



**Supply@ME has proven its concept,
with a successful initial transaction**

The business is now actively pursuing clear
opportunities for growth

Annual Report and Accounts 2022

supply  me

We are now building on the lessons learned, to realise the opportunities presented following the proof of concept, and to grow the business.

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Strategic Report

Highlights

While 2021 was the year in which the various components that make up the Supply@ME Capital Plc (Supply@ME) platform and model came together, 2022 was when we proved the concept worked. We facilitated the first inventory monetisation transaction and forged a partnership that provides the funding to complete several more. We overcame the hurdle that has held the business back, namely, reluctance to finalise transactions with a platform that did not have a clear track record. This applied to both corporates and funders.

There is now momentum, we have a clear pipeline of inventory to monetise in our core markets. Funder discussions have become more focused and interest from potential client companies has increased significantly.

Our platform has been enhanced and we have continued to add additional expertise to our team. Our business is now being tested and refined through the experiences of third parties, both corporates and funders, and while our processes will continue to be enhanced, this is no longer the primary focus. We are now building on the lessons learned, to realise the opportunities presented following the proof of concept, and grow the business. Progress will not always be as fast as we would like, but it will now be more discernible to external stakeholders. The investments we have made in our technology and capabilities are beginning to generate clear returns. While these have not yet been reflected in our financial results, the rapid expansion of our pipeline is indicative of the heightened interest in the services we offer.

Financial KPIs

Total revenue from continuing operations

£0.1m

£0.3m in 2021

Adjusted operating (loss) from continuing operations*

(£4.6m)

(£4.0m) in 2021

(Loss) before tax from continuing operations

(£7.7m)

(£7.0m) in 2021

(Loss) from discontinued operations

(£2.2m)

(£5.1m) in 2021

Total Group assets

£8.3m

£10.5 at 31 December 2021

Total Group net (liabilities)

(£2.0m)

(£1.4m) at 31 December 2021

*Adjusted operating loss from continuing operations is the operating loss from continuing operations before impairment charges.



Operational KPIs

Warehoused goods monetisation pipeline at 21 April 2023

£374.6m

£164.8m at 24 May 2022

The pipeline KPI represents the current potential value of warehoused goods inventory to be monetised rather than pipeline revenue expected to be earned by the Group. 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 annual report (being 21 April 2023).

Chairman's Statement

Dear Shareholders,

I am proud to share my first statement as the Chair of Supply@ME. I will start, as is tradition, by talking about why I joined.

The vision Alessandro and his team have for Supply@ME is compelling. When I started to get under the skin of the issue which Supply@ME is committed to solving it seems so simple yet, at least until this year, it has not been achieved anywhere with any satisfaction. The problem is common across every business that retains physical goods – historically, inventory has been an unattractive asset to fund for financial institutions. It has been perceived as high risk and liable to fraud due to an inability to effectively monitor stock levels.

Traditional inventory financing options, which heavily discount the value of inventory, are offered with multiple covenants, or are linked to a receivables facility. This impacts businesses' ability to generate cash flow until goods are sold. Supply@ME sought to combine three elements to solve this long-standing problem for businesses and enable them to unlock capital trapped in unsold inventory:

- > Use of advanced monitoring technology on a unit basis gives financial institutions and other funders greater risk transparency and as a result they can provide funding at a more competitive level;
- > Unique accounting, legal and technology framework enables clients to sell eligible inventory as a true legal sale transaction without incurring debt; and
- > Unparalleled understanding of this market issue and a drive to solve this common, but complex, problem efficiently, with use of modern dedicated technology resulting in an effective funding solution.

With a potential addressable market worth trillions, the potential for Supply@ME was clear, the business just needed to prove it.

The second, equally compelling reason, was the people which the business has attracted. The calibre is impressive. I felt that if anyone could provide a solution to a decades old problem, it was the team Supply@ME has assembled. They have built an experienced panel of Directors and advisors in the appropriate areas of expertise, who each have an acute focus on governance matters. Since I have joined this process has continued.

The Board has been strengthened with the appointment of Alexandra Galligan and we will continue to expand our headcount to reflect the broadening needs of the business and as more and more revenue streams come online.

John Collis and Tom James will be missed as Board members. Yet a restructuring of our relationship with TradeFlow and clear demarcation between the fund and fintech business was essential and will enable both businesses to realise their full potential.

I was fortunate to join in time to be a part of the key moments for the business which have seen Supply@ME transition to a new stage where it is positioned for scaling. A key indication of this development was the signing of our loan facility with Banco BPM. Enhancing our capital position was a crucial stepping-stone in lowering the cost of capital for the Group. As part of the broader plan to re-capitalise the Company to lower the cost of capital and minimise dilution to the shareholders, we have also completed equity financing with Venus and repaid and closed the Mercator facility during 2022.

Also announced on 28 April 2023, the Company has agreed a new equity subscription agreement with gross proceeds of up to £2.2m and has entered into an unsecured working capital loan agreement with the AvantGarde Group S.p.A ("TAG") of up to £2.8m. Both these facilities are essential to support the working capital and growth needs of the Group over the coming months. The unsecured working capital loan agreement with TAG represents a material related party transaction for the purposes of the Disclosure and Transparency Rules and as such the independent Directors consider this transaction to be fair and reasonable from the perspective of the Company and its Shareholders who are not a related party.

2022 has been a year punctuated by milestones for Supply@ME, which highlight the progress being made. The first monetisation in Italy was crucial to providing potential partners with the reassurance that this is a model that works. This should now allow us to forge ahead with the white-label proposition, providing banks and other financial institutions with access to our technology and platform for them to deploy with their customer bases.

Shareholders will, understandably, also want to see progress in our financial performance. While this will not be immediately visible, it will naturally follow the business developments that have taken place this year. Supply@ME has made progress in proving its concept, with a successful initial transaction, and has learned from the challenges which all start-up businesses face. The business is now actively pursuing clear opportunities for growth, with the support and backing of blue-chip global businesses.

Expansion in our core markets of Italy and the UK will continue and we are now targeting the facilitation of monetisations in our next tier of growth geographies. Success in 2023 will be the strengthening of our core markets and the addition of new territories. We will also judge ourselves on the uptake of our white-label proposition and the completion of agreements for its use.

I joined Supply@ME because it is an exciting, unique, fintech start-up, led by an experienced and ambitious leadership team, that opens up inventory as a new asset class and solves a problem for businesses that would otherwise hinder their growth. In the coming months, I believe we can begin to shed our start-up tag. It is an exciting time for Supply@ME and I am looking forward to the challenges and opportunities to come as we scale.

Albert Ganyushin
Chairman



Chief Executive Officer's Statement

Dear Shareholders,

As the world learned to live with Covid-19, businesses will have begun 2022 hoping that the worst was behind them. Sadly, for many, this has not been the case.

Inflation and energy prices have meant that costs have continued to rise. As 'just in time' has given way to the more cautious 'just in case' stocking approach, hedging against now common disruptions in supply chains, holding more inventory means more costs. The value of what Supply@ME offers has become even more pronounced. Any business which holds non-perishable stock, from heavy manufacturing and chemicals to high fashion and luxury goods, can improve their cash flow and unlock much needed working capital.

In last year's report, I talked about the lessons we had learned. Many of these involved adjusting to the significantly altered supply chain landscape and focusing on how we could best support businesses. I am immensely proud that, this year, our development reached a new stage, putting what we learned into practice.

2022 has given us the ability to prove the Supply@ME model. The importance of completing our first inventory monetisation cannot be overstated. It opens the gates to corporates globally. The time and effort invested in making this first transaction a reality was enormous. I understand that the delays have been frustrating for our shareholders, and we share these frustrations. Supply@ME's model is highly innovative; it provides a much-needed solution to a longstanding problem which has impeded the growth of many businesses. However, encouraging uptake of any innovation takes time.

While 2021 was a formative year for our business, much of this year was spent educating our potential partners and markets, significantly improving the understanding and confidence in the service we offer. Our business and proposition has grown every day. This progress is incremental and cannot always be quantified or communicated in a manner that would be perceptible to external stakeholders, yet, when we take a step back, the milestones achieved provide clear evidence of how far the business has come and its potential in the months and years ahead.

The first and most obvious achievement was the inaugural inventory monetisation using our Platform. We have refined every aspect of our business processes to streamline onboarding and monitoring. The monetisation of €1.6m of inventory with funding from the VeChain Foundation enabled us to put the Platform and our systems to the test. The fact that this monetisation occurred with funds from an NFT issuance is a testament to the agility and scalability of our model.

As we observed in early 2023, it also opened a new source of funding, cryptocurrencies, alongside more traditional markets. Supply@ME was founded to help businesses grow by providing access to its Platform in order to facilitate funding to the monetisation of their inventory. We are now doing this in Italy and over time will add more and more countries and clients.

The problem Supply@ME solves is common across every business that retains physical goods and, in time, we want to provide the means for businesses globally to improve their working capital positions by facilitating access to funding based exclusively on the value of their inventory. To achieve that goal, we needed to prove that the model worked. VeChain and our initial client enabled us to do that.

Securing the wider partnership with the VeChain Foundation was, arguably, as pivotal as our first inventory monetisation transaction. This, combined with the work underway to agree the first commitment by a consortium of European Investors to fund a dedicated new transaction, completes our initial phase of development. We have proven the offer to client companies and secured the backing of funders both traditional and non. This endorsement of our business model has been crucial in developing further conversations with potential funders. For Supply@ME to realise its ambitions, we needed the ability to scale through a committed pool of funders with appetites aligned to our growing pipeline of potential client companies.

The impact that this progress has had on discussions with potential corporate clients has been immense. They have changed the tone of conversations with potential partners and businesses can now see how the platform performs. Supply@ME offers a significantly more cost-effective option for businesses than traditional financing, without businesses incurring debt. For corporates, it is not overstating to say that it had appeared too good to be true. There was, understandably, scepticism until they saw the process in action. Those doubts have now been removed. Supply@ME now has a clear trajectory aimed at working with stable funders with an appetite to monetise the inventory of businesses in the UK and Italy, with new geographies expected to be added in the future.

Our pipeline of corporates is more robust than ever and with clear proof of concept in our initial target markets, we are now primed to realise our business' potential.

The first monetisation was made possible through the Global Inventory Fund created with TradeFlow. Since joining the Supply@ME Group, Tom James and John Collis have been instrumental in the Group's development and I am grateful for their support. Changes in the fund management industry and feedback from potential funders highlighted the need to restructure the relationship between the Supply@ME platform and TradeFlow. This will benefit both businesses and enable us and TradeFlow to realise our full potential.

Anyone who has followed Supply@ME will know that management's faith in our model has never wavered. While the achievement of visible milestones has not always been as swift as we would have liked, our progress is now clear. I am truly grateful for the dedication of the Supply@ME team, the support of our growing list of partners and of our shareholders. We have never lost sight of the need to create value and we will do everything we can to repay the trust placed in us in 2023 and beyond.

Alessandro Zamboni
Chief Executive Officer



Investment Case

Supply@ME has worked tirelessly to create a solution that can capitalise on a growing market opportunity. The business is now better placed than ever to do so, with a concept that is proven following the execution

of the first inventory monetisation transaction. We are committed to delivering shareholder value and ensuring the shareholders benefit as the business scales.

1. Novel and innovative solution



- > We have created a novel solution for creditworthy companies to optimise inventory management and improve cash flow.
- > Our platform enables on-boarding of eligible clients who then use the platform to facilitate a legal true-sale transaction of eligible inventories with the ability to request to repurchase as required, in order to release value from their inventory and satisfy their working capital needs.
- > A data and analytics driven technology solution embedded in the platform enables selection, monitoring and management of eligible inventories on a unit basis and provides the digital knowledge base for successful funding transactions facilitated by the platform.

2. Clear gap in the market



- > Inventory financing is a very large market opportunity worth trillions but it is also a naturally difficult one for traditional banks to address due to information asymmetry issues and complexity.
- > This makes it an attractive market for a disruptive fintech company aiming to use technology to solve the problem of inventory funding and we are one of the first movers in a market where the current funding solutions are not fit for purpose.
- > The small number of alternative, non-bank, funding solutions focus predominantly on larger ticket investment grade companies and do not rely on a technology platform, which impedes their ability to access smaller transactions and scale.

3. Scale of opportunity and ability to grow



- > At Supply@ME we have created a highly scalable, global business. We've built a team of subject matter experts and our inventory analytics specialists are able to manage complex due diligence processes, using proprietary techniques.
- > We have an exciting pipeline of monetisation opportunities, which demonstrates the strong level of demand for the Group's warehoused goods monetisation services.

4. Solid foundations built



- > We have spent the time over the last five years investing in the platform and solution, building solid foundations from which to grow.
- > This initial hard work and heavy lifting has now been completed, positioning Supply@ME for future growth.

5. Concept proven and multi market ready



- > With the completion of the inaugural Inventory Monetisation transaction in September 2022, we now have a fully proven concept and clear demonstration that the model is working.
- > With a transaction now completed in Italy, we are ready to expand, with our White-Label proposition providing banks and other financial institutions with access to our technology and platform.

How we are Different

Supply@ME is disrupting the industry with its unique model. Not only does it offer a new approach to businesses with cash flow needs, but it is doing so at a much more competitive rate than traditional lenders.

Outlined below are some of the ways in which Supply@ME offers a more complete, flexible service, that reflects client's needs than traditional inventory funders or other competitors.

	Supply@ME	Traditional inventory funders	Other competitors
Purely focused on inventory	✓	✗	✓
Non-credit approach	✓	✗	✓
Non-intrusive of other financing options	✓	✗	✓
Legal true sale	✓	✗	✓
Platform based	✓	✗	✗
Supply chain resilience enabler	✓	✗	✓
Quick initial yes or no	✓	✓	✓
Initial amount subject to due diligence	✓	✓	✓
Fixed due diligence fee and timescale	✓	✗	✗
Revolving facility	✓	✓	✓
Cross border	✓	✓	✓
Event led independent valuations	✓	✗	✗
Positive impact on key ratios	✓	✗	✗
Tax deductible costs	✓	✗	✗

With fewer drawbacks or restrictions

Linked to other facilities on the balance sheet	✗	✓	✓
Debt facility	✗	✓	✗
Interest payable	✗	✓	✗
Security taken on Inventory or other assets	✗	✓	✓
Covenants in place	✗	✓	✗
Management accounts and borrowing base certificates	✗	✓	✗
Use of funds pre-determined	✗	✓	✗
Advance rate subject to Net Orderly Liquidation Value	✗	✓	✗
Regular independent evaluations	✗	✓	✗
ICT maturity required (to transfer data)	✓	✗	✗
Inventory segregation (if required)	✓	✗	✗
Inventory tracking (if required)	✓	✗	✗

Business Model Canvas: Our Value Proposition

Inventory funders

Supply@ME creates a market

For existing and potential funders, we are opening up a new asset class and offering access to an untapped alternative to receivables, with strong returns. Corporates across the globe are taking 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 cash flow and the demand for funding to alleviate this has never been greater. 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 underwriting their inventories via the Supply@ME platform.

It offers diversification

Supply@ME offers investors further diversification through an asset class which has limited correlation with other types of securities. Real assets have historically exhibited a lower correlation to a wide variety of investment alternatives, with returns varying depending on the type of real asset. The performance drivers for real assets are fundamentally different from other types of securities. By expanding into asset classes with lower correlations, such as the warehoused goods in funded business' inventories, investors may benefit from greater diversification. Real assets have also exhibited a greater ability to hedge inflation than the broader equity and fixed income markets. Finally, real assets typically offer stronger returns during periods when inflation is rising.

And overcomes the fraud risk which has prevented the growth of this asset class to date

Supply@ME's proprietary technology enables real time monitoring of stock levels and whereabouts, mitigating the fraud risk which has prevented the development of this asset class. Traditional financial institutions are not specialists in inventory. Historically, the risk of fraud due to infrequent and imprecise monitoring combined with the unattractive prospect of disposing of unsold inventory has reduced engagement with this asset, with lenders offering restrictive terms and unattractive rates. However, the need for a commercial facility for inventory is clear. Supply@ME has developed systems and technology which remove the barriers to entry and provide certainty and security for funders.

Client companies

Supply@ME solves a problem for client companies and facilitates growth

The problem which Supply@ME solves is common across every business that retains physical goods – historically, inventory has been an unattractive asset to fund for financial institutions. It has been perceived as high risk and liable to fraud due to the reasons stated above. Supply@ME is providing a means for businesses globally to improve their capital positions by providing access to funding based exclusively on the value of their inventory. In turn, businesses can deploy these funds to facilitate growth.

Flexible

Any business which retains physical goods can avail and benefit. Supply@ME can fund a portion of a business' inventory or the entirety. The process can be completed and funds released within 40 days and a typical contract lasts for three years across three annual sales cycles. It is intended to offer funders certainty through seamless integration with a business' existing stock monitoring systems, without creating friction or delaying processes for the businesses which hold the stock. Furthermore, Supply@ME's sophisticated monitoring tools mean it does not need to take physical ownership of any stock; stock remains in the warehouse of the funded business.

Cost-effective

Supply@ME offers a significantly more cost-effective option for businesses than traditional financing, without businesses incurring debt. Traditional inventory financing options heavily discount the value of the inventory, are offered with multiple covenants, or are only available on receivables. This has impacted businesses' ability to generate cash flow until goods are sold. The Supply@ME solution can offer 80-90% of the value of the stock with fewer conditions. As a legal true sale of the inventory, Supply@ME's solution also means that businesses do not incur debt, further improving their capital positions.

Straightforward

We have invested heavily in our inventory monitoring technology to ensure that it plugs seamlessly into existing systems and enhances monitoring. Traditional financial institutions are not specialists in inventory. Historically, the risk of fraud due to infrequent and imprecise monitoring combined with the unattractive prospect of disposing of unsold inventory has reduced engagement with this asset, with lenders offering restrictive terms and unattractive rates. However, the need for a commercial facility for inventory is clear. Supply@ME has developed systems and technology which remove the barriers to entry and provide certainty and security for funders.

For shareholders

Supply@ME has proven its concept, with a successful initial transaction, and has learned from the challenges which all start-up businesses face. The business is now actively pursuing clear opportunities for growth, with the support and backing of global businesses.

The completion of the inaugural inventory monetisation transaction was a watershed moment, providing irrefutable proof of concept and removing the barrier which had prevented many corporates from engaging. This prompted a significant increase in interest, with many corporates renewing engagement, particularly in the UK and Italy. The business is now on a clear growth trajectory.

Supply@ME has first mover advantage, few competitors in its target geographies, and has spent several years familiarising corporates in multiple sectors with how the Supply@ME platform works. This has enabled the business to build a pipeline of client companies in multiple countries.

We have also attracted a highly experienced panel of directors and advisors in the appropriate areas of expertise, who each have an acute focus on governance matters. As the business has grown and adapted, it has attracted an increasingly high calibre of people – including Albert Ganyushin (former Euronext and NYSE), Alexandra Galligan, Amy Benning, Nicola Bonini, Mark Kavanagh, Stuart Nelson and Alice Buxton – recognised experts in their respective fields. Their experience has contributed to our significant progress, providing market knowledge and know how to the business.

Business Model Canvas: Our Value Proposition

Country breakdown

Core markets



Italy

As the awareness of our Inventory Monetisation Platform, and its associated offer grows, following the inaugural Italian transaction, there is increasing interest from larger corporates, with greater levels of monetisable inventory. Discussions have also been reignited from businesses, which had first been introduced to Supply@ME before the pandemic and with the success of our first Inventory Monetisation (IM), have got back in contact. Our pipeline of Italian corporates is growing and we are developing the options to facilitate further IMs with VeChain and also with traditional Inventory Funders.

The publication of the Pegno non Possessorio (the “PNP Regulation”) in the Official Journal of the Italian Republic in January is providing increased opportunities for our self-funding and white-label business model. We also expect the PNP Regulation will create further opportunity for traditional Inventory Funders to invest in IM transactions considering the proposed improvements to the legal enforceability of guarantees over the inventory, through the arrangement of self-funding and/or white-label agreements, which leverage the Platform.

Client companies originated in Italy of GBP equivalent £162.5m as at 21 April 2023 (43% of the current pipeline)

United Kingdom

Origination in the UK has continued to grow with client companies ready for on-boarding and progressing through the due diligence process. Client companies have been sourced through Supply@ME’s strong relationships held with a global eco-system of introducers which have also enabled the growth in a wider European portfolio of client companies; including opportunities in France and Germany. There are several larger ticket opportunities to monetise inventory subject to the appropriate structure and funding being in place. As the Company continues to onboard the existing pipeline and build its track record, this will unlock further related client company opportunities.

Client companies originated through the UK of GBP equivalent £212.1m as at 21 April 2023 (57% of the current pipeline)

Future markets



Middle East and North Africa (MENA)

The focus of our pipeline, at the moment, is on European markets. However, we continue to view the MENA region, particularly the UAE as a key growth market in the longer term. Following last year’s successful transaction between TradeFlow and Cargoes Finance by DP World, we are in discussion towards a first transaction in relation to the core Supply@ME offering. Additionally, we remain in contact with a bank operating in Saudi Arabia regarding a white-label tender, though that has been delayed for operational reasons due to the bank’s business priorities.

Finally, with the objective of prioritising the traditional funding routes and optimising its capability plan, the Company temporarily placed the Shariah project on hold, waiting for the optimal time to go to market.

United States

The Company intends to conclude the project started with a Big 4 consultancy firm aimed at conducting a dedicated assessment regarding the application of the IM framework under the US GAAP. We continue to work with Anthony Brown, consulting company Epicirean Brands and The Trade Advisory, to engage with potential Inventory Funders and white-label partners on how best to structure the first IM transaction in US.

Revenue streams

During 2022 we have continued to enhance our business model, with continued differentiation of the pure fintech business (our Platform being our people and our software) from the inventory funding structure. The Platform has, an intrinsic value and can be used by other operators (such as banks or other debt funders) to improve inventory backed or based facilities. We consider it to be an enabler of each transaction. We continue to focus on growing the following active, and future, revenue streams from the Group's continuing operations:

C.IM

"Captive" inventory monetisation platform servicing ("C.IM"): this is revenue generated through the use of the Platform to facilitate inventory monetisation transactions performed by the Global Inventory Funding route and its Inventory Funders. This revenue is generated by the Group's Supply@ME operating subsidiaries. Revenue will be earned in relation to the following activities:

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

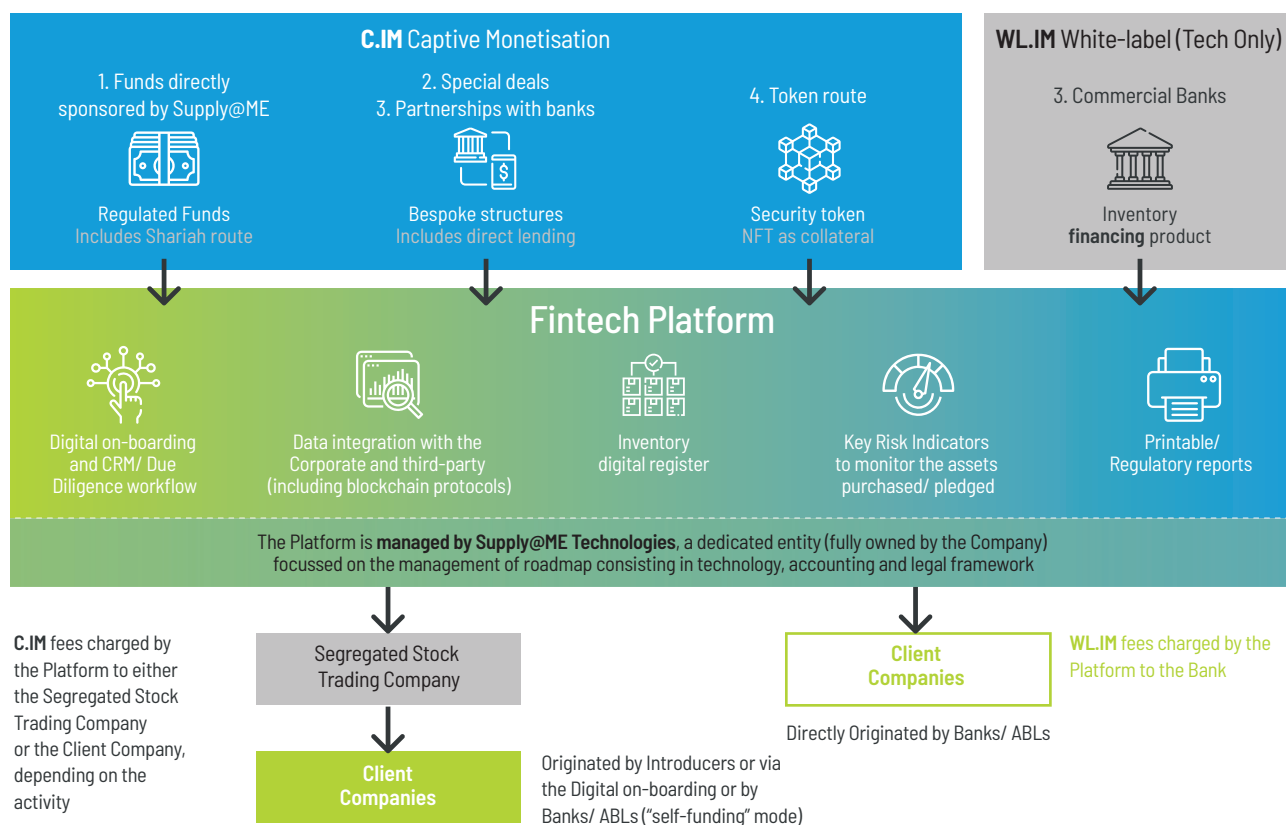
During the year ended 31 December 2022, the Group recognised £0.1m of C.IM revenue relating to due diligence fees, origination fees, IM Platform usage fees and IM service fees. When fully delivered, this stream is expected to generate revenues of approximately 1-3% of the gross value of the inventories monetised (purchase price plus VAT).

WL.IM

"White-label" inventory monetisation platform servicing ("WL.IM"): this is the revenue to be generated through the use of the Platform by third parties who choose to employ the self-funding model. When delivered, this stream is expected to generate recurring software-as-a-service revenues of approximately 0.5-1.5% of the value of each Inventory Monetisation transaction (the amount of funding provided). No WL.IM revenue was recognised by the Group during the year ended 31 December 2022.

Over the last two years of test marketing and exploration it has become clear there is a need for any regulated asset management structure involved in transactions to be separate from the core Supply@ME business. This segregation unlocks the opportunity to work with a broader range of asset managers. It also leads to the conclusion that once the TradeFlow buy back is complete the Investment Advisory ("IA") revenue stream will be discontinued.

Revenue model – platform revenue model mostly made of recurring (multi-annual) fees



Business Model Canvas: Our Value Proposition

Supply@ME's focus remains on maintaining, growing and converting a pipeline of corporates with monetisable stock, whilst attracting new Inventory Funders, starting with smaller transactions, to build a track record, and then moving to monetisations of larger values of inventory.

With the inaugural IM completed and others in process of being arranged, the foundations of positive track record are being laid by Supply@ME with the expectation that it would become progressively easier to attract new Inventory Funders to IM transactions. The appetite of Inventory Funders has also driven the Supply@ME origination team to assess potential IM amounts over GBP/EUR/USD 10m and, subject to the appropriate structure and funding being in place, there are a number of larger ticket opportunities at various stages of discussion and included in the pipeline.

The market need for inventory solutions with a proven technology platform and infrastructure from day one is continuing to drive forward opportunities for Supply@ME's client company origination and for self-funding opportunities with global and local banks. As client companies are onboarded to the Platform this allows for the generation of due diligence fees and, once the client companies have signed binding IM agreements, origination fees.

Supply@ME has continued to work diligently to build quality portfolios of client companies to attract additional Inventory Funders. Leveraging the first IM transaction made in 2022, Supply@ME, as the provider of the Platform and inventory servicer, is now working on the following funding routes:

Inventory Funders via the Global Inventory Fund ("GIF")

Replacing the Cayman-based structure serviced by APEX Group, advised by TradeFlow, Supply@ME is evaluating the option of sponsoring the creation of an independent inventory trading business (consisting of a group of operating stock companies across the targeted jurisdictions) and, in the future, a European structure together with a market-leading fund service provider and to build, progressively, a multi-asset management model where the Group can also cooperate with further European and UK authorised asset managers.

Special situations / deals

Supply@ME also recognises the importance of allowing initial traditional Inventory Funders to build up a bespoke funding structure on top of the stock companies (trading companies which deliver the IM transactions by using the Platform). This route can be built through dedicated securitisation issuances or similar direct investing structures, which are still being considered.

Direct partnerships with banks

Global and local banks have expressed an interest in using the Platform to directly serve their clients. Supply@ME has developed two alternative approaches for such banks, including the "self-funding" model (where a bank will be able to use the Platform, including the legal and accounting framework provided by Supply@ME, to fund companies that are already clients of such bank) or the "white-label" model (where a bank will only use the technology components of the Platform to fund directly such bank's existing clients).

Token route

As per the RNS of 21 December 2022, the Company aims to involve multiple liquidity providers to deploy new IM transactions (including crypto asset managers and direct investors through liquidity pools partnerships) in line with the goals of Phase Two of the Strategic Agreement with VeChain Foundation ("VeChain"). In this regard, Supply@ME is compiling, from its global pipeline, a portfolio of potential client companies with up to approximately US\$50m of inventory to be monetised across such portfolio. This reflects the residual commitment of US\$8.5m budgeted by VeChain and, the objective to raise additional capital from the VeChain community and other crypto/digital assets investors.

Our Platform

The Supply@ME platform is a unique bespoke set of connected plug and play modules that allows Supply@ME to offer innovative ways for:

Prospective clients to propose inventory for monetisation through the **Due Diligence Module** which allows:

- > Supply@ME to:
 - > Analyse and identify 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 funders
- > Supply@ME to represent clients to prospective funders
- > Supply@ME to offer signature of contracts

Clients are then granted access to and trained on the Trading module which allows important interactions between the Client, Supply@ME (as inventory servicer), and the Stock Company (owned by the Global Inventory Fund).

The **Trading Module** allows:

- > Clients to upload inventory transactions via web upload or an API connection to their ERP
- > Automated inventory eligibility and other key client parameter checks that allow the trade to fully comply with the contractual obligations
- > Production of e-signature contracts for signature by the Stock Company and the Client, which legally cements the transaction
- > Tracking of activities using workflows and dashboards

The **Monitoring and Tracking Module** allows:

- > Stock Company to ingest periodic updates of data from various sources including the client's ERP system
- > Comparison of key data points to track for inventory anomalies, including IoT data
- > Tracking of inventory performance against agreed KPIs
- > Production of anomalies / KPI activities to be remediated
- > Tracking of remediation follow up including independent inspections of inventories
- > Ingestion of data into the Reporting module

The **Reporting Module** allows:

- > Production of standard report packages
- > Collaboration between parties for queries
- > Production of regulatory reporting reports

Our Platform

As explained above, the platform is built in a modular format that allows for effortless white-labelling, where an institution can deploy all or some of the modules as required to suit their needs.

The platform is built in an MS Azure environment with in-built cloud monitoring and security packages to ensure all data controlled and processed is done so safely and securely, and any potential data threat is easily detected and remediated. The security package sits hand in hand with Supply@ME's bureau of policies surrounding data protection and retention.

Client, investors, and other third parties can rest assured that not only is their data safe, but also the above modules make it so that they can easily achieve transparency on inventories traded and held.

The key to Supply@ME's platform is the scalability in combination with its unique business model and legal framework. The platform is able to carry out many automated tasks keeping the staffing of the inventory servicer lean.

Platform updates

In last year's report we noted that our platform has an intrinsic value. Over the past year, we have continued to improve it 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 our monetisation portfolios, both in terms of geographies and industries.

The first and most visible progress has been in the strength of our team. We have made key hires to enhance our infrastructure, database, inventory and analysis capabilities. We are proud both of the calibre of the people whom we have attracted to our growing team and what our increasingly multidisciplinary team has allowed us to achieve. Alongside our significantly enhanced in-house team, we have also established vital partnerships with the Software Factory and others which have enabled us to positively revise our roadmap and the timeline for enhancements. Improvements to the platform are often incremental, but when compared with 12 months ago, the progress has been immense.

The key areas of development can be broken down into four categories:

Cloud

In last year's report, we outlined our goal to have two cloud environments: MS Azure for the monetisation of warehoused goods and AWS for those in-transit. As above, we now have a dedicated MS Azure cloud environment which enables us to scale the business at pace. It also allows for multi-tenancy, meaning that we can provide current and prospective clients and partners with multiple solutions from across our funding routes.

Data

Data and analysis are core to our business model and what makes Supply@ME's platform distinct. In 2021's annual report we acknowledged the critical role which data ingestion services have in the platform's operations and their enhancement has been a core focus in 2022. The Supply@ME Data Factory allows for the level of data ingestion we have envisaged alongside API management and the automated application of key business rules. Finally, it has enabled us to create a unique inventory data-lake to design & develop advanced inventory data analytic metrics such as seasonality, obsolescence risk, critical components, margin and sales trends, inventory risk scores.

Security

Data is at the core of our business and as more and more corporates trust us with their data, we are highly cognisant of the need to protect this trust by constantly evolving our security. We have worked diligently to mitigate the threats posed to the business from cyber risks and ICT compliance risks. We have continued to improve our cloud security and application access, while our monitoring and support services have been significantly reinforced. We are now registered with the Information Commissioners Office, under number ZB401287.

Web3

This year we also launched our first Web3 solution, implementing a key Web3 partner transaction by adopting the VeChain Thor blockchain protocol. Integrating the technology to make Supply@ME's Inventory Monetisation platform ready for Web3 will help us to introduce inventory as a new asset class to a broader range of investors. It also means we are able to harness the developments in this nascent sector at pace, including the ability to explore the issuance of NFTs, participating in digital ownership and business-to-business (B2B) marketplaces, decentralised finance and tokenised governance protocol. Furthermore, the registration of the inventory assets on the blockchain give additional comfort to any inventory funders that the assets funded are under their immutable ownership.

Working with Zoosh

“ As a breakthrough ICT house and innovative software technology factory, we at Zoosh are extremely excited to bring to the table our Agile design and development practices and related software product strategies to assist Supply@ME with the acceleration of their disruptive software platform evolution. Our team are stimulated by the unique domain challenge, the innovative Supply@ME product roadmap and the ultimate vision for this proposition. We are working with Supply@ME to rapidly advance their technological ambitions with the delivery of a scalable white-label platform that is enriched with a best-in-class user experience. ”

Zoosh

Key Strategic Priorities

Our three Key Strategic Priorities as outlined in the prospectus in March 2020 are:

1. Become the best fintech at Inventory Data Monitoring
2. Develop a “phygital” fintech funding strategy
3. Spread a highly scalable global business

Progress against these strategic priorities in 2022 are detailed in the next pages.



1. Becoming the best Fintech Inventory Data Monitoring Business

Priority	2022 Progress
Integrate platform with bank accounts	Currently on hold Supply@ME observed that the current API (Open Banking) ICT maturity environment is still not sufficient to prepare integrations with bank accounts of corporate clients. On the other hand, to target the same goal, Supply@ME enhanced its monitoring processes with reference to potential integrations with corporate client's information systems to gather data from their businesses.
Due diligence/ onboarding digitisation	Ongoing The completion of the inaugural inventory monetisation has enabled us to further test and refine our onboarding while our growing pipeline, which now spans an increasingly broad spectrum of industries, places new and welcome challenges on our due diligence processes. The introduction and refinement of our due diligence digital workflow allows us to have greater oversight on pipeline activities and prioritisation. Following the evolution and the scalability of our offering, these changes will be incremental and aligned with geographic or industry needs.
Enterprise Resource Planning (ERP) fully integrated	Ongoing The data-ingestion cloud-based scalable component purchased and customised during 2022 will allow the Platform to integrate multiple-data sources (for example ERP, Warehouse Management Systems, etc.), underpinning the management of an inventory analytics data hub in line with Supply@ME's strategic goals.
Internet of Things ("IoT") (smart cameras, Radio Frequency Identification RFID) integration for inventory off-site monitoring	Ongoing The data-ingestion cloud-based scalable component purchased and customised during 2022 aimed at monitoring data directly gathered from the information system of the corporate clients, creates the basis to study future integrations with IoT-based smart factory and/ or smart product initiatives developed by the most technology mature corporate clients.
Remarketing digital workplace (e-marketplace where remarketer can monitor, and place signed Inventory purchase offers)	Ongoing The remarketing activities represent a key requirement of the Inventory Monetisation model since they mitigate the risk for the inventory funders to manage, directly or indirectly, the disposal of any unsold goods and, from another perspective, improve the selling capabilities of the over-all model to not only rely to the performance of the corporate clients. In this regard, Supply@ME continues to work with inventory disposal specialists in order to develop a standard framework, underpinning the remarketing phase. Additionally, on 28 June 2022, Supply@ME announced the strategic alliance with VeChain Foundation and the launch of the Web3 stream. Specifically, the phase 2 of the latter alliance has an expected roadmap of Web3 features which includes, among things, the issuance of Non-Fungible Tokens ("NFT"), digital ownership and B2B marketplaces.

