

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 2014/596/EU, WHICH IS PART OF DOMESTIC LAW OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND ("UK") PURSUANT TO THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS (SI 2019/310) ("UK MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION (AS DEFINED IN UK MAR) IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.**

**29 September 2023**



**Supply@ME Capital plc**

(the "**Company**", "**Supply@ME**" or "**SYME**" and, together with its subsidiaries, the "**Group**")

**Unaudited interim results for the six months ended 30 June 2023 and entry into Top-Up Shareholder Loan Agreement and Side Letter Agreement**

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 2023 ("**H1 2023**") and entry into Top-Up Shareholder Loan Agreement and Side Letter Agreement – details of which are set out in Appendices 1 and 2 to this announcement, respectively.

**Highlights from the H1 2023 interim results:**

- Group revenue from continuing operations of £0.1m in H1 2023 compared to nil in the comparative interim period for the six-month period ended 30 June 2022 ("**H1 2022**"). The £0.1m revenue includes a combination of the various elements of revenue related to:
  - origination and due diligence fees (pre-IM), charged directly by the Group to the Client Companies; and
  - fees relating to the Platform usage and servicing (post-IM), charged to the relevant independent Stock Company involved in each IM.
- This increase reflects the completion of the first IMs over the prior 12-month period and continued due diligence activities.
- Group operating loss from continuing operations of £2.3m in the current interim period compared to £2.1m in H1 2022.
- Finance costs have significantly reduced by £1.4m in H1 2023 compared to H1 2022 due to the replacement of Mercator Capital Management Fund LP debt financing with longer term equity funding from Venus Capital S.A. ("**Venus Capital**") during 2022 and H1 2023.
- Loss from discontinuing operations of £0.2m in H1 2023, compared to a loss of £2.6m in H1 2022, primarily as a result of:
  - a gain on disposal of 81% of the TradeFlow Capital Management Pte. Ltd. ("**TradeFlow**") operations (the "**TradeFlow Restructuring**") of £0.7m recognised in H1 2023; and
  - no additional impairment or acquisition related earn-out charges recognised in H1 2023, compared to an aggregate total of £1.5m for these charges recognised in H1 2022.
- The combined impact of the above resulted in a total loss of £2.6m in H1 2023, compared to £6.2m in H1 2022.
- The completion of the TradeFlow Restructuring on 30 June 2023 resulted in the removal of the TradeFlow net assets from the Group's consolidated balance sheet as at 30 June 2023 and the recognition of two new assets. Further details as set out below:

- the value of the TradeFlow net assets removed from the Group's consolidated balance sheet as at 30 June 2023 was £1.6m. This included the net book value of the intangible assets that were recognised by the Group as part of the TradeFlow acquisition in July 2021;
- the addition of the new receivable balance of £2.0m relating to the outstanding cash consideration still to be received by the Company as at 30 June 2023; and
- the addition of the new investment of £0.3m relating to the Group's remaining 19% ownership of TradeFlow.
- Execution of the new equity funding that was announced on 28 April 2023 with Venus Capital. This resulted in a cash inflow to the Group of £2.0m, net of commission and other share issue costs.

With the completion of inaugural IMs, the Group now expects to start to build a demonstrable track record of revenue generation as it scales delivery of new IM transactions.

### **Operational Highlights**

- The completion of the TradeFlow Restructuring on 30 June 2023 was an important step for the Group as it will allow us to better serve both the needs of our client companies and the funders of both businesses. It will create value for the Company shareholders ("**Shareholders**") by eliminating any perception of conflicts of interest between the two businesses and providing both businesses with greater commercial opportunities through the clear differentiation of responsibilities of the individual entities.
- Following the reconfiguration of investment advisory business line through the disposal of majority stake of TradeFlow, the Group is now focussed on its core business lines:
  - IM transactions from the pipeline originated by the Group and funded by third-party investors ("**Open-Market IM**"); and
  - IM deals with local commercial banks and their client companies ("**White-Label IM**").
- Completion of commercial agreements for the inaugural Open-Market IMs, using traditional funding, showcases the Group's progress against the activity outlined in its year end 2022 business update. In particular, significant progress has been made against the Group's key operational key performance indicators ("**KPIs**") with the evolving pipeline of IM opportunities.
- The pipeline (representing the value of the inventory to be monetised) was valued at £404.5m as at 22 September 2023, which compares to £374.6m as at 21 April 2022. This increase reflects the strength of the proposition and its appeal to quality businesses, across a diversified portfolio of companies both in Italy and the UK, with demand driving opportunities in other European countries.
- The Group is now in advanced stages of formalising a White-Label IM agreement with a leading Italian banking group ("**WL Inventory Funder**") to execute an initial IM transaction with an inventory value to be monetised of up to €10m, which involves an existing client of the WL Inventory Funder. This White-Label IM agreement (which remains subject to contract) is expected to allow the Group to scale its revenue in Italy, leveraging the balance sheet and the client base of the WL Inventory Funder in specific supply chains.
- Similarly, the Group has started exploring similar White-Label IM partnerships in the UK.
- Supply@ME has been collaborating with a group of private investors and subject matter experts of working capital solutions to launch an independent Swiss-based trading business ("**CH Trading Hub**") to replace the Cayman-based global inventory fund ("**GIF**"), previously advised by TradeFlow. The CH Trading Hub, owned by Société Financière Européenne S.A. ("**SFE**"), is also expected to assume control of the independent Stock Companies from the GIF once this restructuring is completed, to manage the overall trading businesses using the Platform and the associated services provided by the Group.
- Additionally, the CH Trading Hub will handle the token route including implementation of the strategic agreement with VeChain Foundation ("**VE Chain**"). In this regard, the Group is working with the CH Trading Hub on the launch of a security token framework which will allow up to US\$100m to be issued and subscribed, mostly by institutional investors active in the digital asset

markets. The security token is expected to be issued by a vehicle sponsored by SFE and be tradeable on authorised digital asset exchanges.

- Discussions have commenced with a global investment bank to serve as a cornerstone funder for IMs of the Group's current and prospective pipeline, deploying a scalable and multi-jurisdictional Open-Market IM programme.

### **Summary of H1 2023 financial results**

The below unaudited consolidated financial summary of the Group's income statement is presented to distinguish the continuing operations (being the Group's IM segment) and the discontinued operations consisting of TradeFlow and its subsidiaries (the "**TradeFlow Group**"). The unaudited consolidated financial summary of the Group's balance sheet includes the total assets and liabilities from both continuing and discontinued operations as at 31 December 2022, however, no longer includes the assets and liabilities of the TradeFlow Group as at 30 June 2023, following SYME's disposal of 81% of the TradeFlow Group on 30 June 2023.

*Consolidated financial summary:*

	<b>6 months to 30 June 2023 Unaudited £m</b>	<b>6 months to 30 June 2022 Unaudited £m</b>
<b>Continuing operations</b>		
Revenue from continuing operations	<b>0.1</b>	-
Adjusted operating loss <sup>1</sup> from continuing operations	<b>(2.0)</b>	(2.0)
Operating loss from continuing operations	<b>(2.3)</b>	(2.1)
Loss from continuing operations	<b>(2.4)</b>	(3.6)
<b>Loss from discontinued operations<sup>2</sup></b>	<b>(0.2)</b>	(2.6)
<b>Total loss for the period</b>	<b>(2.6)</b>	(6.2)
	<b>As at 30 June 2023 Unaudited £m</b>	<b>As at 31 December 2022 Audited £m</b>
<b>Total assets</b>	<b>3.4</b>	8.3
<b>Net liabilities</b>	<b>(2.1)</b>	(2.0)

<sup>1</sup> Adjusted operating loss is the operating (loss) from continuing operations before impairment charges.

<sup>2</sup> Discontinued operations relate to the operations of the TradeFlow Group, and these have been presented in line with IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"). The prior period's income statement has been restated to aid comparability in line with the standard. Revenue from discontinued operations in H1 2023 was £0.7m (H1 2022: £0.2m).

## Operational KPI

	As at 22 September 2023 Unaudited	As at 21 April 2023 Unaudited
Warehoused Goods monetisation pipeline	£404.5m	£374.6m

The pipeline KPI shown above represents the current potential value of warehoused goods inventory to be monetised rather than pipeline revenue expected to be earned by the Group (being the Company and its subsidiaries). As such, this provides a good indicator of the level of demand for the Group's warehoused goods monetisation services. This pipeline represents the value as at most practical date possible prior to the issue of this interim report (being 22 September 2023). The Company expects that the increase of the pipeline will be reflected in new due diligence activities over the coming months and, accordingly, additional due diligence fees for the Group's subsidiaries. In the case of positive due diligence outcomes, such pipeline would then be expected to move into IM phase at which stage the Group's subsidiaries will be able to charge its IM fees (including origination fees, fees for the usage of the Platform and IM servicing fees).

## Entry into Top-Up Shareholder Loan Agreement and Side Letter Agreement

On 28 September 2023, the Company and TAG entered into an English law governed top-up unsecured shareholder loan agreement (the "**Top-Up Shareholder Loan Agreement**"), pursuant to which The AvantGarde Group S.p.A. (an entity ultimately beneficially wholly-owned and controlled by Alessandro Zamboni, Chief Executive Officer of the Company) ("**TAG**") agreed to provide the Company with a further facility of up to £3,500,000 to cover the Company's working capital and growth needs up to 30 June 2025 (the "**Top-Up Facility**").

As disclosed in the Company's second supplementary prospectus published on 30 June 2023 (the "**Secondary Supplementary Prospectus**"), the Company entered into an English law governed share purchase agreement with Dr. Thomas (Tom) James and John Collis, former Directors (the "**Buyers**") on 30 June 2023, pursuant to which, the Company sold 81% of the issued share capital of TradeFlow Capital Management Pte. Limited. The £2,000,000 TAG Amount (as defined in the Second Supplementary Prospectus) was novated from the Buyers to TAG on the terms of an English law governed debt novation deed entered into between the Company, the Buyers and TAG on 30 June 2023 (the "**Debt Novation Deed**"). Pursuant to the Debt Novation Deed, TAG agreed with the Company to settle the TAG Amount in three tranches: £500,000 on 30 June 2023 (which, as at the date of this announcement, has been paid to the Company by TAG); £1,000,000 on 30 September 2023; and £500,000 on 31 January 2024. On 28 September 2023, the Company and TAG entered into an English law governed side letter agreement ("**Side Letter Agreement**"), cast as a deed, in relation to the outstanding TAG Amount, pursuant to which TAG agreed to pay to the Company £1,000,000 on 31 October 2023, and £500,000 on 31 January 2024.

TAG has agreed to pay a 15% per annum compounding rate of interest on the £1,000,000 of principal amount of the TAG Amount for the period of 30 September 2023 to 31 October 2023, and shall incur a 15% per annum compounding rate of interest on any outstanding principal amount of the TAG Amount following the agreed payment dates.

The entry by (i) the Company and TAG into the Top-Up Shareholder Loan Agreement and (ii) the Company and TAG into the Side Letter Agreement each constituted a material related party transaction for the purposes of DTR 7.3 and were, accordingly, voted upon by the independent Directors (excluding Alessandro Zamboni, who, in each case, constituted a "related party" (as such term is defined in IFRS)), and such independent Directors consider each such material related party transaction in respect of the Top-Up Shareholder Loan Agreement and the Side Letter Agreement to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party.

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

*"The past six months have been productive for Supply@ME, with our team working tirelessly on several key development workstreams. I am delighted with the progress we have made. We've started to build our track record on IMs which have unlocked a significant increase in engagement and interest in the Supply@ME Platform, both in our core markets and further afield. Our pipeline is strong and the experience we have gained continues to streamline the onboarding process. The launch of the Swiss Trading Hub will be a key development which provides the long-term framework for Inventory Monetisations and sends a clear and positive message to potential Inventory Funders, in both traditional and digital asset classes.*

*"We have also made further significant progress in building the fundamentals for a scalable business model. The security token framework is close to being launched – which is in line with future trends of the crypto bond market - and, critically, on the formalisation of our first white label partnership together with a first transaction, which we expect to prove an effective working relationship from day one. The new agreed funding facility gives us a clear platform from which to pursue the exciting opportunities that lie ahead.*

*"The SYME Board and I are positive about the prospects for the Group, given the operational and strategic progress being made, and we look forward to providing further business updates to the market in due course."*

**- Ends -**

For the purposes of UK MAR, the person responsible for arranging release of this announcement on behalf of SYME is Alessandro Zamboni, CEO.

**Enquiries**

**Investors & analysts:**

Alessandro Zamboni, CEO, Supply@ME Capital plc, [investors@supplymecapital.com](mailto:investors@supplymecapital.com)

**Media:**

MHP Group, [Supplyme@mhpgroup.com](mailto:Supplyme@mhpgroup.com)

## **APPENDIX 1 – CEO REPORT AND INTERIM FINANCIAL STATEMENTS**

### **Chief Executive's report**

#### **Business model summary**

The Group provide its innovative fintech Platform for use by manufacturing and trading companies to access 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 completion of the TradeFlow Restructuring on June 2023 was an important step for the Group. When we acquired TradeFlow in July 2021, we had a clear goal to support businesses at every stage of the inventory lifecycle. We remain committed to this and will continue to explore opportunities to integrate in-transit and cross-border inventory programmes. John Collis and Tom James made a valuable contribution to our business and our board, but this was a necessary restructuring which removes any potential or perceived conflict of interest. It will enable both businesses to better realise their potential by providing greater commercial opportunities through the clear differentiation of responsibilities of the individual entities. With the completion of the TradeFlow Restructuring we can now redouble our efforts and focus on our core business lines.

#### **Business model canvas: structural market drivers making business more and more relevant**

Corporates in our core markets and globally have taken a multilayered approach to improving their supply chain resilience. These steps have included increasing inventory levels, with the incumbent cost of storing this inventory also increasing. The impact on cashflow and the demand for funding to alleviate this has never been greater. The dual drivers of inflation and climate linked changes to seasonality of inventories has also prompted reassessments and crystalised focus. There is now an abundance of highly profitable, long-established manufacturing and trading businesses which present an opportunity for investors, particularly those comfortable with receivables, to generate strong returns by monetising their inventories via the Platform.

Traditional financial institutions are not specialists in inventory. Historically, the difficulties in evaluating the inventories and the risk of fraud due to infrequent and imprecise monitoring combined with the unattractive prospect of disposing of unsold inventory have reduced engagement with this asset class, with lenders offering restrictive terms and unattractive rates. However, the need for a commercial facility for inventory is clear. Supply@ME has developed the systems and technology which remove the barriers to entry and provide certainty and security for Inventory Funders. We also have now begun to establish a track record of completed IM transactions supported by different funding routes.

Supply@ME's onboarding process for clients has been honed and is now demonstrably straightforward. We have, and are continuing to, invest heavily in our inventory ingestion, rule processing, and monitoring technology and expertise to ensure that it plugs seamlessly into existing systems and enhances monitoring.

