading on the Main Market on 19 July 2022. In connection with this share issue, the Company issued additional Tranche A convertible loan notes of £67,500 and 675,000,000 warrants to Venus under the terms of the Capital Enhancement Plan agreements.

The fourth Venus Mandatory Tranche related to the agreement by Venus to subscribe for any of the 641,710,082 new ordinary shares offered under Open Offer that the Company announced on the 22 July 2022 which existing shareholders do not subscribe for. As the existing shareholders subscribed for all 641,710,082 new ordinary shares, the Company did not issue any new ordinary shares to Venus in connection with the fourth Venus Mandatory Tranche.

On 5 September 2022, the Company drew down the fifth Venus Mandatory Tranche, which comprised an issue of 950,000,000 new ordinary share to Venus raising £475,000. The resulting new ordinary shares were admitted to a Standard Listing and to trading on the Main Market on 6 September 2022. In connection with this share issue, the Company will issue additional Tranche A convertible loan notes of £47,500 and has issued 475,000,000 warrants to Venus under the terms of the Capital Enhancement Plan agreements.

On the 19 July 2022, the Company issued the outstanding 4,910,000,000 warrants to Venus.

Additionally, during the course of July and August, the Company drew down a total of £1,500,000 Tranche B convertible loan notes from Venus in the form of the working capital facility agree in connection with the Capital Enhancement Plan.

Open Offer

On 22 July 2022, the Company announced the Open Offer, giving existing shareholders the opportunity to subscribe for up to 641,710,082 new ordinary share in the Company on the basis of one Open Offer share for every 66 existing ordinary shares held at an offer price of 0.05 pence per Open Offer share.

The Open Offer closed on 17 August 2022 and on 18 August 2022, the Company announced that the Open Offer was oversubscribed and it would allot and issue 641,710,082 new ordinary shares to those qualifying shareholders and that this would raise £320,855 gross (and £269,855 net of fees and expenses) for the Company.

In addition to the new ordinary share that were issued, the company also issued 320,855,008 warrants to the qualifying shareholders on the basis of one warrant for every two ordinary shares received as a result of the Open Offer.

The Open Offer new ordinary were admitted to a Standard Listing and to trading on the Main Market on 22 August 2022, the associated warrants were issued on the same date.

Subsequent to the issue of the open offer warrants, an amount of 14,730,794 have been converted in exchange for new ordinary shares and as at the date of these interims there is a balance of 306,124,214 open offer warrants outstanding.

The Group's inaugural IM transaction

On 28 June 2022, the Company announced that it has signed a strategic alliance with the VeChain to fund the Company's inaugural IM transaction and kick off the "Web3" stream. Following this on 12 September 2022, the Company provided an update this transaction and that the agreements relating to this transaction had been signed with the client company.

Settlement of acquisition related earn-out payments relating to the year ended 31 December 2021

On 18 July 2022, the Company announced the issuance of 106,762,760 new ordinary shares to each of Tom James and John Collis in relation to settlement of acquisition related earn-out payments for the year ended 31 December 2021. The share based payment amount recognised as part of equity as at 30 June 2022 in relation to the 2021 earn-out payment was £699,545.

Other corporate activities

On the 10 August 2022, Supply@Me S.r.l. sold one of it’s 100% owned subsidiaries, Supply@Me Stock Company 1 S.r.l. to Cayman Emerging Manager Platform (3) SPC – Global Inventory

Monetisation Fund 1 S.P. for consideration of €1,000. Prior to the sale, Stock Company 1 S.r.l. was a non trading entity.

On 9 September 2022, Supply@Me S.r.l. assigned the intellectual property rights relating to the Groups IM Platform to Supply@Me Technologies S.r.l, a 100% owned subsidiary of the Company established on the 25 March 2022. As a result going forward, all future development to the IM Platform will be carried out by Supply@Me Technologies S.r.l. As both Supply@Me S.r.l and Supply@Me Technologies are 100% owned subsidiaries of the Company, this was an intra Group reassignment.

Cautionary Statement

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

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

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