Key Strategic Priorities

2. Developing a multi-channel funding strategy

Priority	2022 Progress
Client Company – strategy	Europe (including Italy) The Group's Marketing and Sales Team works with a select panel of originators and local business introducers who continue to make introductions to high quality businesses. As the awareness of IM grows, following the first IM transaction, Supply@ME is also seeing 'larger ticket' opportunities. The Group has built a strong pipeline in Italy and other European jurisdictions to facilitate further IMs with VeChain in "Phase Two" and other traditional Inventory Funders. Supply@ME is also seeing more opportunities for self-funding with local banks across Europe and their client companies. For example, Supply@ME is currently working with: > an Italian bank and a Big 4 accountancy firm to secure an IM transaction with an IM value of up to €10m, which involves an existing client of the relevant Italian bank; and > a consortium of European investors for a securitisation issuance to fund an IM transaction with an IM value of up to €5m, which will involve at least one Italian and one UK client company. Furthermore, the Company believes the new PNP Regulation, will create further opportunity for traditional Inventory Funders to invest in IM transactions in light of the proposed improvements to the legal enforceability of guarantees over the inventory, through the arrangement of self-funding and/or white-label agreements, which leverage the Platform. United Kingdom Origination in the UK has continued to grow, with client companies sourced through Supply@ME's strong relationships held with a wide eco-system of introducers which have also enabled the growth in the European portfolio of client companies. There are several large ticket opportunities to monetise subject to the appropriate structure and funding being in place and as the Company continues to build its track record, this will unlock further client company opportunities. Additionally, as stated above, Supply@ME is working with a consortium of European investors for a securitisation issuance to fund an IM transaction with an inventory monetisation value of up to €5m, which involves a first UK client company and at least one Italian client company. Middle East and North Africa (MENA) Business opportunities in the UK and Europe continue to be Supply@ME's core focus, but progress is also being made for future IM transactions in the MENA region, particularly in the United Arab Emirates, supported by a select panel of local partners and brokers. More specifically, leveraging the partnership agreement signed in 2022 by TradeFlow and Cargoes Finance (by DP World), Supply@ME started to work directly with DP World to structure an IM transaction. As previously announced, the Company remains in discussions with a bank operating in Saudi Arabia regarding the white-label tender, though that has been delayed for operational reasons due to the bank's business priorities. Finally, with the objective of prioritising the traditional funding routes and optimising its capability plan, the Company temporarily placed the Shariah project on hold, waiting for the optimal time-to-market. United States The Company intends to conclude the project started with a Big 4 consultancy firm aimed at conducting a dedicated assessment regarding the application of the IM framework under the US GAAP. In parallel, leveraging the partnership with Anthony Brown, consulting company Epicrean Brands and The Trade Advisory, Supply@ME continues to engage with specific potential Inventory Funders and white-label partners on how best to structure the first IM transaction in US. As previously stated, while Supply@ME sees a number of opportunities in the US, the Company's current priority is to concentrate, for now, on its core markets.

3. Creating a highly scalable global business

Priority	2022 Progress
Funders	Supply@ME has continued to work diligently to build quality portfolios of client companies to attract additional Inventory Funders. Leveraging the first IM transaction made in 2022, Supply@ME, as the provider of the Platform and inventory servicer, is now working on the following funding routes: Inventory Funders via the Global Inventory Fund (“GIF”) Replacing the Cayman-based structure serviced by APEX Group, advised by TradeFlow, Supply@ME is evaluating the option of sponsoring the creation of an independent inventory trading business (consisting of a group of operating stock companies across the targeted jurisdictions) and, in the future, a European structure together with a market-leading fund service provider and to build, progressively, a multi-asset management model where the Group can also cooperate with further European and UK authorised asset managers. Special situations / deals Supply@ME also recognises the importance of allowing initial traditional Inventory Funders to build up a bespoke funding structure on top of the stock companies (trading companies which deliver the IM transactions by using the Platform). This route can be built through dedicated securitisation issuances or similar direct investing structures, which are still being considered. Direct partnerships with banks Global and local banks have expressed an interest in using the Platform to directly serve their clients. Supply@ME has developed two alternative approaches for such banks, including the “self-funding” model (where a bank will be able to use the Platform, including the legal and accounting framework provided by Supply@ME, to fund companies that are already clients of such bank) or the “white-label” model (where a bank will only use the technology components of the Platform to fund directly such bank’s existing clients). Token route As per the RNS of 21 December 2022, the Company aims to involve multiple liquidity providers to deploy new IM transactions (including crypto asset managers and direct investors through liquidity pools partnerships) in line with the goals of Phase Two of the Strategic Agreement with VeChain Foundation (“VeChain”). In this regard, Supply@ME is compiling, from its global pipeline, a portfolio of potential client companies with up to approximately US\$50m of inventory to be monetised across such portfolio. This reflects the residual commitment of US\$8.5m budgeted by VeChain and, the objective to raise additional capital from the VeChain community and other crypto/digital assets investors.

Key Strategic Priorities

For the first time, the Board would also like to share shorter term goals for 2023 which will contribute to the Group's ability to achieve its long term aims articulated above.

Build a track record

The team are focused on establishing a solid track record of inventory monetisations across Supply@ME's initial core markets of UK and Italy and expect to have a first portfolio of transactions executed within the next six months, following the publication of this report. The establishment of this initial track record will allow the Group to build out its more predictable recurring revenue base.

Expand the pool of Inventory Funders

The team are also committed to broadening the possible inventory funding routes and ensuring we have the ability to facilitate inventory monetisations with a range of different funders. Part of this goal is to build funders understanding of Supply@ME's offering by clearly articulating its benefits as a, largely, untapped asset class. As well as demonstrating the corporate clients and their specific items of inventory available to invest. A key element of this is the explanation of the types of clients and inventory which will not pass our Due Diligence processes to access the platform.

Maintain a solid pipeline of targeted corporate clients

The solution which Supply@ME offers helps a range of companies. The approach to attracting and targeting companies on our target company list, in order to help solve their potential cash flow issues, is still evolving. This will help us to continue to build the corporate client pipeline. In particular, the frequency of inventory turns and volume of inventory to be monetised will be key considerations.

VeChain: Building a Track Record

The problem

Inventory has, historically, been viewed as an unattractive investment for traditional funders. The risk of fraud due to infrequent and imprecise monitoring, combined with the prospect of disposing of unsold inventory has reduced engagement with this asset, with lenders offering restrictive terms and unattractive rates. Yet the need for a commercial facility for inventory was clear; the stock which businesses held, largely acted as a cash drain until it was sold. The shift to “just in case” exacerbated the issue. Businesses are now holding more stock with higher incumbent costs. Yet, traditional funding models remain restrictive and onerous. Supply@ME’s founding goal was to change this dynamic, to develop a platform that enables funders to confidently invest in inventory, thereby unlocking a new, untapped real asset class while providing a new model of accessing capital in the supply chain for manufacturing and trading businesses. Proving this concept required a visionary partner, who was willing to embrace this goal and be the pioneer funder.

The solution

In 2022, Supply@ME and VeChain formed a strategic partnership to complete the first inventory monetisation using Non-Fungible Tokens (NFTs). The initial transaction was worth EUR 1.6m and allowed enhanced cash flow and better access to working capital for a client company which builds industrial and specialised vehicles, manufacturing in Italy, the USA and Africa.

Within a few months, the client completed its first ‘buy back’, purchasing 100% of the initial monetised inventory to put back into their manufacturing process at the appropriate timing to fulfil their order pipeline to its end customers.

This provides further evidence of the strength of the Supply@ME proposition and its ability to model future demand from client companies and provide greater security for funders. During the period between initial monetisation and the ‘buy back’ Supply@ME monitored the inventory to ensure the client’s custodianship of the inventory was in accordance with the contract.

Underpinned by blockchain technology, specifically VeChainThor, the Supply@ME platform enables investors to have real-time oversight of the inventories, which remains untouched in the client’s (custodian’s) warehouses, while providing a seamless touch free integration with their existing systems for the clients. VeChainThor’s technology also enables the clients to monitor stock levels in real time reducing potential overstocking.

Following the successful completion of the first inventory monetisation transaction, the next phase of the agreement with VeChain will see the creation of an “Inventory Monetisation Platform 3.0”, incorporating a suite of Web3 features. Phase Two is designed to facilitate additional capital raising for IM transactions from the VeChain community and other crypto/digital asset investors. Supply@ME and VeChain Partnership will launch a liquidity pool to fund a portfolio of potential Client Companies, from within Supply@ME’s existing global pipeline, with up to approximately US\$ 50m of inventory to be monetised. This will include a further EUR 8.4m in funding already budgeted by VeChain. Once complete, crypto asset managers and retail investors will have access to a new digital asset class linked to the real economy and can contribute to multiple monetisations.

The impact

In the words of VeChain’s CEO Sunny LU, “This partnership brought to market a highly innovative solution which employs emerging digital technologies to solve a decades old problem for businesses globally. By deploying this, VeChain and Supply@ME, together, can limit a need for overproduction, promote sustainable global development, improve cash flow for businesses and create a new digital asset class which provides capital directly to the real economy.”

It has provided the evidence which further funders needed to begin to embrace this new asset class.

Outfitting the Vehicles Sector

Enabling a business to win more government tenders and invest in further Research and Development.

The problem

Specialist vehicles, from ambulances and fire engines to mobile laboratories, civil defence and roads rescue and public safety vehicles represent a capital-intensive industry, requiring exceptional research and development expenditure to keep pace with cutting edge technology, procurement requirements and safety standards. Supply@ME's client has been a market leader in the production of specialist civil and off-road vehicles for over 30 years. Government tenders represent a key pillar of their business revenue. The nature of these purchases means that the business has significant warehousing requirements for vehicles until an order is completed, sometimes numbering hundreds of bespoke machines. This invariably places a strain on cash flow.

Every day this capital is parked, literally, it is not being deployed in research and development. Historically, the business has turned to receivables financing to alleviate some of this strain and to free up cash. However, the nature of these facilities, focusing on providing a bridge between delivery and payment, offers no solution for the months while the full consignment of vehicles are being produced, the parts assembled and a near complete fleet idling in warehouses. Capital locked up in inventory is not being spent on the necessary improvements to meet a new tender, expand operations, employ more staff or realise market opportunities.

The solution

The independent stock trading company purchased through a commercial agreement a tranche of the businesses inventory, with the client company receiving funds to free up cash flow. This process has been designed to be frictionless. The inventory stays parked where it is. Production does not slow and orders are met, yet the funds now exist to do more. Supply@ME as inventory servicer selects the eligible inventory through its due diligence process before proceeding to contracts and Stock Company releasing the funds. It offers a rate comparative with traditional financing facilities, with the goal to complete new monetisations within 40 days.

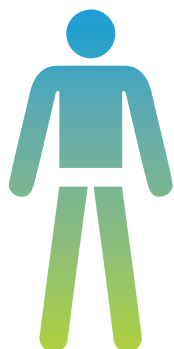
The impact

The business received funds of Euro 1.6m, with the further opportunity to monetise more inventory in the future, providing them with the cash flow to invest significantly into next generation research and development and enabling them to compete for and win more governmental mandates. It has improved the business' balance sheet, reducing inventory and improving working capital management, whilst not taking on additional debt. This provides a new opportunity for the business to enable it to grow, supporting it to better realise its full potential.

Our Team

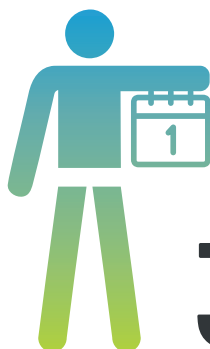
(excluding TradeFlow)

Permanent and fixed term contractors



19

Day-rate contractors



3

Our team is based in 13 locations across three European countries

Chief Executive Officer



1

Finance



3

Operations and Due Diligence



7

Technology and Product



5

People



1

Risk



1

Sales and Marketing



4

Female

50%

Male

50%

Less than 1 year tenure

5

1 to 2 years tenure

8

2+ years tenure

9

Our Leadership Team



Amy Benning

Chief Financial Officer (1)

Amy gained Chartered Accountancy qualifications in New Zealand while working with KPMG on a range of clients across various industry sectors. On moving to the United Kingdom, Amy worked briefly with BP's shipping arm, before moving to PwC's London Capital Markets Team where she spent 12 years focusing on technical accounting, mergers and acquisitions and initial public offerings for a wide range of clients. In 2018, Amy moved to Alfa Financial Software Holdings PLC, a UK main market listed company and developer and provider of software for the automotive leasing sector. As Finance Director, Amy was responsible for the team which managed accounting, reporting (internal & external), corporate governance, audit, systems, process improvement, controls and transactional accounting. Amy joined Supply@ME in June 2021.

Stuart Nelson

Group Head of Enterprise Risk Management (2)

Stuart is an experienced credit risk analyst, with global experience of assessing the risk of financing solutions across multiple asset classes. Having begun his career at JPMorgan in the EMEA Emerging Markets Team in 2000, he then spent almost two decades in leadership roles at S&P Global Ratings. During his time at S&P, he managed multiple teams across the European office network in London, Milan, Frankfurt, Madrid and Paris, focusing on the assessment of asset securitisation in all sectors, with oversight of ratings on securities of more than €50bn equivalent over that period. From 2015, he concentrated his attention on the refinement and validation of risk methodologies across a global spectrum of asset classes. Stuart joined Supply@ME in 2020, where he monitors all aspects of the risk and operational functions.

Alice Buxton

Chief People Officer (3)

Alice is a HR leader motivated to help businesses succeed by creating environments which enable individuals, teams and leaders to thrive. She has considerable experience in the Financial Services and fintech industries. Prior to joining Supply@ME she built the Global Talent function at Greensill, helping the business grow its workforce from 250 to over 1200 in multiple jurisdictions in just over two years. Previously she worked as an Executive Director in Goldman Sachs Human Capital Management Division, focusing on the EMEA Trading floor and Risk, Audit and Compliance teams attracting and developing high potential talent. Before this she worked in Talent Acquisition for Ernst and Young's London office, recruiting for their risk and advisory business. Alice has a BSc in Psychology, MSc in Human Resource Management and is a qualified corporate and executive coach. Alice joined Supply@ME in June 2021.

Mark Kavanagh

Group Head of Operations and Transformation (4)

Mark is an experienced Risk Leader with over 25 years in Credit & Risk functions. Before joining Supply@ME, Mark worked for Greensill Capital as Head of Product Risk. Whilst there, he implemented accounts receivable (AR) policies and procedures, installed an AR platform, helped Greensill expand territorially, and trained the Credit team on any new product offerings, acquisitions and integrations. Prior to that, he worked for GE Working Capital Solutions (the monetisation arm of General Electric group) for 15 years, heading up their European Credit Team, managing the auto scoring and decisioning system, and ensuring processes were safe and efficient. Mark joined Supply@ME in June 2021.

Nicola Bonini

Group Head of Origination (5)

Nicola has more than 20 years' experience in balance sheet lending and cash flow finance, gained during her time at some of the UK's most prominent banking institutions. Previously, she was Vice President and Head of Commercial Finance at Bank Leumi (UK) PLC, where she managed a portfolio of companies with turnover of up to £1bn. Before this, Nicola served as Executive Director at Falcon Group UK, where she joined the newly formed UK inventory finance team. Nicola has also held senior, high-profile business development and relationship management roles at major banks, including BNP Paribas, The Royal Bank of Scotland and Bank of Scotland Corporate. Nicola joined the team in September 2021 to take a leading role in business development, client onboarding and retention at Supply@ME.

Team Q&As

Maria Mingari

Senior Credit Analyst

Can you outline your career to date?

I joined Supply@ME in March 2020 after spending 23 years as a credit analyst, almost entirely with Cerved Group, half of this working in business information and the other half for Cerved Rating Agency, although the company did change hands a number of times. I worked across a range of areas relating to credit risk, from analysing prospects to supporting the sales and marketing of the business as it grew. My experience covered the analysis of multiple companies and related sectors from commodities to furniture and everything in between and, over the course of my career, I have encountered a vast array of businesses and their operating models.

What attracted you to Supply@ME?

Alessandro contacted me in early 2020 and when I heard about Supply@ME and what it aimed to do, I was sold. I have seen first-hand how access to funding and availability of credit is critical for many businesses; regardless of their size and stage of development. What Alessandro outlined was not only an innovative alternative finance tool, but also non-traditional instruments, such as blockchain. I saw the potential for this to change the market in terms of access to credit and liquidity for potentially thousands of businesses, not only in Italy, but globally. It was an opportunity I didn't want to miss.

Can you tell us about your role at Supply@ME?

As a Senior Credit Analyst, I oversee the various onboarding stages for potential client companies working closely with our sales and marketing teams both in Italy and the UK. At the first analysis stage, we look at whether we can support a prospect, whether the inventory they holds meets the pre-determined criteria, or if there are any factors that would rule it ineligible for monetisation, for example, inventory such as perishable goods or those governed by regulations, for example pharmaceuticals, do not meet the pre-determined eligibility criteria. Following on from this, the due diligence and onboarding stage includes preliminary credit risk analysis, both actual and forward looking, and analysis of the sector within which the company operates, the market for their inventories and the specific sales cycle.

These factors all allow us to gain a detailed understanding of the specific business and to conclude on which inventory items, if any, meet the eligibility criteria for monetisation. The level of demand from our pipeline has increased dramatically since our inaugural monetisation in 2022. There has always been a steady level of interest, particularly from small and medium sized businesses, however, now we are seeing regular enquiries from some of Italy's largest manufacturers, alongside the SME enterprises that make up the majority of the Italy's current economic structure. The levels of inventory which businesses are looking to monetise has also increased over time.

What does the future look like from your perspective?

We have overcome the initial hurdles and the business is now gaining traction in our core markets. Enquiries from new potential client companies are coming in daily, and the amount that businesses want to monetise continues to increase. The problems which Supply@ME solves are not exclusive to Italy or the UK. Businesses across Europe can benefit, likewise for the US and Middle East. The opportunity for Supply@ME geographically provides an exciting future ahead. Continuing to improve our technology availing more fully of Web 3.0 and blockchain will also provide further opportunities for growth. The business has achieved and evolved a lot since I joined three years ago, and it is an exciting time to be a part of the Supply@ME team.



Angel Poyato

Head of Inventory Analysis Engine

Can you outline your career to date?

I joined Supply@ME in August 2022, having spent more than a decade managing supply chain operations for various international firms across Europe, Hong Kong and the US. A large part of my work has focused on working with different enterprise resource planning (ERP) software that helps companies to understand their supply chains via data analysis. My experience to date spans a range of supply chain functions, from logistics and purchasing to auditing and quality control, which means I have a first-hand insight into the challenges clients of Supply@ME face when managing their inventory – and how detailed data collection, analysis and monitoring can pinpoint and overcome them.

What attracted you to Supply@ME?

Having worked across every function of supply chain management, I thought I had seen the extent of what ERP systems and data analysis could do. However, the technological capabilities that sit behind the platform Supply@ME is building are completely new. There are no competitors in the market, which means there is no blueprint for our solution. Our Platform is constantly evolving and has already become more efficient since I joined the business, and I find that really exciting. I was also drawn by the opportunity to work with the experienced management team already in place at Supply@ME.

Can you tell us about your role at Supply@ME?

As Head of Inventory Analysis Engine, my role is to manage how we assess the risk of inventory. I like to think of it as a control tower, where we are building a 360-degree view of the risks of holding certain types of inventories and how that might change over time. This process informs both our due diligence processes internally, before we agree to work with a company that has warehoused goods, and on behalf of the investors who provide the funds for inventory monetisation transactions. Once we have distilled the appetites of potential inventory funders into inventory KPIs, I use the supply chain and inventory data we collect to report on that basis. Alongside managing these reporting requirements, I work with our vendors and software providers and developers to maintain and continue building out Supply@ME's proprietary inventory analysis engine.

What does the future look like from your perspective?

Our proposition for client companies is clear: to help them improve their working capital positions. While there are alternative funding options on the market, our digital capabilities really are a brand new, novel solution. Supply chain data does not always tell a clear story and sharing that data externally is an even tougher challenge. So, the inventory reporting capability we are building out will be a unique element that really makes our platform unique. One of my priorities this year is to advance the reporting provision, to ensure we are collecting data from client companies in the most efficient way and delivering action-oriented insights based on companies' data, which will reinforce our position as the leading fintech for inventory monetisation.



Engaging with our Stakeholders

Directors' statement under section 172 (1)

The following disclosure forms the Directors' statement required under the Companies Act 2006 on how the Directors have had regard to the matters set out in section 172 (1) (a) to (f) in performing their duties. The Board recognises that engagement with its stakeholders is fundamental to the long-term success of the Group and considers the views and interests of all key stakeholders in its decision-making. Below is a summary of how the Board engaged with each key stakeholder group during the year.

Our people

The Board recognises the critical importance of our growing team – a motivated, committed, engaged workforce is essential for the Group's success.

The Executive Directors work closely and collaboratively with our global team, having regular contact both formally and informally. The Chief People Officer, Alice Buxton, has developed a People Strategy, focused on growing the businesses people capability to enable successful business growth and cultivating an engaged and high performing workforce. During 2022, an employee experience and engagement survey was undertaken to assess the employee experience at Supply@ME. The results demonstrated high levels of trust in the organisation and also among colleagues, with members of the team able to volunteer their views, be listened to and have their ideas considered, which is essential for an innovative growing business. The results from the survey have helped to develop the people focused goals for 2023, focusing on the retention, and internal growth of individuals and teams for future success, demonstrating Supply@ME's commitment to this important group of stakeholders. In 2022, Supply@ME also implemented its Long-Term Incentive Plan with the goal of rewarding and retaining specific employees for reaching goals that lead to increased shareholder value. The Board will continue to engage with our people to ensure areas of importance are prioritised.

Our shareholders

The continued support of our shareholders is vital to the long-term success of the business. We aim to engage with our shareholders in line with the Group's strategic objectives and delivery of these, with the overall aim of delivering value to all our stakeholders.

The Group continually seeks to improve its engagement with shareholders, both private and institutional investors. During 2022, assisted by the investor relations team, focus has been placed on disseminating information to the market in a timely manner, as well as monitoring and responding to communications in the dedicated investor relations inbox, where it is possible to respond, for shareholders to be furnished with non-market sensitive information and to receive responses to enquiries in a timely manner. This is an evolutionary process and Supply@ME will continue to augment its investor relations function to provide more insights into the Company through regular engagement and discourse. The business has also sought to outline its business model canvas and ensure that our revenue streams and the foundations for our business are clear to external stakeholders and will update, via official regulated channels, on these components as and when material developments can be relayed.

During the year Supply@ME announced a Capital Enhancement Plan ("CEP") to provide additional commercial and financial support during the next phase of the Group's development. As part of the CEP, In July Supply@ME gave qualifying shareholders the opportunity to subscribe for up to 641,710,082 open offer shares. The Company received valid acceptances from qualifying shareholders in respect of 369,122,494 open offer shares pursuant to the open offer entitlements. In addition, the Company received applications from qualifying shareholders under the excess application facility in respect of 5,334,122,228 excess shares. We regard the oversubscription of this facility as a positive endorsement of the business and its potential.

Corporate clients

Corporate clients, both current and prospective, are a crucial stakeholder group for our business. Our platform is designed to be simple, allowing an unobtrusive user experience. We want our clients to become advocates for the business and we are committed to working with them to refine the onboarding, trading and monitoring processes. Through continuous communication our client-facing teams can build established relationships that ensure we understand and meet their business needs. This includes receiving regular feedback about our processes and product solutions and enhancing them to ensure they are best in class and continue to evolve as our customers business and the commercial environment changes. Every piece of feedback from prospective clients is also vital. We believe wholeheartedly in our proposition, and every client we onboard strengthens this belief. Ensuring that we reflect the issues which potential clients face and that our proposition is articulated appropriately is crucial to ensuring we realise our potential.

Inventory funders and fund investors

Inventory Funders are essential to our business, and the ecosystem we support as inventory servicers. We are focused on creating a new asset class in which funders can confidently invest in inventory. Where required we will evolve our business model to ensure we are reflecting the feedback and views of current and prospective funders, and regulators. An example of this is the consideration being given to sponsoring the creation of an independent inventory trading business (consisting of a group of operating stock companies across the targeted jurisdictions) and, in the future, a European structure together with a market-leading fund service provider. This over time will enable a multi-asset management model where the Group can cooperate with further European and UK authorised asset managers.



Financial Review

	2022 £m	2021 £m	Movement £m
Continuing operations			
Revenue from continuing operations	0.1	0.3	(0.2)
Operating loss from continuing operations before impairment charges	(4.6)	(4.0)	(0.6)
Impairment charges	(1.1)	(1.8)	0.7
Operating (loss) from continuing operations	(5.7)	(5.8)	0.1
Finance costs	(2.0)	(1.2)	(0.8)
(Loss) before tax from continuing operations	(7.7)	(7.0)	(0.7)
Income tax	–	(0.4)	0.4
(Loss) after tax from continuing operations	(7.7)	(7.4)	(0.3)
Loss from discontinued operations	(2.2)	(5.1)	2.9
Total loss for the year	(9.9)	(12.5)	2.6
	2022 Pence	2021 Pence	Movement Pence
Total earning/(loss) per share (EPS)	(0.023)	(0.037)	0.014

The Group's consolidated financial statements for the year ended 31 December 2022 ("FY22") have been prepared in line with International Financial Reporting Standards ("IFRS"). Given the activities that commenced in the second half of 2022 with respect to the proposed restructuring the Company's ownership with TradeFlow (the "TradeFlow Restructuring"), and the fact that as at 31 December 2022 agreement in principle had been reached with respect to the specific proposal in place at this time, 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 prior year income statement has been represented to aid comparability in line with the standard.

Subsequent to the agreement in principle referred to above, on 24 March 2023, the Company announced the TradeFlow directors, being Tom James and John Collis, provided written notice of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow (the "Buy Back"), pursuant to certain earn-out arrangements entered into in connection with the Company's acquisition of TradeFlow, the completion of which was announced on 6 July 2021. As a result of the exercise of the Buy Back, the details of the TradeFlow Restructure now need to be renegotiated, and a new independent valuation of the TradeFlow operations needs to be completed. As at the date of these consolidated financial statements, these activities had not been completed and were still ongoing.

Revenue from continuing operations

	2022 £000	2021 £000	Movement £000
Revenue			
Due Diligence fees	102	279	(177)
Inventory Monetisation fees	36	–	36
Total revenue from continuing operations	138	279	(141)

The table above provides a break down of the Group's revenue from inventory monetisation activities during the current financial year. 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 consolidated financial statements.

During FY22, the Group recognised £0.1m (for the year ended 31 December 2021 ("FY21"): £0.3m) of Inventory Monetisation revenue, of which the majority related to due diligence fees. In line with IFRS 15 ("Revenue from Contracts with Customers") the Group recognised these revenues when the due diligence services have been delivered and the Group's performance obligation has been satisfied. During the current financial year, the Group has continued to carry out, and charge for due diligence activities, and the £0.1m recognised reflects the value of those due diligence activities completed during FY22.

The reduction in the due diligence fees recognised during FY22 is primarily the result of the majority of the Group's efforts in the first half of the year, being focused on the finalisation of the strategic alliance with VeChain, alongside the efforts required to identify the most suitable client company to participate in the inaugural IM transaction and to flex the established processes and procedures to meet the requirements of the VeChain Agreement. This resulted in no due diligence revenue being recognised in the first half of 2022.

As a result of the completion of the of the inaugural IM transaction, which was facilitated using the Group's IM Platform, new revenues were recognised for the first time in respect of origination fees, IM Platform usage fees and IM service fees. 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.
- 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.

While the new IM revenue items were not significant in terms of value during FY22, the ability of the Group to successfully facilitate the first IM transaction was a significant business milestone.

Financial Review

Operating loss from continuing operations before impairment charges

During the year ended 31 December 2022 the Group continued to focus on refining and developing the business model, with significant amount of time and effort having been spent on the achieved milestones of securing a strategic alliance agreement with VeChain and finalising the contractual commitment package to deploy the inaugural IM transaction. Given the Group's innovative IM Platform and business model, the execution of both these commitments required discussions and negotiations that ran longer than the Company had originally expected.

The Group recorded an operating loss from continuing operations before impairment charges for FY22 of £4.6m (FY21: £4.0m loss). This increase is largely due to:

- An increase in staff and contractor costs of £0.9m in FY22 as the Group built out its leadership, business operations and finance teams. The majority of the build out took place during the second half of FY21 or early in FY22, with the full year impact of the costs being seen for the first time in FY22. Additionally, the Group focused on developing its ICT architecture during 2022 with the support of specific contractors. The investment in staff and contractor costs is expected to give the Group a strong foundation as it enters the next stage of development and growth.
- An increase in professional and legal fees of £0.4m in FY22 as the Group undertook the Capital Enhancement Plan which required the preparation and publication certain regulatory documents associated with the open offer and share issues. Additionally, certain professional and legal fees were incurred during the second half of 2022 in respect of the TradeFlow Restructuring.
- These increases were offset by a decrease in the amortisation of the internally developed IM Platform of £0.3m following this being fully impaired as at 31 December 2021.

Impairment charges from continuing operations

	2022 £000	2021 £000
Impairment charges from continuing operations	1.1	1.8
	1.1	1.8

The impairment charges of £1.1m recognised during FY22 from continuing operations relate to the impairment of the Group's internally developed IM platform at 31 December 2022 following an impairment test in line with IAS 36 ("Impairment of Assets"). This followed the conclusion that indicators of impairment were present, which included the prior and current year losses being generated by the assets held by the Group's Italian operating subsidiaries. In line with the going concern statement, set out in note 2 to the consolidated financial statements, there is currently a material uncertainty with respect to both the future timing and growth rates of the forecast 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 £1.1m as at 31 December 2022.

Discontinued Operations

The revenue and operating loss of the TradeFlow operations for the year ended 31 December 2022 are shown in the table below. It should be noted that as TradeFlow was acquired by the Group in July 2021, the prior year figures include the six months of results that were consolidated by the Group, whereas the current year figures include a full year of results.

	2022 £000	2021 £000
Discontinued Operations		
Revenue from discontinued operations	629	259
Operating (loss) from discontinued operations before acquisition relation costs and impairment charges	(1,054)	(438)
Transaction costs	-	(2,009)
Amortisation of intangible assets arising on acquisition	(846)	(391)
Acquisition related earn-out payments	710	(1,410)
Impairment charges	(765)	(800)
Operating (loss) from discontinued operations	(1,955)	(5,048)

TradeFlow's investment advisory revenue arises 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 are recognised when the investment advisory services have been delivered and the Group's performance obligation has been satisfied.

The acquisition related costs in FY22 arose in connection with the TradeFlow acquisition that was completed in July 2021. Further details are set out below:

- Amortisation of intangible assets arising on acquisition of £0.8m. These costs related to the intangible assets recognised by the Group in connection with the TradeFlow acquisition, which had an initial fair value of £6.9m. The £0.8m represents the amortisation charge arising on these assets for the year ended 31 December 2022; and
- Acquisition related earn-out costs of (£0.7m). Elements of the consideration payable for the TradeFlow acquisition require post-acquisition service obligations to be performed by the earn-out shareholders over a three-year period. While these legally form part of the consideration costs under IFRS 3 ("Business Combinations"), they must be accounted for as deemed remuneration through the statement of comprehensive income. The credit of £0.7m recognised in the income statement for the year ended 31 December 2022 represents the reversal of amounts previously recognised in the income statement in relation to the FY22 and FY23 earn-out payments, slightly offset by the additional amount in respect of the FY21 earn-out payments recognised in the current financial year. The reversal reflects the fact that the earn-out milestone targets were not met in FY22 and managements expectation that these targets will be met in 2023 is now remote.

The discontinued operations impairment charge relates to the goodwill recognised on the TradeFlow acquisition. As at 30 June 2022, management carried out an impairment test in line with IAS 36 ("Impairment of Assets") on the TradeFlow Cash Generated Unit ("CGU"). This followed the conclusion that indicators of impairment were present, including under performance against forecast for the first half of 2022. The result of this impairment test was that the recoverable amount of the TradeFlow CGU was determined to be lower than the net invested capital value held on the balance sheet at 30 June 2022 by £0.8m and as such an impairment charge has been recognised for this amount.

An additional impairment assessment was carried out as at 31 December 2022, however due to the classification as discontinued operation, this assessment was carried out in accordance with IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations").

This required management to consider the fair value of the TradeFlow operations, being what would be the agreed price between two market participants. As the details of the Buy Back are still being considered and finalised as at the date of these financial statements, management considered the specifics set out in the TradeFlow Restructuring share purchase agreement that had been agreed in principle as at 31 December 2022. Taking this into consideration, no additional impairment charges were recognised as at 31 December 2022.

Group Funding Facilities utilised during the year

Capital Enhancement Plan

During FY22, the Company entered into a subscription agreement with Venus Capital S.A. ("Venus Capital"), which raised £6.7m through the issue of new equity capital. This new equity capital enabled the Company to settle the outstanding loan notes and convertible loan notes with Mercator Capital Management Fund LP ("Mercator") in cash rather than by the further conversion of the convertible loan notes into new ordinary shares. During the year ended 31 December 2022, the Company issued a total of 14,350,000,000 new ordinary shares to Venus in line with the mandatory and optional equity tranches outlined in the subscription agreement.

In connection with the Capital Enhancement Plan, the Company also executed a convertible loan note agreement with Venus Capital, under which the Company, issued to Venus Capital convertible loan notes worth £1.9m during FY22. These convertible loan notes were split as £0.4m to cover the fees associated with the Venus Capital subscription and convertible loan note agreements, and £1.5m covering a working capital funding facility which was received in cash during the second half of FY22. As at 31 December 2022, the full £1.9m of this convertible loan note liability had been extinguished through the issue of 3,897,484,385 new ordinary shares. The conversion to new ordinary shares was at a fixed price of 0.05pence. The interest expense recognised in respect of these convertible loan notes in FY22 was £0.1m.

The subscription agreement with Venus Capital also required the Company to issue warrants in connection with the equity share issues made under the Venus Capital subscription agreements. During the year ended 31 December 2022 a total of 8,175,000,000 share warrants were issued by the Company to Venus Capital. These share warrants had a total fair value of £4.8m. As at 31 December 2022, all of these share warrants remain outstanding.

Financial Review

The Capital Enhancement Plan also included the Open Offer made by the Company to its existing retail shareholders during the second half of 2022. The Open Offer provided the ability for existing retail shareholder to purchase additional new ordinary shares on the same conditions agreed with Venus Capital. The Open Offer resulted in the issue of 641,710,082 new ordinary shares and raised £0.3m for the Company. The Open Offer also required the issue of warrants to the retail shareholders and during the year ended 31 December 2022 a total of 320,855,008 share warrants were issued by the Company to retail shareholders. These share warrants had a total fair value of £0.3m. As at 31 December 2022, a total of 271,347,008 share warrants remained outstanding.

The total share issues costs incurred in connection with the Capital Enhancement Plan during FY22 was £5.6m including £5.1m relating to the fair value of the warrants issued, £0.4m relating the fees charged by Venus Capital and £0.1m of other share issue costs. This has been accounted for as a £4.0m reduction to share premium and a £1.6m reduction to retaining losses during FY22. The reduction to share premium amount has been limited to the increase to share premium recorded during the same period in respect of the various equity issues making up the Capital Enhancement Plan.

Mercator funding facilities

Prior to the cash repayment of outstanding loan note and convertible loan balance with Mercator Capital Management LP ("Mercator") following the execution of the Capital Enhancement Plan, the Group continued to make monthly repayments under the loan note facility through the issue of a convertible loan note. The movement in loan note liability to Mercator during the current financial year are set out in the table below:

	Mercator loan notes £m
Loan note liability at 1 January 2022	5.7
Amortisation of finance costs during the period (recognised in the income statement)	1.1
Less: settlements made via issue of convertible loan notes	(4.6)
Less: repayments made in cash	(2.2)
Loan note liability at 31 December 2022	-

In connection with the drawdown of the Mercator loan note facility during 2021, the Company also issued share warrants representing 20% of the total amounts drawn down. The fair value of these warrants was capitalised at the time of issue and this, together with the other capitalised finance costs relating to the loan note facility and are being recognised over the term of the loan notes using the effective interest rate method. The total of these finance costs recognised during FY22 is £1.1m.

Following the issue of £4.6m of convertible loan notes to Mercator in lieu of cash repayments during the year, these were subsequently settled as follows:

- a) the conversion of £1.3m in principal amount of convertible loan notes into 1,400,898,372 new ordinary shares; and
- b) a repayment in cash of £3.4m in principal amount of convertible loan notes.

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

	Mercator convertible loan notes £m
Convertible loan note liability at 1 January 2022	-
Monthly loan note settlements made via issue of convertible loan notes	4.6
Finance costs satisfied via the issue of convertible loan notes	0.1
Less: convertible loan notes converted into ordinary shares	(1.3)
Less: convertible loan notes repaid in cash	(3.4)
Convertible loan note liability at 31 December 2022	-

The Mercator convertible loan notes do not have any interest costs in addition to that of the Mercator loan notes, however finance costs of £0.8m were recognised during the current financial year as a result of:

- > Additional commitment fees and late payment interest charges of £0.5m, of which £0.4m was paid in cash and the remaining £0.1m was settled through the issue of convertible loan notes; and
- > The fair value of the warrants of £0.2m issued in connection with the convertible loan notes.