We are confident in our ability to attract and convert client companies in our core markets and to add to this list of countries. For Inventory Funders, we are now progressing several paths and have commenced discussions to secure a cornerstone funder. This type of partnership will unlock a new level of momentum for the business. In tandem with this, the completion of the next stage of the security token framework will, alongside traditional funding, ensure we are increasingly well placed to furnish the demand in our pipeline.

#### **New funding structure**

Supply@ME's acquisition of TradeFlow Capital had, as one of its central goals, the creation of an independent trading business, the Stock Companies, owned by a regulated fund, which would use Supply@Me's IM Platform to facilitate the IM transactions. The regulated fund GIF also served to raise equity capital for IM Transactions. The restructuring of our relationship with TradeFlow was driven by

an evolution in the regulation of the fund management industry, in particular, the direction from the Monetary Authority of Singapore, that TradeFlow should separate its licensed fund management activities from the rest of its business.

Since then, Supply@ME has been collaborating with a group of private investors and subject matter experts in working capital solutions, to launch an independent Swiss-based trading business ("**CH Trading Hub**") to replace the GIF, previously advised by TradeFlow.

Switzerland is traditionally an important trading hub (in particular for raw materials and commodities) and one of the more advanced jurisdictions regarding the regulation over the digital asset industry.

The CH Trading Hub, owned by Société Financière Européenne S.A. ("**SFE**"), will invest its equity capital to build up a dedicated internal structured financing team. It is expected that SFE will assume the control of the independent Stock Companies from the GIF once this restructure is completed, to manage the overall trading businesses using the platform and the services provided by the Group from this point.

Finally, the CH Trading Hub will handle the token route including progressing the strategic agreement with VeChain. In this regard, the Group is working with the CH Trading Hub on the launching of a security token framework which will see up to US\$100m issued which is expected to be subscribed mostly by institutional investors active in the digital asset markets. The security token will be issued by a vehicle sponsored by SFE and it will be tradeable on authorised digital asset exchanges.

## **Updates to the Platform**

Over the past six months, the Group has continued to improve its Platform to ensure that it is and will continue to be best-in-class and that it has the capabilities to scale with the business and diversification of the required monetisation portfolios, both in terms of geographies and industries.

We have continued to leverage the enhanced expertise we brought onto our team via key hires in 2022, and to leverage and further build out the vital partnerships with our software factory and information and commercial technology ("**ICT**") partners.

To that end the key areas of more recent development can be broken down into five modules.

### *1. Onboarding Module*

In order to more efficiently & effectively manage the pipeline of client prospects for Inventory Monetisation, a dedicated Onboarding Module has been implemented. This module allows:

- analysis and identification of eligible inventory items using purpose-built workflows to drive due diligence tasks;
- clear and transparent pipeline tracking;
- comprehension and insight into the inventory associated risks;
- secure exchange of data for clients and to various third parties;
- production of critical inputs into the Trading and Monitoring modules;
- production of due diligence reports for presentation to potential Inventory Funders.

With the above information, it allows the Platform to represent clients to prospective Inventory Funders and finalise the commercial agreements governing the IM transaction.

### *2. Data Module*

Data and analyses are core to our business model and what makes the Platform distinct.

As previously discussed in the Annual Report and Accounts for the year ended 31 December 2022, the 'data factory' software module allows for the required level of data ingestion we have envisaged alongside API management and the automated application of key business rules. We have continued to

enhance this module, utilising "Test & Learn" methodologies that have enabled us to augment our analysis models and interact with our key partners more effectively.

The inventory data-lake continues to be enhanced, hitting key milestones, to enable advanced inventory data analytic metrics such as seasonality, obsolescence risk, critical components, margin and sales trends, inventory risk scores, and to enable robust and accurate monitoring and reporting.

### *3. Trading Module*

Leveraging the feedback from the first IM transactions with existing clients, we continue to improve both our processes (from efficiency and client focussed points of view), security protocols, and user experience of the Trading Module.

### *4. Monitoring & Reporting Module*

We have achieved key checkpoints in developing the key controls and KPIs that need to be monitored for each Inventory Monetisation and believe that these are key to providing Inventory Funders comfort against the risk of potential fraud.

We continue to build out the suite of reports for the various audiences, such as Client Companies, Stock Companies, Inventory Funders, in a robust and auditable manner.

### *5. Web3 Module*

The Group continues to leverage its relationship with VeChain and to enhance on the Web3 solution. Integrating the technology to the Platform ready for Web3 will help us to introduce the IM as a new asset class to a broader range of investors. It also means the Group is able to harness the developments in this nascent sector at pace, including the ability to explore the issuance of non-fungible tokens (NFTs), participating in digital ownership and business-to-business (B2B) marketplaces, decentralised finance and tokenised governance protocol. In this space, the Group and the CH Trading Hub will continue to explore further collaborations with digital asset investment banks and exchanges.

## **Update on the Group's Operational KPIs**

### **Client company origination**

Origination of client companies with inventory suitable for Inventory Monetisation has seen a significant increase both in the quality of businesses we are engaging and the strength of initial discussions. The first IM Transactions already have positively changed the tone and we are now operating at a more optimal level at each stage of client engagement. Our business in Italy is at a more advanced stage, however the impact of the UK IM has been significant, and we expect business in that market to follow a similar timeline as we have already experienced in Italy.

Pipeline of client companies now stands at £404.5m as at 22 September 2023. The drivers for inventory solutions are also diversifying, with supply chain frustrations, the impact of inflation and climate all prompting enquiries. We are confident in the appeal of the Platform to client companies in our core markets and also expect to expand, the list of territories in which we operate, due to a combination of market factors and demand from potential clients.

#### *Italy*

The group now has the track record of two IM Transactions, in markedly different sectors, being industrial vehicles and tyre retreading, which serves to emphasise the value of our Platform to a deeper pool of prospective clients. Our existing businesses are also now vital advocates and reference points for those wishing to engage with Inventory Monetisation. The benefits of this are significant. This third-party endorsement of our unique and innovative model is also helping us to attract larger businesses with significant portfolios of monetisable inventory.

The Group is now in advanced stages of formalising a White-Label IM agreement with the WL Inventory Funder to execute an initial IM transaction with an inventory value to be monetised of up to



€10m, which involves an existing client of the WL Inventory Funder. This White-Label IM agreement (which remains subject to contract) will allow the Group to scale its revenue in Italy, leveraging the balance sheet and the client base of the WL Inventory Funder in specific supply chains. This first transaction will likely see us expanding the IM footprint in the agrifood sector, focusing on those goods which retain long-term value and high demand.

Formalising our first White Label partnership, much like our first IM Transaction, has required significant discussion and due diligence, including the involvement of a Big 4 consultancy firm. It is a new product for our partners and their customer base, without precedent, but we are confident that completing our initial white label agreement will provide a template for similar partnerships in Italy, the UK and other territories.

### *United Kingdom*

Our first IM transaction using traditional funding in the UK represented a key milestone, providing proof of concept in the market, a tangible track record and a template for IMs being managed within an existing floating charge facility, confirming the ability to work alongside existing financing arrangements as a commercial facility. Since the announcement of this transaction, momentum has increased, and we feel confident in our stated goal of securing white label and self-funding agreements. Origination in the UK has also been gathering pace and we have a strong growing pipeline of prospective clients. The triggers which prompt businesses to contact us have also broadened and we are seeing a growing number of businesses affected by supply chain issues and climate related impacts seeking to offset increased costs. In the UK, the next milestones will be aligning long-term funding partnerships and White Label alliances.

### **Outlook**

In the coming months Supply@ME will look to finalise its first White Label Partnership in Italy, implement the security token funding route and secure the backing of international Inventory Funders. These three initiatives will form the basis of the next phase of growth for our business, as we target the Group's revenue growth and opening the scale-up momentum. The new CH Trading Hub will provide the backbone for these initiatives and future transactions, providing a new layer of long-term certainty for Inventory Funders and corporates. This is a formative period for the business, and we are confident in our ability to deliver against these stated objectives to ultimately deliver greater value for our clients, investors and shareholders.

## Financial review

	<b>6 months to 30 June 2023 Unaudited £000</b>	<b>6 months to 30 June 2022 Unaudited £000</b>	<b>Movement Unaudited £000</b>
<b>Continuing operations</b>			
Revenue from continuing operations	77	-	77
<b>Operating loss from continuing operations before impairment charges</b>	<b>(1,981)</b>	<b>(1,963)</b>	<b>(18)</b>
Impairment charges	(349)	(151)	(198)
<b>Operating loss from continuing operations</b>	<b>(2,330)</b>	<b>(2,114)</b>	<b>(216)</b>
Finance costs	(22)	(1,466)	1,444
<b>Loss before tax from continuing operations</b>	<b>(2,352)</b>	<b>(3,580)</b>	<b>1,228</b>
Income tax	(24)	-	(24)
<b>Loss after tax from continuing operations</b>	<b>(2,376)</b>	<b>(3,580)</b>	<b>1,204</b>
Loss from discontinued operations	(185)	(2,610)	2,425
<b>Total loss for the year</b>	<b>(2,561)</b>	<b>(6,190)</b>	<b>3,629</b>
	<b>Pence</b>	<b>Pence</b>	<b>Movement Pence</b>
Total loss per share ("EPS")	(0.0046)	(0.0162)	0.0116

The Group's unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023 ("**H1 2023**") have been prepared in line with International Accounting Standard IAS 34 ("Interim Financial Reporting"). The TradeFlow operations continued to be classified as discontinued operations and assets held for resale in line with the requirements of IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations") from 1 January 2023 until the date of completion of the TradeFlow Restructuring, being 30 June 2023. The prior period income statement has been restated to aid comparability in line with the standard.

As shown in the financial summary above, the TradeFlow operations contributed a loss of £185,000 (inclusive of the gain of £718,000 recognised in connection with the TradeFlow Restructuring) in H1 2023.

### *Revenue from continuing operations*

	<b>6 months to 30 June 2023 Unaudited £000</b>	<b>6 months to 30 June 2022 Unaudited £000</b>	<b>Movement Unaudited £000</b>
<b>Revenue</b>			
Due Diligence fees	40	-	40
Inventory Monetisation fees	37	-	37
<b>Total revenue from continuing operations</b>	<b>77</b>	<b>-</b>	<b>77</b>

The table above provides a break down of the Group's revenue from Inventory Monetisation activities during H1 2023. Revenue is recognised in accordance with IFRS 15 ("Revenue from Contracts with

Customers") and more details on the Group's revenue recognition policies can be found in the note 2 to the Group's condensed consolidated financial statements for the year ended 31 December 2022 (the "2022 Annual Report").

During H1 2023, the Group recognised £77,000 (H1 2022: nil) of Inventory Monetisation revenue, which it split 52% related to due diligence fees, and the remaining 48% relating to Inventory Monetisation fees.

In line with IFRS 15 ("Revenue from Contracts with Customers") the Group recognised the due diligence revenues when the due diligence services have been delivered and the Group's performance obligation has been satisfied. During H1 2023, the Group has continued to carry out, and charge for due diligence activities, and the £40,000 recognised as revenue reflects the value of those due diligence activities completed during H1 2023.

Following the announcement of the first Italian IM transactions during 2022 and H1 2023, which were facilitated using the Group's Platform, the Group recognised Inventory Monetisation fees of £37,000. These fees related to the following activities:

- 1) **Origination fees** - the origination of the contracts between the client company wishing to have their inventory monetised and the independent Stock (trading) Company that purchased the inventory from the client company. In line with IFRS 15 ("Revenue from Contracts with Customers") the Group recognised these revenues at the point in time they are due to be received from the client;
- 2) **IM Platform usage fees** - usage of the Group's IM Platform, under a Software as a Service ("SaaS") contract, by the independent Stock (trading) Company to facilitate the purchase of the inventory from the client company. In line with IFRS 15 ("Revenue from Contracts with Customers") the Group recognised these revenues over the time period they related to; and
- 3) **IM service fees** - the support and administration activities, such as the monitoring of the inventory purchased, that the Group performs in connection with the use of the Group's IM Platform. In line with IFRS 15 ("Revenue from Contracts with Customers") the Group recognised these revenues over the time period they related to.

These revenues are expected to grow in future accounting periods in line with expected growth in both the number of IM transactions that are facilitated using the Group's IM Platform and, the quantum of inventory monetised by the independent Stock (trading) Companies per transaction, increases.

### ***Operating loss from continuing operations before impairment charges***

During H1 2023, the Group was focused on securing the binding commercial agreements in terms of the first IM transactions to use traditional funding in both Italy and the UK, the latter of these being announced in early July 2023. In conjunction with this, efforts have also been directed to building and continually reevaluating the Group's Inventory Monetisation pipeline following the announcement of the inaugural IM transactions. In addition, progress has made in terms of the Group's White-Label initiative, and in terms of securing new sources of inventory funding. Further details of this progress has been set out earlier in this announcement.

The Group recorded an operating loss from continuing operations before impairment charges for H1 2023 of £1,981,000 (H1 2022: £1,963,000 loss). There have been two main changes in the components to this figures that largely offset each other including:

- an increase in professional and legal fees in H1 2023 as the Group undertook several different corporate activities such as the TradeFlow Restructuring, the financing and equity subscription that was announced in conjunction with the 2022 Annual Report, and the regulatory requirement to keep the prospectus that the Company issued in October 2022 updated for any significant changes to the business. In addition, the Group are continuing to invest into improving the functionality and enhancing the performance of the IM Platform, and certain of those costs did not meet the criteria for capitalisation under IAS 38 ("Intangible Assets"). As such, these costs have been expensed during H1 2023. An example of such costs includes those related to early-stage planning and research activities; and

- these increases were then offset by an increase to other operating income during H1 2023 as a result of a settlement agreement reached with an existing supplier to reduce the total amount payable by the Group in exchange for payment of a lower agreed amount by a specific date. The difference in the previous amount owed and the agreed final settlement amount resulted in a gain recognised in the income statement of £376,000 in H1 2023.

#### Impairment charges from continuing operations

	<b>6 months to 30 June 2023 Unaudited £000</b>	<b>6 months to 30 June 2022 Unaudited £000</b>
Impairment charges from continuing operations	349	151
	<b>349</b>	<b>151</b>

The impairment charges from continuing operations of £349,000 recognised during H1 2023 relate to the impairment of the Group's internally developed IM platform as at 30 June 2023 in line with the requirements of IAS 36 ("Impairment of Assets"). This followed the conclusion that indicators of impairment were present, which included the losses continued to be generated by the assets held by the Group's Italian operating subsidiaries. In line with the going concern statement, set out in note 4 to the unaudited condensed consolidated interim financial statements, there is currently a material uncertainty with respect to both the future timing and growth rates of the forecast cash flows arising from the use of the internally developed IM Platform intangible asset. As such, the Directors have prudently decided to continue to impair the full carrying amount of this asset of £349,000 as at 30 June 2023.