Both costs have been fully recognised in the income statement during FY22 given the liability to which they relate has been extinguished by 31 December 2022. This amount, together with the finance costs of £1.1m in respect of the Mercator loan notes, resulted in a total finance cost of £1.9m in respect of the Mercator funding facilities during the year ended 31 December 2022.

TradeFlow long term borrowings

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

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

Finance costs recognised during the year ended 31 December 2022 relating to TradeFlow long term borrowings total £0.2m and relates to accrued monthly interest amounts and the recognition of the redemption premium costs over the expected life of the loan using the effective interest rate method. The early settlement of the existing unsecured loan note facility accounted for additional finance costs of £0.1m being recognised in relation to the acceleration of the redemption premium cost due on repayment of the principal of the existing loan note facility.

Other long term funding

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:

- > €1m in principal amount;
- > 275 basis points over Euribor interest rate; and
- > 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.

The proceeds of this loan have been used to support the continued investment into the Group's IM Platform, the ownership of which was transferred to Supply@ME Technologies S.r.l prior to the execution of the Banco BPM Facility.

Cash flow

The Group decreased its net cash balance by £1.1m (year ended 31 December 2021: £1.1m increase) due to proceeds from the Capital Enhancement Plan share issues of £7.0m, the proceeds from the Venus Capital convertible loan notes of £1.5m, and net proceeds from the TradeFlow and Banco BPM Facility long term borrowing of £2.3m, offset by the following items:

- > Repayments made on the Mercator loan note and convertible loan note facilities of £5.6m;
- > Additional finance costs paid in cash related to the Mercator loan note and convertible loan note facilities of £0.4m;
- > Share issues cost paid in cash of £0.2m;
- > Net outflows from operating activities of £4.5m (year ended 31 December 2021: £3.9m net outflow) as the Group's operating expenses increased primarily due to growing headcount, together with spend on IT contractor specialists and professional and legal fees; and
- > Increased investment in the Group's IM Platform of £1.2m (year ended 30 December 2021: £4.6m).

	2022 £000	2021 £000
Net cash flow from operating activities	(4.5)	(3.9)
Net cash flow from investing activities	(1.2)	(4.6)
Net cash flow from financing activities	4.6	9.6
Net increase in cash and cash equivalents	(1.1)	1.1
Cash and cash equivalents at 1 January 2022	1.7	0.6
Cash and cash equivalents as at 31 December 2022	0.6	1.7

Net liabilities

As at 31 December 2022 net liabilities were £2.0m (31 December 2021: net liabilities of £1.4m). The £0.6m increase in net liabilities reflects:

- > A decrease in the Group's intangible assets and goodwill of £1.5m due to amortisation of £0.9m and impairment charges of £1.8m during the year ended 31 December 2022. This was offset by additions to the Group's IM Platform of £1.2m during the period;
- > A decrease in amounts outstanding under the Mercator loan note and convertible loan facilities of £5.7m in aggregate. This is due to the settlement activities described above;
- > An increase in long terms borrowings of £2.6m, due to a £1.8m increase in TradeFlow long term borrowing following the loan refinancing, and an £0.8m increase in borrowings as a result of the new Banco BPM Facility; and
- > A £2.2m decrease in working capital primarily due to the overall net cash outflows from operations.

Going Concern

The Board's assessment of going concern and the key considerations thereto are set out in the Directors' Report and note 2 to the consolidated financial statements for the year ended 31 December 2022.

Related Parties

Note 28 to the consolidated financial statements for the year ended 31 December 2022 contains details of the Group's related parties.

Subsequent events

Note 30 of the consolidated financial statements for the year ended 31 December 2022 contains details of all subsequent events.

Environmental, Social and Governance Review

The Group recognise the importance of considering and managing our impact on society and the environment as well as protecting and developing the business's long-term value for its shareholder base. Consideration has been given to how to assess, measure and manage this impact over and above that which is required from a statutory perspective and managing and leveraging the Group's opportunity to have a positive impact. Supply@ME recognise that the Group has the ability to have a positive impact in this area and intends to continually develop its approach. Key to this approach will be ensuring that consideration is being given to the Environmental, Social and Governance ("ESG") impacts of the business as it builds its track record of successful IM transactions executed over its Platform.

Environmental

Current

During 2022, the Group continued to be a low energy user, using less than 40 MWh per annum.

As required by the Companies Act 2006 (Strategic and Directors Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the Directors have undertaken a review of the Group energy consumption and associated emissions. The Group uses significantly less than 40MWh of energy per year and is therefore classed as a "low energy user" by the regulations, as a consequence of which it is exempt from reporting annual emissions, energy use and an intensity ratio.

Below is voluntary reporting to provide more detail of this assessment and aspirations for the future.

Scope 1 emissions and associated energy usage

These emissions are directly related to combustible fuel, used for heating company premises and or powering company owned vehicles. The UK and Italian businesses are remote first and do not own or lease offices. At times desk sharing spaces or managed offices are rented for company meetings. TradeFlow rents office space but does not use heating fuel. The business does not own vehicles and focuses on using technology as a means of communication which limits business travel, for example all 2022 board meetings having taken place via video conference.

Scope 2 emissions and associated energy usage

These emissions relate to electricity and / or heat supplied to an organisation. No part of the organisation is directly supplied with or pays for electricity. TradeFlow lease an office, electricity usage being part of the rental fee. The total electricity use of the organisation is therefore restricted to the supply to the Singaporean office.

Scope 3 emissions

These emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organisation indirectly affects in its value chain. Reporting in this area is something that the Group will look to develop in the future.

Since December 2020, TradeFlow advised funds have been one of the first trade funds in the world to start buying carbon credits, with the aim of netting off carbon emissions from transportation related to the funds TradeFlow advises.

Aspirations

Continue to keep energy consumption as low as possible, exploring ways to reduce or offset this as the business grows.

Continue to utilise technology to avoid unnecessary travel, especially given the staff and directors are based in a number of different locations.

Continue to build on voluntary disclosure, considering the impact and business supply chain in particular scope 3 emissions tracking and calculation.

Social capital

Current

The Group seeks to reach the highest ethical standards and behaviours when conducting our business, and to ensure this is done with integrity, openness and appropriate protections for those with whom our business interacts and impacts.

A key area of focus during 2022 has been a review by an external partner of our Data Protection Governance with the aim of ensuring the Group continues to build on and embed privacy by design principles across the Group. This proactive approach to data protection will form a bedrock to the Group's data management as the business grows.

The Group's Platform, by its nature, helps businesses to free up working capital earlier in their production or sales cycle through the facilitation of Inventory Monetisation transactions. Inventory Monetisation also allows trading businesses to buy and hold more inventory in warehouse, potentially resulting in fewer deliveries (facilitating a lower carbon footprint from reduced supplier haulage).

Aspiration

Supply@ME aims to have a positive impact on society and will continue to illicit feedback from our key stakeholders on mechanisms through which to achieve this aim. In 2023 we plan to ask for feedback from the Supply@ME team to ensure we are incorporating our employees' views on how the Group can contribute to our local communities.

Human capital

Current

Our goal is to be a leading employer which offers real opportunities for growth and development. As highlighted in the Engaging with our Stakeholders section on pages 30 to 31, during 2022 feedback was sought from the team about their experience of being an employee at Supply@ME. The responses to this have informed the Group's people strategy. In particular, this focused on career growth and retention of our employees to enable future success of the business. As previously highlighted, the gender diversity of the leadership team immediately below board level is 60% female and our employee population is 50% female (excluding TradeFlow), which will be an ongoing focus for the organisation.

Supply@ME's equal opportunities policy aims to ensure that the work environment is free from direct and indirect discrimination on the grounds; of race, sex, disability, sexual orientation, gender reassignment, marriage or civil partnership, pregnancy or maternity, religion or belief or age, and enables everyone to achieve their potential.

Having a global mindset, being collaborative and embracing differences are fundamental to our corporate culture. They run deeply through our people practices, including in recruitment, performance management and development of the team. In addition to the behaviours of innovation and focusing on delivery.

Aspiration

Continue to build a diverse, inclusive organisation which offers opportunities for growth and development for all employees and contractors.

Business model and innovation

Current

Supply@ME's model is, by its nature, innovative. The Group's desire is for the business to have a positive impact on the environment, society and our stakeholders. One area of focus during 2022 has been the assessment of the Group's corporate client's approach to ESG, ensuring clients' ESG impact is being taken into consideration during the onboarding process. This also allows potential inventory funders to be informed of the corporate clients' ESG impact to enable a proactive approach to ESG management. Currently, during due diligence, Moody's ESG predictor is used to assess corporate clients, which takes into consideration a potential client's jurisdiction, size and industry. This information can then be shared with potential inventory funders.

Aspiration

Robust, Systematic ESG assessment of potential users of our Platform to become a core element of due diligence.

Leadership and governance

Current

The Company is a listed business which complies with the QCA Corporate Governance Code. Risk is regularly considered by the board and a proactive approach is taken to risks identified, most recently through the application of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. Legal advice and guidance are sought from external experts, as and when required, in addition to a small inhouse team.

Aspiration

Further development and disclosure of proactive internal risk management processes in line with business growth.

Principal Risks and Uncertainties

The Board confirms that throughout 2022, a robust assessment of the principal risks facing the Company was completed. A comprehensive list of Group-wide risks and emerging risks was reviewed and monitored throughout the year, managed by our designated risk officer Stuart Nelson, Head of Enterprise Risk Management. The most significant risks and uncertainties we face are listed in the table below, categorised by principal risk.

Strategic risk

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

Key risks

Strategic competition

The Company's business model is that of an innovative Platform for inventory monetisation, aiming to capitalise upon market developments where supply chains may be placed under pressure. This has led suppliers to hold increased amounts of inventory in order to supply both on and off-line retailers, with a resultant restriction on available working capital. The Company is aware of certain larger key entrants to related markets that may be able to offer competing or related products on a larger scale than the Company is able to. This could affect the Company's ability to increase revenues and profit margins in the future.

Management of risk

The Company acknowledges the risk of new and potentially larger competitors and regularly monitors new entrants to keep abreast of changes to this risk factor. At present, the Company believes it is able to more readily adapt to changing market conditions than larger entrants, utilising its nimbler organisational structure.

Future development and strategy

During 2022, the Company has proven its ability to deliver a successful inventory monetisation transaction. However, as the transaction process has not yet been repeated, the business' ability to scale remains unproven, which could affect the Company's ability to increase revenues and profit margins in the future.

The key to our long-term business growth is the platform. The platform and product roadmap are continually being enhanced to enable seamless interactions with clients and inventory funders, with minimal human intervention, using a lean workforce to deliver a high volume of transactions and revenue.

Inventory funding risk

The risk that demand from corporate clients for Inventory Monetisation transactions – which generates revenue for the Company via the due diligence and origination fees and Platform consumption – cannot be met by the debt funding providers to the respective Stock Companies, and the Global Inventory Funds as the demand requires or can only be met at an uneconomic price. This risk varies with the economic attractiveness of the Global Inventory programme as an investment for potential inventory funders, the level of diversification of funding sources, and the level of resilience of these funding sources through economic cycles.

This risk is carefully managed by:

- developing and building long-term relationships with a portfolio of investors (Investors in the Global Inventory programme and Inventory Funders) and developing a forward-looking pipeline of new investors/ inventory funders;
- actively managing concentration risk and diversifying sources of funding; and
- leveraging a seasoned team of arrangers and placing agents to help identify and secure new investors/ inventory funders.

Key risks

Group funding risk

The Company and the Group are currently in the early stage of development and have not generated consistent revenues from operations to date and are not currently profitable. In addition, predicting the time frames within which the Group will commence the generation of consistent revenues is difficult. As a result of the current stage of development, the Group has needed to rely on funding from various sources including convertible loan note facilities, equity investments and most recently, more traditional bank financing to continue to operate. Despite continued confidence in its business plan and forecasts, the Directors recognise additional financing may be required and that the availability of future potential funding options maybe be limited, may not be on terms that are favourable to the Group and may be dilutive to shareholders.

Global economic risks

The disruption of global supply chain operations related to Russia's invasion of Ukraine continues; however, the impact on supply chains may prove positive for the Company's business. Nonetheless, the Board acknowledges the creation of inherent uncertainty posed by current geo-political crises and attendant interest and inflationary risks.

Management of risk

The Company remains engaged with several key stakeholders in respect of funding strategies and has also announced on 28 April 2023, that the Company has agreed a new equity subscription agreement with gross proceeds of up to £2.2m and has entered into an unsecured working capital loan agreement with the AvantGarde Group S.p.A ("TAG") of up to £2.8m. Both these facilities are essential to support the working capital and growth needs of the Group over the coming months.

The Company acknowledges the risk, but believes it is able to more readily adapt to changing market conditions than larger entrants utilising its nimbler organisational structure.

Operational risks

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

Key risks

Talent and diversity risk

Loss of certain member of the board and leadership team could lead to a reduced ability to effectively run the Company, while loss of the key members of the team could materially hamper the speed at which the Company is able to scale up the business and increase operational efficiency.

Management of risk

During 2022 an employee experience and engagement survey was undertaken to ensure the board and leadership team are building a company which retains and enables talent, which resulted in an action plan focused on areas important to the team. The first awards on the Long-Term incentive plan were made during 2022, with the goal of long-term retention of key members of the team. Regular succession planning reviews are conducted by the Nomination Committee supported by the Chief Executive Officer and Chief People Officer.

Principal Risks and Uncertainties

Key risks	Management of risk
Business continuity risk As an expanding company, business continuity plans inherently will lack visibility as it continues to develop and grow.	The Company presents to third parties its business continuity plans, when necessary, for third-party insight, and continually reviews and tests its robustness to attack or failure.

Regulatory, reputation and conduct risk

Regulatory, reputation and conduct risk is defined as engaging in activities that detract from Group's goal of being a trusted and reputable company with products, services

and processes designed for customer success and delivered in a way that will not cause customer detriment or regulatory censure.

Key risks	Management of risk
Data protection The Company undergoes data protection assessments, predominantly under Regulation (EU) 2016/679 (General Data Protection Regulation) and the Data Protection Act 2018, but the Board recognises that operating in multiple jurisdictions leaves it at risk of breach of individual jurisdictional legislation.	The Company has engaged extensively over the past year with recognised data protection experts to establish appropriate data protection protections in the jurisdictions within which it currently operates, with any issues raised considered by appropriate committee.
Intellectual property risk The proprietary fintech Platform developed by the Group and used to facilitate inventory monetisation transactions is the intellectual property of the Supply@ME Group. Given the global rise in the number of data and cybersecurity breaches carried out by malicious actors or hackers, the Group's intellectual property may be at risk of being stolen as a result of unauthorised access to its systems.	The Company and Group are aware of growing cybersecurity risks and regularly reviews the robustness of cybersecurity provisions around its network. This includes mandatory staff training to recognise data breach and/or phishing attempts, via software such as malware or ransomware.
Financial risk management The Board monitors the internal risk management function across the Group and advises on all relevant risk issues. There is regular communication with internal departments, external advisors and regulators. The Company's policies on financial instruments and the risks pertaining to those instruments are set out in the accounting policies in notes 2 and 23 of the Company's consolidated financial statements.	The Board are apprised of the Company's risk register on at least a quarterly basis, and respond appropriately.

The strategic report set out from pages 1 to 42 is approved by the Board of Directors and signed on its behalf by:

Alessandro Zamboni
Chief Executive Officer
 28 April 2023

Corporate Governance Report

Corporate Governance Introduction

Our Board of Directors are focused on ensuring sound corporate governance and an effective board. The Board jointly takes responsibility for overseeing the Company's corporate governance model and ensuring that effective communication flows freely between Executives and Non-Executives in a timely manner.

We have adopted the Quoted Companies Alliance Corporate Governance for small and mid-sized quoted companies ("QCA code"). This report follows the structure of these guidelines and explains how we have applied the guidance. The Board is cognisant of the importance of compliance with the QCA Code and endeavours to adhere to this as far as practicable having regard to the size, nature and current stage of development of the Company.

We understand that application of the QCA code support the Company's medium to long term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders. We are committed to monitoring and promoting a socially responsible corporate culture, illustrated through internal policies and external stakeholder engagement.

As a main market company, (standard segment, trading on the London Stock Exchange) this information needs to be reviewed annually and details of our Corporate Governance can be found on our website.

Outlined below are details of the Directors of the Group during 2022.

1



2



3



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5



Directors' Information

Current Executive Directors

Alessandro Zamboni

Chief Executive Officer and Executive Director (1)

Appointed 23 March 2020

Alessandro is CEO and Executive Director of Supply@ME Capital Plc. He specialises in the financial services industry and related strategic and digital models. Since 2008, he has been managing the delivery and the sales operations of a consulting company specialising in Regulatory & Internal Controls for Banks and Insurance Firms. He founded the AvantGarde Group S.p.A, the former parent company of Supply@ME S.r.l., in 2014. He holds a BA degree in Economics from the University of Turin.

As well as being CEO of Supply@ME Capital Plc, Alessandro holds executive positions at AZ Company S.r.l., AvantGarde 4.0 S.r.l., Orchestra Group (rete di imprese), The AvantGarde Group S.p.A., RegTech Open Project S.p.A., Future of Fintech S.r.l. and 1AF2 Limited and a Non-Executive Director role at Darwinsurance S.r.l.

Current Non-Executive Directors

Albert Ganyushin

Independent Chairperson and Non-Executive Director (2)

Appointed 30 June 2022

Albert was appointed as independent chairperson and a Non-Executive Director in 2022 following a long career in capital markets. Since 2017, he has served as Head of Capital Markets at Dr. Peters Group with responsibility for international institutional business, including investment management, capital markets, financing and investor relations. Prior to joining Dr. Peters Group, between 2010 and 2016, he worked in leadership roles in the listings business of NYSE Euronext Group after a career in investment banking that started with Deutsche Bank A.G. (London Branch) in 2000.

He graduated with an MBA degree from London Business School in 2000 and began his professional career as a management consultant with Accenture in London in 1995. In addition to his role with Supply@ME Albert is also a director of Westcott Hill Capital Limited and Austen Grove Capital Limited.

Enrico Camerinelli

Independent Non-Executive Director (3)

Appointed 23 March 2020

Enrico keeps abreast of market trends and business practices by taking an active part in projects launched by the United Nations Economic Commission for Europe, the World Bank, the World Trade Board, and the Council of Supply Chain Management Professionals. He regularly attends major industry events as invited guest speaker and writes on specialized magazines and papers. He holds an MSc in Electronic Engineering from Università degli Studi "La Sapienza", Rome, Italy.

David Bull

Independent Non-Executive Director (4)

Appointed 22 July 2021

David, a Chartered Accountant, with 30 year's experience, is a technology-driven experienced financial services professional with a banking and financial services digitisation mindset. He has held a number of senior board roles within banking, asset finance, treasury and credit management institutions, including several years as Chief Financial Accountant at The Bank of England. He holds a BSc (First Class) in Mathematics and Statistics from the University of Bradford.

During 2022 David was a director of Eight Capital Partners plc until he resigned on 12 August 2022, and Epsilon Capital Ltd until he resigned on 12 October 2022. He remains a director of Braintree Hockey Club Limited & KDB Office Services Limited. On 24 February 2023 he was appointed a director at Thumb Soldiers Limited.

Alexandra Galligan

Independent Non-Executive Director (5)

Appointed 16 March 2023

Alexandra holds more than 20 years' experience in senior business development positions, including most recently as Partner and Chief Executive Officer at FCA-regulated investment advisory firm MUSST Investments LLP ("MUSST") – a role she held for over a decade. During her time at MUSST, Alexandra maintained and developed relationships with a wide network of investors advising them on investing in early-stage hedge funds, private credit and alternative assets. Her previous roles also included business development at financial services firm Matrix Group Ltd, where she was appointed to create in-house platform of hedge funds and UCITS vehicles. She was also responsible for the structuring of these funds, preparation of related prospectuses, subscription documentation and marketing materials.

Directors' Information

Previous Executive Directors

Thomas (Tom) James

Executive Director

Appointed 30 July 2021 Resigned 23 March 2023

Tom was an Executive Director during 2022, and continues to be the CIO, CEO and co-founder of the Trade Flow Funds and fintech solutions. He has over 30 years of commercial expertise in the commodity and energy industry and is the business and system architect for this unique and innovative digitised trade finance solution for bulk physical commodity transactions. He has experience of senior regulated roles in financial institutions (including Bank of Tokyo Mitsubishi UFJ, Credit Agricole and Credit Lyonnais) and various trading firms including BHP Billiton, covering a full range of functional areas including trade finance, project finance, investment banking, supply chain/operations, derivatives, physical markets, and fund management.

During his career he has operated in many countries in Africa, Europe, Middle East, and Asia Pacific. He has authored over nine books in the energy and commodity trading and risk management field and served as Chair Professor and Adjunct Professor at various universities around the world and is a former member of the United Nations FAO Commodity Risk Management Advisory Group, and a former Senior Energy Advisor to the United States Department of Defence (TFBSO). He holds a PhD in Practices for the Global Commodity Markets within the Functional Disciplines of Trading and Risk Management and a Masters in Energy Price Risk Management from Middlesex University London.

In addition to his role on the board of Supply@ME Capital Plc during 2022, Tom is also Director of TradeFlow Capital Management Pte. Limited, Tijara Pte. Limited, TradeFlow Capital Management Systems Pte. Limited and the following dormant companies, Navitas Resources (UK) Limited, Navitas Resources Pte Limited and NR Capital Pte Limited which is currently in liquidation.

John Collis

Executive Director

Appointed 30 July 2021 Resigned 23 March 2023

John was an Executive Director during 2022 and is co-founder of the Trade Flow Funds and fintech solution where he holds the position of Chief Risk Officer (CRO). As well as overseeing the development of the fund's critical legal infrastructure and working with leading counsel on its enforceability, John has overseen the classification of the specialist intellectual property developed and acquired by TradeFlow and its licensing. John is a commercial lawyer with expertise in regulatory, compliance, structuring, and transactional matters. John operated his own law firm from 2003, specialising in international commercial work. John has written and

lectured about the rule of law, Eurasia Economic Union, CSTO, and International Commercial Enforcement. Before becoming a lawyer, John worked for Ernst & Young, he was educated at Oxford University and is chairman of Hertford College RFC.

In addition to his role as a Director of Supply@ME during 2022, John is also a director of TradeFlow Capital Management Pte. Limited, Tijara Pte. Limited, TradeFlow Capital Management Systems Pte. Limited, Kenwood Nominees Limited, Kenwood Secretaries Limited, Higher Education Research Limited, MTI Solutions Limited, JCS 107 Limited, JCS 110 Limited, NR Capital Pte Limited, Price Verifier System Limited, Softnpower Limited and Ultraponix Limited.

Previous Non-Executive Directors

Andrew Thomas

Independent Non-Executive Director

Appointed 30 June 2022 Resigned 115 March 2023

Andrew has over 20 years' experience in various business advisory roles and during this time has worked across the US, UK, EU and APAC regions, acquiring expertise of onshore and offshore fund structuring and oversight, particularly in relation to regulatory issues. He also has extensive experience in mitigating ESG risks while helping organisations to maximise ESG opportunities. He holds BA in History and Politics from the University of Exeter. In addition to his role with Supply@ME he is also a director of Transatlantic Regulatory Consulting LLC.

Susanne Chishti

Appointed 23 March 2020 Resigned 14 April 2022

Susanne has over 20 years of financial expertise and board-level experience focused on organisational governance, and a strong understanding of the small/medium size enterprise market. Her experience draws on 14 years in banking with senior positions at Morgan Stanley, Lloyds Banking Group and Deutsche Bank.

As CEO of FINTECH Circle, she is an award-winning entrepreneur and global expert in financial technology, new business models and a bestselling Editor of The FINTECH Book Series published by Wiley. During 2022 Susanne also held directorships with FINTECH circle Ltd, Crowne Agents Bank, CAB Tech HoldCo Ltd and Just Loans Group Plc.

James (Jim) Coyle

Appointed 28 October 2021 Resigned 4 March 2022

Jim is a highly respected, strategic leader with over four decades of both executive and non-executive financial services experience. After a thirty-year career at some of the UK's largest institutions, including BP, Bank of Scotland and Lloyds Banking Group Plc, where he served most recently

as Group Financial Controller and Deputy Group Finance Director, he has been appointed to a number of Board roles mainly across the financial services industry. During 2022, prior to his resignation from Supply@ME, Jim also held directorships at HSBC UK Bank Plc, HSBC Trust Company (UK) Limited, Marks and Spencer Financial Services Plc, Marks and Spencer Unit Trust Management Limited, Honeycomb Investment Trust Plc and Scottish Water Horizons Holdings Limited and Scottish Water Business Streams Holding Limited until he resigned from the latter two positions on 31 March 2022.

Overview

During the course of 2022 there have been a number of changes to the board structure and composition. The Group started the year with Jim Coyle as Chairman, Susanne Chishti as Senior Non-Executive Director, Enrico Camerinelli as Non-Executive Director and Alessandro Zamboni, John Collis and Tom James as Executive Directors.

On 4 March 2022 Jim Coyle stepped down as chair for personal reasons, allowing him to better balance existing time obligations across his extensive portfolio of Non-Executive roles. Susanne Chishti ended her tenure as Senior Non-Executive Director and Remuneration Committee Chair on 14 April after having been with the company since its listing in March 2020.

Albert Ganyushin and Andrew Thomas joined the board post the AGM on 30 June 2022 as Chair of the Board and Non-Executive Director respectively.

Since the end of the 2022 financial year, further Board composition changes have taken place, with Andrew Thomas stepping down on 15 March and being replaced by Alexandra Galligan on 16 March and Tom James and John Collis stepping down from the Plc Board on 23 March 2023.

The board generally plans to meet once a month, however, additional board meetings were held during 2022 which reflect the pivotal activities undertaken during the year including, but not limited to, those activities related to the capital enhancement plan and the open offer, and the level of consideration and input provided by the board to these matters. During 2022, there were 19 board meetings held during the year, seven subcommittee meetings and 11 formal written resolutions.

Sub-committees are convened by the board to manage specific work streams in a timely efficient manner, and keep the board apprised of progress. The Sub-committee meetings were focused on approval of the issuance of convertible loan notes, warrant issuances and finalisation of aspects of the open offer and prospectus post discussion of such at board meetings. Written resolutions require consideration and signatures from all members of the board and covered the approval of conversion of open offer warrants, finalisation and formalisation of PDMM categorisations and approval of interim accounts.

2022 Board attendance

Director	Scheduled meeting attended	Appointed to Board	Resigned (if applicable)
David Bull	18 / 19	22 July 2021	N/A
Enrico Camerinelli	16 / 19	23 March 2020	N/A
Susanne Chishti	4 / 5	23 March 2020	14 April 2022
John Collis	12 / 19	30 July 2021	23 March 2023
Jim Coyle	3 / 3	28 October 2021	4 March 2022
Alexandra Galligan	0 / 0	16 March 2023	N/A
Albert Ganyushin	8 / 8	30 June 2022	N/A
Tom James	16 / 19	30 July 2021	23 March 2023
Andrew Thomas	7 / 8	30 June 2022	15 March 2023
Alessandro Zamboni	17 / 19	23 March 2020	N/A

Directors' Information

Independence

The Board has considered the Non-Executive Directors independence periodically throughout the year. The approach taken to this is considering the UK Corporate Governance Code's definition of circumstances which are likely to impair a Non-Executive Directors' independence. These include where a director:

- > has been an employee of company/group within the last 5 years;
- > has, or has had within the last 3 years, material business relationship with the company, directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;
- > receives additional remuneration from the company apart from director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of company's pension scheme; has close family ties with any of the company's advisers, directors or senior employees;
- > holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- > represents a significant shareholder; or
- > has served on the board for more than nine years from the date of their first appointment.

Having given consideration to these factors the following current Non-Executive Directors are considered independent by the Board, Albert Ganyushin, Enrico Camerinelli, David Bull, Alexandra Galligan. In addition, Susanne Chishti, Andrew Thomas and Jim Coyle were considered independent during their tenure.

Principal Board Activities and Decisions in 2022

The principal decisions made, and activities carried out, by the Board during 2022 are summarised below:

Ongoing regular governance activities

- > During the pre-scheduled monthly board meetings, regular agenda items included updates from the Chief Executive Officer, Chief Financial Officer, Group Head of Enterprise Risk Management, Chief People Officer and business updates from TradeFlow. Updates were also provided from each of the Remuneration, Nomination and Audit Committees, following these respective committee meetings, and where necessary, input and approval was sought from the board on key topics in lines with the terms of reference. This included, but was not limited to, review of:
 - > related party transaction and potential conflicts of interest;
 - > committee terms of reference;
 - > business continuity;
 - > discussion, review and approval of budgets and cash flow forecasts;
 - > approval of regulatory news announcements including those relating to the interim financial statements, annual reports and accounts, prospectus, Open Offer circular, issue of new ordinary shares, adhoc business updates etc;
 - > risk management framework, with a focus on the principal risks and uncertainties; and
 - > communication with and responses to enquiries from regulators.
- > Discussion and approval of board changes, including members stepping down, and appointment of Albert Ganyushin and Andrew Thomas during the year.
- > Establishment of a new wholly owned Italian subsidiary, Supply@ME Technologies S.r.l. and the approval of the transfer of the Group's Intellectual Property rights relating to the Platform to this new entity from the existing Italian subsidiary, Supply@ME Srl. The Board considered this an important step for the Group, prior to the execution of the first IM transaction, as it ensured the Platform, and its associated Trademarks were able to be managed by a dedicated entity within the Supply@ME Group.
- > During the year, the Board established a new Disclosure Committee, responsible for ensuring timely and accurate disclosure of all information that is required to be disclosed to the market to meet the legal and regulatory obligations and requirements.
- > Discussion, consideration and development of a new shareholder communications strategy.
- > Approval of the new long term incentive plan and granting of share options to certain employees on 31 October 2022.

Oversight of existing financing, implementation of the Capital Enhancement Plan and execution of traditional bank financing arrangements

- > During the first half of the year, the Board invested time and effort evaluating and managing the Group's short term financing arrangements with Mercator Capital Management Fund LP ("Mercator"). This included the monthly consideration of the Group's working capital position in assessing whether to fund the monthly repayments through cash or the issues of convertible loan notes. In addition, as required, the Board approved of share issues connected to the conversion by Mercator of the convertible loan notes they held.
- > During the early part of 2022, the Board spent time exploring alternative longer-term funding options that would allow the repayment of the Mercator financing facility referred to above. Of the various options presented, the Board agreed that the new Capital Enhancement Plan would provide the Group with greater balance sheet stability through the replacement of short-term financing with the issue of shares to a new longer-term investor. The Capital Enhancement Plan consisted of the issue of new equity to Venus Capital S.A. ("Venus Capital") for cash and in settlement of convertible loan notes provided, and the issue of new equity to existing retail shareholders through an Open Offer.
- > Following on from the decision made to enter in the Capital Enhancement Plan, the Board was involved in approving the issue of new share capital and warrants to Venus Capital, the approval of the Open Offer to existing retail shareholders, and review and approval of the prospectus issued on 3 October 2022.
- > The ongoing approval related to the issue of shares connected to the conversion of the Open Offer warrants exercised by existing shareholders.
- > In the later part of 2022, the Board assessed the opportunity for Supply@ME Technologies S.r.l to execute a more traditional unsecured debt facility with Banco BPM, the third largest banking group in Italy. This facility was completed in October 2022 and has been primarily used for continued investment into the Group's Platform technology.

Oversight of the key strategic activities carried out during the year

- > Completion of strategic alliance agreement in September 2022 with VeChain Foundation to complete the inaugural inventory monetisation transaction.
- > Discussions regarding the need to consider the restructuring of the wholly owned subsidiary relationship with TradeFlow. These discussions initially focussed on the feedback received from the regulators in Singapore on the perceived conflicts of interest between the fund manager and advisor activities of TradeFlow and the fintech activities of Supply@ME. Following these initial discussions, various options to restructure the relationship with TradeFlow were considered by the Board and work began in 2022 on agreeing the terms and conditions of the TradeFlow Restructuring. The Company was planning to announce the completion of the TradeFlow Restructuring in tandem with the publication of the Group's 2022 Annual Report and Accounts at the end of April 2023, and to publish a supplementary prospectus in conjunction therewith, subject to the approval of the Financial Conduct Authority (the "FCA"). However, immediately after tendering their resignations as Directors, the TradeFlow Directors provided further written notice to the Board of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow (the "Buy Back"), pursuant to certain earn out arrangements entered into in connection with the Company's acquisition of TradeFlow.

Statement of Compliance with the QCA Corporate Governance Code

Principle 1

Establish a strategy and business model which promote long-term value for shareholders.

The Board and management team have been focused on the long-term growth of the business and building solid foundation which underpin the reasons shareholders should invest. Supply@ME has developed a novel and unique solution which has taken time and investment. There is a clear gap in the market which represents a huge opportunity for the organisation to scale and grow, whilst creating long-term value for shareholders. The solid foundations have been built and the unique solution is proven and multimarket ready.

Principle 2

Seek to understand and meet shareholder needs and expectations.

The Group continually seeks to improve its engagement with its shareholders, both private and institutional investors. During 2022, guided by our external Public and Investor relations team, focus has been placed on disseminating information to the market in a timely manner, as well as monitoring and responding to communications in the dedicated investor relations inbox, where it is possible to respond, for shareholders to be furnished with non-market sensitive information. As a growing business, with limited bandwidth, it is not possible for our team to provide an individualised response to each and every enquiry we receive. However, every communication is reviewed and, where possible, furnished with a full response as a priority. This is an evolutionary process and Supply@ME will continue to augment its investor relations function to provide more insights into the Company through regular engagement and discourse.

The business has also sought to outline our business model canvas and ensure that our revenue streams and the foundations for our business are clear to external stakeholders and will update, via regulated channels, on these components as and when material developments can be relayed.

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Board considers the interests of shareholders and all relevant stakeholders in line with section 172 of the Companies Act 2006. Proactively engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making. Details of how we seek to understand and meet shareholder needs and expectations are set out at Principle 2, above. Details of how the Board has engaged with our wider stakeholder group, including our people, shareholders, corporate clients inventory funders and fund investors can be found as part of the engagement with stakeholders and section 172.

Principle 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board has established a risk management process for identifying, assessing and mitigating the principal risks and uncertainties facing the Group. The Group's risk position is considered by the Board on a regular basis, with ad hoc reviews conducted as required. The Board is responsible for establishing and maintaining the Group's system of internal financial controls and the Audit Committee assists the Board in discharging its duties relating to internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

Areas of focus for internal financial controls include strategic planning, approval of annual budgets, regular monitoring of performance against budget (including full investigation of significant variances), control of capital expenditure and ensuring proper accounting records are maintained. The Directors will continue to reassess internal financial controls as the Group expands further. It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Group.

The Group's auditors are encouraged to raise comments on internal control in their management letter following their audit, and the points raised and actions arising are monitored through to completion by the Audit Committee.

Principle 5

Maintaining the Board as a well-functioning, balanced team led by the Chair.

As referenced above there have been a number of Board membership changes during 2022 and in early 2023 post year end. The Board currently consists of one Executive Director, Alessandro Zamboni, CEO. Tom James and John Collis were Executive Directors for the financial year 2022, departing the Board in March 2023. Albert Ganyushin leads the Board as Non-Executive Chair supported by David Bull, Enrico Camerinelli and Alexandra Galligan as Non-Executive Directors. The balance of the Executive and Non-Executives and the structure of the committees is in compliance with the QCA code. The biographical details of the Board members can be found in this Annual Report on page 45, as well as on the Company's website.

The Board typically meets monthly in order to, amongst other things, approve financial statements and significant changes in accounting practices and key commercial matters, as well as receive functional updates from the Leadership team. The Directors commit the requisite amount of time to their respective roles to ensure that they fulfil their individual and collective responsibilities in an effective manner. The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is supported by an Audit Committee, a Remuneration Committee, a Nomination Committee and a Disclosure Committee, the latter of which is a new layer of governance introduced during 2022. Further details of the Nominations, Remuneration and Audit Committee can be found in each of the Committee Reports within this Annual Report on pages 54, 66, 58 respectively, as well as on the Company's website. One element of the role of the Independent Non-Executive Directors is to be available to shareholders who wish to raise any concerns that they have been unable to resolve through other channels and to attend meetings between management and major investors.

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

During the recruitment process for a new Chair and Independent Non-Executive Board members, a great deal of consideration has been given to the knowledge, skills and experience required for the future of group. Ensuring a balance of broad corporate governance knowledge with specific skills sets including regulations, trade finance, capital markets, fintech sector knowledge and investor relations and business development experience has been crucial. In addition to the appropriate balance of personal qualities and capabilities for our innovative global business. The Board changes during 2022 and early 2023 are testament to the fact the structure, size and composition of the Board is regularly reviewed to ensure the Board operates effectively.

In order to develop their skills and keep up to date with market developments and corporate governance matters, new joiners to the Board are provided with a comprehensive induction into the business. The Board also has regular updates from and access to the management team. All directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Biographies for each of the directors, including details on their experience and skills, are set out on the Company's website and in the Directors' Report section of this Annual Report.

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Board's effectiveness and the individual performance of Directors are considered regularly by the Board on an informal basis. A formal Board evaluation was conducted in December 2022 and reported on to the Chair. This evaluation looked at the process that underpins Board effectiveness, Board and committee constitution and commitment, Board dynamics and culture, stakeholder oversight and strategy. As a result of this, changes have also been made to the committee composition, which are outlined in the individual committee reports. This evaluation will be conducted annually. Board and Leadership Team succession planning is a matter considered by the Nomination Committee. During 2022 the risk and the impact of key members of the team taking the decision to leave the Group was assessed. How these risks would be mitigated was considered and plans put in place. This evaluation will take place at least annually.

Statement of Compliance with the QCA Corporate Governance Code

Principle 8

Promote a culture that is based on ethical values and behaviours.

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The Executive team seeks to engender open and positive interactions with a focus on innovation, collaboration, delivery and a global mindset. This culture is encouraged throughout the business, with people management practices aligned to support. Supply@ME is operating in a new business area and the ability to innovate will be essential to the Group's success. Collaboration and ensuring each member of the team's views and opinions are heard will lead to a better product and outcome for all the Group's stakeholders. Understanding the global perspective of each decision and having an understanding of global nuances will lead to a greater long-term reach of the Group. Most of all, the Group wants to deliver for all its stakeholders and this is central to the culture which is being created. The Company's policies set out its zero-tolerance approach towards any form of modern slavery, discrimination or unethical behaviour relating to bribery, corruption or business conduct.

Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management. The Board and management team, supported by external company secretaries and lawyers, ensure Board procedures are followed and applicable rules and regulations are complied with.

There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs. The schedule includes:

- > Determining the Company's overall strategy and direction
- > Establishing and maintaining controls, audit processes and risk management policies to ensure they counter identified risks and that the Company operates efficiently
- > Ensuring effective corporate governance
- > Approving budgets and reviewing performance relative to those budgets
- > Approving financial statements
- > Approving material agreements and non-recurring projects
- > Approving senior and Board appointments
- > Additionally, there is a clear delegated authority matrix stipulating what company costs need to be approved by Board and which decisions can be made by the management team.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Board endeavors to ensure governance structures within the Company are appropriate for the size, complexity and risk profile of the Company. This is regularly reviewed by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time. The Board also responds to business opportunities and adjusts its composition to take advantage of this, hence the changes seen during 2022 and early 2023.

The Board typically meet monthly to set the overall direction and strategy for the Group and to review operational and financial performance. The Board and its Committees receive appropriate and timely information prior to each meeting; and a formal agenda is produced for each meeting, and Board and committee papers are distributed before meetings take place. Any director may challenge Company proposals and decisions are taken democratically after discussion. Any director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are signed by the meeting Chair and circulated to all directors.

Each member of the Board has clearly defined roles and responsibilities. The Chair is responsible for the leadership of the Board, ensuring its effectiveness and high standards of corporate governance, approving and monitoring strategic direction, and allowing stakeholder views to be incorporated as part of the Board's decision making. The Chair's role is also to build collaborative relationships, and promote debate and openness so as to ensure the effective contribution by all Directors and Non-Executive Directors.

The Chief Executive Officer ("CEO") is responsible for the day-to-day operation and running of Group, supported by the management team. The CEO also leads the development and implementation of the approved strategy and business plan, ensuring decisions of the Board are implemented, effective working relationships with the Chair and NEDs are maintained, whilst providing leadership in the Company's commitment to its purpose, high business standards, culture and core values, and communication with key stakeholders.

The Non-Executive Director role is to bring external perspective, constructive challenge, independent judgement and objectivity to the Board's decision making and discussion. They act as a sounding Board for the Chairman and a source of reciprocal feedback for other members of the Board and shareholders. The Non-Executive Directors bring a range of skills, expertise and knowledge to the Board, and constructively challenge the executive management of the Company.

The Non-Executive Directors are responsible for a range of activities, including monitoring the performance of the executive management, determining appropriate levels of remuneration, ensuring financial controls and risk management systems are robust, as well as challenging and supporting executive management in the development of the strategy and objectives of the Company.

An Executive Director is an employee of the Group who sits on the Board of directors but also performs management duties within the business of the company. They oversee and manage day to day activities within their own area of the business, whilst supporting the CEO, and are tasked with the objective of implementing the strategy, whilst upholding the company's values and culture. The Executive Directors performance is reviewed and scrutinised by the Non-Executive Directors. The board is supported by an Audit Committee, Remuneration Committee, Nomination Committee and Disclosure Committee. Further details of the responsibilities of each of these are outlined in their respective reports.

Principle 10

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The company is committed to open communications with all its shareholders. Communication will be primarily through the company's website, the annual report and accounts, Regulatory announcements, the AGM and one-to-one meetings with large existing or potential new shareholders. All shareholders will receive a copy of the annual report and an interim report at the half year is available on the company's website.

Detail of the corporate governance frameworks provided by the Audit Committee, Remuneration Committee and Nomination Committee can be found in their respective reports and their terms of reference are available on the company website.

Report of the Nomination Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the Nominations Committee Report for the year ending 31 December 2022, my first as Chair of the Committee and the Board. There have been a number of changes to the Board during the financial year ending 31 December 2022 and since year end. These changes are focused on ensuring we have the right composition to lead and govern our unique business to its full potential.

First, I would like to thank Jim Coyle for his contribution to the Company's progression prior to his departure from his role as Chair on 4 March 2022. During his time with the Company, TradeFlow Capital Management ("TradeFlow") announced it had partnered with Cargoes Finance by DP World. Additionally Jim provided valuable support to improve Supply@ME's corporate governance structure and implement a refreshed investor relations strategy. I would also like to thank Susanne Chishti who left the Board and her role as Remuneration Committee chair on 14 April 2022. Susanne was instrumental in guiding the Company through its early stages of development having joined the Board on the Company's admission to the London Stock Exchange in March 2020.

I joined the board post the AGM on 30 June 2022 after completing a comprehensive review of the business, including assessing the long-term business objectives and its governance requirements. My intention, and that of each member of the Board, is to bring our collective knowledge, skills and experience to bear by leading the business through its next stage of growth. I hope my 20+ years of leadership in various capital markets roles will be a valuable addition to the Supply@ME team.

Andrew Thomas joined the Board with me on 30 June 2022, bringing with him a wealth of legal experience and knowledge of onshore and offshore fund structuring and oversight, particularly in relation to regulatory issues. He also added further knowledge and experience of mitigating ESG risks while helping organisations to maximise ESG opportunities. Andrew chose to step down from his role to pursue other business opportunities. We are grateful to Andrew for his significant contribution over the time he spent on the Board.

Tom James' and John Collis' roles on the Plc Board ended on 23 March 2023. The change in relationship with TradeFlow aims to remove any potential future conflicts of interest between the two businesses and those associated regulatory and commercial hurdles, which is hoped will in turn improve the growth prospects of both businesses.

Alexandra Galligan joined the Board and became Chair of the Remuneration Committee on 16 March 2023. In this role, she will work diligently to ensure the team are rewarded appropriately and in line with shareholders' needs. Alexandra will add a wealth of valuable knowledge about Hedge Funds, Investments and Business Development to the Board in addition to her valuable experience and knowledge of investor motivation and their increasing focus on investing in companies with demonstrable Environmental, Social and Governance ("ESG") credentials.

During 2022, the composition of the Committees was reviewed, to enable them to benefit from the skills, knowledge and experience of our Non-Executive Directors. Andrew and I joined both the Remuneration and Nomination Committees on our appointment to the Board. Enrico Camerinelli continued to be a long-standing member of both committees and David Bull joined the Remuneration and Nominations committee in March 2022. Enrico was also invited to join the Audit Committee in March 2022, a committee I also joined on appointment on 30 June. On her appointment Alexandra joined the Nomination and Audit Committee in addition to her role as Chair of the Remuneration Committee.

In summary 2022 has been a year of change for the Board and we are excited to build this business during 2023.

Albert Ganyushin

Chair of the Committee and Board

2022 Committee members and attendance

Director	Scheduled meetings attended	Appointed to committee if during 2022 or 2023	Resigned if applicable
David Bull	3/3*	23 March 2022	N/A
Enrico Camerinelli	3/3	N/A	N/A
Susanne Chishti	1/1	N/A	14 April 2022
Jim Coyle	0/0**	N/A	4 March 2022
Albert Ganyushin	2/2	30 June 2022	N/A
Alexandra Galligan	0/0	16 March 2023	N/A
Andrew Thomas	2/2	30 June 2022	15 March 2023

*2 as a member of the committee, 1 as observer. **First committee meeting of the year took place after he left the board.

As at 31 December 2022 the Nomination Committee comprised of David Bull, Enrico Camerinelli and Andrew Thomas as members and Albert Ganyushin as Chair (full biographical details can be found on page 45). The Committee must have at least two members, with a majority being independent Non-Executive Directors. There must be a majority of independent Non-Executive Directors appointed to the Committee. After each meeting the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

Meetings are held at least twice a year at appropriate times and otherwise as required. The Committee met three times during 2022 with meetings being held by video conference. In addition to the Committee members other regular attendees included the Chief Executive Officer, Chief Financial Officer, Chief People Officer, Group Head of Enterprise Risk and the Company Secretary.

Following its annual review of Board and Committee composition, the independence of Non-Executive Directors and their time commitment, the Committee focused on hiring a Remuneration Committee Chair and also on increasing the gender diversity of the board where and when possible.

Roles and responsibilities

The role of the Nomination Committee is set out in its terms of reference, which were updated in April 2022 and March 2023 and are available on the Company's website. The Nomination Committee is responsible for the following key activities:

- Identify and evaluate suitable candidates to fill Board vacancies when they arise and nominate candidates for the approval of the Board. In identifying suitable candidates, the Committee shall:

- Evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and prepare a description of the role and capabilities required for a particular appointment in light of this evaluation;
- Use open advertising or an external search consultant for the appointment of the Chair and Non-Executive Directors of the Board;
- Consider candidates based on merit and against objective criteria, and within this context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- Before the appointment of a Director (including the chair of the Board), require the proposed appointee to disclose any other significant commitments, including the time involved;
- For the appointment of a Chair of the Board, prepare a job specification, including the time commitment expected. The proposed chair's other significant commitments should be disclosed to the Board before appointment and any changes to the Chair's commitments should be reported to the Board as they arise;
- Keep under review the number of external appointments held by each Director. A Director of the Company should not undertake any additional external appointments or other significant appointments without the prior approval of the Board. Executive Directors of the Company should not undertake more than one Non-Executive directorship of another company or any other significant appointments;
- Perform a formal and rigorous annual review of the structure, size and composition of the Board, its Committees, its Chair and individual Directors (including the skills, independence, knowledge, experience, and diversity required to discharge duties) and recommend any changes, to ensure that an effective succession plan is in place;
- Undertake, with the support of the Chief Executive Officer, a talent management and succession planning review of the senior management of the Company at least once each financial year;

Report of the Nomination Committee

- > Keep under review the Company's leadership needs, both Executive and Non-Executive, to ensure its continued ability to compete in the market place;
- > Review annually the time required from the Non-Executive Directors and assess through performance evaluation whether they are spending sufficient time to fulfil their duties;
- > Arrange for a Non-Executive Director, on appointment, to receive a formal letter of appointment to the Board, setting out what is expected in terms of time commitment, Committee service and any involvement outside Board meetings;
- > Set policy for the granting of service agreements and their termination;
- > Ensure that all Directors undergo an appropriate induction programme to ensure they are fully informed about their duties and responsibilities as a director, and to consider any training requirements for the Board as a whole. Individual training will be discussed and facilitated by the Company Secretary;
- > Before the appointment of a Director (including the Chair of the Board), require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- > Review, on an annual basis, declarations by Directors of situational and transactional conflicts / potential conflicts of interest, ensuring that the influence of third parties does not compromise independent judgement;
- > Ensure that the Committee's terms of reference are made available to shareholders on the Company's website and, if requested, in hard copy.

Committee activity during 2022

The Nomination Committee meetings have focused on a number of matters, including those set out below:

- > New Chair attraction, assessment, appointment and induction
- > New Non-Executive Director attraction, assessment, appointment and induction
- > Review of independence of Directors
- > Board and Board Committee evaluation including review and assessment of board composition, balance and competence
- > Review of membership and composition of Board Committees
- > Review and assessment of elements of Board members contracts
- > Reviews of directors situational and transactional potential conflicts
- > Assessment of and appointment of company secretaries
- > Board and leadership team succession planning

- > Assessment and approval of Non-Executive Director other appointments
- > Review and updating terms of reference
- > Completion of internal board evaluation process
- > Review of time commitment from Non-Executive Directors

Board changes and succession planning

There have been a number of changes to the board during 2022, which were focused on ensuring we have the right structure and composition to lead and govern this unique business to its full potential.

Succession planning for both the board and senior leadership team has been a topic discussed at the nomination committee, whereby thought and consideration has been given to the team; how the business mitigates any impact of departures and to develop long term strategies around the attraction and retention of talent throughout the organisation. The nomination committee has worked closely with the remuneration committee to mitigate these risks with the long-term Incentive plan being a key element of this strategy. The committee and the board want the team and shareholders' interests to be firmly aligned over the long-term and this form of delayed performance-based remuneration supports our retention strategy. The first awards took place in 2022 and details of the proposal for a 2023 award can be found in the Directors Remuneration Report.

The Board views diversity on the board itself and within Supply@ME Group's leadership team as essential for the future success of the organisation. One measure of diversity is gender balance. The gender balance of the board during 2022 is not reflective of the gender balance in the Company. The Supply@ME leadership team immediately below board level is 60% female, our employee base is 50% female (excluding TradeFlow). The organisation is focused on hiring leaders and employees from diverse backgrounds and the existing team reflects this effort.

At the AGM Supply@ME will request the reappointment of Albert Ganyushin and Alexandra Galligan.

Board and committee evaluation

A thorough board and committee performance evaluation was conducted in December 2022, to assess the following areas:

- > Processes that underpin board effectiveness
- > Board and Committee constitution and commitment
- > Board dynamics
- > Culture, stakeholder oversight and strategy.

Focus for 2023

The Nomination Committee will continue to focus on future-proofing board-level and team capabilities as the business develops, to enable Supply@ME to excel in the future. While completing this work, there will be a continued and renewed focus on diversity and ensuring Supply@ME is positioned well to attract and retain the best talent.

Report of the Audit Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 December 2022. This report sets out the areas of key focus for the Audit Committee during this period.

The Audit Committee's core activities are linked to the Company's financial reporting cycle and cover the areas delegated to it by the Board in connection with the preparation and publication of the interim and annual financial statements and oversight of the external audit process. In respect of these financial statements, the Audit Committee continued to review and challenge the assumptions and judgements made by management, particularly in connection with, the accounting for the various fundraising and financing activities undertaken by the Company during 2022, the revenue recognition policies applied by the Group following the inaugural inventory monetisation transaction, the application of IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations") to the TradeFlow business, and the ability of the Group to continue operating as a going concern.

During 2022, the Board also requested the Audit Committee provide oversight in connection with the execution of Open Offer and Capital Enhancement Plan, including the publication of the associated regulatory documents being the Open Offer Circular dated 22 July 2022 and the Prospectus dated 3 October 2022 (the "Prospectus"). In particular, the Audit Committee provided challenge and review over the working capital statement set out in the Prospectus.

Most recently, the Audit Committee has been involved in challenging and reviewing the key parameters of the proposed restructuring the Company's ownership with TradeFlow (the "TradeFlow Restructuring") and the new funding arrangements, including the unsecured working capital loan agreement with the AvantGarde Group S.p.A and the new equity subscription agreement, both of which were announced on 28 April 2022, being the date at which this Annual Report and Accounts were published. Although these activities were completed in 2023, they were linked to certain financial statement disclosures included in the 2022 annual report and accounts.

Alongside the important activities listed above, the Audit Committee has continued to focus on maintaining the integrity and transparency of the Group's external reporting, has given careful consideration to the risk management framework, has ensured compliance with relevant regulation, and has provided challenge and guidance in respect of the Group's cash flow position in light of the delays that have continued to be experienced in terms of the generation of revenue from the facilitation of multiple inventory monetisation transactions per year.

Despite the limited resources within the finance team, progress has been made to establish and strengthen internal controls around monthly reporting, cash flow forecasting and the application of complex accounting issues. The finance team has also developed a set of longer term goals that will allow them to support the business as it moves into the scale up phase of the business model. These goals have been shared with the wider Board of Directors and will be closely monitored and regularly evaluated by the Audit Committee.

In line with the wider changes to the Board during 2022, the Audit Committee's membership has also changed with the resignation of Jim Coyle and Susanne Chishti in March and April 2022 respectively, followed by the appointment of Enrico Camerinelli in March 2022 and then Albert Ganyushin in June 2022. The most recent membership change in March 2023 has seen the appointment of Alexandra Galligan. The Board and Nominations Committee has continued to ensure that the Audit Committee will have the right mix of relevant financial and fintech experience to support the Group's anticipated future growth.

David Bull
Chair, Audit Committee

Audit Committee members and attendance

The table below sets out the members of the Audit Committee (the "Committee") during the year (full biographical details can be found on page 45). The current Committee members are all Independent Non-Executive Directors.

Director	Scheduled meetings attended	Appointed to Audit Committee	Resigned (if applicable)
David Bull – Chair	8/8	22 July 2021	N/A
Enrico Camerinelli	7/8	23 March 2022	N/A
Albert Ganyushin	4/4	30 June 2022	N/A
Alexandra Galligan	0/0	16 March 2022	N/A
Susanne Chishti	2/2	23 March 2020	14 April 2022
Jim Coyle	0/0*	28 October 2021	4 March 2022

*First committee meeting of the year took place after he left the board and audit committee.

Role of the Committee

The role of the Audit Committee is set out in its terms of reference, which were most recently reviewed and approved in April 2022. These are available on the Company's website. The Committee's primary purpose is to assume the delegated authority from the Board for the responsibility of overseeing financial reporting, the review and assessment of internal control and risk management, compliance, and maintaining an appropriate relationship with the external auditor. In order to fulfil these responsibilities, the terms of reference provided a framework for the Committee's duties include the following:

- Overseeing the relationship with the Company's external auditor, monitoring its effectiveness and independence and making recommendations to the Board in respect of its remuneration, appointment and removal. The Committee also meets regularly with the external auditor and reviews the findings from the external auditor, including discussion of significant accounting and audit judgements, levels of errors identified and overall effectiveness of the audit process.
- Review and report to the Board on the financial statements of the Company and the Group, including its annual and interim reports and, if applicable, any other formal announcements containing information on financial performance. The Committee will also consider and report to the Board on significant financial reporting issues, accounting policies and key areas of judgement or estimation. This review also includes consideration of the clarity and completeness of disclosures presented in the financial statements.
- Overseeing the accounting principles, policies and practices adopted by the Company and its subsidiaries.

- Monitoring the need for an internal audit function in the context of the Group's overall risk management system.
- Reviewing the effectiveness of the Company's system of internal financial controls and internal control systems.
- Advising the Board on the Company's risk strategy, risk policies and current and emerging risk exposures, including the oversight of the Group's risk management framework and systems.
- Assessing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrong doing in financial reporting or other matters and to ensure proportionate and independent investigation of such matters.
- Making recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is required.

Meetings

The Audit Committee has met on eight occasions during the year and three occasions since the year-end. The meetings were all held by video-conference which has not impacted on the scheduled program or the Committee operating in accordance with its terms of reference.

The Committee operates to an agenda linked to the financial calendar which ensures that the responsibilities and duties of the Committee are discharged in accordance with the Terms of Reference and the requirements of the QCA Corporate Governance Code.

Report of the Audit Committee

In addition to the Committee members, by invitation, the meetings of the Committee may be attended by the Chief Executive Officer, the Chief Financial Officer (CFO) and other members of the leadership team as appropriate. The Company's external auditor and accounting advisors are invited to attend relevant Committee meetings, to ensure full communication of matters as they relate to their respective responsibilities. During the year, the Committee members have the opportunity to meet with the external auditor for a private discussion, without management being present, regarding the audit process and the relationship with management.

The Chair of the Committee holds regular meetings with the external auditor and also with the CFO.

Meetings of the Committee are scheduled close to the end of the interim period and full year, as well as before the publication of the associated half-year and full-year financial reports, so as to ensure the Committee is informed fully, on a timely basis, on areas of significant risks and judgement. The Board has confirmed that it is satisfied that Committee members possess an appropriate level of independence and depth of financial and fintech expertise.

For the year ended 31 December 2022, David Bull, the Chair of the Committee, was determined by the Board as having recent and relevant financial experience. Full biographies of the members of the Audit Committee during the year can be found in the Corporate Governance Report on pages 45 to 47.

The Committee is satisfied that it receives sufficient and timely information and has access to relevant management personnel to allow the Committee members to engage in an informed debate during Committee meetings and to fulfil its responsibilities.

Principal activities in 2022

During 2022 the Committee meetings have focused on the principal matters set out below:

- Reviewed the 2021 annual report and consolidated financial statements.
- Reviewed the 2022 interim financial results and any RNS's containing references to financial data.
- Monitored the Company's risk management framework and updating of the risk register.
- Reviewed key findings from 2021 year end Group audit and approval of the 2022 external audit plan.
- Considered key accounting matters, including key accounting judgements and estimates, and accounting standards that were either newly issued or applicable to the Group due to changing circumstances.
- Reviewed the output of any work produced by third party accounting advisors to support the key accounting matters.
- Assessment of going concern and cash flow forecasting at regular intervals during the year and at least at those times as required for formal sign off of the going concern assessment in annual report and accounts and interim report.
- Oversight of the execution of Open Offer and Capital Enhancement Plan, including the publication of the associated regulatory documents and assessment of the working capital statement set out in the Prospectus issued on 3 October 2022.
- Reviewed the Committee terms of reference.
- Considered the need of an internal audit function.
- Continued assessment of the skills and knowledge within the finance team.

Significant issues considered in relation to the financial statements

As part of its monitoring of the integrity of the financial statements, the Committee reviews whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements and seeks support from the external auditor to assess these. The Committee considered the following significant judgements and other areas of audit focus in respect of the financial statements for the year ended 31 December 2022. These areas have been identified as being significant by virtue of their materiality, complexity, being accounting items which are new for the current financial year, or the level of judgement and/or estimation involved.

In order to ensure the approaches taken were appropriate, the Committee considered reports from both management and the external auditor produced at relevant points during the year. The Committee challenged judgements and sought clarification where necessary.

The Committee received a report from the management and the external auditor on the work it had performed to arrive at its conclusions and discussed in detail all material findings contained within the report.

Alternative performance measures ('APMs') and presentations not specifically defined by IFRS

Reporting issue

The Group has chosen to continue to use an APM which is not specifically defined by IFRS, being Operating loss from continuing operations before impairment charges, to illustrate the impact on earnings from continuing operations before impairment charges. This APM is used in order to present clearly the underlying costs and results of the Group.

Review of the Committee

The Committee reviewed the use and calculation of this APM and agreed with management that this measure has been appropriately calculated and disclosed as a non-GAAP measure in the financial statements. The Committee is satisfied that the non-GAAP measure is not given undue prominence and that the reconciliations provided are presented in a clear manner.

Going concern

Reporting issue

The Directors must satisfy themselves regarding the Group's ability to operate as a going concern and confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due for the 12 months following the date at which the consolidated financial statements for the year ended 31 December 2022 are issued.

Review of the Committee

The Committee reviewed management's cash flow forecasts, including an overview of the assumptions made in the preparation of the base case supporting the going concern statement. This included the Group's consolidated cash flow forecasts covering 2023 – 2024. The Committee discussed and challenged the cash flow forecasts and assessed this in light of the principal risks and uncertainties set out within this annual report and accounts.

Given the continued delays experienced by the business during 2021 and 2022, the Committee discussed and challenged the downside scenarios modelled as part of the going concern statement. The downside scenarios reduced the Group's revenue generation but also looked at cost saving measures that would be implemented in such instances.

These downside scenarios also looked at additional funding that is either available to the Group at the date of signing these accounts, or which the Directors have determined is reasonable to include. In conclusion, the Committee have recommended to the Board that the going concern statement include material uncertainty primarily in regards to the timing of ongoing inventory monetisation revenue streams, and certain cash inflows that have been committed to the Group but for which the cash has not yet been received.

Revenue recognition

Reporting issue

Prior to the Group's facilitation of the first inventory monetisation transaction in October 2022, revenue generated from the inventory monetisation operating segment consisted of due diligence fees. The contracting arrangements for the due diligence fees have changed over time and a large portion of the fees received in prior periods were from a contract with a related party. In determining the correct revenue recognition profile for the due diligence fees under IFRS 15 ("Revenue from Contracts with Customers"), management needed to consider, and apply certain judgements with respect the different performance obligations from historical contracting agreements, current contracting agreements, and contracting agreements with the related party.

In connection with the initial inventory monetisation transaction that took place in the current reporting period, the Group received fees for the first time in connection with the following activities:

- a) origination of the contracts between the client company and the independent stock (trading) company that purchased the inventory;
- b) usage of the Group's IM Platform by the independent stock (trading) company in order to facilitate the purchase of the inventory from the client company; and
- c) service fees charged to the independent stock (trading) company by the Group in terms of the support and administration activities such as the monitoring of the inventory purchased using the Group's IM Platform.

As with the due diligence fee revenue, management needed to consider, and apply certain judgements with respect to the different performance obligations in relation to the each of the activities above in order to establish if the revenue recognition profile in accordance with IFRS 15 ("Revenue from Contracts with Customers") was point in time or over time, particularly given that some of the contracts extend over more than one financial reporting period.

Report of the Audit Committee

Review of the Committee

In connection with the review of the interim and annual financial statements, the Committee received reports from management that outlined the judgements made about the performance obligations under each of the contracting agreements. These reports were carefully reviewed, challenged, and discussed at meetings of the Committee. With respect to the fees referred to above, management applied the following key judgements:

- a) The due diligence services performed represent a distinct beneficial service to the client companies receiving these services, and as such the revenue is recognised at the completion of the due diligence services;
- b) The non-refundable origination fees received from the client company relates to the fee payable to the Group at the point in time the client company enters into binding contracts with the stock (trading) company to purchase its inventory. It was noted that it does not relate to any transfer of asset from the Group to the client company and as a result, management concluded there is no separately identifiable performance obligation carried out by the Group associated with this fee. As such the recognition of the non-refundable origination fee as revenue is at the point in time that the fee becomes payable given that there are no performance obligations that remain to be completed by the Group relating to this fee;
- c) The usage of the Platform granted by the Group to the stock (trading) company represented a Software as a Service ("SaaS") contract, and as the related requirements of IFRS 15 ("Revenue from Contracts with Customers") were satisfied, the annual Platform usage fees are recognised over time; and
- d) The service fees received in exchange for the support and administration activities relate to this separately identifiable performance obligation and as such the annual fees are recognised over time in line with the relevant requirements set out in IFRS 15 ("Revenue from Contracts with Customers").

Capitalisation of costs directly attributable to the internally generated Inventory Monetisation ("IM") Platform

Reporting issue

The Group continues to invest in the development of its IM Platform. During the current financial period management was required to exercise judgement to distinguish those costs that were capable of being capitalised under IAS 38 ("Intangible assets") and those costs that related to research and development activities, which have been recognised as an expense during the relevant period.

Review of the Committee

The Committee reviewed reports from management that detailed the judgements applied in determining which costs would meet the criteria for capitalisation. This was assessed in conjunction with feedback provided from the external auditor. The Committee noted that to date only external costs have been capitalised and concurred with management's approach to the amounts to be capitalised. The Committee also was required to review management's assessment of impairment of the Group's IM Platform in light of certain indicators of impairment that were in existence at year end. Further details of the outcomes of this review are set out below.

Share based payments – Acquisition related earn-out payments

Reporting issue

The acquisition of TradeFlow on the 1 July 2021 included a number of complex accounting judgements and estimates for which management obtained assistance from external accounting advisors. The area of complexity and judgement that continued to impact on the current year financial statements relates to determination of the fair value of the acquisition related earn-out payments to be recognised in the current financial year and within the Company's share based payment reserve.

Review of the Committee

In conjunction with the publication of the 2021 annual report and accounts, the Committee received a comprehensive report from management detailing the proposed accounting treatment of the acquisition related earn-out payments which was considered in depth alongside input from the external auditors.

This proposed accounting treatment required careful analysis and interpretation of the relevant agreements in order to conclude on the appropriate accounting treatment under IFRS 3 ("Business Combinations"). To support this analysis, management engaged third party accounting advisors to assist in this area. The results of the detailed analysis were also shared with the Committee, and this was discussed and challenged both by the Board of Directors and the Committee. The Committee actively sought input from the external auditor on this topic and after careful consideration, concurred with management's judgement that the inclusion of substantive post-acquisition service conditions required the earn-out payments be accounted for as a charge to the income statement (as deemed remuneration) rather than as initial consideration of the acquisition.

Additionally, management engaged a third-party remuneration consultant to assist with calculating the fair value of the acquisition related earn-out payments given that management concluded these fell into the scope of IFRS 2 ("Share based payments"). This IFRS 2 valuation provide a fair value assuming 100% of the related revenue milestone targets were met. The Committee received the detailed analysis produced which set out the valuation method used, the key inputs and the results of the exercise. Following this review and challenge, the Committee sought input from the external auditors and agreed with managements estimate of the potential IFRS 2 charge.

During the current financial year, the key new judgement considered by management related to the expectation regarding the achievability of the future revenue milestone targets, being the non-market vesting conditions under IFRS 2 ("Share based payments"). Based on the revenue figure achieved by TradeFlow for the year ended 31 December 2022, it was confirmed that the 2022 acquisition related earn-out payments due was nil. Management then assessed the level of growth required to meet the 2023 revenue milestone targets and concluded that this extremely high level of growth as unlikely to be obtained. As a result, the 2022 and 2023 acquisition related earn-out amounts that had been recognised to date were reversed in the current year financial statements and no further amounts for these periods were recognised. The Committee reviewed the analysis provided by management in respect of this judgement and also discussed with the external auditors. Following this review, the Committee agreed with managements estimate concerning the achievability of the 2023 TradeFlow revenue milestone targets.

Accounting for funding facilities

Reporting issue

During the current and prior year the Company has entered into loan note and convertible loan note funding facilities, alongside new equity funding facilities, in order to support the Group through its early-stage development. The Group made a strategic decision to replace certain of the loan note and convertible loan note facilities with funding received from its new equity investor in order to provide a more stable balance.

There were a number of complexities contained within the agreements which management were required to carefully analyse to ensure the carrying value of the funding facilities, and the associated finance or share issue costs, were correctly reflected in the balance sheet and income statement respectively. Management also needed to ensure the repayment of certain of the financing facilities during the year were appropriately recorded in the Group's consolidated financial statements.

In addition, the loan notes, certain of the convertible loan notes and certain of the equity funding facilities required the issue of warrants as an associated cost. Management was required to assign a fair value of these warrants in line with IFRS 2 ("Share-based Payments") and ensure the cost of these was appropriately recognised in the financial statements for the year ended 31 December 2022.

Review of the Committee

In order to determine the fair value of the various share warrants that have been issued, management engaged a third-party accounting advisor to carry out the IFRS 2 ("Share-based Payments") fair value exercise. This detailed analysis was also shared with the Committee, and alongside discussions with the external auditors, the Committee are satisfied that the funding arrangements and the repayments made during 2022, have been appropriately accounting for and disclosed in the financial statements.

Accounting for discontinued operations

Reporting issue

During the second half of 2022, the Directors began the process of the TradeFlow Restructuring and as part of the preparation of the consolidated financial statements for the year ended 31 December 2022, management considered the application of IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations") to the TradeFlow business. Management considered the factors that need to be in place in order for a business or asset to be classified as held for sale or a discontinued operation. Management concluded that as at 31 December 2022, TradeFlow was available for immediate sale in its present condition and it was highly probable that the sale would be complete within 12 months of 31 December 2022. As such, the TradeFlow business as been classified as a discontinued operation as at 31 December 2022.

As further announced on 24 March 2023, the directors of TradeFlow provided written notice to the Board of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow, pursuant to certain earn-out arrangements entered into in connection with the Company's acquisition of TradeFlow, the completion of which was announced on 6 July 2021. The Audit Committee continued to support the Board with the activities connected to the buy back.

Report of the Audit Committee

Review of the Committee

In order to review management's judgement regarding the classification of the TradeFlow business, the Committee reviewed the analysis against the IFRS 5 criteria that was presented to the Committee by management. This analysis was also discussed with the external auditors. Following this review and discussion, the Committee concluded that the disclosure of the TradeFlow business as a discontinued operation was appropriate.

Impairment reviews

Reporting issue

The Group is required to annually assess any investment and intangible assets, including goodwill, for impairment. The following impairment reviews took place at the

Group level:

- > Internally generated IM platform; and
- > Intangible assets in relation to the acquisition of TradeFlow.

The Group has recognised an intangible asset in respect of its internally generated IM Platform, and has continued to capitalise costs in line with IAS 38 ("Intangible assets") during the current financial year. During the preparation of the 2021 annual report and accounts, this intangible asset was fully impaired based on the fact that the material uncertainties that existed in the going concern statement, also applied to the impairment review of the IM Platform. Given the continued delays the Group has faced in achieving more than the first initial IM transaction, management's assessment was that the indicators of impairment continued to exist as at 31 December 2022. In line with the judgements applied in the prior year, and the fact that similar material uncertainties existed in the concern statement in the current financial year, management again chose to fully going impair the value of the Group's IM Platform as at 31 December 2022.

Additionally, the Group has also recognised intangible assets, including goodwill, in respect of the TradeFlow acquisition that took place in the prior year. For the purposes of the 2022 interim financial statements, management considered the continued underperformance of TradeFlow compared to its forecasts were indicators of impairment as at 30 June 2022. Following an impairment review of the TradeFlow Cash Generating Unit ("CGU"), the recoverable amount was determined to be lower than the net invested capital value held on the balance sheet at 30 June 2022, and as such an impairment charge of £0.8m has been recognised in the current financial year.

During the second half of 2022, the Directors began the process of the TradeFlow Restructuring, and as set out above the TradeFlow operations have been classified as discontinued operation as at 31 December 2022.

When carrying out the impairment assessment of the TradeFlow CGU as at 31 December 2022, management was required to consider the fair value of the TradeFlow operations which given the classification as a discontinued operation is assumed to be the agreed price between two market participants. Given the details of the buy back are still being considered and finalised as at the date of the consolidated financial statements, management instead considered the specifics set out in the TradeFlow Restructuring share purchase agreement that had been agreed in principle prior to the buy back being exercised. As a result the fair value of the TradeFlow CGU derived from these agreements was compared to the net invested capital held on the balance sheet at 31 December 2022. This calculation resulted in no additional TradeFlow impairment charges being recognised in the consolidated Group financial statements as at 31 December 2022.

The *Parent Company* is required to annually assess for impairment the investments that it currently holds at carrying value including:

- > Supply@ME S.r.l.; and
- > TradeFlow.

During the year ended 31 December 2021, the full amount of the investment in Supply@ME S.r.l. was impaired, along with the full amount of any intercompany receivable balances. This followed the same rationale as noted above for the impairment review of the internally generated IM platform asset. During the current financial year, management followed the same approach and recognised additional impairment charges as required.

As at 31 December 2022, management compared the carrying value of the TradeFlow investment in the Company's books and records, with the fair value of TradeFlow CGU, which has been calculated in the same way as referred to above. This resulted in a further impairment charge being recognised in the Company's financial statements.

Review of the Committee

The Committee reviewed papers from management which set out the key assumptions and judgements underpinning the impairment assessments referred to above. The Group's external auditors provided their view of the assessment to the Committee.

After due consideration and discussion, the Committee concluded that it agreed with the impairment reviews carried out by management during the year ended 31 December 2022 and this resulted in the impairment charges being appropriately recognised in both the Group's consolidated financial statements and the Company's stand alone financial statements.

Fair, Balanced and Understandable

The Committee supports the Board in ensuring that the Annual Report is fair, balanced and understandable and as such has given due consideration as to whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy and can confirm that this is the case.

Risk Management and Internal Controls

The Board has overall responsibility for determining the nature and extent of its principal and emerging risks and the extent of the Group's risk appetite, and to ensure any identified weaknesses are appropriately dealt. Further details the principal risks and uncertainties facing the Group are addressed pages 40 to 42. The Board has delegated to the Committee the responsibility for monitoring the effectiveness of the systems of risk management. The Committee remains pleased with the improvements made to the Group's internal financial controls over the year, however this continues to remain a key area of continued focus for the Committee to ensure controls are developed and improved in line with the Group's developing operations.

Internal Audit

The Committee has considered if the Group's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that, given the size of the Group's current operations, the internal controls in place and significant executive involvement in the Group's day to day business, an internal audit function is not required at this stage. However, the Committee will keep this under review especially as the Group's operations grow and develop.