#### *Discontinued Operations*

The revenue and operating loss of the TradeFlow operations for the period from 1 January 2023 through to the date on which the TradeFlow Restructuring was completed, being 30 June 2023, are shown in the table below. As detailed above, the TradeFlow operations have been classified as discontinued operations and assets held for resale in line with the requirements of IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"). The comparatives show the revenue and operating loss of the TradeFlow operations for H1 2022.

	<b>6 months to 30 June 2023 Unaudited £000</b>	<b>6 months to 30 June 2022 Unaudited £000</b>
Revenue from discontinued operations	684	209
<b>Operating loss from discontinued operations before acquisition relation costs, impairment charges and costs/(gains) relating to the restructuring of the TradeFlow ownership</b>	<b>(329)</b>	<b>(555)</b>
Amortisation of intangible assets arising on acquisition	(442)	(406)
Acquisition related earn-out payments	-	(747)
Impairment charges	-	(765)
Foreign currency translation loss reclassified to other comprehensive income	(62)	-
Gain arising on the restructuring of the TradeFlow operations	718	-
<b>Operating loss from discontinued operations</b>	<b>(115)</b>	<b>(2,473)</b>

TradeFlow's investment advisory revenue arose from investment advisory services provided in TradeFlow's capacity as investment advisor to its well-established USD fund and its growing EUR fund. In line with IFRS 15 ("Revenue from Contracts with Customers") these revenues were recognised when the investment advisory services have been delivered and TradeFlow's performance obligation has been satisfied.

Further details of the costs recognised in H1 2023 set out in the table above are detailed below:

- amortisation of intangible assets arising on acquisition of £442,000. These costs related to the intangible assets recognised by the Group in connection with the TradeFlow acquisition, which had an initial fair value of £6,888,000. The £442,000 represents the amortisation charge arising on these assets for the six month period from 1 January 2023 through to the date on which the TradeFlow Restructuring was completed, being 30 June 2023;
- foreign currency translation loss reclassified to other comprehensive income of £62,000. This represents the cumulative foreign currency translation reserve created on consolidation in respect of the TradeFlow operations. This is reclassified to income statement at 30 June 2023 due to TradeFlow no longer being consolidated by the Group from this date; and
- the gain arising on the restructuring of the TradeFlow operations of £718,000. On the 30 June 2023, the net assets of TradeFlow (representing a value of £1,634,000 at 30 June 2023) are no longer consolidated by the Group, and instead the value of the new 19% investment of £352,000 was recognised on the balance sheet, together with the £2,000,000 remaining cash consideration to be received. The difference between these items resulted in a gain arising on the restructuring of the TradeFlow operations recorded in the unaudited condensed consolidated interim income statement of £718,000.

As shown above there were no additional acquisition related earn-out costs recognised during H1 2023 which reflected the fact that as part of the TradeFlow Restructuring all future potential earn-out payments were offset against the initial cash consideration value.

Additionally, following the finalisation of the TradeFlow Restructuring on 30 June 2023, the assets and liabilities of TradeFlow, including the intangible assets arising as part of the original TradeFlow acquisition in July 2021, are no longer consolidated by the Group. As such no further impairment charges relating to the discontinued operations were recognised during H1 2023. Instead, a calculation was undertaken to calculate any gain or loss arising on as a result of the change in ownership structure of the TradeFlow operations. The details of this calculation set out in below and in further detail can be found in note 21 to unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

	<b>6 months to 30 June 2023 Unaudited £ '000</b>
Accounting fair value of the 81% ownership of the TradeFlow operations disposed of by the Group	2,000
Accounting fair value of 19% ownership of the TradeFlow operations retained by the Group	352
	<b>2,352</b>
<i>Less:</i>	
Accounting fair value of net assets disposed of by the Group	(1,634)
<b>Gain arising on the restructuring of the TradeFlow ownership</b>	<b>718</b>

### *New equity funding*

On 28 April 2023, the Company and Venus Capital entered into a new equity subscription agreement, pursuant to which Venus Capital committed to subscribe for 4,500,000,000 new ordinary shares (the "**Subscription Shares**") at £0.0005 per Subscription Share (the "**Subscription Agreement**") over two separate tranches, both of which took place in May 2023. The total gross proceeds received by the Group in relation to this Subscription Agreement was £2,250,0000 or £2,137,500 net of the £112,500 commission that was charged by Venus Capital in connection with the subscription of the Subscription Shares. An additional £112,500 was paid to Venus Capital in respect of agreed costs and expenses incurred by Venus Capital in connection with the Subscription Agreement.

The Subscription Agreement required new warrants to be issued to Venus Capital at a ratio of one warrant for every two Subscription Shares issued. This resulted in an obligation for the Group to issue 2,250,000,000 new warrants to Venus Capital ("**New Venus Warrants**") which existed at 30 June 2023. The New Venus Warrants are each exercisable into one new ordinary share at a price equal to £0.00065 pence per share up to a final exercise date of 31 December 2026. As at 30 June 2023, the obligation to issue these share warrants to Venus Capital has been recognised within equity as "warrants to be issued" within the share-based payment reserve. These share warrants had a total fair value of £1,717,000. As at 30 June 2023, all of these share warrants remain outstanding.

The total share issue costs incurred in connection with the Subscription Agreement during H1 2023 were £1,972,000 including £1,717,000 relating to the fair value of the warrants issued, £225,000 relating to the commission and other fees charged by Venus Capital and £30,000 of other share issue costs. This has been accounted for as a £1,972,000 reduction to share premium during H1 2023 given there was sufficient share premium created on the issue of the Subscription Shares.

### *New debt financing*

On the 28 April 2023, the Company and The AvantGarde Group S.p.A ("**TAG**"), the Group's major shareholder, entered into a fixed term unsecured working capital loan agreement (the "**TAG Unsecured Working Capital facility**"). This agreement was subsequently amended on 30 June 2023 in conjunction with the TradeFlow Restructuring. Under the amended TAG Unsecured Working Capital facility, TAG shall provide, subject to customary restrictions, a facility of up to £800,000 to cover the Company's interim working capital and growth needs.

The due date for repayment by the Company of amounts (if any) drawn under the TAG Unsecured Working Capital facility is 1 February 2028. Any sums drawn under the TAG Unsecured Working Capital facility will attract a non-compounding interest rate of 10% per annum, and any principal amount (excluding accrued interest) outstanding on 1 February 2028 will attract a compounding interest rate of 15% per annum thereafter. Interest will be due to be paid annually on 31 March of each relevant calendar year.

On 30 June 2023, the Company issued a draw down notice to TAG under the amended TAG Unsecured Working Facility for the full £800,000 available. As at 30 June 2023, no funds had been received from TAG in respect of this facility, however subsequent to 30 June 2023, and prior to the release of these unaudited condensed consolidated interim financial statements, TAG had provided £245,000 of the £800,000 that had been drawn down by the Company.

### *Cash flow*

The Group decreased its net cash balance by £465,000 (H1 2022: £797,000 decrease) due to a combination of the following cash inflows and outflows:

- cash inflow of £2,018,000, net of commission and other share issue costs, received from the issue of new ordinary shares during H1 2023 under the Subscription Agreement, and from existing warrant holders who chose to convert their warrants (which had been issued in issued in conjunction with the open offer completed during 2022), during H1 2023; and

- cash inflows from long-term borrowing of £372,000, net of repayments and other finance costs, predominantly due to the new long-term borrowings secured by TradeFlow during the six-month period prior to the completion of the TradeFlow Restructuring.

These net cash inflows were then offset by the following items:

- net outflows from operating activities of £2,143,000 (H1 2022: £2,095,000 net outflow);
- increased investment in the Group's IM Platform of £388,000 (H1 2022: £164,000); and
- removal of the opening cash balance of the TradeFlow operations of £324,000 to reflect the fact that the TradeFlow Restructuring was completed on 30 June 2023 and the TradeFlow assets and liabilities are no longer consolidated by the Group at the period end.

	<b>6 months to 30 June 2023 Unaudited £000</b>	<b>6 months to 30 June 2022 Unaudited £000</b>
Net cash flow from operating activities	(2,143)	(2,095)
Net cash flow from investing activities	(712)	(187)
Net cash flow from financing activities	2,390	1,485
<b>Net increase in cash and cash equivalents</b>	<b>(465)</b>	<b>(797)</b>
Foreign exchange differences to cash and cash equivalents on consolidation	(19)	(25)
Cash and cash equivalents at 1 January	581	1,727
<b>Cash and cash equivalents as at 30 June</b>	<b>97</b>	<b>905</b>

### **Net liabilities**

As at 30 June 2023 net liabilities were £2,108,000 (31 December 2022: net liabilities of £2,025,000).

The largely stable net liability position at 30 June 2023 compared to 31 December 2022 is due to the following:

- the addition of the new assets created as a result of the TradeFlow Restructuring including the £2,000,000 outstanding cash consideration receivable by the Company from TAG, following TAG's assumption of the receivable from the buyers of TradeFlow on 30 June 2023, and the £352,000 new investment balance accounting for the Group's remaining 19% ownership of TradeFlow. Further details on these new assets can be found in notes 3, 13 and 21 to the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

This increase in assets compared to 31 December 2022 was then offset by:

- the removal of the assets and liabilities relating to TradeFlow from the Group's consolidated balance sheet at 30 June 2023 to reflect the fact that the TradeFlow Restructuring was completed on this date. The value of the net asset relating to TradeFlow that were consolidated as at 31 December 2022 was £2,283,000; and
- a small increase in other working capital items 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 condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

### ***Related Parties***

Note 22 to the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023 contains details of the Group's related parties.

### ***Subsequent events***

Note 23 to the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2023 contains details of all subsequent events.

### **Directors' Responsibility Statement**

The Directors are responsible for preparing the unaudited condensed consolidated 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 unaudited condensed consolidated 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 Financial Reporting 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 of the FCA's Disclosure Guidance and Transparency Rules ("DTRs").

The Directors further confirm that the unaudited condensed consolidated 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 DTR Rule 4.2.9(2)R, the Directors confirm that these unaudited interim condensed consolidated financial statements have not been audited or reviewed by auditors pursuant to the Financial Reporting Council 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



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2023**

	Notes	6 months to 30 June 2023 Unaudited £ '000	6 months to 30 June 2022 Unaudited £ '000
<b>Continuing operations</b>			
Revenue	5	77	-
Cost of sales	7	(185)	(183)
<b>Gross loss</b>		<b>(108)</b>	<b>(183)</b>
Administrative expenses	7	(2,258)	(1,769)
Other operating income / (costs)	8	385	(11)
<b>Operating loss from continuing operations before impairment charges</b>		<b>(1,981)</b>	<b>(1,963)</b>
Impairment charges	12	(349)	(151)
<b>Operating loss from continuing loss</b>		<b>(2,330)</b>	<b>(2,114)</b>
Finance costs	6	(22)	(1,466)
<b>Loss before tax from continuing operations</b>		<b>(2,352)</b>	<b>(3,580)</b>
Taxation	9	(24)	-
<b>Loss for the period from continuing operations</b>		<b>(2,376)</b>	<b>(3,580)</b>
<b>Discontinuing operations</b>			
Loss for the period from discontinuing operations	21	(185)	(2,610)
<b>Total loss for the period</b>		<b>(2,561)</b>	<b>(6,190)</b>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations		415	(257)
<b>Total comprehensive loss for the period</b>		<b>(2,146)</b>	<b>(6,447)</b>
<b>Loss per share</b>			
		<b>Pence</b>	<b>Pence</b>
Basic and diluted loss per share – continuing operations	11	(0.0043)	(0.0094)
Basic and diluted loss per share – discontinued operations	11	(0.0003)	(0.0068)
<b>Basic and diluted loss per share – total</b>	11	<b>(0.0046)</b>	<b>(0.0162)</b>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION AS AT 30 JUNE 2023**

	Notes	30 June 2023 Unaudited £ '000	31 December 2022 Audited £ '000
<b>Non-current assets</b>			
Intangible assets and goodwill	12	-	-
Tangible assets		5	7
Investment	21	352	-
Other non-current assets		19	19
<b>Total non-current assets</b>		<b>376</b>	<b>26</b>
<b>Current assets</b>			
Trade and other receivables	13	933	1,219
Receivable from related party	13	2,000	-
Cash and cash equivalents		97	257
		<b>3,030</b>	<b>1,476</b>
<b>Assets of disposal group held for sale</b>	21	-	6,844
<b>Total current assets</b>		<b>3,030</b>	<b>8,320</b>
<b>Total assets</b>		<b>3,406</b>	<b>8,346</b>
<b>Current liabilities</b>			
Trade and other payables	14	4,335	4,587
<b>Liabilities of disposal group held for sale</b>	21	-	4,561
<b>Total current liabilities</b>		<b>4,335</b>	<b>9,148</b>
<b>Net current liabilities</b>		<b>(1,305)</b>	<b>(828)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	15	741	748
Provisions	16	431	468
Deferred tax liabilities		7	7
<b>Total non-current liabilities</b>		<b>1,179</b>	<b>1,223</b>
<b>Net liabilities</b>		<b>(2,108)</b>	<b>(2,025)</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	17	5,988	5,897
Share premium		25,348	25,269
Share-based payment reserve	20	7,949	5,871
Other reserves		(10,998)	(11,413)
Retained losses		(30,395)	(27,649)
<b>Total equity</b>		<b>(2,108)</b>	<b>(2,025)</b>

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

**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 reserve* £ '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
<b>As 30 June 2022</b>	<b>5,581</b>	<b>19,500</b>	<b>21</b>	<b>6,019</b>	<b>226,905</b>	<b>(237,835)</b>	<b>(239)</b>	<b>(23,990)</b>	<b>(4,038)</b>

\*The "other reserves" balance in the unaudited condensed consolidated statement of financial position represents an aggregate of other reserves, the merger relief reserve, the reverse takeover reserve and the foreign currency reserve.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2023**

	<b>Share capital £ '000</b>	<b>Share premium £ '000</b>	<b>Other reserves* £ '000</b>	<b>Share-based payment reserve £ '000</b>	<b>Merger relief reserve* £ '000</b>	<b>Reverse takeover reserve* £ '000</b>	<b>Foreign currency reserve* £ '000</b>	<b>Retained earnings £ '000</b>	<b>Total £ '000</b>
As at 1 January 2023	5,897	25,269	37	5,871	226,905	(237,834)	(521)	(27,649)	(2,025)
Loss for the 6-month period	-	-	-	-	-	-	-	(2,561)	(2,561)
Forex retranslation difference	-	-	-	-	-	-	415	-	415
Loss for the period and total comprehensive income	5,897	25,269	37	5,871	226,905	(237,834)	(106)	(30,210)	(4,171)
Credit to equity for issue of warrants	-	-	-	1,717	-	-	-	-	1,717
Exercise of Open Offer warrants	1	23	-	(29)	-	-	-	29	24
Issuance of new shares	90	2,160	-	-	-	-	-	-	2,250
Increase in fair value of previously issued warrants	-	(132)	-	346	-	-	-	(214)	-
Share issue costs	-	(1,972)	-	-	-	-	-	-	(1,972)
Equity settled employee share-based payment schemes	-	-	-	44	-	-	-	-	44
<b>As 30 June 2023</b>	<b>5,988</b>	<b>25,348</b>	<b>37</b>	<b>7,949</b>	<b>226,905</b>	<b>(237,834)</b>	<b>(106)</b>	<b>(30,395)</b>	<b>(2,108)</b>