External Audit

The Committee reviews the independence and objectivity of the external auditor prior to the proposal of a resolution to shareholders at the Annual General Meeting concerning the appointment and remuneration of the auditor. This process includes the review of audit fee proposals, investigation and approval for non-audit services' fees, tenure and audit partner rotation (based on best practice and professional standards within the United Kingdom). The Group's auditor, Crowe UK LLP ('Crowe'), similarly considers whether there are any relationships between itself and the Group that could have a bearing upon Crowe's independence and has confirmed its independence to us.

Each year the Committee obtains written confirmation of auditor's independence. Crowe have been the Group's auditors since the Group listed on the London Stock Exchange in March 2020, and the current external audit partner is Leo Malkin who was also appointed at this time. Having reviewed the auditor's independence and performance, the Committee has concluded that these are effective and recommends that Crowe be reappointed at the next AGM.

The Committee also has responsibility for approving the nature of non-audit services which the external auditor may or may not be allowed to provide to the Company and the fees paid for these services. Currently all non-audit services would need to be approved by the Audit Committee if they were to be undertaken by the external auditor. During the current financial year, Crowe carried out certain non-audit assurance services in relation to the proposed TradeFlow Restructuring. Crowe have not carried out any other non-audit services for the Group since their appointment as external auditor.

The auditor prepares an annual planning report for consideration by the Committee, which details areas of audit focus and anticipated key audit risks, together with the anticipated level of materiality. This is reviewed and approved by the Committee. Following the audit, the auditor presented its findings to the Committee. No significant areas of concern were raised by the external auditor.

Board and Committee Evaluation

A thorough board and committee evaluation was conducted during November 2022. This performance evaluation included the below areas:

- > Processes that underpin board effectiveness
- > Board and Committee Constitution and Commitment
- > Board dynamics
- > Culture, Stakeholder oversight and Strategy

In light of this evaluation the Committee will continue to assess its current skill set and will highlight to the Nomination Committee if there are any issues that arise in the future due to lack of specific skill set or knowledge, particularly as the Group continues to grow in both size and complexity. Additionally, the Committee will continue to assess the information provided to them by management and provide effective feedback to help improve the quality and timeliness of this information.

David Bull

Chair, Audit Committee

28 April 2023

Directors' Remuneration Report

Annual Statement from the Remuneration Committee

I am pleased to present, on behalf of the Board, our Directors' Remuneration Report for the year ending 31 December 2022.

In line with the UK reporting regulations, this Directors' Remuneration Report is split into three sections:

- > this Annual Statement which summarises the work of the Committee and our approach to remuneration;
- > the proposed Directors' Remuneration Policy, which provides details of our approach to remuneration and the parameters within which we will implement our pay arrangements going forward, and how this links to our strategy; and
- > the Annual Report on Remuneration, which sets out the remuneration arrangements and incentive outcomes for the year under review and how the Committee intends to implement the new Remuneration Policy in FY23.

There will be two remuneration-related resolutions at the 2022 Annual General Meeting: (i) a binding vote on the proposed Directors' Remuneration Policy; and (ii) an advisory vote on, together, the Annual Statement and Annual Report on Remuneration.

Renewal of Directors' Remuneration Policy

At the 2022 Annual General Meeting we are asking shareholders to renew our Director's Remuneration Policy ("Policy"). The policy is designed to align the best interests of shareholders and management. The policy was approved at the 2021 Annual General Meeting by 97.47% (10,088,146,704) of the shareholder votes. However, it has come to the attention of the committee that the reference to maximum opportunity and performance measures for the LTIP in the annual report related to pension, hence we would prudently like to take this opportunity to clarify these measures in the Remuneration Policy and again seek shareholder approval for the policy for the next 3 years.

During 2022 the Remuneration Committee has continued to monitor the pay of the Executive Directors, Chair and Non-Executive Directors, based on external benchmarking commissioned in 2021. The Executive Directors continued to be paid below market levels, taking into account the size and nature of the business. The Committee has decided that, whilst the Group is still working towards achieving profitability, it is not currently appropriate to increase remuneration levels for Executive Directors; this will be kept under review and re-considered once the economics of the business justify it.

The fee levels for Non-Executive Directors is a matter for the Chair and Executive team. Non-Executives fees were also reviewed in light of external benchmarking. This review demonstrated the Non-Executive Directors are all underpaid comparative to market. However, this was most stark in the case of the Remuneration and Audit Committee Chairs whom to date had received the base Non-Executive Director fee of £30,000. On reviewing the time commitment, responsibility and input required to Chair the Audit and Remuneration Committees the Chair and Executives made the decision to provide an additional fee of £10,000 to the Chair of the Audit Committee from 22 July 2022 taking the total fee for a Non-Executive Director fulfilling this role to £40,000 per annum. The decision was also taken to increase the fee for the Remuneration Committee Chair in the same way when a new Chair be appointed. The goal of this increased payment is to recognise and retain the contribution made by these key committee chair roles, whilst also attracting a new Remuneration Chair to the position.

As outlined in the 2021 report, consistent with general market practice, the Committee has decided that it would be appropriate to gradually introduce an annual bonus and long-term incentive arrangement for our senior executives.

Remuneration in FY22

The Company continues to build its operations and 2022 was a year of incremental development and innovation, including the first monetisation transaction taking place with funding from the VeChain Foundation.

On 31 October 2022 the first Long Term Incentives Plan Awards were made, the initial performance conditions being absolute Total Shareholder Return (TSR) over 3 financial years, requiring (assuming no dividends), the average closing share price over the period 1 October 2024 to 31 December 2024 to be 0.6945p for 25% of the award to vest increasing, on a straight-line basis, to 1p for 100% to vest. The Committee has broad discretion to reduce vesting if it considers the level of vesting to be inappropriate having regard to affordability, risk management and other factors. As part of the introduction of the LTIP, Executive Directors will become subject to share ownership guidelines requiring them to build up a holding of shares worth at least 200% of base salary (and to normally continue to hold such shares for 2 years' post-cessation). During 2022 the CEO received options on 100% of base salary, which will vest on the basis of the performance conditions outlined above. Tom James and John Collis who were also Executive Directors during 2022 did not receive a grant over shares given that their earn-outs are outstanding.

As outlined in the 2021 annual report no bonus payments were made to Executive Directors during the year ending 2022.

Implementation of the Directors' Remuneration Policy in FY23

As explained above, remuneration levels of Executive and Non-Executive Directors are appreciably below market level, the committee has concluded this will be considered more broadly as and when it is considered affordable.

There are two changes to directors pay to report since the previous annual report. Firstly, the implementation of the LTIP, which by its nature is aligned to shareholders' needs. Secondly an award of an additional fee to Non-Executive Directors who chair the Audit or Remuneration Committee's of £10,000 over and above the base Non-Executive Director fee of £30,000, to recognise the significant time commitment, input and responsibility these roles entail.

The committee has given consideration to the performance conditions for 2023 Long Term Incentives Plan Awards, which aim to align to shareholders' needs. Further details of this are provided in the annual report on remuneration.

At the 2021 AGM an annual bonus plan was included as part of the new Remuneration Policy, at this time the committee concluded Executive Directors would not be invited to participate in the plan for FY22. The Policy permits the operation of a bonus plan with Executive Directors eligible to receive a bonus of up to 100% of base salary. The Committee has given consideration to the implementation of the bonus plan for Executive Directors in 2023 in line with this policy and concluded to not yet approve a plan for 2023. The Remuneration Committee will consider this prudently during 2023 in light of revenue and cash flow. If significant progress is made on the Group's key financial targets a variable pay pool would be formed based on a combination of profit and satisfaction of strategic and personal objectives. These objectives will be linked to the Group's strategy and aligned with key financial, strategic and/or individual targets and be governed by the Remuneration Policy.

Conclusion

We continue to be committed to a responsible approach to executive pay, which I hope this Directors' Remuneration Report demonstrates. The Committee recognises the importance of developing a close relationship with shareholders in facilitating the work of the Committee in developing our pay arrangements. I am happy to meet or speak with shareholders if there are any questions or feedback on our approach to executive remuneration and if you have any comments or feedback on this report, then please let me know through the Company Secretary.

I look forward to receiving your support at the 2023 AGM.

On behalf of the Remuneration Committee:

Alexandra Gailligan

Chair of the Remuneration Committee

Directors' Remuneration Report

Directors' remunerations report – at a glance

Our pay principles

Promotion of the long-term success of the Group

The principal aim of the Directors' Remuneration Policy is the ability to offer competitive remuneration packages which are designed to attract, retain and provide appropriate incentives to Executive Directors and Leadership Team with the experience and necessary skills to operate and develop the Group's business to its maximum potential, thereby delivering the highest level of return for our shareholders.

Implementation of our Policy in FY23

Fixed pay	Salary / fees Pension Benefits	> CEO – GBP £207,000 > CEO – 6% of salary > CEO entitled to life assurance and health insurance, however he has not taken up the health insurance benefit
Annual bonus	Maximum Performance measures Operation	> 100% of salary > 2023 plan not yet approved, consideration will be given by the committee during 2023 to implementation of a 2023 plan in line with the policy > Individual bonuses allocated based on delivery of corporate and/or individual performance objectives > Any bonus in excess of 50% of salary deferred into shares for three years > Malus and clawback provisions operate
Long Term Incentive Plan	Award level Performance measures Operation	> Up to 100% of salary, the CEO will receive a grant over shares worth a maximum of 100% of salary > 50% of the award based on absolute TSR over 3 financial years & 50% of the award based on volume of inventory monetised over the same period > Performance measured over three years > Two-year additional holding period applies to vested awards > Malus and clawback provisions operate
Share ownership guidelines	In-employment guideline Post-cessation guideline Shareholding as a multiple of salary at 31 December 2022 ¹	> 200% of salary > 200% of salary to be held for two years post-employment > CEO – 51.09

¹ The shareholding as a multiple of salary has been calculated using the value of the shareholding held at 31 December 2022 compared to the full year salary for the year ended 31 December 2022.

As announced on 12 April 2023, the number of shares of the Company held by the CEO, through the AvantGarde Group S.p.A, increased by 925,000,000 to a total of 13,667,513,009. There have been no other changes between 31 December 2022 and the 21 April 2023, being latest date practicable prior to the publication of this report.

Directors Remuneration Policy

This part of the Directors' Remuneration Report sets out the Directors' Remuneration Policy for the Company which the committee would prudently like to put to binding shareholder vote at the 2023 AGM to reconfirm shareholder agreement with the policy. The date for the AGM will be announced shortly after the release of the Annual Report and take effect from that date subject to shareholder approval. The Policy will formally apply for three years beginning on the date of approval unless a new policy is presented to shareholders in the interim. All payments to Directors are consistent with the approved Policy.

Considerations when determining the Directors' Remuneration Policy

The overarching objective of the Policy is to promote the long-term success of the Group. In seeking to achieve this objective the Remuneration Committee takes account of the following guiding principles:

- > remuneration packages should be clear and simple;
- > arrangements should be closely aligned with the interests of shareholders and other key stakeholders and ensure that the Company is not unduly exposed to risk;
- > remuneration should align with, and support, our values;
- > a significant proportion of remuneration should be based on performance-related components with potential rewards subject to the achievement of challenging performance targets based on measures linked to the Group's KPIs and to the best interests of stakeholders; and
- > salaries and the overall level of potential remuneration should be competitive but not excessive when compared with other companies of a similar size, scale and geographical reach and should be sufficient to recruit, retain and motivate individuals of the requisite calibre to deliver long-term success.

Consideration of shareholders' views

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. The Committee will seek to engage appropriately with major shareholders and their representative bodies on changes to the Policy. The Committee will also consider shareholder feedback received in relation to the remuneration-related resolutions each year following the AGM. This, plus

any additional feedback received from time to time (including any updates to shareholders' remuneration guidelines), will then be considered as part of the Committee's annual review of remuneration policy and its implementation.

The Remuneration Committee also actively monitors developments in the expectations of institutional investors and considers good practice guidelines from institutional shareholders and shareholder bodies.

Consideration of employment conditions elsewhere in the Group

The Committee closely monitors the pay and conditions of the wider workforce and the design of the Directors' Remuneration Policy is informed by the policy for employees across the Group. While employees are not formally directly consulted on the design of the Directors' Remuneration Policy, we have a relatively small workforce which allows the Board to regularly engage directly with employees. In addition, the Committee receives periodic updates on remuneration arrangements and employment conditions across the Group from the Chief People Officer.

Differences in pay policy for Executive Directors in comparison to employees more generally

The overall approach to reward for employees across the workforce is a key reference point when setting the remuneration of the Executive Directors. As for the Executive Directors, general practice across the Group is to recruit employees at competitive market levels of remuneration, incentives and benefits to attract and retain employees, accounting for local conditions. When affordable for the Company, it is envisaged that all employees will be able to earn annual bonuses for delivering exceptional performance and the corporate measures used to generate the bonus pool apply to all employees participating in the annual bonus plan.

The key difference between the remuneration of Executive Directors and that of our other employees is that, overall, at senior levels, remuneration is increasingly long term, and 'at risk' with an emphasis on performance-related pay linked to business performance and share based remuneration.

This ensures that remuneration at senior levels will increase or decrease in line with business performance and provides alignment between the interests of Executive Directors and shareholders.

In particular, performance-based long-term incentives are normally reserved for those considered to have the potential to influence overall levels of performance.

Directors' Remuneration Report

Policy table for Executive Directors

The table below sets out the main components of the proposed Directors' Remuneration Policy, together with further information on how these aspects of remuneration

operate, which was approved by shareholders at the 2021 AGM. The Remuneration Committee has discretion to amend remuneration to the extent described in the table and the written sections that follow it.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	To provide competitive fixed remuneration. To attract and retain Executives of a superior calibre.	Salaries are usually reviewed annually, with any increases typically effective from the start of the financial year. Salaries are typically set after considering: > pay and conditions elsewhere in the Group; > overall Group performance; > individual performance and experience; > progression within the role; and > competitive salary levels in companies of a broadly similar size, scale and complexity.	While there is no prescribed maximum salary or maximum increase, increases will normally be in line with the typical range of salary increases awarded (in percentage of salary terms) to the wider workforce. Larger salary increases may be awarded to take account of individual circumstances, such as: > where an Executive Director has been promoted or has had a change in scope or responsibility; > where the Committee has set the salary of a new hire at a discount to the market level initially, a series of planned increases can be implemented over the following few years to bring the salary to the appropriate market position, subject to individual performance; or > where the Committee considers it appropriate to adjust salaries to reflect the continuing development of the Company. Increases may be implemented over such time period as the Committee deems appropriate.	Although there are no formal performance conditions, any increase in base salary is only implemented after careful consideration of individual contribution and performance and having due regard to the factors set out in the Operation column of this table.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Benefits	To provide competitive fixed remuneration. To attract and retain Executives of a superior calibre.	Executive Directors are currently entitled to benefits including life assurance and health insurance. Executives Directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms. Other benefits (including a car or car allowance) might be provided from time to time based on individual circumstances and if the Committee decides payment of such benefits is appropriate. For external and internal appointments or relocations, the Company may pay certain relocation and/or incidental expenses as appropriate (for up to two years from recruitment). Any reasonable business-related expenses can be reimbursed (and any tax thereon met if determined to be a taxable benefit). Executive Directors are also provided with the opportunity to participate in any all-employee share plan arrangements on the same basis as other employees.	As it is not possible to calculate in advance the cost of all benefits, a maximum is not pre-determined. The maximum level of participation in all-employee share plans is subject to the limits imposed by the relevant tax authority from time to time.	Not applicable.
Pension	To provide employees with long-term savings to allow for retirement planning.	The Group may offer participation in a defined contribution pension plan or may permit Executive Directors to take a cash supplement in lieu of pension up to the same value.	The maximum employer's contribution or cash allowance in lieu of pension is limited to up to the contribution levels of the majority of the workforce (currently 6% of salary).	Not applicable.

Directors' Remuneration Report

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	Rewards achievement of annual financial and business targets aligned with the KPIs of the Group. Bonus deferral encourages long-term shareholding, provides a retention element and discourages excessive risk taking.	Awards are based on performance typically measured over one year. Any payment is discretionary and pay-out levels are determined by the Committee after the year end based on performance against pre-set targets. Bonus is normally paid in cash, except for any bonus in excess of 50% of base salary which is deferred into an award over shares, typically for a three-year period. Dividends or dividend equivalents may accrue on deferred share awards. The vesting of the deferred share awards is not subject to the satisfaction of any additional performance conditions. The annual bonus plan includes malus and clawback provisions which enable the Committee (in respect of both the cash and the deferred elements of bonuses) to recover or withhold value in the event of certain defined circumstances (i.e. in cases of gross misconduct, material misstatement of financial results, error in calculation, material risk failings, reputational damage or corporate failure).	Maximum annual bonus opportunity is 100% of base salary. A bonus plan has not yet been approved for 2023. The remuneration committee will consider this prudently during 2023 in light of revenue and cash flow.	It is intended that a variable pay pool is formed based on a combination of profit and satisfaction of strategic and personal objectives although the Committee may adopt alternative arrangements within the overall cap. Targets are set annually with measures linked to the Group's strategy and aligned with key financial, strategic and/or individual targets. The performance measures applied may be financial or non-financial, corporate, divisional or individual, and in such proportions as the Committee considers appropriate. A graduated scale of targets is set for each measure, with no pay-out for performance below a threshold level of performance. The Committee has discretion to amend the pay-out should any formulaic outcome not reflect the Committee's assessment of overall business performance.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan ('LTIP')	To incentivise Executive Directors, and to deliver genuine long-term performance-related pay, with a clear line of sight for Executives and direct alignment with shareholders' interests.	Awards will be in the form of nil or nominal-cost share options, conditional shares or other such form as has the same economic effect. Awards will normally be granted with vesting dependent on the achievement of performance conditions set by the Committee, with performance normally measured over at least a three-year performance period. In line with best practice for financial-services companies, 'restricted stock' LTIP awards may be made to control function personnel (e.g. Chief Risk Officer) which are not subject to performance measures. Awards will be subject to a further two-year holding period, and shares will typically not be released to participants until the end of any such holding period. During the vesting period (and the additional holding period) the value of any dividends on performance vested shares will be credited as re-invested in further LTIP award shares. The LTIP includes malus and clawback provisions which enable the Committee (to recover or withhold value in the event of certain defined circumstances (i.e. in cases of gross misconduct, material misstatement of financial results, error in calculation, material risk failings, reputational damage or corporate failure).	The LTIP allows for awards over shares with a maximum value of 100% of base salary per financial year (the Committee reserves the discretion to grant awards up to a maximum value of 200% of base salary per financial year for recruitment related awards or in exceptional circumstances). Actual participation levels will be kept under regular review, and the Committee expressly reserves discretion to make such awards as it considers appropriate within the plan limits.	LTIP performance measures may include, but are not limited to, financial, TSR, strategic and ESG-related objectives. The Committee retains discretion to set alternative measures and weightings for awards over the life of the Policy. Targets are set and assessed by the Committee in its discretion. A maximum of 25% of any element vests for achieving the threshold performance target and 100% for maximum performance. The Committee has discretion to reduce the vesting level should any formulaic outcome not reflect the Committee's assessment of overall business performance.

Directors' Remuneration Report

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Share ownership guidelines	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	Executive Directors are expected to accumulate and maintain a holding in shares in the Company equivalent in value to no less than 200% of base salary. Executive Directors will be expected to retain the lower of actual shares held at cessation and shares equal to 200% of salary for two years post-cessation. These guidelines apply in respect of any shares which vest from Supply@ME share awards granted after the 2022 AGM.	Not applicable.	Not applicable.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Chairman and Non-Executive Directors' fees	To attract high calibre individuals and to appropriately reflect knowledge, skills and experience.	Fees are normally reviewed annually taking into account factors such as the time commitment and contribution of the role and market levels in companies of comparable size and complexity. The Non-Executive Chairman is paid an all-inclusive fee for all Board responsibilities. Fees for the other Non-Executive Directors may include a basic fee and additional fees for further responsibilities (for example, holding the office of Senior Independent Director or chairing of Board committees). The Company repays any reasonable expenses that a Non-Executive Director incurs in carrying out their duties as a Director, including travel, hospitality-related and other modest benefits and any tax liabilities thereon, if appropriate. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for the Chairman or Non-Executive Directors, the Board may pay extra fees on a pro rata basis to recognise the additional workload. The Chairman and Non-Executive Directors cannot participate in any of the Group's incentive arrangements.	The aggregate fees and any benefits of the Chairman and Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £500,000 p.a. in aggregate). Any increases actually made will be appropriately disclosed.	Not applicable

Directors' Remuneration Report

Explanation of performance measures chosen

Performance measures for the annual bonus, once introduced, will be selected annually to align with the KPIs and prevailing strategic imperatives of the Group, and the interests of shareholders and other stakeholders. Financial measures will normally be used to determine the overall bonus pool (e.g. as a % of group pre-tax profit) and the individual allocations will be made based on key strategic and/or personal objectives designed to ensure that Executive Directors are incentivised to deliver across a range of objectives. 'Target' performance is typically set in line with the business plan for the year, with threshold to stretch targets set around this based on a sliding scale which takes account of relevant commercial factors. Only modest rewards are available for delivering threshold performance levels, with rewards at stretch requiring material outperformance of the business plan. Details of the specific measures used for the annual bonus are set out in the Annual Report on Remuneration.

Performance measures for the LTIP are selected in order to provide a robust and transparent basis on which to measure the Group's performance, to demonstrably link remuneration outcomes to delivery of the business strategy over the longer term, and to provide strong alignment between senior management and shareholders. The policy provides for Committee discretion to alter the LTIP measures and weightings to ensure they can continue to facilitate an appropriate measurement of performance over the life of the policy, taking account of any evolution in the Group's strategic ambitions. The measures for the first grant were absolute TSR (equivalent to a range of 0.6945-1p over the last 3 months of FY24). The performance measures for the 2023 grant are:

- > 50% of the award to be based on absolute TSR over 3 financial years, requiring (assuming no dividends) the average closing share price over the period 1 October 2025 – 31 December 2025 to be 0.15p for 25% of the award to vest increasing on a straight line basis to 0.3p for 100% to vest.
- > 50% of the award to be based on volume of inventory monetised by the end of the performance period (31 December 2025). 25% of award to vest if £300m of inventory is monetized (in aggregate) over the 3 financial years ending 31 December 2025, increasing on a straight line basis to 100% of the award to vest if £400m of inventory is monetized (in aggregate) in the same period. This is contingent on the Remuneration Committee deeming the inventory was monetised on acceptable commercial terms.

The vesting in both the first and 2023 award will also be subject to the ability of the Committee to reduce vesting if it considers that appropriate having regard to financial, risk and strategic performance.

When setting performance targets for the bonus and LTIP, the Committee will take into account a number of different reference points, which may include the Group's business plans and strategy, external forecasts and the wider economic environment.

Flexibility, discretion and judgement

The Remuneration Committee operates the annual bonus and LTIP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- > who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments;
- > determining the extent of vesting;
- > treatment of awards and/or payments on a change of control or restructuring of the Group;
- > whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s);
- > how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends);
- > what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year;
- > the ability to apply malus and clawback provisions which enable the Committee to recover or withhold value in the event of certain defined circumstances;
- > the Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards. Any such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be the subject of consultation with the Company's major shareholders; and
- > the ability to override formulaic outcomes in line with Policy.

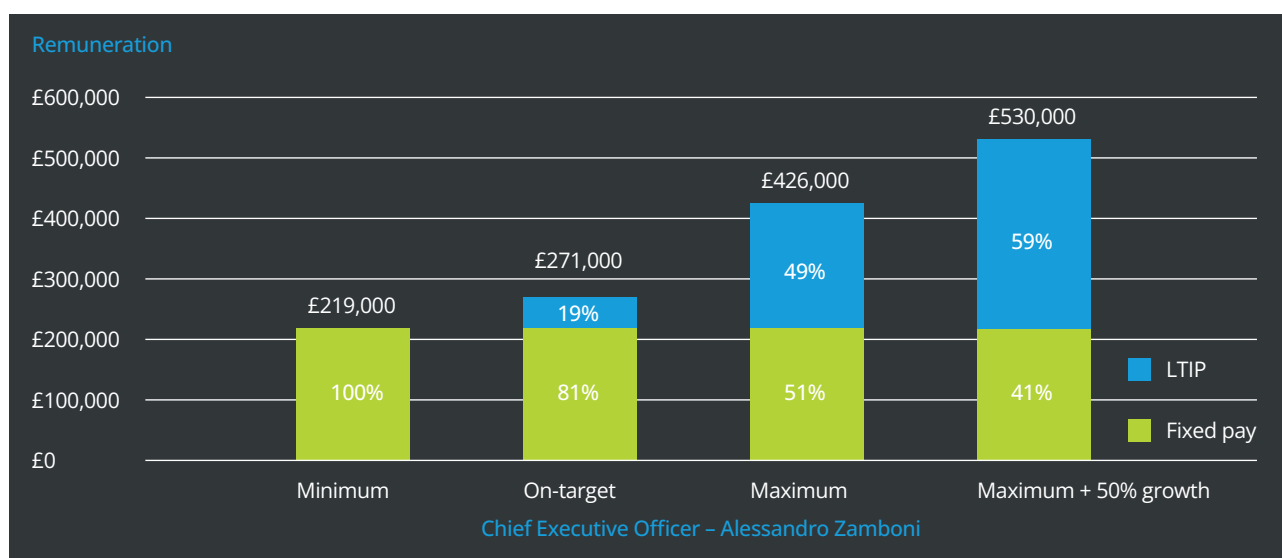
All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale, will be disclosed in the Annual Remuneration Report.

Legacy arrangements

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any previous commitments entered into with current or former Directors (such as the payment of a pension or the unwinding of legacy share awards granted before the approval of this Policy) that remain outstanding. While these details are included in the remuneration report for transparency, it is not necessary to include them within the remuneration policy or the various emoluments tables as it does not comprise legal remuneration. However it is accounted for as remuneration (see single total figure of remuneration for each Director section).

Illustrations of application of remuneration policy

The chart below sets out an illustration of the application of the Directors' Remuneration Policy set out above. The chart shows the split of remuneration between fixed pay and LTIP on the basis of minimum remuneration, remuneration receivable for performance in line with the Group's expectations, maximum remuneration (not allowing for any share price appreciation) and maximum remuneration (assuming 50% share price growth). As a 2023 bonus plan for Executive Directors has not yet been approved the charts exclude any value relating to annual bonus.



In illustrating the potential reward, the following assumptions have been made.

	Fixed pay	LTIP (normal policy level)
Minimum performance		No vesting.
Performance in line with expectations	Fixed elements of remuneration only, being: > base salary (being the salary to be paid in FY23); > benefits paid in FY23 with an assumed value of £1k; and > pension contributions of 6% of salary.	25% of maximum award vesting (equivalent to 25% of salary) for achieving threshold performance.
Maximum performance		100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance.
Maximum performance plus 50% share price growth		100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance plus hypothetical share price growth of 50%.

Notes to the scenarios methodology:

- > LTIP is measured at face value, i.e. no assumption for dividends or share price growth (other than in the fourth scenario).

Directors' Remuneration Report

Recruitment remuneration

The policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business, to execute the Group's strategy effectively and to promote the long-term success of the Group for the benefit of shareholders and other stakeholders. When appointing a new Executive Director, the Committee seeks to ensure that arrangements are in the best interests of the Group and not to pay more than is appropriate.

When hiring a new Executive Director, the Committee will typically align the remuneration package with the above Policy. The Committee may include other elements of pay which it considers are appropriate; however, this discretion is capped and is subject to the principles and the limits referred to below.

- > New Executive Directors will be offered a basic salary in line with the Policy. This will take into consideration a number of factors including, external market forces, the expertise, experience and calibre of the individual and current level of pay. Where the Committee has set the salary of a new appointment at a discount to the market level initially until proven, they may receive an uplift or a series of planned increases to bring the salary to the appropriate market position over time.
- > For external and internal appointments, the Committee may agree that the Company will meet appropriate relocation and/or incidental expenses as appropriate.
- > Annual bonus awards, LTIP awards and pension contributions would not be in excess of the levels stated in the Policy table above.
- > Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions for the first performance year of appointment. An LTIP award can be made following an appointment (assuming the Company is not in a closed period).

- > Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms, adjusted as relevant to take into account the appointment.
- > In addition, the Committee may offer additional cash and/or share-based buyout awards when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration given up at the individual's former employer. Such awards would represent a reasonable estimate of the value foregone and would reflect, as far as possible, the delivery mechanism, time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment and/or in the next published Annual Report. However, for the avoidance of doubt, the value of buy-out awards is not capped.
- > For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved Policy.

Service contracts and letters of appointment

The Company's policy is that Executive Directors should normally be employed under rolling service contracts with notice periods of up to 12 months (from each party). Further details of the notice periods in respect of each Executive Director is provided on page 86. All Non-Executive Directors have letters of appointment which may be terminated by the giving of notice by either party (see page 86 for details of current notice periods). Chairman and Non-Executive Director appointments are subject to Board approval and election by shareholders at each annual general meeting.

Copies of Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal hours of business.

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy
Payment in lieu of notice	The Company may terminate a Director's contract with immediate effect with or without cause by making a payment in lieu of notice by monthly instalments of salary and benefits, with reductions for any amounts received from providing services to others during this period. There are no obligations to make payments beyond those disclosed elsewhere in this report.
Annual bonus	This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award an annual bonus award in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the annual bonus period in question. Any annual bonus award amounts paid will be prorated for time in service during the annual bonus period and will, subject to performance, be paid at the usual time (although the Committee retains discretion to pay the annual bonus award earlier in appropriate circumstances). Any bonus earned for the year of departure and, if relevant, for the prior year may be paid wholly in cash at the discretion of the Committee. On a change of control, annual bonuses will either continue for the full year or a pro-rata bonus may be paid out to the time of completion.
Deferred bonus awards	If a participant ceases employment for any reason (other than voluntary resignation or summary dismissal, in which case the award will lapse), the award will ordinarily continue until the normal vesting date. The Committee retains discretion to release awards when the participant leaves. On a change of control, awards will generally vest on the date of a change of control, unless the Committee permits (or requires) awards to roll over into equivalent shares in the acquirer.
LTIP	Any outstanding awards will ordinarily lapse, however in 'good leaver' cases the default treatment is that awards will vest subject to any performance conditions and time pro-rata and the holding period will normally continue to apply. For added flexibility, the rules allow for the Committee to decide not to prorate (or pro-rate to a different extent) if it decides it is appropriate to do so, and to allow vesting to be triggered at the point of leaving by reference to performance to that date, rather than waiting until the end of the performance period if the Committee so decides. On a change of control, awards will generally vest on the date of a change of control, unless the Committee permits (or requires) awards to roll over into equivalent shares in the acquirer. Any vesting of awards will be subject to assessment of performance against any performance conditions and will normally be pro-rated.
Buy-out awards	Where a buy-out award is made under the Listing Rules then the leaver provisions would be determined at the time of the award.
Other payments	The Group may pay outplacement and professional legal fees incurred by Executives in finalising their termination arrangements, where considered appropriate, and may pay any statutory entitlements or settle compromise claims in connection with a termination of employment, where considered in the best interests of the Company. Outstanding savings/shares under all-employee share plans would be transferred in accordance with the terms of the plans.

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

Directors' Remuneration Report

External appointments

The Company recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies and that such external appointments can broaden a Director's experience and knowledge to the potential benefit of Supply@ME. Subject to approval by the Board, Executive Directors are allowed to accept Non-Executive appointments, provided that these appointments are not likely to lead to conflicts of interest. The Committee will consider its approach to the treatment of any fees received by Executive Directors in respect of external Non-Executive roles as they arise.

Annual Report on Remuneration

Role and composition of the Remuneration Committee

The Board is ultimately accountable for executive remuneration and delegates this responsibility to the Remuneration Committee. The Remuneration Committee is responsible for developing and implementing a remuneration policy that supports the Group's strategy and for determining the Executive Directors' individual packages and terms of service together with those of the other members of the leadership team (including the Company Secretary). When setting the remuneration terms for Executive Directors, the Committee reviews and has regard to workforce remuneration and related policies and takes close account of the remuneration-related provisions of the QCA Corporate Governance Code.

The Committee is formally constituted and operates on written terms of reference, which are available on the Company's website at <https://www.supplymecapital.com/investor/governance/>.

During 2022 the Committee was comprised of Enrico Camerinelli, David Bull following his appointment to the committee on 23 March 2022, Andrew Thomas and Albert Ganyushin following their appointments to the board on 30 June 2022, Susanne Chishti (Chair) until her resignation on 14 April 2022 and Jim Coyle until his resignation on 4 March 2022. The Committee met seven times during the year ended 31 December 2022. Enrico attended all meetings, Susanne attended two meetings prior to her departure on 14 April 2022, Jim attended one meeting prior to his departure on 4 March 2022. Albert and Andrew both attended four meetings and David attended three following their respective appointments.

By invitation of the Committee, meetings are also attended by the CEO, CFO, CPO and the Company Secretary, who are consulted on matters discussed by the Committee, unless those matters relate to their own remuneration. Advice or information is also sought directly from other employees where the Committee feels that such additional contributions will assist the decision-making process.

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all Executive Directors is set and approved by the Committee. The Chair and Executives are responsible for the remuneration of the Non-Executive Directors and the Non-Executives (excluding the Chair) and the Executives are responsible for determining the Chair's remuneration. None of the Directors are involved in the determination of their own remuneration arrangements.

The Committee is authorised to take such internal and external advice as it considers appropriate in connection with carrying out its duties, including the appointment of its own external remuneration advisers. During the year, the Committee was assisted in its work by FIT Remuneration Consultants LLP. FIT was appointed in July 2021 and has continued to provide advice in relation to general remuneration matters and the design of the remuneration policy during 2022. Fees paid to FIT in relation to advice provided to the Committee during the year to 31 December 2022 were £35,431 (excluding VAT), charged on a time/cost basis. FIT is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice they received from FIT was objective and independent.

The Committee considered the following main items during the 2022 financial year:

- > Review of the remuneration policy, including key performance indicators
- > Remuneration for incoming Chair and Non-Executive Directors
- > Review, approval and issuance of first awards under the long term incentive plan
- > Design for proposed Executive and Leadership team bonus plan and discussion on appropriate targets and timing, this will remain under review during FY23
- > Reviewing previously commissioned Board level salary benchmarking
- > Preparations for Directors' remuneration reporting in respect of FY22 and review of the Remuneration policy
- > Review and update of Committee terms of reference

Since the end of the 2022 financial year, the Committee has:

- > Considered and recommended the 2023 LTIP Performance conditions and considered 2023 LTIP award levels
- > Considered the need for and timing of potential 2023 Executive Director Bonus
- > Considered salary levels of incoming Non-Executive Directors

The information that follows has been audited (where indicated) by the Company's auditors, Crowe UK LLP.

Single total figure of remuneration for each Director (audited)

The table below reports the full-year total remuneration receivable by those Directors who performed qualifying services during the year.

For the year ended 31 December 2022

	Base salary/ fees £	Benefits ¹ £	Pension ² £	Annual bonus ³ £	Long-term incentives ⁴ £	Total £	Total fixed £	Total variable £
Executive Directors								
Alessandro Zamboni	207,000	156	12,420	–	–	219,566	219,566	–
Tom James ⁵	222,083	–	–	–	–	222,083	222,083	–
John Collis ⁵	222,083	–	–	–	–	222,083	222,083	–
Non-Executive Directors								
Albert Ganyushin ⁶	75,577	–	–	–	–	75,577	75,577	–
Andrew Thomas ⁷	15,115	–	–	–	–	15,115	15,115	–
Enrico Camerinelli	30,000	–	–	–	–	30,000	30,000	–
David Bull ⁸	34,912	–	–	–	–	34,912	34,912	–
Jim Coyle ⁹	26,731	–	–	–	–	26,731	26,731	–
Susanne Chishti ¹⁰	11,538	–	–	–	–	11,538	11,538	–
Total	845,039	156	12,420	–	–	857,605	857,605	–

¹ Non-salary benefits include the provision of life assurance.

² The amount of employer contribution based on a fixed percentage of base salary, 6% for the Chief Executive Officer only.

³ The Group did not operate a bonus scheme in 2022. Please see details of future intention in the Directors Remuneration Policy.

⁴ The CEO was awarded share options in the 2022 LTIP award. The other Executive Directors were not included in the 2022 award due to existing earn out arrangements. During the year ended 31 December 2022 there were no share options that vested under the 2022 LTIP award or any other share option awards.

⁵ Tom James and John Collis receive a proportion of their salary in USD. These amounts have been converted to GBP in the total above using the average exchange rate of 1.25.

⁶ Albert Ganyushin joined the board on 30 June 2022 and received fees from that date, this figure does not include fee paid to him prior to joining the board of £12,500 (excluding VAT) for strategic advisory project.

⁷ Andrew Thomas joined the board on 30 June 2022 and received fees from that date.

⁸ David Bull's fee was increased from £30,000 per annum to £40,000 per annum on 22 July 2022 to recognise his role as Chair of the Audit Committee.

⁹ Jim Coyle stepped down from the Board on 4 March 2022 and received fees to that date.

¹⁰ Susanne Chishti stepped down from the Board on 14 April 2022 and received fees to that date.

¹¹ The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for 2022 was £857,617 (2021:£629,352).

While not remuneration for the purposes of this table, for completeness, in addition to an initial consideration received on completion of the acquisition of TradeFlow Capital Management Pte. Limited ("TradeFlow"), Tom James and John Collis, the TradeFlow directors, are entitled to receive acquisition related earn-out payments determined by reference to pre-determined revenue milestones of TradeFlow and, separately, of its subsidiary company (Tijara Pte. Limited). These milestones are calculated by reference to the revenues achieved in each of the 2021, 2022 and 2023 financial years and are contingent on employment to the relevant dates. The acquisition related earn-out amounts are able to be paid in either cash or shares, and as this is at the Company's discretion, they fall into the definition of shared based payments under IFRS.

As such, the fair value of these earn-out payments have been calculated at the grant date, being the date of completion of the acquisition, with this fair value being spread over the period from grant to vesting date in the consolidated financial statements. Further details are set out in the notes to the consolidated financial statements for the year ended 31 December 2022, including the fair value of the acquisition related earn-out payments recognised in the current financial year of which was a credit to the income statement of £710,000 (2021: an expense of £1,410,000). The terms of the earn-out payments provide that if the Company chose to issue the earn-out payment in shares, the number of shares to be issued will be determined using the Volume Weighted Average Price ("VWAP") over the 20 dealing days to the end of the relevant financial year subject to a floor of 1p.

Directors' Remuneration Report

In addition, the number of shares will be enhanced by 50% if the VWAP is greater than 1p. On the 19 July 2022, the Company chose to equity settle the earn-out payment that was due to the TradeFlow directors following the level of revenues achieved in 2021 being 80% of the pre-determined

revenue milestone. This resulted in each of the two TradeFlow directors, being Tom James and John Collis, each being awarded 106,762,760 new ordinary shares. 50% of these shares may not be sold for 12 months following award but are not contingent on continued employment.

For the year ended 31 December 2021

	Base salary/ fees £	Benefits ¹ £	Pension ² £	Annual bonus ³ £	Long-term incentives ⁴ £	Total £	Total fixed £	Total variable £
Executive Directors								
Alessandro Zamboni	185,000	66	49,310	–	–	234,376	234,376	–
Tom James ⁴	85,766	–	–	–	–	85,766	85,766	–
John Collis ⁴	85,766	–	–	–	–	85,766	85,766	–
Non-Executive Directors								
Jim Coyle ⁵	26,154	–	–	–	–	26,154	26,154	–
Susanne Chishti ⁶	70,513	–	–	–	–	70,513	70,513	–
Enrico Camerinelli	30,000	–	–	–	–	30,000	30,000	–
David Bull ⁷	13,308	–	–	–	–	13,308	13,308	–
Dominic White ⁸	83,470	–	–	–	–	83,470	83,470	–
Total	579,977	66	–	–	–	629,352	629,352	–

¹ Non-salary benefits include the provision of life assurance.

² The amount of employer contribution based on a fixed percentage of base salary, which was 15% for the Chief Executive Officer only for the year ended 31 December 2021. The amount shown in table includes £21,560 that was paid during FY21 but which related to base salary earned in FY20. From 1 January 2022 the CEO's pension contribution has been reduced to 6% in line with UK employee contribution.

³ The Group has not historically operated an annual bonus scheme or long-term incentive plan. Please see page 73 for details of new incentive arrangements under the proposed Directors' Remuneration Policy.

⁴ Tom James and John Collis joined the Board on 30 July 2021 and their remuneration reflects the period from then.

⁵ Jim Coyle joined the Board on 28 October 2021 and his remuneration reflects the period from then.

⁶ Susanne Chishti was appointed interim chair from 23 July 2021 to 27 October 2021.

⁷ David Bull joined the Board on 22 July 2021 and his remuneration reflects the period from then.

⁸ Dominic White stepped down from the Board on 22 July 2021 and received fees to that date.

⁹ The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for 2021 was £629,352 (2020: £288,868).

Annual bonus for the year ending 31 December 2022 (audited)

The Company did not offer annual bonus for FY22.

LTIP awards with performance periods ending in the year (audited)

There were no long-term incentive awards capable of vesting in relation to performance during the year ending 31 December 2022.

LTIP awards granted in the year (audited)

On 31 October 2022 awards in the form of nominal-cost share options ("Awards") over 874,783,094 ordinary shares of nominal value 0.002 pence each in the capital of the Company ("Ordinary Shares") were granted under the Supply@ME Long Term Incentive Plan (the "LTIP") to certain of the Company's executives and senior management.

The Awards granted include those made to the following Director and person discharging managerial responsibilities ("PDMR"):

Name	Position	Number of Ordinary Shares under Award
Alessandro Zamboni	Chief Executive Officer; Executive Director	258,750,000
Amy Benning	Chief Financial Officer; PDMR	187,500,000

Pursuant to the terms of the LTIP the Awards will normally become exercisable on 31 October 2025.

Awards may become exercisable subject to continued employment and the achievement of an absolute Total Shareholder Return performance condition measured over a three-year performance period over the 2022, 2023 and 2024 financial years. The initial performance conditions will be absolute TSR over 3 financial years, requiring (assuming no dividends), the average closing share price over the period 1 October 2024 to 31 December 2024 to be 0.6945p for 25% of the award to vest increasing, on a straight-line basis, to 1p for 100% to vest. In addition, the Remuneration

Committee will have broad discretion to reduce vesting if it considers the level of vesting to be inappropriate having regard to affordability, risk management and other factors. The Award granted to the Chief Executive Officer is additionally subject to a two-year holding period following the vesting date.

Payments for loss of office and to past Directors (audited)

No such payments were made during the year.

Statement of Directors' shareholding and share interests (audited)

The following table shows the interests of Directors and their connected persons in the Company's ordinary shares as at ending 31 December 2022.

Director ¹	Number of shares owned outright (including connected persons)	Share awards not subject to performance conditions	Share awards subject to performance conditions	Shareholding as a multiple of salary at 31 December 2022 ³	Shareholding guideline as a multiple of salary	Shareholding guideline met?
Alessandro Zamboni ²	12,742,513,009	–	–	51.09	2.0	Yes
Tom James	513,262,760	–	–	1.92	2.0	No
John Collis	513,262,760	–	–	1.92	2.0	No
Albert Ganyushin	–	–	–	N/A	N/A	N/A
Andrew Thomas	–	–	–	N/A	N/A	N/A
Enrico Camerinelli	–	–	–	N/A	N/A	N/A
David Bull	–	–	–	N/A	N/A	N/A
Jim Coyle	–	–	–	N/A	N/A	N/A
Susanne Chishti	–	–	–	N/A	N/A	N/A

¹ The shareholdings and awards set out above include those held by Directors and their respective connected persons.

² Alessandro Zamboni's shares are held through the AvantGarde Group S.p.A.

³ The shareholding as a multiple of salary has been calculated using the value of the shareholding held at 31 December 2022 compared to the full year salary for the year ended 31 December 2022. Tom James and John Collis receive a proportion of their salary in USD. These amounts have been converted to GBP in the total above using the average exchange rate of 1.25.

As announced on 12 April 2023, the number of shares of the Company held by the CEO, through the AvantGarde Group S.p.A, increased by 925,000,000 to a total of 13,667,513,009. There have been no other changes between 31 December 2022 and the 21 April 2023, being latest date practicable prior to the publication of this report

Executive Directors Long term incentive (share) plan interests

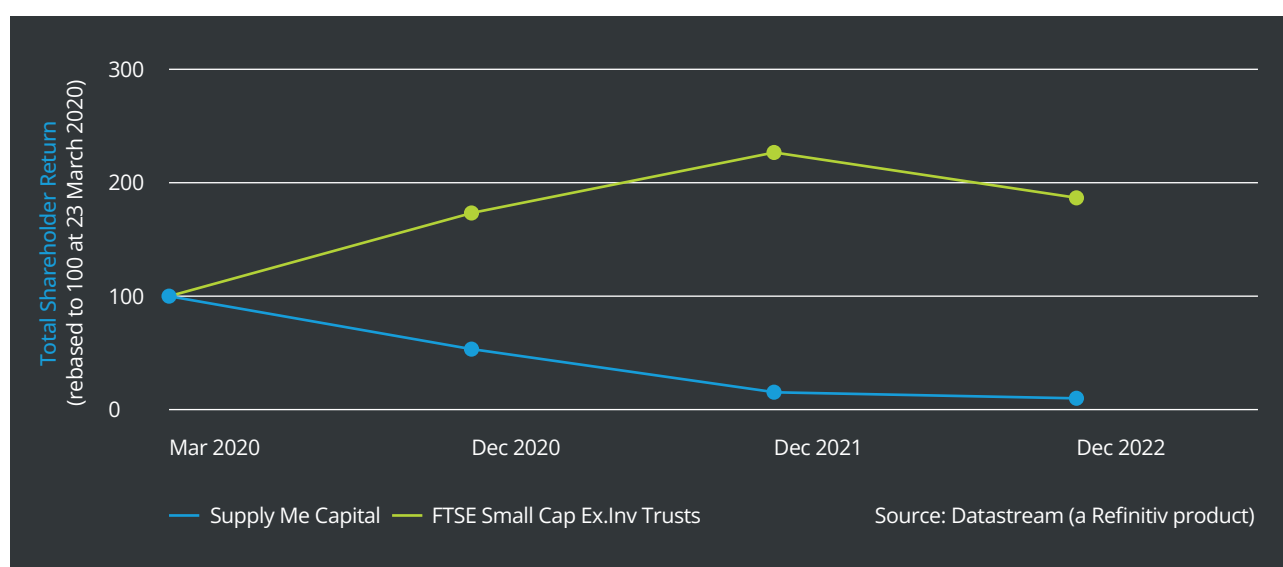
Executive Director	Date of Grant	Vesting date	Holding period ends	No of shares granted	Grant Price	Face value (no of shares x grant price)
Alessandro Zamboni	31 October 2022	31 October 2025	31 October 2027	258,750,000	0.08p	£207,000
Tom James	–	–	–	–	–	–
John Collis	–	–	–	–	–	–

Directors' Remuneration Report

Total shareholder return performance graph

The graph below shows the value at 31 December 2022 of £100 invested in the Company on 23 March 2020 (i.e. the date that Admission to trading on the London Stock Exchange) compared to the value of £100 invested in the FTSE SmallCap Index (excluding Investment Trusts), making the assumption

that dividends are reinvested to purchase additional equity. The FTSE SmallCap Index (excluding Investment Trusts) has been selected as a comparator index to the Company, being made up of companies with a similar market capitalisation to the Company.



Chief Executive Officer's remuneration

The total remuneration figure for the Chief Executive Officer in 2022 is shown in the table below, along with the value of bonuses paid, and LTIP vesting, as a percentage of the maximum opportunity. This table will build up to show ten years' worth of data over time.

Year	CEO	CEO single figure of total remuneration £	Annual bonus pay-out % of maximum	LTIP vesting % of maximum
2022	Alessandro Zamboni	219,576	–	–
2021	Alessandro Zamboni	234,376	–	–
2020	Alessandro Zamboni	138,750	–	–

Annual percentage change in remuneration of Directors and employees

The table below shows the percentage change in remuneration of the Directors and employees of the business between the 2021 and 2022 financial years.

	Salary or fees	% change from FY21 to FY22 Benefits ³	Bonus
Employees ¹	-15	–	N/A
Executive Directors²			
Alessandro Zamboni	12	(55)	N/A
Tom James	–	N/A	N/A
John Collis	–	N/A	N/A
Non-Executive Directors			
Jim Coyle ⁴	2	N/A	N/A
Susanne Chishti ⁵	(84)	N/A	N/A
Enrico Camerinelli	–	N/A	N/A
David Bull ⁶	162	N/A	N/A
Albert Ganyushin ⁷	100	N/A	N/A
Andrew Thomas ⁷	100	N/A	N/A
Dominic White ⁷	(100)	N/A	N/A

¹ The % change from FY21 to FY22 of the employees is calculated using the mean annualised FTE salaries of the Supply@ME Capital Plc employee base.

- ² In order to illustrate the % change of the Directors from FY21 to FY22 annualised FTE salaries have been used.
- ³ During FY21 the percentage of pension for the CEO was reduced from 15% of base salary to 6% of base salary, in order to align with the rest of the workforce.
- ⁴ Jim Coyle was appointed as a director on 28 October 2021 and resigned on 4 March 2022. The change in his salary reflects the period which he was a director.
- ⁵ From 22 July 2021 to 28 October 2021, Susanne Chishti was appointed as the interim Chair. On 14 April 2022, Susanne Chishti resigned. The decrease in salary reflects both these factors.
- ⁶ David Bull was appointed as a director on 22 July 2021 and received an increase in his directors fees during FY22 to reflect the time commitment required to fulfil his role as Chair of the Audit Committee. The increase in salary reflects both these factors.
- ⁷ Albert Ganyushin and Andrew Thomas both joined the board during FY22 and therefore had no comparative salary received in FY21. Dominic White resigned during FY21 and had no comparative salary in FY22. The changes in salary reflect these factors.

Relative importance of spend on pay

The table below details the change in total staff pay between 2021 and 2022 as detailed in note 8 to the Group consolidated financial statements, compared with distributions to shareholders by way of dividend, share buy backs on any other significant distributions or payments. These figures have been calculated in line with those in the audited financial statements:

	2022 (£000)	2021 (£000)	% change
Total gross staff pay	2,767	1,728	60%
Dividends / share buybacks	–	–	N/A

Summary of shareholder voting

The following table shows the results of the advisory vote on the 2021 Directors' Remuneration Report and the binding vote on the Directors' Remuneration Policy at the 2022 Annual General Meeting:

	Approval of the 2021 Directors' Remuneration Report (2022 AGM)		Approval of the Remuneration Policy (2022 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	10,101,240,460	97.56%	10,088,146,704	97.47%
Against	252,712,593	2.44%	261,938,239	2.53%
Votes withheld	46,309,028	–	50,177,138	–

Directors' Remuneration Report

Executive Directors' service contracts

The table below summarises key details in respect of the Executive Directors' contracts:

	Date of service contract/letter of appointment	Notice period (from either party unless stated otherwise)
Alessandro Zamboni	23 March 2020	12 months

The service contracts of all current Executive Directors are available for inspection at the Company's registered office.

Non-Executive Directors' letters of appointment

The table below summarises key details in respect of the Non-Executive Directors' contracts:

	Date of letter of appointment	Notice period (from either party)
Enrico Camerinelli	23 March 2020	3 months
David Bull	21 July 2021	90 days
Albert Ganyushin	30 June 2022	90 days
Alexandra Galligan	16 March 2023	90 days

External appointments

Alessandro Zamboni is a Non-Executive Director with Darwinsurance srl.

Implementation of policy for the year ending 31 December 2023

Basic salary

Executive Directors' salaries for FY23 are as follows:

	Base salary FY22	Director fees FY22
Alessandro Zamboni	£207,000	–

The Committee reviewed Executive Directors salaries during 2022 and although current total remuneration levels are below market no increases are currently proposed for FY23. The Committee intends to keep them under review with a view to increasing total remuneration toward market levels once the performance of the business warrants it.

Benefits and pension

The CEO receives a pension contribution or allowance of 6% of salary.

Annual bonus

A bonus plan has not yet been approved for 2023. The remuneration committee will consider this prudently during 2023 in light of revenue and cash flow. If significant progress is made on the Group's key financial targets a variable pay pool would be formed based on a combination of profit and satisfaction of strategic and personal objectives. These objectives will be linked to the Group's strategy and aligned with key financial, strategic and/or individual targets and be governed by the Remuneration Policy.

LTIP

Subject to approval of the proposed Directors' Remuneration Policy, all Executive Directors will be eligible to participate in the LTIP. An award is anticipated to be made during FY23 to the CEO over shares up to 100% of base salary. The performance conditions will be:

- > 50% of the award to be based on absolute TSR over 3 financial years, requiring (assuming no dividends) the average closing share price over the period 1 October 2025 – 31 December 2025 to be 0.15p for 25% of the award to vest increasing on a straight line basis to 0.3p for 100% to vest.
- > 50% of the award to be based on volume of inventory monetised by the end of the performance period (31 December 2025). 25% of award to vest if £300m of inventory is monetized (in aggregate) over the 3 financial years ending 31 December 2025, increasing on a straight line basis to 100% of the award to vest if £400m of inventory is monetized (in aggregate) in the same period. This is contingent on the Remuneration Committee deeming the inventory was monetised on acceptable commercial terms.

The Committee will have broad discretion to reduce vesting if it considers the level of vesting to be inappropriate having regard to affordability, risk management and other factors.

Non-Executive Directors' fees

Non-Executive Directors' fees for FY23 have been amended slightly to reflect the significant contribution made by Committee Chairs. The Chair of both Audit and Remuneration Committee Chair will be eligible for an additional £10,000 fee in addition to the base Non-Executive Director fee of £30,000. The Non-Executive Directors fees are detailed below:

	Fee FY23 £
Chairman	150,000
Base Non-Executive Director fee	30,000
Senior Independent Director fee	10,000
Chair of Audit or Remuneration Committee fee	10,000

Report of the Directors

Report of the Directors

The Directors present their report on the Group together with the audited consolidated financial statements for the year ended 31 December 2022.

Results and dividends

The Group's consolidated total loss for the year was £9,878,000 (2021: £12,487,000). The Group's consolidated operating loss from continuing operations before impairment charges for the year was £4,651,000 (2021: £3,993,000). More information about the Group's financial performance can be found in the financial review on pages 32 to 37 and in the financial statements on pages 93 to 172.

The Directors are not proposing a final dividend for the year ended 31 December 2022.

Review of Business and Future Developments

The Chief Executive's Review on pages 6 and 7 and the Strategic Report on pages 1 to 42 provide a review of the business, the Group's trading for the year ended 31 December 2022, key performance indicators and an indication of future developments and risks, form part of this Directors' Report.

Matters covered in the Strategic Report

A comprehensive review and assessment of the Group's activities during the year as well as its position at the year end and prospects for the forthcoming year are included in the Chief Executive's Review and the Strategic Report. These reports can be found in the relevant sections above and should be read in conjunction with this report.

Disclosure	Location
Capital Structure	Notes 15, 23 and 24 to the consolidated Financial Statements – pages 127, 136 and 139
Directors' interests	Directors' Remuneration Report – pages 66 to 86
Directors' Remuneration Report	Strategic Report – pages 66 to 86
Directors' responsibility statement	Page 92
Engaging with our stakeholders	Strategic Report – pages 30 to 31
Environmental Impact	Strategic Report, Environmental Impact – page 38
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Details can be found on pages 40 to 42 of the Strategic Report and Note 23 to the consolidated Financial Statements
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Notes 2 and 23 to the consolidated Financial Statements – pages 105 to 118 and 136 to 139
Future business developments	Strategic Report – pages 1 to 42
Greenhouse gas emissions	Strategic Report, Environmental Impact – page 38
People, culture and employee engagement	Strategic Report – page 30
Principal decisions made by the Board during the year	Strategic Report – page 48
Section 172 Statement	Strategic Report – page 30

The stakeholder engagement section of the strategic report contains information in respect of the Group's key stakeholders and business relationships, including our people, shareholders, corporate clients, inventory funders and fund investors.

Cautionary statement

The review of the business and its future development in the Strategic Report has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential for this strategy to succeed.

It should not be relied on by any other party for any other purpose. The review contains forward-looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of the reports and should be treated with caution due to the inherent uncertainties associated with such statements.

Report of the Directors

Directors of the Group

The Directors, who held office during the period, and subsequently, together with current Directors are as follows:

- > **Albert Ganyushin** – Independent Chairperson and Non-Executive Director (appointed 30 June 2022)
- > **Alessandro Zamboni** – Chief Executive Officer and Executive Director (appointed 23 March 2020)
- > **Enrico Camerinelli** – Independent Non-Executive Director (appointed 23 March 2020)
- > **David Bull** – Independent Non-Executive Director (appointed 22 July 2021)
- > **Alexandra Galligan** – Independent Non-Executive Director (appointed 16 March 2023)
- > **John Collis** – Former Executive Director (appointed 30 July 2021, resigned 23 March 2023)
- > **Thomas James** – Former Executive Director (appointed 30 July 2021, resigned 23 March 2023)
- > **Andrew Thomas** – Former Non-Executive Director (appointed 30 June 2022, resigned 15 March 2023)

- > **James Coyle** – Former Independent Non-Executive Chairman (appointed 28 October 2021, resigned 4 March 2022)
- > **Susanne Chishti** – Former Senior Independent Non-Executive Director (appointed 23 March 2020, resigned 14 April 2022)

The biographies of the Directors in office as at the date of this Annual Report are set out on pages 44 to 47 of the Corporate Governance Report. As set out above, between 31 December 2022 to the date of the approval of the annual report and financial statements there have been three resignations of board members including John Collis and Thomas James, both of whom resigned on 23 March 2023, and Andrew Thomas, who resigned on 15 March 2023. There has been one new board member appointed, Alexandra Galligan, who joined the board on 16 March 2023.

Directors' interests

The Directors who held office during the year and their interests in the ordinary shares of the Company were as follows:

	Ordinary shares (At 31 December 2022)	Ordinary shares (At 31 December 2021)
Alessandro Zamboni (held through AvantGarde Group SpA and 1AF2 Limited)	12,742,513,009	12,742,513,009
John Collis	513,262,760	406,500,000
Thomas James	513,262,760	406,500,000
Albert Ganyushin	Nil	N/A
Enrico Camerinelli	Nil	Nil
David Bull	Nil	Nil
Andrew Thomas	Nil	N/A
Alexandra Galligan	N/A	N/A
James Coyle	N/A	Nil
Susanne Chishti	N/A	Nil

On 12 April 2023, it was announced that the AvantGarde Group SpA acquired an additional 925,000,000 new ordinary shares of the Company. Following this acquisition by the AvantGarde Group S.p.A, the number of ordinary shares held by Alessandro Zamboni increased to 13,667,513,009.

The Powers of the Company Directors

The powers of the Directors are set out in the Company's articles of association (the "Articles") and the Companies Act 2006 and are subject to any directions given by special resolution.

The Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company whether relating to the management of the business or not. The Directors may also, subject to the Articles, delegate any of their powers, authorities and discretions as they see fit. The Board is required by the Articles to consist of no fewer than two Directors and is not subject to any maximum number.

Appointment and replacement of Directors

The rules governing the appointment and replacement of Directors are set out in the Articles and are governed by the QCA Code, the Companies Act 2006 and related legislation. Directors may be appointed by ordinary resolution of the shareholders or by the Board. At each AGM, all Directors who have been appointed by the Board since the previous AGM shall offer themselves for re-election by the shareholders. In addition, any Directors for whom the AGM is their third since they were last elected or re-elected, shall offer themselves for re-election by the shareholders. As such, at the Company's next AGM, a date for which will be announced shortly following the publication of this Annual Report, the following Directors will offer themselves for re-election; Albert Ganyushin and Alexandra Galligan.

Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the Company's shareholders.

Compensation for loss of Office

No compensation for loss of office was paid to Directors who resigned during the year or in the period following the year end and up to the date at which this Annual Report has been published.

Corporate governance statement

The Corporate Governance Report set out on pages 43 to 92 forms part of the Directors' Report.

Directors' and officers' liability insurance

Throughout the financial year the Company had, as permitted by sections 234 and 235 of the Companies Act 2006, maintained Directors' and Officers' Liability insurance cover on behalf of the Directors of the Company. These policies indemnify them against certain liabilities which may be incurred by them in relation to the Company.

Financial Instruments

The financial risk management objectives and policies of the Group are shown in note 23 to the Group's consolidated financial statements.

IFRS

The Directors have prepared the Group consolidated financial statements in accordance with international accounting standards in conformity with the requirements of UK adopted International Accounting Standards.

Political and charitable donations

No political or charitable donations were made by the Group during the period (2021: nil).

Research and Development

During the year the Group continued to invest in the development of its core Inventory Monetisation ("IM") Platform, the purpose of which is to facilitate, record and monitor IM transactions between third party client companies and segregated trading companies (known as stock companies). The internally generated IM Platform includes not only the software but also:

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

During the year the Group capitalised costs associated with the development of the IM Platform to the value of £1,125,000 (2021: £1,020,000) as disclosed in note 13 to the Group's consolidated financial statements.

Authority for Company to Purchase own Shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase. Since listing the Directors have not exercised any of their powers to purchase its own shares.

Report of the Directors

Significant Interests (greater than 3%)

The table below shows the interests in shares notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as of 31 December 2022, and 21 April 2023 (being the latest practicable date prior to publication of the Annual Report):

Name of shareholder	As of 31 December 2022		As at 21 April 2023	
	No. of ordinary shares held of £0.00002 nominal value each	% of total voting rights held	No. of ordinary shares held of £0.00002 nominal value each	% of total voting rights held
Alessandro Zamboni (held through AvantGarde Group SpA and 1AF2 Limited)	12,742,513,009	22.51%	13,667,513,009	24.14%
Venus Capital S.A.	7,900,000,000	13.95%	7,900,000,000	13.95%
Hartfort Growth Fund Limited	–	–	1,730,571,351	3.06%

Except as disclosed in the above table, the Company and the Directors are not aware of any person who, directly or indirectly, has a holding which is notifiable under English law or who directly or indirectly, jointly or severally, exercises or could exercise control over it, nor are they aware of any arrangements the operation of which may at a subsequent date result in a change of control over it. Those interested, directly or indirectly, in 3% or more of the issued ordinary shares (as set out in the above table) do not have different voting rights from other shareholders.

Branches outside of the UK

The Group has subsidiaries outside the UK in Italy and Singapore. Further details of these can be found in note 3 to the Company's financial statements. The Company currently does not have any branches outside of the UK.

Change of Control

The Group is party to a limited number of funding agreements that include change of control provisions which, in the event of a change of control of the Company, or the relevant Group entity, could result in the termination of those arrangements at the election of the lender, which if triggered would result in the discontinuation of further funding and a requirement to repay amounts outstanding under the affected arrangement.

Going concern

In carrying out their duties in respect of going concern, the directors have completed a review of the Group's financial forecasts for a period exceeding 12 months from the date of issue of this annual report.

This review included sensitivity analysis focused on more immediate going concern period to determine the potential impact on the group of reasonably possible downside scenarios. For the reasons set out below, the Directors consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

As at 31 December 2022 the Group had a cash and cash equivalents balance from continuing operations of £757,000. In addition, cash balances from discontinued operations were £324,000 as at 31 December 2022. These total combined cash and cash equivalent balances of £1,081,000 compared to a consolidated cash balance £1,727,000 as at 31 December 2021. The Group's consolidated net current liabilities of £828,000 as at 31 December 2022, compared to a consolidated net current liability position of £6,609,000 as at 31 December 2021. The Group has posted a total comprehensive loss for the year ended 31 December 2022 of £10,417,000 (2021: comprehensive loss of £12,481,000) and retained losses as at 31 December 2022 were £27,649,000 (31 December 2021: retained losses £16,209,000).

During the year, the Company continued to source additional funds with the primary aim of allowing it to repay the outstanding loan note and convertible loan note balances that were outstanding with Mercator Capital Management Fund LP ("Mercator") to move to a more stable source of funding to support the working capital needs of the Group and the continued investment into the Group's Inventory Monetisation Platform. These new sources of funding included both a subscription of new equity into the Company and traditional bank financing from Banco BPM, the third largest banking group in Italy. Further details of the cash inflows as a result of the new funding sources, and the cash outflows due to the repayment of the Mercator funding facility can be found in consolidated statement of cash flows and in the various notes to these consolidated financial statements.

Following the 31 December 2022, the Company has been continuing to explore additional options of funding to support the ongoing working capital needs of the Group while a track record of positive revenue generation is established. As at the date of issue of these consolidation financial statements, the Company also announced the following binding commitments:

- 1) A new unsecured working capital loan agreement of up to £2,800,000 from the AvantGarde Group S.p.A ("TAG") (the "TAG Working Capital facility"); and
- 2) A new equity subscription agreement with irrevocable commitments to subscribe for 4,500,000,000 new ordinary shares in the Company at a price of 0.05 pence per share, providing the Company with gross proceeds of £2,250,000 (the "Subscription Agreement").

Further details of each of the TAG Working Capital facility and the Subscription Agreement can be found in note 30 to the Group's consolidated financial statements.

Taking into consideration the factors above and in order to consider their assessment of the Group as a going concern, the Directors have reviewed the forecast cash flows for the next 12 months. The cash flow forecasts take into account that the Group meets its day to day working capital requirements through its available and committed cash resources. The Directors have prepared the forecast using their best estimates, information and judgement at this time, including the TAG Working Capital facility and the Subscription Agreement referred to above. The Directors have also considered the expected cash flows arising from TradeFlow's investment advisory services ("IA" revenue stream) as well as from the use of the Group's innovative Platform to facilitate inventory monetisation transactions ("C.IM" revenue stream). This reflects the fact that the Directors expect the Group to fully operationalise the business model in the near future, following the completion of the first IM transaction in 2022, and that TradeFlow still currently remains a fully owned subsidiary of the Group.

Despite the facts outlined above, there continues to be 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 cash flows arising from the Group's multiple 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 the cash inflows arising from the TAG Working Capital facility and the Subscription Agreement have not been fully received. These amounts have been factored into the cash flow forecast in line with the contractual commitments received from the various 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 above, the Directors believe there are material uncertainties which may cast significant doubt upon the entities ability to continue as a going concern.

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

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

Website publication

The Directors are responsible for ensuring that the Annual Report and financial statements are made available on the website. The financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR 4

The Directors confirm that to the best of their knowledge:

- the Group consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the requirements of UK adopted International Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and

Report of the Directors

- > the Annual Report includes a fair review of the development and performance of the business and the position of the Group, and the parent Company, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the auditor

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

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

External Auditor

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

2023 AGM

The Notice of Annual General Meeting for 2023 will be circulated to all the shareholders at least 21 working days before the AGM and it will also be made available on our corporate website www.supplymecapital.com. The voting on the resolutions will be announced via the Regulatory News Service.

Post balance sheet events

Details of post events since the reporting date can be found in note 30 to the Group's consolidated Financial Statements.

Statement of Directors' Responsibilities

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

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

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

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

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

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

The Report of the Directors set out from page 87 to page 92 is approved by the Board of Directors and signed on its behalf by:

Alessandro Zamboni

Chief Executive Officer and Executive Director

28 April 2023

Financial Statements

Independent Auditor's Report

to the members of Supply@ME Capital Plc

Qualified opinion

We have audited the financial statements of Supply@ME Capital Plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report:

- > the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- > the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- > the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

During the year, the classification and presentation requirements of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) were met for the group's wholly owned subsidiary TradeFlow Capital Management Pte. Limited ("TradeFlow"). Subsequent to the year-end on 24 March 2023, the TradeFlow option holders provided written notice to the company of their intention to exercise their right to acquire 100% of the share capital under the original share purchase agreement (see note 27 for details). The fair value to be calculated under the terms of the share purchase agreement is to be determined by a third party valuer and has not yet been finalised.

With respect to the group financial statements, we were unable to obtain sufficient appropriate audit evidence regarding the fair value of the disposal group at 31 December 2022 and any resulting impact on the statement of comprehensive income.

With respect to the parent company balance sheet, we were unable to obtain sufficient appropriate evidence regarding the carrying value of the investment in the TradeFlow subsidiary and any impact it may have on retained earnings.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty relating to going concern

We draw your attention to note 2 of the consolidated financial statements which indicates the existence of a material uncertainty in relation to the going concern basis of preparation due to assumptions about future trading and funding. As stated in note 2, these events or conditions, along with other matters as set forth in note 2 indicate that a material uncertainty exist that may cast significant doubt on the Group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- > we reviewed and challenged the forecast cashflows, paying particular attention to cash inflows in the model;
- > we reviewed management's assessment regarding the material uncertainty disclosed in note 2 and considered the impact the quantum and timing of these cashflows;
- > we tested the mathematical accuracy of the model; and
- > we reviewed the appropriateness of the disclosure made and its consistency with our knowledge of the business.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £480,000 (2021: £600,000), based on approximately 5% of the loss before tax including the loss from discontinued operations for the period. Materiality for the parent company financial statements as a whole was set at £400,000 (2021: £310,000) based on approximately 5% of its individual result.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality to be £288,000 (2021: £360,000) for the Group and £240,000 (2021: £186,000) for the parent company. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £20,000 (2021: £7,200). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Following the acquisition of TradeFlow Capital Management Pte Ltd in the prior year, the group consists of three significant components, Supply@ME Capital Plc, a holding company based in London, United Kingdom and its trading subsidiaries, Supply@ME Srl based in Italy and TradeFlow Capital Management Pte Ltd based in Singapore. Supply@ME Capital Plc was audited by us and was conducted from the UK. Audit work on the significant non-UK components being Supply@ME Srl, and TradeFlow Capital Management Pte Ltd were carried out by members of the Crowe Global International network as component auditors.

Independent Auditor's Report

to the members of Supply@ME Capital Plc

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team. For the full scope components in Italy and Singapore, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to ensure that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team, using technology, interacted regularly with the component teams where appropriate during various stages of the audit, reviewed working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty relating to going concern and the basis for qualified opinion above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Recognition of TradeFlow Capital Management Pte Ltd as Assets held for sale and Discontinued Operations (IFRS5)

As disclosed in note 27 to the financial statements, during the year the criteria for presenting TradeFlow Capital Management Pte Ltd as Assets held for sale and Discontinued operations were met and this has had a pervasive impact across the primary financial statements and related notes.

Given the size and importance of the disposal of TradeFlow Capital Management Pte Ltd and the impact on the primary financial statements this was therefore a key area of focus for our audit.

How our scope addressed the key audit matter

To assess whether the criteria for meeting the definition of a discontinued operation and whether the assets and liabilities met the criteria for presentation as a disposal group:

- We have reviewed managements application of IFRS 5 and their consideration of the recognition criteria within.
- We obtained evidence regarding the timing of the decision and that the "highly probably" criteria are met.
- We agreed that the TradeFlow Capital Management Pte Ltd met the definition of a discontinued operation given it is a significant component of the Group.
- We assessed managements presentation including the Assets and Liabilities held for sale, the loss from discontinued operations and the disclosure note and we are satisfied they are in line with IFRS 5.

Key observation

With the exception of the matters outlined in the basis for qualified opinion we concluded that the accounting for the potential sale of TradeFlow Capital Management Pte Ltd was appropriate.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the carrying value of the assets and liabilities held for sale as well as the investment in subsidiaries in the parent company statement of financial position at 31 December 2022.

We have concluded that where the other information refers to these balances including but not limited to profit or loss from discontinued operations and total profit or loss for the period, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion based on the work undertaken in the course of our audit:

- > the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to the fair value of the disposal group and the carrying value of the investment in TradeFlow in the parent company balance sheet, referred to above:

- > we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- > we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- > returns adequate for our audit have not been received from branches not visited by us; or
- > the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- > certain disclosures of directors' remuneration specified by law are not made.