\*The "other reserves" balance in the unaudited condensed consolidated statement of financial position represents an aggregate of other reserves, the merger relief reserve, the reverse takeover reserve and the foreign currency reserve.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
6 MONTH PERIOD ENDED 30 JUNE 2023**

	<b>6 months to 30 June 2023 Unaudited £ '000</b>	<b>6 months to 30 June 2022 Unaudited £ '000</b>
<b>Cash flows from operating activities</b>		
Loss before interest and tax from continuing operations	(2,330)	(2,114)
Loss before interest and tax from discontinued operations	(115)	(2,473)
<b>Total loss for the period before interest and tax</b>	<b>(2,445)</b>	<b>(4,587)</b>
<i>Adjustments for non-cash acquisition related costs and impairment charge</i>		
Acquisition related earn-outs	-	747
Amortisation of intangible assets arising on acquisition	442	406
<i>Adjustment for impairment charge</i>		
Impairment charges	349	916
<i>Adjustments for non-cash costs related to the disposal of the discontinued operations</i>		
Foreign currency translation reserve reclassified to other comprehensive income	62	-
Gain arising on restructuring of discontinued operations	(718)	-
	<b>135</b>	<b>2,069</b>
Other non-cash adjustments	86	10
Other depreciation and amortisation	43	16
(Decrease) / increase in provisions	(21)	3
Decrease in accrued income	5	1
Decrease in trade and other receivables	426	27
(Decrease) / increase in trade and other payables	(572)	407
Other decreases in net working capital	224	229
<b>Cash flows from operations</b>	<b>(2,119)</b>	<b>(1,825)</b>
Interest paid in cash	(24)	(2)
Income taxes paid in respect of prior period amounts owing	-	(268)
<b>Net cash flows from operating activities</b>	<b>(2,143)</b>	<b>(2,095)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	-	(4)
Purchase of intangible assets	(388)	(164)
Increase in non-current assets	-	(19)
Cash outflow on disposal of discontinued operations	(324)	-
<b>Net cash flows from investing activities</b>	<b>(712)</b>	<b>(187)</b>
<b>Cash flows from financing activities</b>		
Net cash inflow from new long-term borrowings	405	3,050
Cash repayment of other long-term borrowings	(33)	(1,685)
Cash inflow from issue of new ordinary shares	2,274	1,660

Other finance costs paid in cash	(1)	(183)
Share issue costs paid in cash	(255)	-
Cash repayment of loan notes and convertible loan notes	-	(1,357)
<b>Cash flows from financing activities</b>	<b>2,390</b>	<b>1,485</b>
Net movement in cash and cash equivalents	(465)	(797)
Foreign exchange differences to cash and cash equivalents on consolidation	(19)	(25)
Cash and cash equivalents as at 1 January	581	1,727
<b>Cash and cash equivalents at the end of the period</b>	<b>97</b>	<b>905</b>

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2023

### 1 Company information

Supply@ME Capital plc (the "**Company**") 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 ordinary shares are admitted to listing on the standard segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange plc.

These unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "**Group**") have been approved for issue by the board of directors of the Company (the "**Board**") on 28 September 2023.

### 2 Basis of preparation

#### *Accounting convention*

These unaudited interim financial statements for the half-year reporting period ended 30 June 2023 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 annual unaudited financial statements. Accordingly, this report is to be read in conjunction with the annual report and accounts for the year ended 31 December 2022 (the "**2022 Annual Report**") and any public announcements made by the Company 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 9 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 2023.

#### *New Equity Subscription Agreement*

On 28 April 2023, the Company and Venus Capital S.A. ("**Venus Capital**") entered into a new equity subscription agreement, pursuant to which Venus Capital committed to subscribe for 4,500,000,000 new Ordinary Shares (the "**Subscription Shares**") at £0.0005 per Subscription Share (the "**Subscription Agreement**"). The issue of the Subscription Shares was made over two tranches (in line with the Subscription Agreement) as set out below:

- an initial tranche of 3,375,000,000 Subscription Shares for gross proceeds of £1,687,500 (or £1,603,125 net of a 5% commission chargeable by Venus Capital). This tranche of Subscription Shares were admitted to a Standard Listing and to trading on the Main Market on 5 May 2023; and
- a second tranche of 1,125,000,000 Subscription Shares for proceeds of up to £562,500 gross (or up to £534,375 net a 5% commission chargeable by Venus Capital). This tranche of Subscription Shares were admitted to a Standard Listing and to trading on the Main Market on 30 May 2023.

In addition to the £112,500 of commission chargeable by Venus Capital (as set out above):

- £112,500 was paid to Venus Capital in respect of agreed costs and expenses incurred by Venus Capital in connection with the Subscription Agreement; and
- New warrants were required to be issued to Venus Capital at a ratio of one warrant for every two Subscription Shares issued under the Subscription Agreement. This resulted in an obligation for the Group to issue 2,250,000,000 new warrants to Venus Capital ("**New Venus Warrants**") which existed at 30 June 2023. The New Venus Warrants are each exercisable into one new ordinary share at a price equal to 0.065 pence per share up to a final exercise date of 31 December 2026. As at 30 June 2023, the obligation to issue these share warrants to Venus Capital has been recognised within equity as "warrants to be issued" within the share-based payment reserve.

The fees referred to above were agreed through the commission and fee letter signed with Venus Capital and the new warrant instrument agreement, both of which were also dated 28 April 2023.

In connection with the above, the final exercise date of the existing 8,175,000,000 warrants issued to Venus Capital during 2022 in connection with the Capital Enhancement Plan was extended from 31 December 2025 for 12 months to 31 December 2026, through a deed of amendment to the existing warrant instruments dated 28 April 2023.

As at 30 June 2023, the Group had a total of 10,425,000,000 warrants outstanding with Venus Capital, including 8,175,000,000 previously issued to Venus Capital during 2022 and 2,250,000,000 to be issued to Venus Capital as at 30 June 2023. During the six-month period ended 30 June 2023, no warrants held by Venus Capital have been converted.

***Extension to the expiry date of the warrants issued in connection with the Open Offer carried out on 17 August 2022***

On 22 July 2022, the Group announced the Open Offer, giving existing shareholders the opportunity to subscribe for up to 641,710,082 new ordinary shares in the Group 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 Group announced 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 Group.

In addition to the new ordinary share that were issued, the Group 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 Warrants**"). These warrants were able to be exercised at any time up to 31 December 2025 and have an exercise price of 0.065 pence per warrant.

In line with the extension to the expiry date of the existing 8,175,000,000 warrants held by Venus Capital, the shareholders who participated in the Open Offer were asked if they would like to vote to extend the expiry date of the Open Offer Warrants from 31 December 2025 by 12 months to 31 December 2026. This resolution was successfully passed at the Group's 2023 Annual General Meeting, and a deed of amendment to the existing Open Offer warrant instrument was signed, on 23 June 2023. As at 30 June 2023, the Group had 235,751,597 Open Offer Warrants outstanding. During the six month period ended 30 June 2023, 35,595,411 Open Offer Warrants were converted into new ordinary shares raising £23,137 for the Group.

***The AvantGarde Group S.p.A ("TAG") unsecured Working Capital loan agreement***

On the 28 April 2023, the Company and TAG, the Group's major shareholder, entered into a fixed term unsecured working capital loan agreement (the "**TAG Unsecured Working Capital facility**"). Under the TAG Unsecured Working Capital facility, TAG shall provide, subject to customary restrictions, a facility of up to £2,800,000, in tranches up to 31 January 2024, to cover the Company's interim working capital and growth needs.

The due date for repayment by the Company of amounts (if any) drawn under the TAG Unsecured Working Capital facility is 1 February 2028. Any sums drawn under the TAG Unsecured Working Capital facility will attract a non-compounding interest rate of 10% per annum, and any principal



amount (excluding accrued interest) outstanding on 1 February 2028 will attract a compounding interest rate of 15% per annum thereafter. Interest will be due to be paid annually on 31 March of each relevant calendar year.

### ***TradeFlow Restructuring***

On 30 June 2023 the Company announced that had entered into relevant commercial agreement to restructure the ownership of TradeFlow Capital Management Pte. Limited ("**TradeFlow**") (the "**TradeFlow Restructuring**") to better serve the needs of the Group's client companies and funders of both businesses, and to create value for the Company's shareholders by eliminating any perception of conflicts of interest between the two businesses and providing both businesses with greater commercial opportunities through the clear differentiation of responsibilities of the individual entities.

In the months prior to the finalisation of the TradeFlow Restructuring, the Board noted an evolution in the regulation of the fund management industry. The Monetary Authority of Singapore, Singapore's financial regulator, has approved that TradeFlow should separate its licensed fund management activities from the rest of the TradeFlow business. In light of these market developments, the Company and TradeFlow have mutually agreed that it is in the best interests of Group's shareholders to separate the Platform (fintech business) from the fund management activities (regulated business), in order to clarify the Group's market position and improve the growth prospects for both businesses.

The key highlights of the TradeFlow Restructuring are set out below:

- The Group reduced its ownership in TradeFlow from 100% to 19% by selling 81% of the issued share capital in TradeFlow to Tom James and John Collis (the "**Buyers**"), creating a clear separation between Group's inventory monetisation ("**IM**") fintech Platform (the "**Platform**") and TradeFlow's regulated fund management business.
- This separation is aimed at removing any potential or perceived future conflicts of interest between the two businesses and associated regulatory and commercial hurdles, which will in turn improve the growth prospects of both businesses.
- The consideration for the Group's 81% stake in TradeFlow was £14,386,100 (the "**Cash Quantum**") of which £12,386,100 was netted off against potential future amounts owed by the Group to the Buyers under the terms of an earn-out letter relating to the original acquisition of TradeFlow dated 1 July 2021 (the "**TradeFlow Acquisition**").
- TAG assumed the obligation of the Buyers to pay the Company the remaining £2,000,000 of the Cash Quantum (the "**TAG Amount**") by way of a novation. The TAG Amount will be repaid by TAG to SYME in multiple tranches, with the final tranche being payable by 31 January 2024. In consideration for assuming the £2,000,000 obligation of the Buyers, TAG acquired 1,026,525,520 existing ordinary shares of nominal value £0.00002 each in the capital of the Company from the Buyers.
- The TAG Amount was offset against the current obligations of TAG under TAG Unsecured Working Capital facility, of which further details are set out above. The amendment to the TAG Unsecured Working Capital facility was agreed on 30 June 2023 and this reduced the obligations under the TAG Unsecured Working Capital facility to up to £800,000.
- The acquisition of the 1,026,525,520 existing Ordinary Shares by TAG from the Buyers did not create any dilution to existing Shareholders and the deemed price per Ordinary Share to be acquired from the Buyers was approximately 0.195 pence, approximately 50% above the closing price on 29 June 2023 of 0.13 pence per ordinary share.
- Additionally, TradeFlow entered into a three-year white-label licence agreement with Supply@ME Technologies S.r.l., a wholly owned subsidiary of the Group, with respect to use of the Platform, on a non-exclusive basis and limited to the Asia-Pacific ("**APAC**") region, for a total consideration of £1,000,000 payable over a three-year period.
- The finalisation of the TradeFlow Restructuring commercial agreements on the 30 June 2023 cancelled any obligations on the Group that arose when the Buyers provided written notice

to the Board, on 24 March 2023, of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow.

The accounting for the TradeFlow Restructuring has been reflected in the unaudited interim financial statements for the six months ended 30 June 2023. The gain arising on the restructuring of the TradeFlow operations recorded in the unaudited condensed consolidated statement of comprehensive income was £718,000, and the value of the retained 19% investment in TradeFlow has been valued at £352,000 as at 30 June 2023. The TradeFlow operations contributed a loss of £185,000 (inclusive of the gain arising on the restructuring of the TradeFlow operations referred to above) in the current interim period ended 30 June 2023. Refer to note 21 to these interim financial statements for further details.

***Settlement of outstanding debt with a significant creditor***

On 2 May 2023, the Group entered into a settlement agreement with an existing creditor of Supply@Me Srl, a wholly owned subsidiary of the Group. This settlement agreement reduced the total amount that was owed by the Group, to this supplier, in exchange for payment of the new agreed amount by a specific date. The total amount owed to this specific creditor prior to the settlement agreement being signed was €1,130,250. This amount was reduced to €700,000 as a result of the negotiations proceeding the signing of the settlement agreement. This resulted in a gain of €420,250 or £376,000 which has been recorded as other operating income in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2023.

**4 Going Concern**

At the 30 June 2023 the Group had cash and cash equivalents from continuing operations of £97,000 (31 December 2022: £257,000 cash and cash equivalents from continuing operations, £324,000 cash and cash equivalents from discontinued operations) and net consolidated current liabilities of £1,305,000 (31 December 2022: £828,000). The Group has posted a total comprehensive loss for the six-month period ended 30 June 2023 of £2,146,000 (six-month period ended 30 June 2022: total comprehensive loss £6,447,000) and retained losses were £30,395,000 as at 30 June 2023 (31 December 2022: losses £27,649,000).

During the six-month period the Company continued to source additional funding with the primary aim of allowing it to meet its working capital and growth needs as it focuses on scaling up the Group's business model and the continued investment into the Group's Platform. In sourcing this new funding, the focus has been on creating a more stable source of Group funding. These new sources of funding were announced in conjunction with the issue of the 2022 Annual Report on 28 April 2023 and included:

- the Subscription Agreement with Venus Capital for the issue of the Subscription Shares which raised gross proceeds of £2,250,000 during H1 2023; and
- the TAG Unsecured Working Capital facility, which was then amended on 30 June 2023 in conjunction with the finalisation of the TradeFlow Restructuring. On 30 June 2023, the Company issued a draw down notice to TAG under the amended TAG Unsecured Working Facility for the full £800,000 available. As at 30 June 2023, no funds had been received from TAG in respect of this facility. As set out in note 23, subsequent to 30 June 2023, and prior to the release of these interim financial statements, TAG had provided an amount of £245,000 in relation to the £800,000 drawn down by the Company on the 30 June 2023 under the amended TAG Unsecured Working Capital facility.