Independent Auditor's Report

to the members of Supply@ME Capital Plc

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 92, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- > enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance; the laws and regulations we considered in this context were relevant company law and taxation legislation;
- > examining supporting documents for all material balances, transactions and disclosures;
- > review of the Board of directors and the Audit Committee minutes;
- > enquiry of management about litigations and claims and inspection of relevant correspondence;
- > evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- > analytical procedures to identify any unusual or unexpected relationships;
- > testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- > review of accounting estimates for biases; and
- > Communications with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by management on 22 September 2020 to audit the financial statements for the period ending 31 December 2019. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2019 to 31 December 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company and we remain independent of the group and the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin

Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

28 April 2023

Consolidated Statement of Comprehensive Income

for the Year Ended 31 December 2022

	Note	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Continuing operations			
Revenue	3	138	279
Cost of sales		(338)	(804)
Gross (loss)/profit		(200)	(525)
Administrative expenses	6	(4,460)	(3,468)
Other operating income	5	9	–
Operating loss from continuing operations before impairment charges	3	(4,651)	(3,993)
Impairment charges	6	(1,078)	(1,773)
Operating loss from continuing operations		(5,729)	(5,766)
Finance costs	6	(1,982)	(1,255)
Loss before tax from continuing operations		(7,711)	(7,021)
Income tax	10	–	(399)
Loss after tax from continuing operations		(7,711)	(7,420)
Discontinued operations			
Loss from discontinued operations	27	(2,167)	(5,067)
Total loss for the year		(9,878)	(12,487)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(539)	6
Total comprehensive loss for the year		(10,417)	(12,481)
Loss attributable to:			
Owners of the company		(10,417)	(12,481)
		Pence	Pence
Earnings/(loss) per share			
Basic and diluted loss per share – continuing operations	12	(0.018)	(0.022)
Basic and diluted loss per share – discontinued operations	12	(0.005)	(0.015)
Basic and diluted loss per share – total	12	(0.023)	(0.037)

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

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	As at 31 December 2022 £000	As at 31 December 2021 £000
Non-current assets			
Intangible assets and goodwill	13	–	7,895
Tangible assets		7	17
Other non-current assets		19	–
Total non-current assets		26	7,912
Current assets			
Trade and other receivables	14	1,219	896
Cash and cash equivalents		257	1,727
		1,476	2,623
Assets of disposal group held for sale	27	6,844	–
Total current assets		8,320	2,623
Total assets		8,346	10,535
Current liabilities			
Trade and other payables	18	4,587	3,500
Loan notes	16	–	5,732
		4,587	9,232
Liabilities of disposal group held for sale	27	4,561	–
Total current liabilities		9,148	9,232
Net current liabilities		(828)	(6,609)
Non-current liabilities			
Long-term borrowings	16	748	1,284
Provisions	19	468	340
Deferred tax liabilities	11	7	1,104
Total non-current liabilities		1,223	2,728
Net liabilities		(2,025)	(1,425)
Equity attributable to owners of the parent			
Share capital	15	5,897	5,486
Share premium		25,269	18,171
Share-based payment reserve	26	5,871	2,018
Other reserves		(11,413)	(10,891)
Retained losses		(27,649)	(16,209)
Total equity		(2,025)	(1,425)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. The consolidated financial statements on pages 100 to 151 were approved and authorised for issue by the Board on 28 April 2023 and signed on its behalf by:

Alessandro Zamboni

Chief Executive Officer and Executive Director

David Bull

Independent Non-Executive Director and Chair of Audit Committee

Supply@ME Capital Plc

Company registration number: 03936915

Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2022

	Note	Share capital £000	Share premium £000	Other reserves £000	Share-based payment reserve £000	Merger reserve £000	Reverse takeover reserve £000	Forex reserve £000	Retained losses £000	Total £000
At 1 January 2021		5,420	11,820	4	–	223,832	(237,835)	13	(3,706)	(452)
Loss for the year		–	–	–	–	–	–	–	(12,487)	(12,487)
Forex retranslation difference		–	–	–	–	–	–	5	1	6
Loss for the year and total comprehensive income		–	–	–	–	–	–	5	(12,486)	(12,481)
Issuance of new shares	25	66	6,351	–	–	3,073	–	–	–	9,490
Issue of warrants	25	–	–	–	608	–	–	–	–	608
Credit to equity for acquisition related earn-out payments	25	–	–	–	1,410	–	–	–	–	1,410
Legal reserve movement	–	–	–	17	–	–	–	–	(17)	–
At 31 December 2021		5,486	18,171	21	2,018	226,905	(237,835)	18	(16,209)	(1,425)
	Note	Share capital £000	Share premium £000	Other reserves £000	Share-based payment reserve £000	Merger reserve £000	Reverse takeover reserve £000	Forex reserve £000	Retained losses £000	Total £000
At 1 January 2022		5,486	18,171	21	2,018	226,905	(237,834)	18	(16,209)	(1,425)
Loss for the year		–	–	–	–	–	–	–	(9,878)	(9,878)
Forex retranslation difference		–	–	–	–	–	–	(539)	–	(539)
Loss for the year and total comprehensive income		5,486	18,171	21	2,018	226,905	(237,834)	(521)	(26,087)	(11,841)
Issuance of new shares	15	406	10,396	–	–	–	–	–	–	10,802
Costs incurred in connection with the issuance of new ordinary shares		–	(4,024)	–	–	–	–	–	(1,605)	(5,629)
Credit to equity for issue of warrants	26	–	–	–	5,292	–	–	–	–	5,292
Exercise of Open Offer Warrants	15	1	31	–	(40)	–	–	–	40	32
Credit to equity for prior year acquisition related earn-out payments		–	–	–	172	–	–	–	–	172
Settlement of prior year acquisition related earn-out payments	15	4	695	–	(699)	–	–	–	–	–
Debit to equity for current year and future acquisition related earn-out payments		–	–	–	(883)	–	–	–	–	(883)
Equity settled employee share based payment schemes		–	–	–	11	–	–	–	–	11
Pension plan actuarial gain or loss		–	–	16	–	–	–	–	–	16
Subsidiaries disposed of during the year		–	–	–	–	–	–	–	3	3
At 31 December 2022		5,897	25,269	37	5,871	226,905	(237,834)	(521)	(27,649)	(2,025)

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

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2022

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Cash flows from operating activities		
Loss before interest and tax for the year from continuing operations	(5,729)	(5,766)
Loss before interest and tax for the year from discontinued operations	(1,955)	(5,048)
Total loss before interest and tax	(7,684)	(10,814)
Adjustments for non-cash acquisition related costs and impairment charges		
Acquisition related transaction costs	–	1,900
Acquisition related earn-out payments	(710)	1,410
Amortisation of intangible assets arising on acquisition	846	391
Impairment charges	1,843	2,573
	(5,705)	6,274
Other non-cash adjustments	(134)	(70)
Other depreciation and amortisation	51	396
Increase to provisions	110	52
Decrease/(increase) in accrued income	(38)	(46)
Decrease/(increase) in trade receivables	(44)	505
Increase in trade and other payables	1,158	77
Other decreases/(increases) in net working capital	337	(158)
Net cash flows from operations	(4,265)	(3,784)
Finance costs paid in cash	(14)	(2)
Income taxes paid in cash	(276)	(89)
Net cash flow from operating activities	(4,555)	(3,875)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4)	(7)
Acquisition of intangible assets	(1,175)	(1,020)
Increase in other non-current assets	(18)	–
Cash consideration on acquisition of Tradeflow, net of cash acquired	–	(3,523)
Net cash flows from investing activities	(1,197)	(4,550)
Cash flows from financing activities		
Cash inflow from convertible loan notes	1,500	5,000
Net cash inflow from new long-term borrowings	2,334	–
Cash inflow from issue of new ordinary shares	7,013	–
Net cash inflow from Mercator loan notes	–	6,629
Other finance costs paid in cash	(425)	(25)
Cash repayment of loan notes and convertible loan notes	(5,572)	(2,016)
Cost of share issue paid in cash	(231)	–
Net cash flows from financing activities	4,619	9,588
Net (decrease)/increase in cash and cash equivalents	(1,133)	1,163
Foreign exchange differences to cash and cash equivalents on consolidation	(13)	12
Cash and cash equivalents at 1 January	1,727	552
Cash and cash equivalents at 31 December	581	1,727

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2022

Significant non-cash transactions

During the year, the Group issued 20,553,126,359 new ordinary shares in the Company. Of this total, 5,511,908,277 new ordinary shares were not issued in exchange for cash:

- 1) 1,400,898,372 new ordinary shares were admitted to trading during the year to fulfil the conversion of Mercator Capital Management Fund LP ("Mercator") convertible loan notes. These new ordinary shares were issued to extinguish £1,356,666 principal value of convertible loan notes that had previously been issued to Mercator;
- 2) 213,525,520 new ordinary shares were issued to settle the acquisition related earn-out payments for the financial year ended 31 December 2021. The fair value of these acquisition related earn-out payments that had been recorded as the share-based payment reserve was £699,000;

- 3) 3,897,484,385 new ordinary shares were issued to fulfil the conversion of Venus Capital S.A. ("Venus Capital") convertible loan notes issued during the year. These new ordinary shares were issued to extinguish £1,917,500 principal value of convertible loan notes that had previously been issued to Venus.

Further details of share issues can be found in note 16. Further details of the convertible loan note facilities can be found in note 17.

The reconciliation of the movement in net debt is set out in note 24.

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

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

1 General information

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

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

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

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

2 Accounting policies

Going concern

As at 31 December 2022 the Group had a cash and cash equivalents balance from continuing operations of £257,000. In addition, cash balances from discontinued operations were £324,000 as at 31 December 2022. These total combined cash and cash equivalent balances of £581,000 compared to a consolidated cash balance £1,727,000 as at 31 December 2021. The Group's consolidated net current liabilities of £828,000 as at 31 December 2022, compared to a consolidated net current liability position of £6,609,000 as at 31 December 2021. The Group has posted a total comprehensive loss for the year ended 31 December 2022 of £10,417,000 (2021: comprehensive loss of £12,481,000) and retained losses as at 31 December 2022 were £27,649,000 (31 December 2021: retained losses of £16,209,000).

During the year, the Company continued to source additional funds with the primary aim of allowing it to repay the outstanding loan note and convertible loan note balances that were outstanding with Mercator Capital Management Fund LP ("Mercator"). Additionally, the focus was to move to a more stable source of funding to support the working capital needs of the Group and the continued investment into the Group's Inventory Monetisation Platform.

These new sources of funding included both a subscription of new equity into the Company and traditional bank financing from Banco BPM, the third largest banking group in Italy. Further details of the cash inflows as a result of the new funding sources, and the cash outflows due to the repayment of the Mercator funding facility can be found in consolidated statement of cash flows and in the various notes to these consolidated financial statements.

Following the 31 December 2022, the Company has been continuing to explore additional options of funding to support the ongoing working capital needs of the Group while a track record of positive revenue generation is established. As at the date of issue of these consolidation financial statements, the Company also announced the following binding commitments:

- 1) A new unsecured working capital loan agreement of up to £2,800,000 from the AvantGarde Group S.p.A ("TAG") (the "TAG Working Capital facility") which will be received in tranches up to 31 January 2024 and shall be repayable on 1 February 2028; and
- 2) A new equity subscription agreement with irrevocable commitments to subscribe for 4,500,000,000 new ordinary shares in the Company at a price of 0.05 pence per share, providing the Company with gross proceeds of £2,250,000 (the "Subscription Agreement").

Further details of each of the TAG Working Capital facility and the Subscription Agreement can be found in note 30 to these consolidated financial statements.

Taking into consideration the factors above and in order to consider their assessment of the Group as a going concern, the Directors have reviewed the forecast cash flows for the next 12 months from approval of these consolidated financial statements. The cash flow forecasts take into account that the Group meets its day to day working capital requirements through its available and committed cash resources.

The Directors have prepared the forecast using their best estimates, information and judgement at this time, including the TAG Working Capital facility and the Subscription Agreement referred to above. The Directors have also considered the expected cash flows arising from TradeFlow's investment advisory services as well as from the use of the Group's innovative Platform to facilitate inventory monetisation transactions ("C.IM" revenue stream). This reflects the fact that the Directors expect the Group to fully operationalise the business model in the near future, following the completion of the first IM transaction in 2022, and that currently TradeFlow still currently remains a fully owned subsidiary of the Group.

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

2 Accounting policies

Despite the facts outlined above, there continues to be 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 cash flows arising from the Group's multiple 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 the cash inflows arising from the TAG Working Capital facility and the Subscription Agreement have not yet been fully received. These amounts have been factored into the cash flow forecast in line with the contractual commitments received from the various 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. These such loans will allow the Group to access a lower cost of capital.

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

Adjusted performance measures

Management believes that adjusted performance measures provide meaningful information to the users of the accounts on the operating performance of the business. Accordingly, the adjusted measure of operating profit from continuing operations excludes, where applicable, transaction costs, amortisation of intangible assets arising on acquisitions,

acquisition related earn-out payments and impairment charges. These terms are not defined terms under IFRSs and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. The items excluded from adjusted results are those items that are charged to the consolidated statement of comprehensive income in accordance with IFRS 3 ("Business Combinations") or which arise due to the impairment of the Group's intangible assets or investments. They are not influenced by the day-to-day operations of the Group.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 December 2022. Subsidiaries are entities over which the Group has control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

On 1 July 2021 the Company completed the acquisition of the entire share capital of Tradeflow Capital Management Pte. Ltd. ("TradeFlow") by way of cash and share consideration. As such from this date TradeFlow became a fully owned subsidiary of the Company and formed part of the Group's consolidated financial performance and position from the date of acquisition.

During the second half of 2022, the Directors began the process of the proposed restructuring the Company's ownership with TradeFlow ("TradeFlow Restructuring") and as a result the TradeFlow business has been classified as held for sale / a discontinued operation as at 31 December 2022 in line with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". This is due to the fact that TradeFlow was available for immediate sale in its present condition and it was highly probable that that sale would be completed.

Supply@ME Technologies S.r.l. was incorporated by the Company in Italy on 25 March 2022 for the purpose of holding the Group's intellectual property rights relating to the Platform together with future developments in a dedicated entity. On 9 September 2022, Supply@ME S.r.l. assigned the intellectual property rights to Supply@ME Technologies S.r.l. As both Supply@ME S.r.l and Supply@ME Technologies S.r.l are 100% owned subsidiaries of the Company, this was an intragroup reassignment.

2 Accounting policies

On the 10 August 2022, Supply@ME S.r.l. sold one of its 100% owned subsidiaries, Supply@ME Stock Company 1 S.r.l. to Cayman Emerging Manager Platform (3) SPC – Global Inventory Monetisation Fund 1 S.P. for consideration of €1,000. Prior to the sale, Stock Company 1 S.r.l. was a non-trading entity. As at 31 December 2022, Supply@ME S.r.l. continued to own Supply@ME Stock Company 2 S.r.l. and Supply@ME Stock Company 3 S.r.l., both of which are also non-trading entities.

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

New and revised accounting standards and interpretations

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

New standards, interpretations and amendments not yet effective

At the date of authorisation of the Group's financial statements there have been no new standards, amendments or interpretations to existing standards that have been published by the International Accounting Standards Board.

Business Combinations

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

Measurement of consideration

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

Acquisition related earn-out payments (deemed remuneration)

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

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

Fair value assessment

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

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

Goodwill

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

Transaction costs

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

Intangible assets

Goodwill

Goodwill arising on consolidation is recognised as an asset.

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

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

2 Accounting policies

Other intangible assets

a) Internally developed Inventory Monetisation ("IM") platform

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

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

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

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

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

b) Acquired intangible assets

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

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

Customer relationships	13 years
Brand (TradeFlow)	5 years
Commodity Trade Risk Management ("CTRM") software	5 years
Artificial Intelligence and back-office ("AI") software	5 years

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

Impairment

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

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

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

2 Accounting policies

Revenue recognition

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

The Group recognises revenue from the following activities:

a) Captive inventory monetisation platform servicing ("C.IM") – Due diligence fees

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

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

Historical contractual arrangements – Prior to June 2020, the Group's contractual arrangements required the client to make a down payment intended to remunerate the Group for the due diligence services being provided. However, these agreements did not clearly identify the Group's performance obligation and such down payments were also refundable under certain circumstances and up to the point when the Platform was able to be used for the first time by the client companies.

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

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

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

Specific contractual arrangements with related party originator

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

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

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

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2 Accounting policies

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

During FY22, this contractual arrangement did not generate any revenue for the Group (2021: 33% of Group Revenue).

b) Captive inventory monetisation platform servicing ("C.IM") – Origination fees

This revenue arises from 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. Given the stage of the Group's development, and the evolution of the Group's contracting arrangements, as at 31 December 2022, the Group had only facilitated one IM transaction over its IM Platform and therefore had received origination fees from just one client company. The non-refundable origination fees received from the client company relates to the fee payable to the Group at the point in time the client company enters into binding contracts with the stock (trading) company to purchase its inventory. Management have considered the activities it is required to carry out in exchange for the receipt of these origination fees and have concluded that they do not relate to any specific transfer of asset from the Group to the client company. As a result, management concluded there is no separately identifiable performance obligation carried out by the Group associated with this fee and have recognised the non-refundable origination fee as revenue at the point in time that the fee becomes receivable from the client company. This is consistent with the fact that there are no performance obligations that remain to be completed by the Group relating to this fee at this point in time.

c) Captive inventory monetisation platform servicing ("C.IM") – IM Platform usage fees

This revenue arises from usage of the Group's IM Platform by the independent stock (trading) company to facilitate the purchase of the inventory from the client company. Given the stage of the Group's development, and the evolution of the Group's contracting arrangements, as at 31 December 2022, the Group had facilitated one IM transaction over its IM Platform and therefore had received IM Platform usage fees from the independent stock (trading) company in respect of one IM transaction only.

Management concluded that the usage of the IM Platform granted by the Group to the stock (trading) company represented a Software as a Service ("Saas") contract and as such the annual IM Platform usage fees are recognised over time in line with the time period covered by the contract as required by IFRS 15 ("Revenue from Contracts with Customers"). As the annual IM Platform usage fees are received by the Group at the beginning of the annual period, any unrecognised amounts are held on the balance sheet as deferred income.

d) Captive inventory monetisation platform servicing ("C.IM") – IM service fees

This revenue arises as a result of the service fees charged by the Group to the independent stock (trading) company as remuneration for the support and administration activities, such as the monitoring of the inventory purchased, the Group performs in connection with the use of the Group's IM Platform. Given the stage of the Group's development, and the evolution of the Group's contracting arrangements, as at 31 December 2022, the Group had facilitated one IM transaction over its IM Platform and therefore had received IM service fees from the independent stock (trading) company in respect of one IM transaction only. Management concluded that the support and administration activities performed in exchange for these fees represent separately identifiable performance obligation and as such the annual fees are recognised over time in line with the time period covered by the contract as required by IFRS 15 ("Revenue from Contracts with Customers"). As the service fees are received following the year end of the independent stock (trading) company, these fees are accrued up to the point the fees are received and then any unrecognised amounts are held on the balance sheet as deferred income.

e) Investment Advisory ("IA") fees

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

2 Accounting policies

Cost of Sales

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

Leases

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

Property, Plant and equipment

Recognition and measurement

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

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

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

Depreciation

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

- Computers and IT equipment at 33% per annum.

Tax

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

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

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

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

In line with IAS 1 "Presentation of Financial Statements" the deferred tax assets have been classified as non-current assets.

Cash and cash equivalents

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

Functional and presentational currencies

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

Foreign currency

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

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2 Accounting policies

Foreign currency transactions and balances

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

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

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

See applicable exchange rates to GBP used during FY22 and FY21 below:

	Closing	2022 Average	Closing	2021 Average
SGD	1.6218	1.7221	1.8195	1.8487
EUR	1.1276	1.1780	1.1907	1.1592
USD	1.2102	1.2495	1.3477	1.3775

Consolidation of foreign entities

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

Employee benefits

Short-term employee benefits

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

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

Defined contribution pension obligations

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

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

Financial assets

Classification

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

Recognition and measurement

Loans and receivables

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

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 ("Financial Instruments") using the lifetime expected credit losses. During this process the probability of the non-payment of trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are reported in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Classification

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

Recognition and measurement

Trade and other payables

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

2 Accounting policies

Derivative financial instruments

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

Loan note and long-term borrowings

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

Convertible loan notes

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

Provisions

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

Share-based payments

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

Share warrants

Certain equity-settled share-based payments relate to the warrants issued in connection with the cost of issuing loan notes, convertible loan notes and new equity. These equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of these equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments relating to the warrants issued in connection with the issue of loan notes or convertible loan notes are netted off against the fair value of the underlying loan notes, convertibles loan notes to which they directly relate. The fair value is then expensed together with the other related finance costs on an amortised cost basis to the Group's income statement using the effective interest method.

The fair value determined at the grant date of the equity-settled share-based payments relating to the warrants issued in connection with the issue of equity are netted off against the amount of share premium that is recognised in respect of the share issue to which they directly relate. Any amounts in excess of the share premium recognised, are netted off against retained losses.

In respect of the share-based payments, the fair value is not revised at subsequent reporting dates, however, the fair value is released from the share-based payment reserve at the point in time that any of the warrants are exercised by the third party holder.

Employee share schemes

Grants made to certain employees of the Group will result in a charge recognised in the Group's income statement. Such grants will be measured at fair value at the date of grant and will be expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. Vesting assumptions are reviewed during each period to ensure they reflect current expectations.

Full details of the Group's share-base payments refer to note 26.

Notes to the Consolidated Financial Statements

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2 Accounting policies

Acquisition related earn-out payments

In addition, the Group recognises a share-based payment reserve in connection with acquisition related earn-out payments arising from the acquisition of TradeFlow. The fair value of these earn-out payments has been measured using the same methods as outlined above. Given the service conditions related to these payments are linked to one of the Group's current subsidiaries, the share-based payment expense is recognised within the consolidated financial statements as an increase to the share-based payment reserve and through the Group's income statement. The fair value determined at the grant date of these equity-settled share-based payments are recognised over the vesting period on a straight-line basis, based on the estimate of equity instruments that will eventually vest. Vesting assumptions are reviewed during each period to ensure they reflect current expectations and any changes required to true-up the related share-based payment reserve are recognised through the Group's income statement in the relevant period.

Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that decisions to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed or, is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statements. All other notes in the financial statements include amounts for continuing operations, unless otherwise mentioned.

The Board considered that in light of the TradeFlow Restructuring that commenced during the second half of 2022, the TradeFlow operations meet the criteria to be classified as held for sale at 31 December 2022 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 together with the publication of the 2022 Annual Report and Accounts. 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 within 12 months of 31 December 2022.

On 24 March 2023, the Company announced the TradeFlow directors, being Tom James and John Collis, provided written notice of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow (the "Buy Back"), pursuant to certain earn-out arrangements entered into in connection with the Company's acquisition of TradeFlow, the completion of which was announced on 6 July 2021 ("Completion"). As a result of the exercise of the Buy Back, the details of the TradeFlow Restructure, that had been agreed in principle prior to year end, now need to be renegotiated, and a new independent valuation of the TradeFlow operations needs to be completed. As at the date of these consolidated financial statements, these activities had not been completed and were still ongoing.

Equity

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

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

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

2 Accounting policies

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

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

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

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

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

Critical accounting judgements and sources of estimation uncertainty

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

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

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

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

Judgements

Internally developed intangible assets

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

The Directors noted that the plan giving rise to the IM Platform asset remains, with an unchanged technical feasibility and the identification of a growing market. Additionally, the IM platform is now utilised following the facilitation of the first IM transaction announced during 2022. Despite this, management considered the material uncertainties with respect to both the future timing and growth rates of the forecast discounted cash flows arising from the use of the IM Platform following the delays experienced in the delivery of the business plan to date. This has resulted in an impairment of internally generated IM Platform as at 31 December 2022.

Revenue recognition – assessment of performance obligations

- > The Directors are required to make a judgement as to if the due diligence services represent a distinct performance obligation under IFRS 15 ("Revenue from Contracts with Customers"). The Board and management have concluded that this is indeed the case due to the distinct beneficial service being provided to client companies through the delivery of the due diligence report which provide insight and information into the business.
- > The Directors are required to make a judgement as to if the receipt of non-refundable origination fees received from the client companies represent a distinct performance obligation under IFRS 15 ("Revenue from Contracts with Customers"). The Board and management have concluded that no separately identifiable performance obligation is carried out by the Group associated with this fee.

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2 Accounting policies

Accounting for acquisition related earn-out payments

The terms of the agreement to acquire TradeFlow included acquisition related earn-out payments that, together with the initial cash payment and issue of equity, form the total legal consideration agreed between the parties. The acquisition related earn-out payments are determined by reference to pre-determined revenue milestone targets in each of the 2021, 2022 and 2023 financial years. These payments may be forfeited by the selling shareholders should they, in certain circumstances, no longer remain employed prior to the end of each earn-out period. Under the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS 3 ("Business Combinations"), the Directors have concluded that the inclusion of the substantive post-acquisition service conditions requires the fair value of these earn-out payments to be accounted for as a charge to the income statement (as deemed remuneration) rather than as consideration.

Discontinued operations

The Board considered that in light of the TradeFlow Restructuring that commenced during the second half of 2022, the TradeFlow operations meet the criteria to be classified as held for sale at 31 December 2022 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 together with the publication of the 2022 Annual Report and Accounts. 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 within 12 months of 31 December 2022. As disclosed above the final terms of the sale are still being finalised following the triggering of the Buy Back. On this basis, the fair value less costs to sell used in these consolidated financial statement has been determined by reference to the specific terms and conditions of the TradeFlow Restructuring that had been agreed in principle prior to the triggering of the Buy Back.

Estimates

Intangible assets in a business combination

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

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

Customer relationships

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

Discount rate – 25%
Annual customer attrition rate – 5%

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

Brand

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

Discount rate – 25%
Royalty rate – 1%

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

CTRM software

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

Discount rate – 25%
Royalty rate – 7%

2 Accounting policies

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

AI software

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

Useful Economic Lives of Acquired Intangibles

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

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

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

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

We have outlined below a sensitivity analysis detailing the impact of changing the useful economic lives of each of the acquired intangibles would have on the amortisation charged to profit or loss for the year ended 31 December 2022:

	Decreasing useful life by 3 years Approximate increase in amortisation £000	Increasing useful life by 3 years Approximate decrease in amortisation £000
Customer relationships	81	100
Brand (TradeFlow)	58	19
CTRM software	406	130
AI software	121	39
Total	666	287

Valuation of acquisition related earn-out payments

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

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

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

Judgement was required in determining the most appropriate inputs into the valuation model (refer to detail in note 26) used and the key judgemental input was the expected volatility rate of the Company's share price over the relevant period and the assumption applied in the model was 90%, with 162% applied for any required holding period. This assumption reflects the Company's actual volatility from the date of listing through the grant date, and the Company's actual volatility for a 12 month period prior to the grant date, respectively. Given the Group's early stage of development, it was concluded that the Group's actual volatility was the most appropriate rate to use. If the expected volatility rates were adjusted by plus 10%, then the impact on the fair value credit recognised in the income statement in the current year would have been approximately minus £61,000. If the expected volatility rates were adjusted by minus 10%, then the impact on the fair value credit recognised in the income statement in the current year would have been approximately plus £51,000. These calculations assume that the volatility rates had also been adjusted by similar percentages in the prior year given that the current year fair value credit resulted partly from an adjustment to charges recognised in the prior year.

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

2 Accounting policies

If management had reached the alternative conclusion that the choice to settle in either cash or shares is at the discretion of the TradeFlow shareholder, they would have been accounting for under IFRS 2 ("Share-based payments"). The impact would be to increase the acquisition related earn-out credit recognised in the current financial year by approximately £1.9m. Similar to above, these calculations assume that the alternative conclusion had been reached in the prior year given that the current year fair value credit resulted partly from an adjustment to charges recognised in the prior year.

Valuation of share warrants issued

During the year the Company issued share warrants in connection with the loan notes, certain convertible loan notes and new equity that were also issued during the year ended 31 December 2022. As these share warrants were issued as a cost of securing the debt and equity funding facility they fall into the scope of IFRS 2 ("Share-based payments"). As such the Directors were required to determine the fair value of the equity-settled share-based payments at the date on which they were granted. Judgement was required in determining the most appropriate inputs into the valuation models (Black Scholes) used and the key judgemental input was the expected volatility rate of the Company's share price over the relevant period and the assumption applied in the models were between 97% – 88% and were based the actual volatility of the Company's share price from the date of the RTO to the date at which the relevant valuation model was run.

The fair value cost of those share warrants that were issued connection with debt funding were recognised in the consolidated income statement. If the expected volatility rate was adjusted by plus 10%, then the impact on the fair value recognised in the income statement in the current year would have been approximately plus £23,000 (2021: £71,000). If the expected volatility rate was adjusted by minus 10%, then the impact on the fair value recognised in the income statement in the current year would have been approximately minus £24,000 (2021: £76,000).

The fair value cost of those share warrants that were issued connection with equity funding during the current year were recognised as debits to equity on the consolidated balance sheet. If the expected volatility rate was adjusted by plus 10%, then the impact on the fair value recognised as the initial debit to equity in the current year would have been approximately plus £307,000. If the expected volatility rate was adjusted by minus 10%, then the impact on the fair value recognised as the initial debit to equity in the current year would have been approximately minus £328,000.

3 Segmental reporting

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

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

Following the work carried out in respect of the TradeFlow Restructuring, and the announcement on the 24 March 2023 regarding the 100% buy back option exercised by the TradeFlow directors, the TradeFlow operations have been classified as a discontinued operation under IFRS 5 ("Non-current assets held for sale and discontinued operations"). As such the Group has reverted back to a single segment from its continuing operations for financial year ended 31 December 2022, being inventory monetisation, alongside the head office costs (largely comprising the Company).

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

Year ended 31 December 2022	Inventory monetisation £000	Head office £000	Consolidated Group – continuing operations £000
Revenue from continuing operations			
Due Diligence fees	102	–	102
Inventory monetisation fees	36	–	36
Revenue from continuing operations	138	–	138
Operating loss from continuing operations before impairment charges	(1,308)	(3,343)	(4,651)

All the Group's revenue from due diligence fees is recognised at a point in time. Of the revenue generated from inventory monetisation fees, £20,000 is generated from origination fees which is recognised at a point in time, and the remaining £16,000 is generated from usage of the Group's IM Platform and services provided by the Group in connection with the IM transaction. This £16,000 of revenue is recognised over time and the amount recognised in the current financial year relates to the performance obligations satisfied prior to 31 December 2022.

As at 31 December 2022	Inventory monetisation £000	Head office £000	Consolidated Group – continuing operations £000
Balance sheet			
Assets	635	867	1,502
Liabilities	(4,773)	(1,037)	(5,810)
Net assets / (liabilities)	(4,138)	(170)	(4,308)

Geographical analysis

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

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

3 Segmental reporting

Comparative segmental reporting

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

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

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

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

Geographical analysis

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

4 Finance costs

	2022 £000	2021 £000
Interest expense – loan notes / convertible loan notes	1,969	1,252
Interest expense – long-term borrowings	13	89
Total finance costs	1,982	1,341

5 Other operating income

	2022 £000	2021 £000
Interest receivable	6	–
Other operating income	3	–
	9	–

6 Operating loss

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

	2022 £000	2021 £000
Amortisation of internally developed IM platform (note 13)	47	391
Depreciation	4	2
Staff costs (note 8)	2,061	1,402
Professional and legal fees	2,194	1,772
Contractor costs	274	44
Insurance	100	123
Training and recruitment costs	4	75

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

	2022 £000	2021 £000
Impairment charges (note 13)	1,078	1,773
Total impairment charges	1,078	1,773

The following acquisition related costs and impairment charges have been recognised in the discontinued operations:

	2022 £000	2021 £000
Transaction costs (note 25)	–	2,009
Amortisation of intangible assets arising on acquisition (note 13)	846	391
Acquisition related earn-out payments (note 26)	(710)	1,410
Impairment charges (note 13)	765	800
	901	4,610

7 Auditors' remuneration

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

	2022 £000	2021 £000
Fees payable to the Company's auditors for the audit of the consolidated financial statements	100	75
Fees payable to the Company's auditors and its associates for other services to the Group:		
Audit of the Companies subsidiaries	34	29
Audit fees relating to prior periods	24	30
Total audit fees	158	134
Non-audit assurance services	25	–
Total audit and non-audit assurance related services	183	134

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

8 Staff costs

The aggregate payroll costs (including directors' remuneration) included within continuing operations were as follows:

	2022 £000	2021 £000
Wages, salaries and other short term employee benefits	1,783	1,164
Social security costs	203	153
Post-employment benefits	76	86
Total staff costs	2,061	1,402

The aggregate payroll costs (including directors' remuneration) included within discontinued operations were as follows:

	2022 £000	2021 £000
Wages, salaries and other short term employee benefits	680	312
Social security costs	27	13
Total staff costs – discontinued operations	706	325

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

	2022 No.	2021 No.
Executive directors	3	2
Finance, Risk and HR	5	2
Sales and marketing	4	4
Legal	1	2
Operations and Platform development	13	9
Total average number of people employed	26	19

9 Key management personnel

Key management compensation (including directors):

	2022 £000	2021 £000
Wages, salaries and short-term employee benefits	1,521	890
Social security costs	111	60
Post-employment benefits	42	60
Total key management compensation	1,674	1,010

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

No retirement benefits are accruing to Company Directors under a defined contribution scheme (2021: none), however the Chief Executive Officer received cash in lieu of payments to a defined contribution pension scheme of £12,420 during the year (2021: £49,310). This was allowable under his director's employment contract.

The Directors' emoluments are detailed in the Remuneration Report of the Annual Report and Accounts for the year ended 31 December 2022.

10 Income tax

Tax charged in the income statement:

	2022 £000	2021 £000
Current Taxation		
UK Corporation tax	–	–
Foreign taxation paid/(receivable) by subsidiaries – continuing operations	–	399
Foreign taxation paid/(receivable) by subsidiaries – discontinued operations	–	(67)
	–	332

The tax on loss before tax for the period is more than (2021 – more than) the standard rate of corporation tax in the UK of 19% (2021 – 19%).

The differences are reconciled below:

	2022 £000	2021 £000
Loss before tax	9,877	12,155
Corporation tax at standard rate – 19%	(1,877)	(2,309)
Effect of expenses not deductible in determining taxable profit (tax loss)	817	929
Increase in tax losses carried forward which were unutilised in the current year	1,612	616
Tax adjustments in respect of foreign subsidiaries (timing differences)	–	1,096
Over provision of tax in prior years	(1)	–
Income not taxable	(452)	–
Deferred tax not recognised	(131)	–
Differences between UK and foreign tax legislation	31	–
Total tax charge	(1)	332

11 Deferred tax

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

	Deferred tax liability arising on acquired intangible assets £000	Deferred tax asset arising on short-term timing differences £000	Total £000
As at 1 January 2021	–	394	394
Arising on acquisition of TradeFlow	(1,171)	–	(1,171)
Additions	–	24	24
Credit / (charge) to income	67	(254)	(187)
Impairment	–	(164)	(164)
As at 31 December 2021	(1,104)	–	(1,104)
As at 1 January 2022	(1,104)	–	(1,104)
Credit / (charge) to income	144	–	144
Reclassified to assets of disposal group held for sale	960	–	960
As at 31 December 2022	–	–	–

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

11 Deferred tax

The deferred tax liability arises on the acquisition of TradeFlow in 2020 and in particular on the fair value uplift that was applied to the acquired intangible assets. This deferred tax liability will be released in line with the amortisation profile of the acquired intangible assets. The balance as at 31 December 2022 has been reclassified to assets of disposal group held for sale.

The deferred tax asset previously recognised related to short term timing differences arising from revenue recognition, amortisation costs and IAS 19 timing differences. As at 31 December 2022 the Directors reviewed the carrying amount of all deferred tax assets to determine whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. In order to be prudent, and to follow a consistent approach used to determine the impairment of the Group's internally generated IM platform asset (refer to note 13 for further details), the Directors reached the conclusion to impair the full carrying value of the deferred tax assets as at the year-end date. No further deferred tax assets have been recognised in the current financial year due to the fact that the Group's track record of successful IM facilitation is still being established.

In addition, unrecognised deferred tax assets, relating to tax losses carried forward across the Group have not been recognised due to uncertainty over the timing and extent of future taxable profits. The losses can be carried forward indefinitely and have no expiry date. The total approximate tax losses carried forward across the Group as at 31 December 2022 were £16.8m, being £13.7m relating to continuing operations and £3.1m relating to discontinued operations.

12 Earnings per share

The calculation of the basic earnings/(loss) per share (EPS) is based on the total loss for the year of £9,878,000 (2021 – loss £12,487,000) and on a weighted average number of ordinary shares in issue of 43,240,915,594 (2021 – 33,921,396,568). The basic EPS is (0.023) pence (2021 – (0.037 pence)).

The calculation of the basic earnings/(loss) per share (EPS) from continuing operations is based on the total loss for the year from continuing operations of £7,711,000 (2021 – loss £7,420,000) and on a weighted average number of ordinary shares in issue of 43,240,915,594 (2021 – 33,921,396,568). The basic EPS from continuing operations is (0.018) pence (2021 – (0.022 pence)).

The calculation of the Basic earnings/(loss) per share (EPS) from discontinued operations is based on the total loss for the year discontinued operations of £2,167,000 (2021 – loss £5,067,000) and on a weighted average number of ordinary shares in issue of 43,240,915,594 (2021 – 33,921,396,568). The basic EPS from discontinued operations is (0.005) pence (2021 – (0.015 pence)).

The Company has share warrants and employee share scheme options in issue as at 31 December 2022, which would dilute the earnings per share if or when they are exercised in the future. Further details of these share warrants and employee share scheme options can be found in note 26.

No dilution per share was calculated for 2022 and 2021 as with the reported loss they are all anti-dilutive.

13 Intangible assets

	Customer Relationships £000	Brand £000	CTRM Software £000	AI Software £000	Goodwill £000	Internally developed IM platform £000	Total £000
Cost or valuation							
At 1 January 2021	–	–	–	–	–	1,524	1,524
Arising of acquisition of Tradeflow	4,829	205	1,429	425	2,199	–	9,087
Additions	–	–	–	–	–	1,020	1,020
At 31 December 2021	4,829	205	1,429	425	2,199	2,544	11,631
Additions	–	–	–	–	–	1,125	1,125
Reclassified to assets of disposal group held for sale	(4,829)	(205)	(1,429)	(425)	(2,199)	–	(9,087)
At 31 December 2022	–	–	–	–	–	3,669	3,669
Amortisation							
At 1 January 2021	–	–	–	–	–	380	380
Amortisation charge	186	20	143	43	–	391	783
At 31 December 2021	186	20	143	43	–	771	1,163
Amortisation charge	401	44	309	92	–	47	893
Reclassified to assets of disposal group held for sale	(587)	(64)	(452)	(135)	–	–	(1,238)
At 31 December 2022	–	–	–	–	–	818	818
Impairment							
At 1 January 2021	–	–	–	–	–	–	–
Impairment charge	–	–	–	–	800	1,773	2,573
At 31 December 2021	–	–	–	–	800	1,773	2,573
Impairment charge	–	–	–	–	765	1,078	1,843
Reclassified to assets of disposal group held for sale	–	–	–	–	(1,565)	–	(1,565)
At 31 December 2022	–	–	–	–	–	2,851	2,851
Net Book Value							
At 31 December 2022	–	–	–	–	–	–	–
At 31 December 2021	4,643	185	1,286	382	1,399	–	7,895

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

Impairment assessment – Internally developed IM Platform

The Directors considered the continued current year 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 an impairment indicators and therefore, in accordance to IAS 36 ("Impairment of Assets"), considered if as at 31 December 2022, this intangible asset required further impairment of the additions during the year or if some so the prior year impairment could be reversed.