Further details of these two sources of funding, including the amendment made to the TAG Unsecured Working Capital facility as part of the TradeFlow Restructuring on 30 June 2023, are set out in note 3 to these condensed consolidated interim financial statements.

In addition following the 30 June 2023, the Company has been continuing to explore additional options of funding to support the Group while a positive revenue track record is established. As at

the date of issue of these interim financial statements, the Company also announced the binding commitment in respect of a top up unsecured shareholder loan agreement with TAG, dated 28 September 2023 ("**TAG Top-Up Shareholder Loan Agreement**"). Details of this include:

- The ability of the Company to draw down up to £3.5million in monthly instalments over the period to 30 June 2025;
- On a monthly basis the Board will assess (acting in good faith and in its sole and absolute discretion) if the Group's projected cash balance on the last business day of the coming calendar month will be less than £250,000 following the Group's scheduled balance of receipts and payments for the next month by reference to, *inter alia*, the Group's contracted receivables, revenues and payables due for receipt or payment in the next month, the Group's contracted fixed operating expenditure and/or capital expenditure due for payment in the next month, the cash inflows in the next month arising from any warrants that have been contractually exercised and any projected unrestricted cash amounts resulting from any contractually agreed alternative equity, debt or hybrid financing (including, but not limited to, pursuant to a pre-emptive offering of ordinary shares and a non-pre-emptive offering of ordinary shares) for such month;
- If the above assessment results in the Group's projected cash balance on the last business day of the coming calendar month being less than £250,000, the Company may draw down an amount under the TAG Top-Up Shareholder Loan Agreement which is no greater than the GBP amount to ensure that the Group's bank balances in the coming month shall be equal to £250,000;
- Repayment of any sum drawn down under the TAG Top-Up Shareholder Loan Agreement will be due five calendar years (calculated on the basis of a year of 360 days) from the date which funds are received by the Company subject to the relevant draw down request; and
- Any sums drawn down by the Company under the TAG Top Up Unsecured Shareholder Loan will attract a non-compounding interest rate of 10% per annum, and any principal amount (excluding accrued interest) outstanding on a relevant due date shall attract a compounding rate of 15% per annum thereafter. Interest will be due to be paid annually on 31 March of each relevant calendar year.

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. The Directors have prepared the forecast using their best estimates, information and judgements at this time, including the outstanding funding contracted to be receivable from the amended TAG Unsecured Working Capital and the TAG Top-Up Shareholder Loan Agreement, and the £1.5million still be receivable in connection with the TradeFlow Restructuring. The Directors have also considered the expected cashflows arising from due diligence fees and fees projected to be received from the use of the Group's innovative Platform to facilitate inventory monetisation transactions.

Despite the facts outlined above, there is currently an absence of a historical track record relating to multiple inventory monetisation transactions being facilitated by the Group's 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 inventory monetisation revenue streams. 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 funding agreements noted above have not yet been fully received. These amounts have been factored into the cash flow forecasts in line with contractual commitments received from the counterparties. As such there is a risk that these cash

flows might not be received or might not reach the Group in the time frame expected despite the various contractual commitments in place.

On the basis of the factors identified in the above paragraph, 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.

As such the Directors consider it appropriate to prepare these interim condensed consolidated 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 are continually developing. Prior to the acquisition of TradeFlow on 1 July 2021, the Board of Directors considered that the Group operated in a single business segment of due diligence and all activities were undertaken in Italy.

Following the acquisition of TradeFlow, the Board of Directors managed the Group as two operating segments being inventory monetisation (largely comprising the Group's Supply@ME subsidiaries) and investment advisory (comprising the TradeFlow operations), alongside the head office costs (largely comprising the Company). To date the inventory monetisation segment has been focused on the development of the IM platform, the provision of due diligence services and the facilitation of the initial IM transactions that took place during 2022 and to date during 2023.

During the second half of 2022, the management team and the Board of Directors of the Company began work in respect of the TradeFlow Restructuring, and on 24 March 2023 the Company made an announcement regarding the 100% buy back option that had been exercised by the TradeFlow directors. As a result, the TradeFlow operations have been classified as a discontinued operation under IFRS 5 ("Non-current assets held for sale and discontinued operations") for the purposes of the consolidated annual financial statement for the year ended 31 December 2022 and these condensed consolidated interim financial statements. Further to the above, the TradeFlow Restructuring transaction was finalised on 30 June 2023 resulting in the Group reducing its ownership in TradeFlow from 100% to 19% through the disposal of 81% of the issued share capital in TradeFlow to the Buyers.

As such, the Group has reverted back to a single segment from its continuing operations for the current interim period ended 30 June 2023, being inventory monetisation, alongside the head office costs (largely comprising the Company). This split has been shown below alongside the comparative from the prior interim period which has not been restated.

The key metrics assessed by the Board of Directors include revenue and adjusted operating profit (before acquisition related costs and impairment charges) which are presented below. Revenue is presented by basis of IFRS 15 ("Revenue from Contracts") revenue recognition and by service line.

<b>Inventory Monetisation Unaudited</b>	<b>Head office Unaudited</b>	<b>Consolidated Group Unaudited</b>
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<b>Six months to 30 June 2023</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue from continuing operations</b>			
Due Diligence fees	40	-	40
Inventory monetisation fees	37	-	37
<b>Revenue from continuing operations</b>	<b>77</b>	<b>-</b>	<b>77</b>
<b>Operating loss from continuing operations impairment charges</b>	<b>(489)</b>	<b>(1,492)</b>	<b>(1,981)</b>

#### **As at 30 June 2023**

##### **Balance sheet**

Assets	852	2,554	3,406
Liabilities	(4,332)	(1,182)	(5,514)
<b>Net assets /(liabilities)</b>	<b>(3,480)</b>	<b>1,372</b>	<b>(2,108)</b>

All the Group's revenue from due diligence fees is recognised at a point in time. Of the revenue generated from inventory monetisation fees, £11,000 is generated from origination fees which is recognised at a point in time, and the remaining £26,000 is generated from usage of the Group's IM Platform and services provided by the Group in connection with the IM transaction. This £26,000 of inventory monetisation fees is recognised over time and the amount recognised in the current financial period relates to the performance obligations satisfied during the six-month period ended 30 June 2023.

##### **Geographical analysis**

The Group's inventory monetisation operation is currently predominately located in Europe, while the investment advisory operations (classified as a discontinued operation) were predominately located in Singapore.

##### **Comparative segmental reporting**

	<b>Inventory Monetisation Unaudited £'000</b>	<b>Investment Advisory Unaudited £'000</b>	<b>Head office Unaudited £'000</b>	<b>Consolidated Group Unaudited £'000</b>
<b>Six months to 30 June 2022</b>				
<b>Revenue</b>				
Due Diligence fees	-	-	-	-
Investment Advisory fees	-	209	-	209
<b>Revenue by operating segment</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>209</b>
<b>Operating loss before acquisition related costs and impairment charges</b>	<b>(286)</b>	<b>(584)</b>	<b>(1,648)</b>	<b>(2,518)</b>

#### **As at 30 June 2022**

##### **Balance sheet**

Assets	347	993	6,917	8,257
Liabilities	(4,023)	(3,279)	(4,993)	(12,295)
<b>Net assets /(liabilities)</b>	<b>(3,676)</b>	<b>(2,286)</b>	<b>1,924</b>	<b>(4,038)</b>

## **6 Finance costs from continuing operations**

	<b>6 months to 30 June 2023 Unaudited £ '000</b>	<b>6 months to 30 June 2022 Unaudited £ '000</b>
Interest expense – loan notes/ convertible loan notes	-	1,464
Interest expense – long-term borrowings	21	2
Other interest expense	1	-
<b>Total finance costs</b>	<b>22</b>	<b>1,466</b>

## 7 Operating loss from continuing operations

The Group's operating loss from continuing operations before impairment charges has been arrived at after charging:

	<b>6 months to 30 June 2023 Unaudited £ '000</b>	<b>6 months to 30 June 2022 Unaudited £ '000</b>
Amortisation of internally developed IM platform	39	13
Depreciation	2	2
Staff costs	912	1,001
Professional and legal fees	1,065	771
Contractor costs	183	120
Insurance	46	59
Training and recruitment costs	2	6
Long-term incentive plan ("LTIP")	44	-

In addition to the above, the Group incurred the following costs from continuing operations relating to impairment charges as detailed below:

	<b>6 months to 30 June 2023 Unaudited £ '000</b>	<b>6 months to 30 June 2022 Unaudited £ '000</b>
Impairment charges (note 12)	349	151
<b>Total impairment charges</b>	<b>349</b>	<b>151</b>

The following acquisition related costs, impairment charges, and costs/(gains) relating to the restructuring of the TradeFlow ownership, have been recognised in the discontinued operations:

	<b>6 months to 30 June 2023 Unaudited £ '000</b>	<b>6 months to 30 June 2022 Unaudited £ '000</b>
Amortisation of intangible assets arising on acquisition (note 21)	442	406
Acquisition related earn-out payments	-	747
Impairment charges	-	765
Foreign currency translation gain reclassified to other comprehensive income	62	-
Gain arising on the restructuring of the TradeFlow ownership (note 21)	(718)	-
	<b>(214)</b>	<b>1,918</b>

## 8 Other operating income from continuing operations

	<b>6 months to 30 June 2023 Unaudited £ '000</b>	<b>6 months to 30 June 2022 Unaudited £ '000</b>
Gain arising on settlement of outstanding creditor balance	376	-
Interest receivable on outstanding receivable balance	9	-
Other operating costs	-	(11)
<b>Total other operating income from continuing operations</b>	<b>385</b>	<b>(11)</b>

The gain arising on settlement of outstanding creditor balance relates to the settlement agreement, dated 2 May 2023, with an existing creditor of the Group. This settlement agreement reduced the total amount that was owed by the Group, to this supplier, in exchange for payment of the new agreed amount by a specific date. The total amount owed to this specific creditor prior to the settlement agreement being signed was €1,130,250. This amount was reduced to €700,000 as a result of the negotiations proceeding the signing of the settlement agreement. This resulted in a difference of €420,250 or £376,000 which has been recorded as other operating income in the condensed consolidated income statement of the Group for the six months ended 30 June 2023.

## 9 Taxation from continuing operations

Income tax expense for the period to 30 June 2023 primarily represents a tax charge of £21,000 arising in respect of the gain on settlement of outstanding creditor balance as described in note 8 above, as well as the interest charged on income taxes during the six-month period ended 30 June 2023 in line with the IAS 12 ("Income Taxes").

To date any accumulated tax losses resulting from net losses in the condensed 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.

## 10 Dividends

During the six-month period ended 30 June 2023 the Group did not pay a dividend (six months to 30 June 2022: 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.

## 11 Earnings / (loss) per share

The calculation of the basic earnings/(loss) per share ("**EPS**") is based on the loss for the six-month period of £2,561,000 (2022 - loss £6,190,000) and on a weighted average number of ordinary shares in issue of 55,136,008,130 (2022: 38,271,981,611). The basic EPS is (0.0046) pence (2022: (0.0162)).

The calculation of the basic EPS from continuing operations is based on the loss for the six-month period from continuing operations of £2,376,000 (2022 - loss £3,580,000) and on a weighted average number of ordinary shares in issue of 55,136,008,130 (2022: 38,271,981,611). The basic EPS from continuing operations is (0.0043) pence (2022 – (0.0094) pence).

The calculation of the basic EPS from discontinued operations is based on the loss for the six-month period from discontinued operations of £185,000 (2022 - loss £2,610,000) and on a weighted average number of ordinary shares in issue of 55,136,008,130 (2022: 38,271,981,611). The basic EPS from discontinued operations is (0.0003) pence (2022 - (0.0068) pence).

The Company has share warrants and employee share scheme options in issue as at 30 June 2023, which would dilute the earnings per share if or when they are exercised in the future. A summary of these is set out below and further detail of these share warrants and employee share options can be found in note 20.

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>No.</b>	<b>No.</b>
Warrants and employee share options		
Share warrants - issued	9,372,584,030	785,683,276
Share warrants – to be issued	2,250,000,000	5,086,149,157
Long-term incentive plan (" <b>LTIP</b> ") options	1,195,831,529	-
Acquisition related earn-out share-based payments	-	1,282,550,632
<b>Total</b>	<b>12,818,415,559</b>	<b>7,154,383,065</b>

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



## 12 Intangible assets

	Customer Relationships £'000	Brand £'000	CTRM Software £'000	AI Software £'000	Goodwill £'000	Internally developed platform £'000	Total £'000
<b>Cost or valuation</b>							
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
<b>Amortisation</b>							
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
<b>Impairment</b>							
At 1 January 2022	-	-	-	-	800	1,773	2,573
Impairment charges	-	-	-	-	765	151	916
At 30 June 2022	-	-	-	-	1,565	1,924	3,489
<b>Net book value</b>							
<b>At 30 June 2022 (Unaudited)</b>	<b>4,450</b>	<b>164</b>	<b>1,138</b>	<b>338</b>	<b>634</b>	<b>-</b>	<b>6,724</b>
<b>Cost or valuation</b>							
At 1 January 2023	-	-	-	-	-	3,669	3,669
Additions	-	-	-	-	-	388	388
At 30 June 2023	-	-	-	-	-	4,057	4,057
<b>Amortisation</b>							
At 1 January 2023	-	-	-	-	-	818	818
Charge for the period	-	-	-	-	-	39	39
At 30 June 2023	-	-	-	-	-	857	857
<b>Impairment</b>							
At 1 January 2023	-	-	-	-	-	2,851	2,851
Impairment charges	-	-	-	-	-	349	349
At 30 June 2023	-	-	-	-	-	3,200	3,200
<b>Net book value</b>							
<b>At 30 June 2023 (Unaudited)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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. As at 31 December 2022, the TradeFlow operations were reclassified as discontinued operations and as such the net book value of the intangible assets relating to the TradeFlow operations have been reclassified to assets of the

disposal group held for sale at this date. On 30 June 2023, the Group completed the TradeFlow Restructuring and as such the assets and liabilities of TradeFlow, including the intangible assets referred to above, are no longer consolidated by the Group as of 30 June 2023. Further details are set out in note 21.

#### **Impairment assessment – Internally developed IM Platform**

The Directors considered the continued current period losses of the Group's Italian subsidiary, to which the Internally developed IM platform relates, and the full impairment of this intangible asset in the prior year, as impairment indicators and therefore, in accordance to IAS 36 ("Impairment of Assets"), considered if at 30 June 2023 this intangible asset required further impairment in relation to the additions made during the period, or if some so the prior impairment charges could be reversed.

The full going concern statement, set out in note 4, noted there is currently an absence of a historical recurring 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 from more than a limited number of inventory monetisation transactions, and the Group being cash flow positive. As such the Directors have prudently identified a material uncertainty in relation to the going concern statement. The Directors have also concluded that these uncertainties also apply to the discounted cash flow model used in this impairment test also. In particular, there is uncertainty that arises with respect to both the future timing and growth rates of the forecast discounted cash flows arising from the use of the Internally developed IM Platform intangible asset.

As such, the Directors have prudently decided to continue to impair the full carrying amount of this asset as 30 June 2023. This impairment loss may subsequently be reversed and if so, the carrying amount of the asset will be increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

#### **Impairment assessment – TradeFlow**

The finalisation of the TradeFlow Restructuring occurred on 30 June 2023 and as a result from this date the assets and liabilities of TradeFlow, including the intangible assets acquired in connection with the acquisition of TradeFlow in July 2021, are no longer consolidated by the Group. As such the Group did not recognise any additional impairment charges with respect to the TradeFlow goodwill and other acquired intangible assets during the six-month period ended 30 June 2023. The details of the calculation of the gain arising on the restructuring of the TradeFlow operations recognised in these condensed consolidated interim financial statements can be found in note 21.

The impairment charges recognised in the prior periods resulted from impairment tests carried out by the Directors at previous balance sheet dates. These tests were required in accordance with IAS 36 ("Impairment of Assets") given the Directors had identified indicators of impairment of the TradeFlow Cash Generating Unit ("CGU") at the respective prior balance sheet dates.

### 13 Trade and other receivables

	<b>30 June 2023</b> <b>Unaudited</b> <b>£ '000</b>	<b>31 December</b> <b>2022</b> <b>Audited</b> <b>£ '000</b>
Trade receivables	14	7
Receivable from related party	2,000	-
Other receivables	908	1,179
Prepayments	11	33
	<b>2,933</b>	<b>1,219</b>

The receivable from related party represents the £2,000,000 due from the Group's major shareholder, TAG, that arose on the 30 June 2023 as a result of TAG assuming the obligation, by way of a debt novation deed, of the Buyers (in the TradeFlow Restructuring transaction) to pay the Company the remaining £2,000,000 due under the share purchase agreement. This receivable from TAG will be repaid by TAG in multiple tranches, with the final tranche being payable by 31 January 2024. As the final repayment date is within 12 months of the balance sheet date, this receivable has been classified as a current asset. As set out in note 23, subsequent to 30 June 2023, and prior to the release of these interim financial statements, TAG had paid the first £500,000 to the Company in respect of the outstanding £2,000,000 receivable as at 30 June 2023.

### 14 Trade and other payables

	<b>30 June 2023</b> <b>Unaudited</b> <b>£ '000</b>	<b>31 December</b> <b>2022</b> <b>Audited</b> <b>£ '000</b>
Trade payables	1,715	2,209
Other payables	748	747
Current portion of long-term borrowings	106	158
Social security and other taxes	1,456	977
Accruals	263	402
Contract liabilities	47	94
	<b>4,335</b>	<b>4,587</b>

### 15 Long-term Borrowings

	<b>30 June 2023</b> <b>Unaudited</b> <b>£ '000</b>	<b>31 December</b> <b>2022</b> <b>Audited</b> <b>£ '000</b>
Bank borrowings (non-current portion)	741	748
	<b>741</b>	<b>748</b>

On 13 October 2022, the Company announced that its subsidiary, Supply@ME Technologies S.r.l, had entered into a new long-term loan facility with Banco BPM S.p.A (the "**Banco BPM Facility**"). The obligations of Supply@ME Technologies S.r.l under the Banco BPM Facility are guaranteed by the Company. The key commercial terms of the Banco BPM Facility include:

- a. €1 million in principal amount;
- b. 275 basis points over Euribor interest rate; and

c. a five-year repayment term (the final payment to be made on 11 October 2027), including an initial six months of interest only repayments, followed by 54 months of combined principal and interest repayments.

Fees totalling €52,000 were incurred in connection with the arrangement of the Banco BPM Facility. These costs have been capitalised and will be spread over the term of the Banco BPM Facility. The amount include in the table above represents the non-current portion of the Banco BPM Facility. The current portion is set out in note 14 above.

## 16 Provisions

	<b>Post-Provision for employment benefits £'000</b>	<b>Provision for risks and charges £'000</b>	<b>Provision for VAT and penalties £'000</b>	<b>Total £'000</b>
At 31 December 2022 (Audited)	38	85	345	468
Fx translation adjustment	(2)	(2)	(11)	(15)
Carrying amount at 1 January 2023	36	83	334	453
Released to profit and loss	-	(15)	-	(15)
Provided for during the period	3	-	-	3
Paid at the end of the employment relationship	(10)	-	-	(10)
<b>At 30 June 2023 (Unaudited)</b>	<b>29</b>	<b>68</b>	<b>334</b>	<b>431</b>

### 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 2023, the Group has included a provision relating to a potential VAT liability, including penalties, in respect of these advance payments of £195,000 (31 December 2022: £201,000).

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 2023, however there is a contingent asset of £138,000 as at 30 June 2023 (31 December 2022: £143,000) in respect of this.

An additional amount of £144,000 was added to the provision during the second half of 2022 to reflect the fact that the Italian intercompany invoice was issued late and this balance reflects potential VAT penalties that may arise due to the timing of the invoice. This balance remains provided for at 30 June 2023, however has been revalued to £139,000 as at 30 June 2023.

From time to time, during the course of business, the Group maybe subject to disputes which may give rise to claims. The Group will defend such claims vigorously and provision for such matters are made when costs relating to defending and concluding such matters can be measured reliably. There were no cases outstanding as at 30 June 2023 that meet the criteria for a provision to be recognised.

## 17 Share capital

### Allotted, called up and fully paid shares

	30 June 2023		31 December 2022	
	Unaudited		Audited	
	No. 000	£ '000	No. 000	£ '000
Ordinary shares of £0.00002 each	61,157,163	1,223	56,621,568	1,132
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	61,444,441	5,988	56,908,846	5,897

### New shares allotted during the interim period to 30 June 2023

#### *New ordinary shares issued to Venus Capital in connection with Equity Subscription Agreement*

On the 28 April 2023, the Company and Venus Capital entered into a new equity subscription agreement, pursuant to which Venus Capital committed to subscribe for 4,500,000,000 new ordinary shares at £0.0005 per share. The issue of these new ordinary shares to Venus Capital was made over two tranches as set out below:

- an initial tranche of 3,375,000,000 new ordinary shares for gross proceeds of £1,687,500 (or £1,603,125 net of a 5% commission chargeable by Venus Capital). This tranche of new ordinary shares were admitted to a Standard Listing and to trading on the Main Market on 5 May 2023; and
- a second tranche of 1,125,000,000 new ordinary shares for proceeds of up to £562,500 gross (or up to £534,375 net a 5% commission chargeable by Venus Capital). This tranche of new ordinary shares were admitted to a Standard Listing and to trading on the Main Market on 30 May 2023.

#### *New ordinary shares issued to fulfil the conversion of Open Offer warrants*

Further to the issue of new ordinary shares on the 18 August 2022 as a result of the Open Offer, the Company also issued 320,855,008 warrants to certain qualifying shareholders who participated in its open offer (the "**Open Offer Warrants**"). Following the issue of the Open Offer Warrants, certain holders have elected to exercise their Open Offer Warrants and this resulted in the following share issues during the six-month period ended 30 June 2023:

- On 11 January 2023, the Company issued 67,471 of new ordinary shares as an Open Offer Warrant conversion.
- On 31 January 2023, the Company issued 1,800,019 of new ordinary shares as an Open Offer Warrant conversion.
- On 3 March 2023, the Company issued 494,481 of new ordinary shares as an Open Offer Warrant conversion.
- On 5 May 2023, the Company issued 227 of new ordinary shares as an Open Offer Warrant conversion.
- On 24 May 2023, the Company issued 1,145,518 of new ordinary shares as an Open Offer Warrant conversion.

- On 6 June 2023, the Company issued 19,337,713 of new ordinary shares as an Open Offer Warrant conversion.
- On 14 June 2023, the Company issued 12,749,982 of new ordinary shares as an Open Offer Warrant conversion.

### 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

	<b>As at 30 June 2023</b>	
	<b>No. 000</b>	<b>£ 000</b>
As at 1 January 2023 (Audited)	56,908,846	5,897
New ordinary shares issued to Venus Capital in connection with Equity Subscription Agreement dated 28 April 2023	4,500,000	90
New ordinary shares issued to fulfil the conversion of Open Offer Warrants	35,595	1
<b>As at 30 June 2023 (Unaudited)</b>	<b>61,444,441</b>	<b>5,988</b>

## 18 Financial instruments

### Financial assets at amortised cost

	<b>Carrying value</b>		<b>Fair value</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	97	257	97	257
Trade receivables	14	7	14	7
Receivable from related party	2,000	-	2,000	-
Other receivables	908	1,179	908	1,179
	<b>3,019</b>	<b>1,443</b>	<b>3,019</b>	<b>1,443</b>

**Valuation methods and assumptions:**

The directors believe due to their short term nature, the fair value approximates to the carrying amount.

**Financial liabilities at amortised cost**

	Carrying value		Fair value	
	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000	30 June 2023 Unaudited £'000	31 December 2022 Audited £'000
Long-term borrowings	847	906	847	906
Trade payables	1,715	2,209	1,715	2,209
Other payables	748	747	748	747
	<b>3,310</b>	<b>3,862</b>	<b>3,310</b>	<b>3,862</b>

**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 2023 (31 December 2022: nil)

**Valuation methods and assumptions:**

Further information relating to the valuation of the derivative financial instruments is available in note 23 of the annual financial statements for the year ended 31 December 2022.

## 19 Financial risk management

Note 23 to the annual financial statements for the year ended 31 December 2022 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

**Share warrants issued to Mercator**

During 2021 the Group entered into a funding facility with Mercator which included the Group issuing loan notes in exchange for funding. These loan notes were linked to a convertible loan note facility, which was able to be used should the Group elect not to repay any of the interest or principal relating to the loan notes in cash. Both the loan note and convertible loan note agreements required share warrants to be issued representing 20% of the face value of any loan notes or convertible loans issued. The warrants have a term of 3 years from issue and an exercise price of 130% of the lowest closing VWAP over the ten trading days immediately preceding the issue of the warrants. 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 during the year ended 31 December 2022 was 439,040,922, which together with the total of 522,791,511 issued during the year ended 31 December 2021 takes the total number of share warrants issued to Mercator as at 30 June 2023 to 961,832,433 (31 December 2022: 961,832,433). Details of the outstanding share warrants issued to Mercator are set out in the table below. There have been no movement in these share warrants during the six month period ended 30 June 2023.

<b>Date of issue</b>	<b>Number of warrants outstanding at 30 June 2023 No.</b>	<b>Exercise price</b>	<b>Expiry date</b>
1 October 2021	443,726,030	£0.00316	1 October 2024
1 November 2021	29,197,856	£0.00314	1 November 2024
1 December 2021	49,867,625	£0.00184	1 December 2024
4 January 2022	77,763,767	£0.00174	4 January 2025
2 February 2022	79,179,799	£0.00171	2 February 2025
4 March 2022	105,948,198	£0.00128	4 March 2025
10 June 2022	176,149,158	£0.00085	10 June 2025
<b>Total</b>	<b>961,832,433</b>		

The total fair value of the above share warrants issued to Mercator has been fully expensed in the prior periods, including £236,000 in the six-month period ended 30 June 2022. No further costs have been recognised in the current interim period ended 30 June 2023, and none of these warrants have been converted during the same period.

#### ***Share warrants issued to Venus Capital under Capital Enhancement Plan***

On the 27 April 2022, the Group announced it had entered into a subscription agreement with Venus Capital in connection with the Capital Enhancement Plan. The subscription agreement specified that the Group was required to issue one warrant for every two shares issued in connection with the mandatory tranches of the new shares issues. This was a total of 3,425,000,000 share warrants. The subscription agreement specified that the Group was required to issue one warrant for every five shares issued in connection with the optional tranches of the new shares issues. This was a total of 1,500,000,000 share warrants. Additionally, an amount of 3,250,000,000 share warrants were issued to Venus Capital in connection with the signing of the subscription agreement on 26 April 2022. As such the Group issued a total of 8,175,000,000 share warrants to Venus Capital during the year ended 31 December 2022, and as at the 30 June 2023, these all remain outstanding. The initial terms of the warrants specified that they could 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 Capital they fall into of scope of IFRS 2 ("Share-based payments"). The total fair value of the above share warrants issued to Venus Capital under the Capital Enhancement Plan was £4,795,000 and this amount has been fully recognised during 2022.

#### ***Share warrants issued to retail shareholders under the Open Offer***

On 22 July 2022, the Group announced the Open Offer, giving existing shareholders the opportunity to subscribe for up to 641,710,082 new ordinary share in the Group 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 Group announced 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 Group.

In addition to the new ordinary share that were issued, the Group 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 initial terms of the warrants specified that they could 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 the new Open Offer ordinary shares they fall into of scope of IFRS 2 ("Share-based payments"). The total fair value of the above share warrants to be issued in connection with the Open Offer was £261,000 and this amount has been fully recognised during 2022.

Subsequent to the issue of the Open Offer warrants, and prior to 30 June 2023, an amount of 85,103,411 (31 December 2022: 49,508,000) of these warrants have been converted in exchange for new ordinary



shares and as at 30 June 2023 there is a balance of 235,751,597 Open Offer warrants which remained outstanding. On the exercise of the Open Offer warrants, the fair value amount is reclassified from the share-based payment reserve to retained losses as set out in the Groups condensed consolidated statement of changes in equity for the six months ended 30 June 2023.

***Share warrants issued to Venus Capital under April 2023 Equity Subscription Agreement***

On the 28 April 2023, the Company announced it had and entered into a new subscription agreement with Venus Capital, pursuant to which Venus Capital committed to subscribe for 4,500,000,000 new ordinary shares over two tranches as set out below:

- an initial tranche of 3,375,000,000 new ordinary shares were admitted to a Standard Listing and to trading on the Main Market on 5 May 2023; and
- a second tranche of 1,125,000,000 new ordinary shares were admitted to a Standard Listing and to trading on the Main Market on 30 May 2023.

Under the new subscription agreement, new warrants are required to be issued to Venus Capital at a ratio of one warrant for every two subscription shares issued under the new subscription agreement. This resulted in an obligation for the Group to issue 2,250,000,000 new warrants to Venus Capital ("**New Venus Warrants**") which existed at 30 June 2023. These new warrants are each exercisable into one new ordinary share at a price equal to 0.065 pence per share up to a final exercise date of 31 December 2026.

As these share warrants were issued as a cost of issuing new ordinary shares to Venus Capital 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-Scholes 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 Capital ranged from of 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 new share warrants issued to be Venus Capital under the April 2023 Equity Subscription Agreement was £1,717,000 and this amount has been fully recognised during the six-month period ended 30 June 2023. Given this amount directly related to the cost of issuing new ordinary shares to Venus Capital, the total amount of £1,717,000 have been offset against the share premium balance in accordance with IAS 32 ("Financial Instruments"). This amount was offset against the related share premium that was created in connection with the relevant issue of ordinary share to Venus Capital.

***Extension to the expiry date of the warrants issued in connection with the Open Offer carried out on 17 August 2022 and the warrants issued to Venus Capital during 2022***

In connection with the new equity subscription agreement that was signed with Venus Capital on 28 April 2023, the final exercise date of the existing 8,175,000,000 warrants issued to Venus Capital during 2022, under the Capital Enhancement Plan, were agreed to be extended from 31 December 2025 for 12 months to 31 December 2026, through a deed of amendment to the existing warrant instruments. This deed of amendment was also dated 26 April 2023.

In line with the extension to the expiry date of the existing 8,175,000,000 warrants held by Venus Capital, the shareholders who participated in the Open Offer during 2022 were asked if they would like to vote to extend the expiry date of the warrants issued during the Open Offer from 31 December 2025 by 12 months to 31 December 2026. This resolution was successfully passed at the 2023 Annual General Meeting, and a deed of amendment to the existing warrant instrument was signed, on 23 June 2023.

As outlined above, both of these warrants had been valued previously in line with IFRS 2 ("Share-based payments"). The modification to the expiry date has therefore also been valued in line with IFRS 2 with the change in fair value calculated as the difference between the fair value of the modified equity instrument and that of the original equity instrument, both of which are estimated at the date of the

modification being 28 April 2023 for the relevant warrants held by Venus Capital, and 23 June 2023 for this warrants issued in connection with the Open Offer.

The change in the fair value due to the extension of the expiry date on those warrants still outstanding at 30 June 2023 was £346,000. Given this amount directly related to the cost of issuing new

Ordinary shares in the past to Venus Capital or under the Open Offer, the amount of £132,000 has been offset against the share premium balance in accordance with IAS 32 ("Financial Instruments"). This amount was offset against the related share premium that was created in connection with issue of the relevant Venus Capital warrants / Open Offer share issue. The remaining fair value amount of £214,000 has been recognised in retained losses.

A summary of the share warrants outstanding as at 31 December 2022 is detailed in the table below:

	<b>Number of warrants outstanding at 30 June 2023 No. Unaudited</b>	<b>Number of warrants outstanding at 31 December 2022 No. Audited</b>
Share warrants issued to Mercator	961,832,433	961,832,433
Share warrants issued to Venus Capital	8,175,000,000	8,175,000,000
Share warrants issued to retail shareholders	235,751,597	271,347,008
Share warrants to be issued to Venus Capital	2,250,000,000	-
<b>Total</b>	<b>11,622,584,030</b>	<b>9,408,179,441</b>

A summary of the fair value of the share warrants recorded during the period are detailed in the table below:

	<b>6 months to 30 June 2023 Unaudited £'000</b>	<b>6 months to 30 June 2022 Unaudited £'000</b>
Share warrants issued to Mercator	-	236
Share warrants issued to Venus	-	3,019
Share warrants issued to retail shareholders	-	-
Share warrants to be issued to Venus Capital	1,717	-
Change in fair value due to extension of expiry date of existing share warrants issued to Venus Capital and retail shareholders in prior periods	346	-
<b>Total</b>	<b>2,063</b>	<b>3,255</b>

### ***Employee share scheme awards***

#### *October 2022 Employee share scheme*

On 31 October 2022, the Group awarded an long-term incentive plan ("**LTIP**") conditional on performance conditions to certain employees, being the achievement of specified Total Shareholder Return ("**TSR**") (market condition) performance, as well as continued employment. The TSR performance relates to a three-year period over the 2022, 2023 and 2024 financial years and the required TSR performance is set out in the table below with the adjusted share price measurement period being the average closing mid-market price of a share price over a three-month period ending on the last dealing day of the performance period.

<b>Adjusted share price per share</b>	<b>Percentage of TSR award vesting</b>
Below 0.6945 pence	0%
Equal to 0.6945 pence	25%
1 penny or greater	100%

Vesting is on a straight-line basis between target levels. In addition to the satisfaction of the TSR performance condition, the Group's Remuneration Committee must also be satisfied that the potential level of vesting of the LTIP is appropriate in all circumstances.

The vesting date of these share awards is 31 October 2025, and the continued employment covers up until this date. The share awards issued to the Chief Executive Officer are subject to an additional two years holding period following the vesting date.

For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo model at the grant date. The total share-based payment charge recognised in the condensed consolidated income statement for the six month period ended 30 June 2023 was £33,000 (the six months to 30 June 2022: nil). As all social security charges with respect to the share awards will be the responsibility of the employee, no expense has been recognised by the Group in respect of these charges.

The following table summarised the movements in the number in share awards issued by the Company:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Outstanding at 1 January (audited)	874,783,094	-
Conditionally awarded in period	-	-
Exercised during the period	-	-
Forfeited or expired in period	(22,500,000)	-
<b>Outstanding at 30 June (unaudited)</b>	<b>852,283,094</b>	-
<b>Exercisable at 30 June (unaudited)</b>	<b>-</b>	<b>-</b>

#### *May 2023 Employee share scheme*

On 19 May 2023, the Group awarded its second LTIP conditional on performance conditions to certain employees, being the achievement on continued employment, the achievement of performance conditions relating to the specified Total Shareholder Return ("TSR") (market condition) performance (50%) and the specific GBP amount of inventory monetised (non-market condition) (50%). Each of the performance conditions relate to a three-year period over the 2023, 2024 and 2025 financial years and the required performance is as follows:

- with respect to the TSR element the adjusted share price measurement period is the average closing mid-market price of the share price over a three-month period ending on the last dealing day of the performance period, being 31 December 2025. If the average share price during the measurement period is 0.15p then 25% of the award will vest, and this increases on a straight-line basis to 0.3p for 100% of vesting; and
- with respect to the GBP amount of inventory monetised, the measurement period is by the end of the performance period, being 31 December 2025. 25% of the award will vest if £300m of inventory is monetised (in aggregate) over the three-year performance period, increasing on a straight line to 100% of the award to vest if £400m of inventory is monetised (in aggregate) over the same three year performance period. For the award to vest the Group's Remuneration Committee must also be satisfied that the inventory was monetised on acceptable commercial terms.

As with the October 2022 LTIP award in addition to the satisfaction of the performance conditions set out above, the Group's Remuneration Committee must also be satisfied that the potential level of vesting of the LTIP is appropriate in all circumstances.

The vesting date of these share awards is 19 May 2026, and the continued employment covers up until this date. The share awards issued to the Chief Executive Officer are subject to an additional two years holding period following the vesting date.

For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo model at the grant date. The total share-based payment charge recognised in the condensed consolidated income statement for the six month period ended 30 June 2023 was £11,000 (H1 2022: nil). As all social security charges with respect to the share awards will be the responsibility of the employee, no expense has been recognised by the Group in respect of these charges.

The following table summarised the movements in the number in share awards issued by the Company:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Outstanding at 1 January (audited)	-	-
Conditionally awarded in period	343,548,435	-
Exercised during the period	-	-
Forfeited or expired in period	-	-
<b>Outstanding at 30 June (unaudited)</b>	<b>343,548,435</b>	-
<b>Exercisable at 30 June (unaudited)</b>	-	-

#### *Acquisition related earn-out payments*

The terms of the TradeFlow acquisition completed in July 2021 included related earn-out payments that, which 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 intention to settle these payments in equity, they were previously fair valued at the grant date in line with IFRS 2 ("Share-based payments").

In connection with the TradeFlow Restructuring that was completed on the 30 June 2023, any future potential earn-out payments were offset against the initial cash consideration amount and as such, no further acquisition related earn-out amounts were recognised during the current interim period for the six months ended 30 June 2023.

The expense recognised in the income statement in the comparative interim period for the six months ended 30 June 2022 was £747,000, which represented the estimated fair value of the earn-out payments based on managements judgements at that time.

## **21 Discontinued operations and TradeFlow Restructuring**

During the second half of 2022, the Board of Directors of the Company began the process of the TradeFlow Restructuring, and as such in the financial statements for the year ended 31 December

2022, it was considered that the TradeFlow operations meet the criteria to be classified as held for sale at the balance sheet date in accordance with IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"). This is due to the fact that as at this date the details of the TradeFlow Restructuring had all been agreed in principle between the parties and was expected to be completed post year-end. As a result the TradeFlow operations were available for immediate sale in its present condition and it was highly probable that that sale would be completed at 31 December 2022. With the classification as discontinued operations, the TradeFlow operations have been excluded from the segmental reporting note (note 5).

Subsequently, on 30 June 2023 the Company announced that had entered into relevant binding commercial agreements to complete the TradeFlow Restructuring. Further details as to the rationale for the restructuring of the TradeFlow ownership can be found in note 3 above. The TradeFlow Restructuring resulted in the Group reducing its ownership in TradeFlow from 100% to 19% by selling 81% of the issued share capital in TradeFlow to the Buyers. The consideration for the Group's 81% stake in TradeFlow was £14,386,100 of which £12,386,100 was netted off against potential future amounts owed by the Group to the Buyers under the terms of an earn-out letter relating to the original acquisition of TradeFlow in July 2021.

This resulted in a remaining £2,000,000 consideration to be receivable by the Group. On the 30 June 2023, the Group's major shareholder, TAG, assumed the obligation of the Buyers to pay the Company the remaining £2,000,000 by way of a debt novation deed. The £2,000,000 will be repaid by TAG to SYME in multiple tranches, with the final tranche being payable by 31 January 2024. In consideration for assuming the £2,000,000 obligation of the Buyers, TAG acquired 1,026,525,520 existing ordinary shares of nominal value £0.00002 each in the capital of the Company from the Buyers.

The accounting for the TradeFlow Restructuring has been reflected in the interim financial statements for the six months ended 30 June 2023. During the period from 1 January 2023 and up until the date of completion of the TradeFlow Restructuring, being 30 June 2023, the TradeFlow operations continued to meet the criteria to be classified as held for sale in accordance with IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"). The TradeFlow operations contributed a loss of £185,000 (inclusive of the gain arising on the restructuring of the TradeFlow operations referred to below) in the current interim period ended 30 June 2023.

On the 30 June 2023, the assets and liabilities of TradeFlow, including the intangible assets acquired on the acquisition of TradeFlow in July 2021, are no longer consolidated by the Group, and instead the value of the new 19% investment of £352,000 was recognised on the balance sheet, together with the £2,000,000 remaining consideration to be received from TAG. The difference between these items resulted in a gain arising on the restructuring of the TradeFlow operations recorded in the unaudited condensed consolidated interim financial statements of £718,000.

Consistent with the full interim financial statements, the financial information of the TradeFlow operations for the six-month period ended 30 June 2023 is unaudited. An audit of this financial information will be conducted as part of the preparation of the annual financial statements for the year end 31 December 2023.

The results of the TradeFlow operations for the period are presented below:

	<b>6 months to 30 June 2023*</b>	<b>6 months to 30 June 2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>£ '000</b>	<b>£ '000</b>
Revenue	684	209
Administrative expenses	(1,037)	(775)
Other operating income	24	11
<b>Operating loss before acquisition related costs, impairment charges and costs/(gains) relating to the restructuring of the TradeFlow ownership</b>	<b>(329)</b>	<b>(555)</b>
Amortisation of intangible assets	(442)	(406)
Acquisition related earn-out	-	(747)
Impairment	-	(765)
Foreign currency translation loss reclassified to other comprehensive income	(62)	-
Gain arising on restructuring of TradeFlow ownership	718	-
<b>Operating loss</b>	<b>(115)</b>	<b>(2,473)</b>
Finance costs	(145)	(206)
<b>Loss before tax</b>	<b>(260)</b>	<b>(2,679)</b>
Deferred tax credit	75	69
<b>Loss for the period</b>	<b>(185)</b>	<b>(2,610)</b>

\*Represents the results for the six-month period prior to the finalisation of the TradeFlow Restructuring on 30 June 2023.

The net cash flows from the TradeFlow operations were as follows:

	<b>6 months to 30 June 2023*</b>	<b>6 months to 30 June 2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>£ '000</b>	<b>£ '000</b>
Net cash flow from operating activities	(405)	(1,305)
Net cash flow from investing activities	-	(1)
Net cash flow from financing activities	405	2,111
<b>Net cash outflow</b>	<b>-</b>	<b>805</b>

\*Represents the cash flows for the six-month period prior to the finalisation of the TradeFlow Restructuring on 30 June 2023.

The calculation of the gain arising on the restructuring of the TradeFlow ownership is shown below:

	<b>6 months to 30 June 2023 Unaudited £ '000</b>	<b>6 months to 30 June 2022 Unaudited £ '000</b>
Accounting fair value of the 81% ownership of the TradeFlow operations disposed of by the Group	2,000	-
Accounting fair value of 19% ownership of the TradeFlow operations retained by the Group	352	-
	<b>2,352</b>	
Less:		
Accounting fair value of net assets disposed of by the Group	(1,634)	-
<b>Gain arising on the restructuring of the TradeFlow ownership</b>	<b>718</b>	<b>-</b>

The value of the 19% ownership of the TradeFlow operations retained by the Company was calculated with reference to the specifics set out in the TradeFlow Restructuring share purchase agreement dated 30 June 2023 (the "**TradeFlow SPA**"). These specifics included:

- a. The TradeFlow SPA set out the total legal consideration for the 81% of the TradeFlow business and required an cash amount of £2,000,000 to be payable to the Company by the Buyers as a result of the TradeFlow Restructuring;
- b. Based on the amount agreed in a) above, the estimated accounting fair value of 100% of the TradeFlow operations is assumed to be £2,469,000; and
- c. Based on the numbers set out in a) and b) above, the fair value of the 19% investment in TradeFlow retained by the Company as at 30 June 2023 is £469,000. Management then applied a discount of 25% to this fair value to take account of the fact that the Group no longer controls TradeFlow operations. This discount applied is a management judgement that will continue to be reassessed at each reporting date.

The major classes of assets and liabilities of the TradeFlow operations as at 31 December 2022 and 30 June 2023, immediately prior to the finalisation of the TradeFlow Restructuring, are shown below:

	<b>30 June 2023*</b>	<b>31 December 2022</b>
	<b>Unaudited £000</b>	<b>Audited £000</b>
<b>Assets</b>		
Intangible assets	5,841	6,283
Tangible assets	2	4
Trade and other receivables	174	101
Contract assets	119	132
Cash and cash equivalents	305	324
<b>Assets of disposal group held for sale</b>	<b>6,441</b>	<b>6,844</b>
<b>Liabilities</b>		
Trade and other payables	482	430
Long-term borrowings	3,440	3,171
Deferred tax liability	885	960
<b>Liabilities of disposal group held for sale</b>	<b>4,807</b>	<b>4,561</b>
<b>Net assets</b>	<b>1,634</b>	<b>2,283</b>

\*Represents the assets and liabilities of the TradeFlow operations as at 30 June 2023 immediately prior to the finalisation of the TradeFlow Restructuring.

#### *TradeFlow loan-term borrowings*

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 second long-term loan facility, with the same third party, for USD \$3,800,000, which has a maturity date of 31 March 2026. The replacement 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 second 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 cost of £122,000 during the six-month period ended 30 June 2022.

On 22 May 2023, TradeFlow signed an additional loan agreement with the same third party as the loan agreement signed on 1 April 2022. This new loan agreement was for USD \$500,000, 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\$50,000 which is payable at the time the principal is repaid. As with the existing long-term borrowings, the redemption premium cost is recognised over the expected life of the facility using the effective interest rate method.

## **22 Related party transactions**

During the six-month period to 30 June 2023, the following are treated as related parties:



### ***Alessandro Zamboni***

Alessandro Zamboni is the Chief Executive Officer of the Group and is also the sole director of The AvantGarde Group S.p.A as well as holding numerous directorships across companies including RegTech Open Project plc. Both of these entities are related parties due the following transactions that took place over the current or prior interim periods.

### ***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 2023 TAG current holds 24.03% of the Company's total ordinary shares in issued in Supply@ ME Capital plc (as at 31 December 2022: 22.5%).

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 six month period ended 30 June 2023, the Group incurred expenses of £25,000 (period ended 30 June 2022: £26,000) to TAG in respect of this agreement.

During the six month period ended 30 June 2023, the Group also incurred costs of £8,000 from TAG (period ended 30 June 2022: nil) in relation certain ICT services provided.

As at 30 June 2023 there is an outstanding amount owed by the Group of £16,000 to TAG in relation to the services outlined above (30 June 2022: nil).

The TAG Group includes other companies which the Group had entered into transactions with such as the Future of Fintech Srl. Alessandro Zamboni is also the sole director of both this company. As at 30 June 2023 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 2022: £6,000).

### ***TAG and TradeFlow Restructuring***

As set out in notes 3,13 and 21 above, on 30 June 2023, TAG assumed the remaining £2,000,000 consideration arising from the TradeFlow Restructuring, to be receivable by the Group from the Buyers, by way of a debt novation deed. The £2,000,000 will be repaid by TAG to SYME in multiple tranches, with the final tranche being payable by 31 January 2024. As at 30 June 2023 the full £2,000,000 receivable was outstanding (30 June 2022: nil). As set out in note 23, subsequent to 30 June 2023, and prior to the release of these interim financial statements, TAG had paid the first £500,000 to the Company in respect of the outstanding £2,000,000 receivable as at 30 June 2023.

### ***TAG Unsecured Working Facility***

As set out in note 3 above, on the 28 April 2023, the Company and TAG entered into a fixed term unsecured working capital loan agreement (the "**TAG Unsecured Working Capital facility**"). Under the TAG Unsecured Working Capital facility, TAG shall provide, subject to customary restrictions, a facility of up to £2,800,000, in tranches up to 31 January 2024, to cover the Company's interim working capital and growth needs. In conjunction with the TradeFlow Restructuring, which was completed on 30 June 2023, the £2,000,000 receivable by the Company that was assumed by TAG from the Buyers, was offset against the current obligations of TAG under TAG Unsecured Working Capital facility, of which further details are set out above. The amendment to the TAG Unsecured Working Capital facility was agreed on 30 June 2023 and this reduced the obligations to the Company under the TAG Unsecured Working Capital facility to up to £800,000.

The due date for repayment by the Company of amounts (if any) drawn under the TAG Unsecured Working Capital facility is 1 February 2028. Any sums drawn under the TAG Unsecured Working Capital facility will attract a non-compounding interest rate of 10% per annum, and any principal amount (excluding accrued interest) outstanding on 1 February 2028 will attract a compounding interest rate of 15% per annum thereafter. Interest will be due to be paid annually on 31 March of each relevant calendar year.

On 30 June 2023, the Company issued a draw down notice to TAG under the amended TAG Unsecured Working Facility for the full £800,000 available. As at 30 June 2023, no funds had been

received from TAG in respect of this facility. As set out in note 23, subsequent to 30 June 2023, and prior to the release of these interim financial statements, TAG had provided an amount of £245,000 in relation to the £800,000 drawn down by the Company on the 30 June 2023 under the amended TAG Unsecured Working Capital facility.

***RegTech Open Project ("RTOP ") S.p.A and RegTech Open Project plc ("RTOP plc")***

RTOP plc is a regulatory technology company focussed on the development of an integrated risk management platform for Banks, Insurance Companies and Large Corporations. Alessandro Zamboni is a non-executive director of RTOP plc and Albert Ganyushin is the Chair of the board of directors of RTOP plc. TAG also is the majority ultimate beneficial shareholder of RTOP plc. Prior to RTOP plc's listing of its ordinary shares on the standard segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of London Stock Exchange plc in August 2023, the operations of this RTOP plc were run through RTOP S.p.A and Alessandro Zamboni was the sole director of RTOP S.p.A.

In July 2022, the Company entered into an agreement with RegTech Open Project S.p.A, pursuant to which RTOP S.p.A was engaged to build and create a number of modules for the Company, including "data factory" (i.e., data ingestion and business rule application), and, during the year ended 31 December 2022, £270,000 has been paid by the Company to RTOP S.p.A pursuant to that agreement. As at 31 December 2022 there is an outstanding amount accrued by the Group of £58,000 to RTOP S.p.A in relation to this specific agreement.

During the six month period ended 30 June 2023, no further activities were undertaken with RTOP S.p.A, with the exception of the payment of the amounts that had been accrued at 31 December 2022. As such no amounts were outstanding with RTOP S.p.A at 30 June 2023 (30 June 2022: nil).

As part of RTOP Plc's listing onto the main market of the London Stock Exchange in August 2023, the contract referred to above was novated to RTOP plc.

***TradeFlow Capital Management Pte. Ltd. ("TradeFlow")***

On 30 June 2023, the TradeFlow entered into a three-year white-label licence agreement with Supply@ME Technologies S.r.l., a wholly owned subsidiary of the Group, with respect to use of the Platform, on a non-exclusive basis and limited to the Asia-Pacific ("APAC") region, for a total consideration of £1,000,000 payable over a three-year period. As at 30 June 2023, no amounts have been billed in respect of this contract.

***Eight Capital Partners Plc***

David Bull, an Independent Non-Executive Director and audit committee chair was the CEO of Eight Capital Partners Plc from 22 June 2021 until 12 August 2022. 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. This agreement was terminated in early 2022 and as such there were no expenses in respect of this agreement with Eight Capital Partners Plc were incurred during the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: £3,000).

## **23 Events occurring after the reporting period**

***Shares issued post 30 June 2023 relating to Open Offer Warrant Conversions***

- On 5 July 2023, the Company announced the exercise of 9,150,232 Open Offer Warrants by certain Qualifying Shareholders, and the issue of 9,150,232 Open Offer Warrant Shares.
- On 17 August 2023, the Company announced the exercise of 8,676,602 Open Offer Warrants by certain Qualifying Shareholders, and the issue of 8,676,602 Open Offer Warrant Shares.
- On 12 September 2023, the Company announced the exercise of 2,390,091 Open Offer Warrants by certain Qualifying Shareholders, and the issue of 2,390,091 Open Offer Warrant Shares.

- On 26 September 2023, the Company announced the exercise of 2,245,089 Open Offer Warrants by certain Qualifying Shareholders, and the issue of 2,245,089 Open Offer Warrant Shares.

#### ***TAG and TradeFlow Restructuring***

Subsequent to 30 June 2023, and prior to the release of these interim financial statements, TAG had paid the first £500,000 to the Company in respect of the outstanding £2,000,000 receivable as at 30 June 2023.

Pursuant to the Debt Novation Deed that was signed in connection with the TradeFlow Restructuring and TAG assuming the £2,000,000 debt to the Company from the Buyers, TAG agreed with the Company to settle the TAG Amount in three tranches: £500,000 on 30 June 2023 (which, as at the as referred to above, has been paid to the Company by TAG); £1,000,000 on 30 September 2023; and £500,000 on 31 January 2024.

On 28 September 2023, the Company and TAG entered into an English law governed side letter agreement ("**Side Letter Agreement**"), cast as a deed, in relation to the outstanding TAG Amount, pursuant to which TAG agreed to pay to the Company £1,000,000 on 31 October 2023, and £500,000 on 31 January 2024.

In signing the Side Letter Agreement, TAG has agreed to pay a 15% per annum compounding rate of interest on the £1,000,000 of principal amount of the TAG Amount for the period of 30 September 2023 to 31 October 2023, and shall incur a 15% per annum compounding rate of interest on any outstanding principal amount of the TAG Amount following the agreed payment dates.

#### ***TAG Unsecured Working Facility***

Subsequent to 30 June 2023, and prior to the release of these interim financial statements, TAG provided an amount of £245,000 in relation to the funds drawn down by the Company, being £800,000, on the 30 June 2023 under the amended TAG Unsecured Working Capital facility.

#### ***Top-Up Shareholder Loan Agreement***

On 28 September 2023, the Company and TAG entered into an English law governed top-up unsecured shareholder loan agreement (the "**Top-Up Shareholder Loan Agreement**"), pursuant to which TAG agreed to provide the Company with a further facility of up to £3,500,000 to cover the Company's working capital and growth needs up to 30 June 2025 (the "**Top-Up Facility**").

Details of this Top-Up Facility are set out below:

- The Company has the ability to draw down up to £3.5 million in monthly instalments over the period to 30 June 2025;
- On a monthly basis the Board will assess (acting in good faith and in its sole and absolute discretion) if the Group's projected cash balance on the last business day of the coming calendar month will be less than £250,000 following the Group's scheduled balance of receipts and payments for the next month by reference to, inter alia, the Group's contracted receivables, revenues and payables due for receipt or payment in the next month, the Group's contracted fixed operating expenditure and/or capital expenditure due for payment in the next month, the cash inflows in the next month arising from any warrants that have been contractually exercised and any projected unrestricted cash amounts resulting from any contractually agreed alternative equity, debt or hybrid financing (including, but not limited to, pursuant to a pre-emptive offering of ordinary shares and a non-pre-emptive offering of ordinary shares) for such month;
- If the above assessment results in the Group's projected cash balance on the last business day of the coming calendar month being less than £250,000, the Company may draw down an amount under the TAG Top-Up Shareholder Loan Agreement which is no greater than the GBP amount to ensure that the Group's bank balances in the coming month shall be equal to £250,000;

- Repayment of any sum drawn down under the TAG Top-Up Shareholder Loan Agreement will be due five calendar years (calculated on the basis of a year of 360 days) from the date which funds are received by the Company subject to the relevant draw down request;
- Any sums drawn down by the Company under the TAG Top Up Unsecured Shareholder Loan will attract a non-compounding interest rate of 10% per annum, and any principal amount (excluding accrued interest) outstanding on a relevant due date shall attract a compounding rate of 15% per annum thereafter. Interest will be due to be paid annually on 31 March of each relevant calendar year.

### **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.

## **APPENDIX 2 - ENTRY INTO TOP-UP SHAREHOLDER LOAN AGREEMENT AND SIDE LETTER AGREEMENT**

### **Top-Up Shareholder Loan Agreement**

On 28 September 2023, the Company and TAG entered into an English law governed Top-Up Shareholder Loan Agreement, pursuant to which TAG shall provide, subject to customary restrictions, the Top-Up Loan Facility of up to £3,500,000 to cover the Company's working capital and growth needs up to 30 June 2025.

The Company may draw down on the Top-Up Facility on a monthly basis if the Board assess (acting in good faith and in its sole and absolute discretion) that the Group's projected cash balance on the last Business Day of the coming calendar month will be less than £250,000 following the Group's scheduled balance of receipts and payments for the next month by reference to, *inter alia*, the Group's contracted receivables, revenues and payables due for receipt or payment in the next month, the Group's contracted fixed operating expenditure and/or capital expenditure due for payment in the next month, the cash inflows in the next month arising from any Warrants that have been contractually exercised and any projected unrestricted cash amounts resulting from any contractually agreed alternative equity, debt or hybrid financing (including, but not limited to, pursuant to a pre-emptive offering of Ordinary Shares and a non-pre-emptive offering of Ordinary Shares) for such month. In such circumstances, the Company may draw down an amount of the Top-Up Facility which is no greater than the GBP amount to ensure that the Group's bank balances in the coming month shall be equal to £250,000.

The due date for repayment by the Company of each respective amount (if any) drawn under the Top-Up Shareholder Loan Agreement shall be five calendar years (calculated on the basis of a year of 360 days) from the day on which the funds are received by the Company subject to the relevant drawn down request. Any sums drawn under the Top-Up Shareholder Loan Agreement shall attract a non-compounding interest rate of 10% per annum, and any principal amount (excluding accrued interest) outstanding on the relevant due date shall attract a compounding interest rate of 15% per annum thereafter.

Pursuant to the Top-Up Shareholder Loan Agreement, the Company gave certain customary warranties and undertakings to TAG, and TAG gave certain customary warranties to the Company.

### **Side Letter Agreement**

As disclosed in the Secondary Supplementary Prospectus published on 30 June 2023, the Company entered into an English law governed share purchase agreement with the Buyers on 30 June 2023, pursuant to which, the Company sold 81% of the issued share capital of TradeFlow Capital Management Pte. Limited. The £2,000,000 TAG Amount (as defined in the Second Supplementary Prospectus) was novated from the Buyers to TAG on the terms of an English law governed Debt Novation Deed entered into between the Company, the Buyers and TAG on 30 June 2023. Pursuant to the Debt Novation Deed, TAG agreed with the Company to settle the TAG Amount in three tranches: £500,000 on 30 June 2023 (which, as at the date of this announcement, has been paid to the Company by TAG); £1,000,000 on 30 September 2023; and £500,000 on 31 January 2024. On 28 September 2023, the Company and TAG entered into an English law governed Side Letter Agreement, cast as a deed, in relation to the outstanding TAG Amount, pursuant to which TAG agreed to pay to the Company £1,000,000 on 31 October 2023, and £500,000 on 31 January 2024.

TAG has agreed to pay a 15% compounding rate of interest on the £1,000,000 of principal amount of the TAG Amount for the period of 30 September 2023 to 31 October 2023, and shall incur a 15%

compounding rate of interest on any outstanding principal amount of the TAG Amount following the agreed payment dates.

The entry by (i) the Company and TAG into the Top-Up Shareholder Loan Agreement and (ii) the Company and TAG into the Side Letter Agreement each constituted a material related party transaction for the purposes of DTR 7.3 and were, accordingly, voted upon by the independent Directors (excluding Alessandro Zamboni, who, in each case, constituted a "related party" (as such term is defined in IFRS)), and such independent Directors consider each such material related party transaction in respect of the Top-Up Shareholder Loan Agreement and the Side Letter Agreement to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party.