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

13 Intangible assets

The full going concern statement, set out in note 2, 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 one inventory monetisation transaction, 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 at 31 December 2022. This impairment loss may subsequently be reversed and if so, the carrying amount of the asset will be increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Impairment assessment – TradeFlow

The Directors considered the underperformance of TradeFlow compared to the forecast for the year ended 31 December 2022 (included in the independent valuation report prepared for the purposes of the acquisition) to be an impairment indicator. In particular, the Directors noted that the earn-out milestone target, which had been set in line with the forecast referred to above, for the year ended 31 December 2022 had not been achieved. Therefore, in accordance with IAS 36 ("Impairment of Assets") and IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"), management have considered the need for further impairment during the current financial year.

During the preparation of the interim financial statements this included a full IAS 36 ("Impairment of Assets") impairment test being carried out using an updated cash flow forecast that the TradeFlow CGU is expected to generate during the period to FY25 in its current conditions. This reforecast has been prepared by the Directors of TradeFlow and factored in reduced revenues, higher operating losses for the first two years of the reforecast and lower operating profits for the remaining periods. This reforecast is considered to be based on a set of reasonable assumptions given the current expectations for TradeFlow's growth and development in the future.

The Directors prudently applied a 25% discount rate in order to be consistent with the approach followed at 31 December 2021 and also to be consistent with the independent purchase price accounting exercise carried out in respect of the TradeFlow acquisition in the prior financial year. Using these assumptions, the recoverable amount has been identified as the value in use, equal to the sum of the discounted future cash flows (including a terminal value and terminal value growth rates of 2.5%) that the TradeFlow CGU will be able to generate according to management estimates in its current condition. This recoverable amount of the TradeFlow CGU was determined to be lower than its carrying amount on the balance sheet at 30 June 2022 by £765,000.

As such, in accordance with IAS 36 ("Impairment of Assets"), an impairment charge of £765,000 has been recognised against the value of the goodwill initially recognised in line with IFRS 3 ("Business Combinations"). This impairment charge has also been recognised in the profit and loss in the current financial year.

As described earlier in these consolidated financial statements, during the second half of 2022, the Directors began the process of the TradeFlow Restructuring, and as detailed in notes 2 and 27 the TradeFlow operations have been classified as a discontinued operation as at 31 December 2022 in accordance with IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"). When carrying out the impairment assessment of the TradeFlow CGU as at 31 December 2022, management was required to consider the fair value less cost to sell of the TradeFlow operations, which given the classification as a discontinued operation, is assumed to be the agreed price between two market participants.

Further to the TradeFlow Restructuring activities, on the 24 March 2023, that the TradeFlow Directors had provided written notice to the Board of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow, pursuant to certain earn-out arrangements entered into in connection with the Company's acquisition of TradeFlow (the "Buy Back"), the completion of which was announced on 6 July 2021.

13 Intangible assets

Given the proximity of this Buy Back announcement to the date of publication of these consolidated financial statements, details of the Buy Back are still being considered and finalised as at the date of these financial statements. As such, management instead considered the specifics set out in the TradeFlow Restructuring share purchase agreement that had been agreed in principle between the Company and the TradeFlow directors, Tom James and John Collis, who together acted as the buyers (the "Buyers"), prior to the Buy Back being exercised (the "TradeFlow SPA"). These specifics included that the:

- a) TradeFlow SPA set out the total legal consideration for the 81% of the TradeFlow business and required an amount of £2,000,000 to be payable to the Company by the TradeFlow directors as a result of the TradeFlow Restructuring;
- b) Based on the amount agreed in a) above, the estimated fair value of 100% of the TradeFlow CGU is assumed to be £2,469,000;
- c) This value was compared to the net asset value of the TradeFlow operations in the consolidated financial statements as at 31 December 2022. This net asset value was £2,311,000.

As the estimated fair value of the TradeFlow CGU exceeded the net asset value of the TradeFlow operations in the consolidated Group financial statements as at 31 December 2022, no additional impairment charges were recognised during the second half of 2022.

14 Trade and other receivables

	As at 31 December 2022 £000	As at 31 December 2021 £000
Trade receivables	7	13
Contract assets	–	84
Other receivables	1,179	727
Prepayments	33	72
Total trade and other receivables	1,219	896

15 Share capital

Allotted, called up and fully paid shares

	As at 31 December 2022 No. 000	As at 31 December 2022 £000	As at 31 December 2021 No. 000	As at 31 December 2021 £000
Equity	–	–	–	–
Ordinary shares of £0.00002 each	56,621,568	1,132	36,068,442	721
Deferred shares of £0.04000 each	63,084	2,523	63,084	2,523
2018 Deferred shares of £0.01000 each	224,194	2,242	224,194	2,242
	56,908,846	5,897	36,355,720	5,486

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

15 Share capital

Reconciliation of allotted, called up and full paid

	2022 No. 000	2022 £000	2021 No. 000	2021 £000
Ordinary shares as at 1 January	36,355,720	5,486	33,042,223	5,420
New ordinary shares issued to fulfil the conversion of Mercator Capital Management Fund LP convertible loan notes	1,400,898	28	680,791	14
New ordinary shares issued to Venus Capital S.A. in connection with the Capital Enhancement Plan	14,350,000	287		
New ordinary shares issued to settle the FY21 acquisition related earn-out payments	213,526	4		
New ordinary shares issued in connection with Open Offer completed during the year	641,710	13		
New ordinary shares issued to fulfil the conversion of Open Offer warrants	49,508	1		
New ordinary shares issued to fulfil the conversion of Venus Capital S.A. convertible loan notes	3,897,484	78		
New ordinary shares issued to fulfil the conversion of Negma Group Limited convertible loan notes			1,319,706	26
New ordinary shares issued as consideration for acquisition of TradeFlow			813,000	16
New ordinary shares issued as consideration for support with the TradeFlow acquisition			500,000	10
Total at 31 December	56,908,846	5,897	36,355,720	5,486

New shares allotted during the current financial year

New ordinary shares issued to fulfil the conversion of Mercator Capital Management Fund LP ("Mercator") convertible loan notes

- On 13 January 2022, the Company allotted 594,664,101 new ordinary shares as a result of the conversion of £678,333 of the convertible loan notes issued and subscribed by Mercator.
- On 28 February 2022, the Company allotted 489,787,922 new ordinary shares as a result of the conversion of £500,000 of the convertible loan notes issued and subscribed by Mercator.
- On 29 March 2022, the Company allotted 316,446,349 new ordinary shares as a result of the conversion of £178,333 of the convertible loan notes issued and subscribed by Mercator.

New ordinary shares issued to Venus Capital S.A. ("Venus") in connection with the Capital Enhancement Plan

On 27 April 2022, the Company announced its Capital Enhancement Plan pursuant to which it would enter into a subscription agreement with Venus and undertake an open offer to existing shareholders, in order to raise up to £7,500,000 in new equity capital (the "Capital Enhancement Plan"). This new equity capital enabled the Company to settle the outstanding loan notes and convertible loan notes with Mercator in cash rather than by the conversion of the convertible loan notes into new ordinary shares. During the current financial year ended 31 December 2022, the following share issues were made to Venus in line with subscription agreement dated 26 April 2022, and the subsequent amendment agreement dated 21 July 2022 and the side letter agreement dated 3 October 2022:

- On 26 April 2022, the Company issued 2,770,000,000 of new ordinary shares to Venus in exchange for £1,385,000.
 - On 10 May 2022, the Company issued 550,000,000 of new ordinary shares to Venus in exchange for £275,000.
 - On 18 July 2022, the Company issued 1,350,000,000 of new ordinary shares to Venus in exchange for £675,000.
 - On 5 September 2022, the Company issued 950,000,000 of new ordinary shares to Venus in exchange for £475,000.
 - On 11 October 2022, the Company issued 8,730,000,000 of new ordinary shares to Venus in exchange for £4,365,000.
- As at 31 December 2022 £500,000 of this amount is included with other receivables.

New ordinary shares issued in connection with the TradeFlow FY21 acquisition related earn-out payment

- On 19 July 2022, the Company issued 213,525,520 of new ordinary shares in settlement of the TradeFlow acquisition related earn-out for FY21.

15 Share capital

New ordinary shares issued in connection with Open Offer completed on 17 August 2022

- On 18 August 2022, the Company issued 641,710,082 of new ordinary shares as a result of an Open Offer issue in exchange for £306,029.

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 current financial year:

- On 2 September 2022, the Company issued 5,064,230 of new ordinary shares as an Open Offer Warrant conversion.
- On 17 September 2022, the Company issued 8,058,388 of new ordinary shares as an Open Offer Warrant conversion.
- On 27 September 2022, the Company issued 1,608,176 of new ordinary shares as an Open Offer Warrant conversion.
- On 11 October 2022, the Company issued 30,897,410 of new ordinary shares as an Open Offer Warrant conversion.
- On 21 October 2022, the Company issued 2,190,452 of new ordinary shares as an Open Offer Warrant conversion.
- On 7 November 2022, the Company issued 615,335 of new ordinary shares as an Open Offer Warrant conversion.
- On 26 November 2022, the Company issued 512,454 of new ordinary shares as an Open Offer Warrant conversion.
- On 8 December 2022, the Company issued 561,555 of new ordinary shares as an Open Offer Warrant conversion.

New ordinary shares issued to fulfil the conversion of Venus convertible loan notes

In connection with the Capital Enhancement Plan, the Company also issued convertible loan note to the value of £1,917,500 to Venus during the year. Further details of the Venus convertible loan notes can be found in note 8 to these financial statements. The Venus convertible loan notes were settled through the issue of the following new ordinary shares:

- On 6 October 2022, the Company issued 3,048,986,302 of new ordinary shares to Venus Capital for the conversion of Tranche B convertible loan notes with a principal value of £1,500,000.
- On 11 October 2022, the Company issued 848,498,083 of new ordinary shares to Venus Capital the conversion of Tranche A convertible loan notes with a principal value of £417,500.

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.

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for the Year Ended 31 December 2022

16 Loan notes and Long-Term Borrowings

Loan notes

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

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

The loan note facility was linked to a convertible loan note facility also entered into with Mercator, which was able to be used should the Company elect not to repay any of the interest or principal relating to the loan notes in cash. The Mercator convertible loan note facility was for the same aggregate value as the loan facility including interest, being £7.7m, and was able to be drawn in tranches equal to the monthly loan repayments. Further details of the Mercator convertible loan notes can be found in note 17.

To assist with the key objective of the Capital Enhancement Plan, which was to enable the Company, at its election, to settle the outstanding Mercator loan notes and convertible loan notes in cash rather than by the conversion into new ordinary shares of the Company, the Company and Mercator signed an amendment agreement on 26 April 2022 (the "Mercator Amendment"). To assist with the final settlement of the outstanding Mercator loan notes and convertible loan notes, the Company and Mercator signed a further Addendum Deed on 3 October 2022 (the "Addendum Deed").

Pursuant to both the original agreement dated 29 September 2021, the Mercator Amendment and the Addendum Deed, the Group repaid the following monthly instalments of the loan note liability over the year ended 31 December 2022:

- > The January, February and March monthly repayments of £678,333 per month were settled through the issue of convertible loan notes, in lieu of cash repayments, to Mercator.
- > The April monthly repayment was paid in cash on 10 June 2022, in accordance with the Mercator Amendment referred to above. This was for an amount of £678,333, plus an additional late payment interest charge of £72,767.
- > The May and June monthly payments were settled together on the 10 June 2022 through the issue of convertible loan notes to the value of £1,502,198, in lieu of cash repayments, to Mercator. This combined repayment was in accordance with the Mercator Amendment and included additional late payment interest charges of £145,532.
- > In line with the Mercator Amendment, each of the July, August and September monthly repayments were made through a part issue of convertible loan notes of £400,000 each and through a part cash payment of £278,333 each. Each of these monthly repayments incurred additional interest charges in line with the Mercator Amendment. The total additional interest for these three months totalled £86,000.
- > In October 2022, the Company exercised the repayment option that was agreed as part of the Addendum Deed entered into on 3 October 2022. Under this option the Company, made the final October monthly payment of £678,333 in cash. This payment incurred an additional interest charge of £20,000.

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

The loan notes were initially recorded at the proceeds received, net of direct issue costs (including commitment fees, introducer fees and the fair value of warrants issued to satisfy issue costs). The finance charges, including direct issue costs, are accounted for on an amortised cost basis using the effective interest method. The effective interest rate applied was 47.5%. The additional late payment interest charges have been recorded as finance costs in the periods in which they were incurred and have not been included in the effective interest rate calculation.

Further details on the fair value of the warrants are set out in note 26.

16 Loan notes and Long-Term Borrowings

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

	2022 £000	2021 £000
Loan note liability at 1 Jan	5,732	–
Initial drawdown net of commitment, introducer fees and fair value of warrants issued in connection with the loan notes	–	4,209
Second drawdown net of commitment and introducer fees	–	1,900
Amortisation of finance costs during the period (recognised in the income statement)	1,051	540
Less: repayments made via issue of convertible loan notes	(4,592)	(917)
Less: repayments made via cash	(2,191)	–
Loan note liability at 31 December	–	5,732

Long-Term Borrowings

	As at 31 December 2022 £000	As at 31 December 2021 £000
Unsecured loan notes	–	1,263
Other bank borrowings (non-current portion)	748	21
Total long-term borrowings	748	1,284

TradeFlow entered into an unsecured loan note subscription agreement on 23 October 2020 and this was recognised by the Group from the date of acquisition. This loan note was for a principal amount of USD 1,700,000. The terms of this agreement require the principal to be repaid as one lump sum on the 23 October 2023 along with an additional cost of issue of USD 300,000. As at 31 December 2022 TradeFlow is disclosed as a discontinued operation under IFRS 5 ("Non-current assets Held for Sale and Discontinued Operations") and as such equivalent liability have been disclosed in aggregate as liabilities of disposal group held for sale (refer to note 27 for more information).

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) €1m 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.

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

17 Convertible loan notes

As at 31 December 2022, the convertible loan note liability was nil (31 December 2021:nil). However, during the current financial year, the Company entered into two different convertible loan arrangements. These are set out below:

Mercator convertible loan notes

As set out in Note 16 the loan note facility the Company entered into with Mercator is linked to a convertible loan note facility also with Mercator.

The Mercator convertible loan notes contain the following key terms:

- > They were each to be issued at par value;
- > Each convertible loan note had a 12-month term, a conversion price of 85% of the lowest 10 day closing VWAP prior to the issue of the conversion notice and was able to be convertible at the holders request;
- > Warrants are to be issued for 20% of each tranche. The warrants will have a term of 3 years from issue and an exercise price of 130% of the lowest closing VWAP over the ten trading days immediately preceding the request to issue a new tranche. Under the terms of amendment Mercator Amendment no further warrants were required to be issued on the monthly repayments due following April 2022.

During the year ended 31 December 2022, the Company issued convertible loan notes to Mercator to the value of £4,737,000 which included the monthly repayments of £4,592,000 made by way of convertible loan notes (as set out in Note 6 above) and the additional interest charge due on the May and June repayments of £145,532.

Of the £4,737,000 of convertible loan notes issued during the year, £3,381,000 was repaid in cash and the remaining £1,357,000 was converted into ordinary shares in the Company.

The Mercator convertible loan notes did not have any annual interest costs in addition to the loan notes but did have costs relating to commitment fees and late payment interest charges of £571,000 and the fair value of the warrants of £236,000 associated with issue of the convertible loan notes. All these costs have been recognised in the income statement in the current year given the liability to which they relate has been extinguished (2021: £113,000). Further details on the fair value of the warrants are set out in note 23 to the Group consolidated financial statements.

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

	£000
Mercator convertible loan note liability at 1 January 2022	-
Monthly loan note repayments made via issue of convertible loan notes	4,592
Financial costs satisfied via the issue of convertible loan notes	145
Less convertible loan notes converted into ordinary shares	(1,356)
Less convertible loan notes repaid in cash	(3,381)
Mercator convertible loan note liability at 31 December 2022	-

Venus convertible loan notes

In connection with the Capital Enhancement Plan announced by the Company on 26 April 2022, the Company executed a new convertible loan note agreement with Venus Capital S.A. ("Venus"), under which the Company, at its discretion, could issue to Venus convertible loan notes up to £1,950,000 in aggregate principal amount. These convertible loan notes were split into two tranches being:

1. The Tranche A Venus convertible loan notes up to the value of £417,500 which could be issued by the Company to cover the fees associated with the Venus equity subscription (£342,500) and convertible loan agreements (£75,000). The former fees were required to be paid by the Company, proportionally, in line with when new ordinary shares were issued to Venus under the Capital Enhancement Plan. The obligation to pay the later fees arose at the point the Company executed of the working capital facility which is referred to below; and
2. The Tranche B Venus convertible loan notes which could be issued by the Company to receive a working capital facility of up to £1,500,000.

17 Convertible loan notes

In order to preserve the Company's cash balance, the full £417,500 of fees were settled by the issue of the Tranche A convertible loan notes to Venus between the period the 19 July 2022 and the 10 October 2022. These convertible loan notes are repayable in shares with a maturity date of 31 December 2025 and incur a 10% per annual interest rate. The cost of the Tranche A Venus convertible loan notes associated with the Venus equity subscription (£342,500) was offset against the share premium in accordance with IAS 32 ("Financial Instruments"). The cost of the Tranche A Venus convertible loan notes associated with the arrangement of the working capital facility with Venus (£75,000) was recorded as finance costs in the income statement given these directly related to the cost of drawing down on this financing facility. These costs were recognised in line with the draw down of the working capital facility.

Additionally, during July and August 2022, the Company drew down a total of £1,500,000 Tranche B convertible loan notes from Venus in the form of the working capital facility. These convertible loan notes were also repayable in shares with a maturity date of 31 December 2025 and incur a 10% per annual interest rate.

The settlement of both the Tranche A and Tranche B Venus convertible loan notes took place in October 2022 as follows:

- a. On 3 October 2022, the Company and Venus entered into the side letter agreement, pursuant to which and conditional on the admission subject to the Prospectus issued on the 3 October 2022, £1,500,000 in principal amount of Tranche B Venus convertible loan notes, plus accrued interest of £25,000, were converted into 3,048,986,302 new ordinary shares which were issued to Venus at a price of 0.05 pence per share on the 6 October 2022; and
- b. On the 10 October 2022, in line with the side letter agreement referred to above, and conditional on the secondary admission subject to the Prospectus issued on the 3 October 2022, £417,500 in principal amount of Tranche A Venus convertible loan notes, plus accrued interest of £7,000, (including £61,500 in principal amount of Tranche A Venus CLNs to be issued and immediately converted, not attracting interest) converted into 848,498,083 new ordinary shares which were issued to Venus at a price of 0.05 pence per share on the 11 October 2022.

Both interest costs referred to above have been recognised in the income statement during the current financial period. As at 31 December 2022, there were no amounts outstanding under the Venus convertible loan note facility (31 December 2021: nil).

	£000
Venus convertible loan note liability at 1 January 2022	–
Tranche A Venus convertible loan notes	418
Tranche B Venus working capital convertible loan notes	1,500
Interest cost associated with Tranche A and B convertible loan notes	32
Repayment of Venus convertible loan notes via the issue of new ordinary share	(1,950)
Venus convertible loan note liability at 31 December 2022	–

Historical convertible loan notes

In addition to the above, the Company also had historical convertible loan notes and associated derivative financial instruments that expired during the financial year ended 31 December 21 resulting in a credit to the income statement in the prior year in respect of the outstanding fair value of £24,000. There were no amounts recorded in the income statement in the current financial year.

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

18 Trade and other payables

	As at 31 December 2022 £000	As at 31 December 2021 £000
Trade payables	2,209	1,086
Other payables	747	588
Current portion of long term borrowings	158	–
Social security and other taxes	977	994
Accruals	402	437
Contract liabilities	94	395
	4,587	3,500

19 Provisions

	Post-employment benefits £000	Provision for risks and charges £000	Provision for VAT and penalties £000	Total £000
At 1 January 2021	32	36	267	335
Released to profit and loss	–	–	(58)	(58)
Provided for in the year	26	51	–	77
Payments	(11)	–	–	(11)
Actuarial (gain)/loss	(3)	–	–	(3)
At 31 December 2021	44	87	209	340
Forex retranslation adjustment	2	5	12	19
At 1 January 2022	46	92	221	359
Released to profit and loss	–	(19)	(20)	(39)
Provided for in the year	22	12	144	178
Payments	(8)	–	–	(8)
Actuarial (gain)/loss	(22)	–	–	(22)
At 31 December 2022	38	85	345	467

Post-employment benefits

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

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

Provision for risks and charges

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

Provision for VAT and penalties

In advance of the Group's first monetisation transaction, a number of advance payments have been received by the Group's Italian subsidiary from potential client companies in accordance with agreed contractual terms. These payments have been recognised as revenue in accordance with local accounting rules. These advance payments, for which an invoice has not yet been issued, have been made exclusive of VAT. As at 31 December 2022, the Group has included a provision relating to a potential VAT liability, including penalties, in respect of these advance payments of £201,000 (31 December 2021: £209,000). The reduction in the provision during the year represents the fact that some of these payments have been refunded, at the customer's request, and therefore the potential VAT liability has been removed.

19 Provisions

At the point in the future when the associated monetisation transaction takes place, the potential VAT liability will be settled by the Group. At this same point in time, the Directors expect to be able to recover the VAT from the client companies as invoices in respect of the monetisation transactions are issued. The timing of these future monetisation transactions currently remains uncertain and as such no corresponding VAT receivable has been recognised as at 31 December 2022, however there is a contingent asset of £143,000 as at 31 December 2022 (31 December 2021: £149,000) in respect of this.

From time to time, during the course of business, the Group maybe subject to disputes which may give rise to claims. The Group will defend such claims vigorously and provision for such matters are made when costs relating to defending and concluding such matters can be measured reliably. There were no cases outstanding as at 31 December 2022 that meet the criteria for a provision to be recognised.

An additional amount of £144,000 was added to the provision during the current financial year 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.

20 Pension and other schemes

Defined contribution pension scheme

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

The total pension charge for the year represents contributions payable by the Group to the scheme and amounted to £76,000 (2021: £86,000).

Contributions totalling £9,000 (2021: £21,000) were payable to the scheme at the end of the year and are included in creditors. This has been paid post year end.

21 Capital commitments

There were no capital commitments for the Group at 31 December 2022 or 31 December 2021.

22 Contingent liabilities

There were no contingent liabilities for the Group at 31 December 2022 or 31 December 2021.

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

23 Financial instruments

Financial assets

	Carrying value As at 31 December 2022 £000	Carrying value As at 31 December 2021 £000	Fair value As at 31 December 2022 £000	Fair value As at 31 December 2021 £000
Financial assets at amortised cost:				
Cash and cash equivalents	257	1,727	257	1,727
Trade receivables	7	13	7	13
Other receivables	1,179	727	1,179	727
	1,443	2,467	1,443	2,467

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

Financial liabilities

	Carrying value As at 31 December 2022 £000	Carrying value As at 31 December 2021 £000	Fair value As at 31 December 2022 £000	Fair value As at 31 December 2021 £000
Financial liabilities at amortised cost:				
Loan notes	–	5,732	–	5,732
Long-term borrowings	906	1,284	906	1,284
Trade payables	2,209	1,086	2,209	1,086
Other payables	747	588	747	588
	3,862	8,690	3,862	8,690

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

There are no financial liabilities that are carried at fair value through the profit and loss as at 31 December 2022 (31 December 2021:nil).

Risk management

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

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

Principal financial instruments

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

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

General objectives, policies and processes

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

23 Financial instruments

Interest rate risk

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

The Group's interest generating financial assets from continuing operations as at 31 December 2022 comprised cash and cash equivalents of £257,000 (2021: £1,727,000). Interest is paid on cash at floating rates in line with prevailing market rates.

The Group's interest generating financial liabilities from continuing operations as at 31 December 2022 comprised long term borrowings of £906,000 (2021 – loan notes of £5,732,000 and long term borrowings of £1,284,000).

Sensitivity analysis

At 31 December 2022, had the LIBOR 1 MONTH rate of 0.01609 (2021 – 0.01047) increased by 1% with all other variables held constant, the increase in interest receivable on financial assets would amount to approximately £nil (2021 – £nil). Similarly, a 1% decrease in the LIBOR 1 MONTH rate with all other variables held constant would result in a decrease in interest receivable on financial assets of approximately £nil (2021 – £nil).

Credit risk and impairment

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

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

The Group's Chief Financial Officer monitors the utilisation of the credit limits regularly.

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

	Carrying value as at 31 December 2022 £000	Maximum exposure as at 31 December 2022 £000	Carrying value as at 31 December 2021 £000	Maximum exposure as at 31 December 2021 £000
Cash and cash equivalents	257	257	1,727	1,727
Trade receivables	7	7	13	13
	264	264	1,740	1,740

As at 31 December 2022, the assets held by the Group are not past due or impaired. Trade receivables are all considered to be low risk and have been fully repaid since year end.

Foreign exchange risk

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

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

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2022

23 Financial instruments

Currency profile

Financial assets

- > Cash and cash equivalents Sterling: £229,000 (2021 – £1,585,000)
- > Cash Euro: £28,000 (2021 – £92,000)
- > Cash US Dollar: £nil (2021 – £44,000)
- > Cash Singapore Dollar: £324,000 (2021 – £5,000)
- > Trade receivables Sterling: £nil (2021 – £nil)
- > Trade receivables Euro: £7,000 (2020 – £13,000)
- > Trade receivables Singapore Dollar: £1,000 (2021 – £4,000)

Financial liabilities

- > Trade payables Sterling: £482,000 (2021 – £193,100)
- > Trade payables Euro: £1,727,000 (2021 – £879,000)
- > Trade payables Singapore Dollar: £6,000 (2021 – £14,000)

TradeFlow financial assets and liabilities have been included within the currency disclosures above. TradeFlow financial assets and liabilities form part of the of the assets/liabilities held for disposal groups within the statement of financial position.

Sensitivity analysis

At 31 December 2022, if Sterling had strengthened by 10% against the below currencies with all other variables held constant, loss before tax for the year would have been approximately

- > EUR: £60,000 higher (2021 – £131,000 higher)
- > Singapore Dollar: £69,000 higher (2021 – £51,000 higher)

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

- > EUR: £60,000 lower (2021 – £131,000 lower)
- > Singapore Dollar: £60,000 lower (2021 – £51,000 lower)

Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The board receives rolling 12-month cash flow projections on a regular basis as well as information regarding cash balances. At the statement of financial position date, these projections indicated that the Group expects to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

There were no undrawn facilities at 31 December 2022 or 31 December 2021.

At 31 December 2022	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Liabilities					
Long-term borrowings	–	158	189	559	–
Trade and other payables	2,209	747	–	–	–
Social security and other taxes	977	–	–	–	–
Total liabilities	3,186	905	189	559	–

23 Financial instruments

At 31 December 2021	Up to 3 months £000	Between 3 and 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
Liabilities					
Loan notes	1,493	4,239	–	–	–
Loans and borrowings	–	2	1,269	13	–
Trade and other payables	1,674	–	–	–	–
Social security and other taxes	994	–	–	–	–
Total liabilities	4,161	4,241	1,269	13	–

Capital risk management

The Group's capital management objectives are to ensure the Group is appropriately funded to continue as a going concern and to provide an adequate return to shareholders commensurate with risk. The Group defines capital as being total shareholder's equity. The Group's capital structure is periodically reviewed and, if appropriate, adjustments are made in the light of expected future funding needs, changes in economic conditions, financial performance and changes in Group structure. As explained in notes 16 and 17, the Group has currently entered into external debt finance by way of loan notes, long term borrowings and convertible loan notes.

The Group adheres to the capital maintenance requirements as set out in the Companies Act.

Capital for the reporting periods under review is summarised as follows:

- > Net liabilities: (£2,025,000) (2021: (£1,425,000))
- > Cash and cash equivalents: £257,000 (2021: 1,727,000)

24 Net debt

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

	Cash at bank £000	Loan notes £000	Convertible loan notes £000	Total long-term borrowings £000	Total £000
At 1 January 2022	1,727	(5,732)	–	(1,284)	(5,289)
Net cash flows	(1,133)	–	(1,500)	(2,403)	(5,036)
Convertible loan notes issued as repayment of loan notes, share issue costs and/or interest	–	–	(5,187)	–	(5,187)
Amortisation of finance costs	–	(1,051)	–	(356)	(1,407)
Cash repayments made during the year	–	2,191	3,381	–	5,572
Repayment of convertible loan notes via share issues	–	–	3,306	–	3,306
Repayment of loan notes via issue of convertible loan notes	–	4,592	–	–	4,592
Reclassification of disposal group held for sale	–	–	–	3,171	3,171
Foreign exchange	(13)	–	–	(34)	(47)
As at 31 December 2022	581	–	–	(906)	(325)

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for the Year Ended 31 December 2022

24 Net debt

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

25 Business combinations

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

TradeFlow owns 85% of the issued share capital of Tijara Pte. Limited and 50% of the issued share capital of TradeFlow Capital Management Systems Pte. Limited. Both of these companies are at very early-stage of their development and their results and balances as at both 31 December 2021 and 31 December 2022 are immaterial to the Group.

The net asset amounts in respect of the identifiable assets acquired and liabilities which have recognised in the financial statements are set out in the table below. These are based on a fair valuation of the acquired identifiable net assets as at the acquisition date. The assets and liabilities recognised as a result of the acquisition on 1 July 2021 are:

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

25 Business combinations

Satisfied by:

Consideration under IFRS 3:

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

Consideration accounted as deemed remuneration

Acquisition related earn-out recognised in the prior financial year	1,410
Acquisition related earn-out recognised in the current financial year	(710)
Acquisition related earn-out expected to be recognised in future periods	–
	700

The goodwill arising is attributable to:

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

The goodwill arising from the acquisition has been allocated to the TradeFlow Cash Generated Unit ("CGU"). Fair value adjustments of £6,888,000 have been recognised for acquisition-related intangible assets and related deferred tax of £1,171,000 as at 1 July 2021. Details of intangible assets recorded can be found in note 13.

As detailed above, elements of the consideration payable for this acquisition require post-acquisition service obligations to be performed by the earn-out shareholders over a three-year period. These amounts are accounted for as deemed remuneration (see notes 2 and 27) as required by IFRS 3 ("Business Combinations").

Transaction costs of £2,009,000 have been charged to the statement of comprehensive income during the year ended 31 December 2021. Of these costs, £1,900,000 represented the fair value of 500,000,000 new ordinary shares issued as consideration to third party intermediaries who either introduced TradeFlow to the Company or who provided due diligence activities in respect of the TradeFlow business, market, sector and geographic location. The remaining £109,000 related to legal fees that were directly associated with the acquisition.

During the second half of 2022, the Directors began the process of the proposed restructuring the Company's ownership with TradeFlow ("TradeFlow Restructuring") and as a result the TradeFlow business has been classified as held for sale / a discontinued operation as at 31 December 2022 in line with IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations"). This is due to the fact that TradeFlow was available for immediate sale in its present condition and it was highly probable that sale would be completed. Further details are set out in note 27.

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26 Share-based payments

Share warrants issued to Mercator

As explained in note 17, during the year the Group entered into a funding facility with Mercator which included the Group issuing loan notes in exchange for funding. These loan notes linked to a convertible loan note facility, which was able to be used should the 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 current financial year was 439,040,922, which together with the total of 522,791,511 issued in the prior financial year takes the total number of share warrants issued to Mercator as at 31 December 2022 to 961,832,433 (31 December 2021: 522,791,511). Details of the outstanding share warrants issued to Mercator are set out in the table below.

Date of issue	Principal value of warrants issued (£000)	Number of warrants	Exercise price	Fair value (£000)	Amount recognised during FY22 (£000)	Amount recognised during FY21 (£000)
1 October 2021	1,400	443,726,030	£0.00316	520	343	177
1 November 2021	92	29,197,856	£0.00314	42	–	42
1 December 2021	92	49,867,625	£0.00184	46	–	46
4 January 2022	136	77,763,767	£0.00174	83	83	–
2 February 2022	136	79,179,799	£0.00171	54	54	–
4 March 2022	136	105,948,198	£0.00128	44	44	–
10 June 2022	149	176,149,157	£0.00085	55	55	–
Total	2,141	961,832,433		844	579	265

As these share warrants were issued as a cost of securing the funding facility they are classified as 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 and the key judgemental assumptions have been detailed in note 2.

The total fair value of the above share warrants issued during the current financial year is £236,000 (2021: £608,000). In the prior year, a fair value amount of £520,000 related to warrants that were issued in connection with the loan notes and this fair value was netted off the initial proceeds received on the balance sheet. This amount is being amortised to the income statement using the effective interest rate method and £343,000 was recognised in the income statement for the period ended 31 December 2022 (2021: £177,000). The remaining £236,000 (2021: £88,000) related to those warrants issued in connection with the convertible loan notes, this amount was expensed fully in the income statement in the current year given the liability to which they relate has been extinguished (2021: £88,000).

Share warrants issued to Venus under Capital Enhancement Plan

As set out in note 1, on the 27 April 2022, the Group announced it had entered into a subscription agreement with Venus 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 2,950,000,000 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 to be issued to Venus 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 during the year ended 31 December 2022, and as at the year end date, these all remain outstanding. The warrants issued to Venus can be exercised at any time up to 31 December 2025 and have an exercise price of 0.065 pence per warrant.

26 Share-based payments

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

The total fair value of the above share warrants to be issued to Venus at 31 December 2022 is £4,795,000 (31 December 2021: nil). Given this amount directly related to the cost of issuing new ordinary shares to Venus, an amount of £3,204,000 has been offset against the share premium balance as at 31 December 2022 (31 December 2021: nil) 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. The remaining fair value amount of £1,591,000 has been recognised in retained losses.

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 warrants issued to Venus can be exercised at any time up to 31 December 2025 and have an exercise price of 0.065 pence per warrant.

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

The total fair value of the above share warrants to be issued in connection with the Open Offer was £261,000 (31 December 2021: nil). Given this amount directly related to the cost of issuing new Open Offer ordinary shares, the amount of £247,000 has been offset against the share premium balance as at 31 December 2022 (31 December 2021: nil) in accordance with IAS 32 "Financial Instruments". This amount was offset against the related share premium that was created in connection with Open Offer share issue. The remaining fair value amount of £14,000 has been recognised in retained losses.

Subsequent to the issue of the Open Offer warrants, and prior to 31 December 2022, an amount of 51,869,971 of these warrants have been converted in exchange for new ordinary shares and as at 31 December 2022 there is a balance of 268,985,037 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.

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

	Number of warrants outstanding at 31 December 2022	Number of warrants outstanding at 31 December 2021
Share warrants issued to Mercator	961,832,433	522,791,511
Share warrants issued to Venus	8,175,000,000	–
Share warrants issued to retail shareholders	268,985,037	–
Total	9,405,817,470	522,791,511

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26 Share-based payments

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

	FY22 £000	FY21 £000
Share warrants issued to Mercator	236	608
Share warrants issued to Venus	4,795	–
Share warrants issued to retail shareholders	261	–
Total	5,292	608

Acquisition related earn-out payments

In addition, the Group recognised a share-based payment reserve in connection with acquisition related earn-out. Given the service conditions related to these payments the Group records this amount as a share-based payment expense through the income statement and through the share-based payment reserve.

The terms of the TradeFlow acquisition included related earn-out payments that, together with the initial cash payment and issue of equity, form the total legal consideration agreed between the parties. Further details are set out below.

This acquisition related earn-out payments are determined by reference to pre-determined revenue milestone targets in each of the 2021, 2022 and 2023 financial years. These payments may be forfeited by the selling shareholders should they, in certain circumstances, no longer remain employed prior to the end of each earn-out period. As such, under the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS 3 ("Business Combinations"), the fair value of these earn-out payments have been accounted as a charge to the income statement (as deemed remuneration) rather than as consideration.

The terms of the agreements also allow this acquisition related earn-out payments to be settled in either cash or equity at the discretion of the Company. As it is the Company's current intention to settle these payments in equity, they have been fair valued at the grant date in line with IFRS 2 ("Share-based payments"). When the Company settles the earn-out payment in shares, the number of shares to be issued will be determined using the Volume Weighted Average Price ("VWAP") over the 20 dealing days to the end of the relevant financial year subject to a floor of 1p. In addition, the number of shares will be enhanced by 50% if the VWAP is greater than 1p. Finally, 50% of any earn-out shares may not be sold for 12 months following the award but are not contingent on continued employment. The 2021 earn-out payment was settled through the issue of new ordinary shares on the 18 July 2022.

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

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

The expense recognised in the income statement during the year ended 31 December 2021 was £1,410,000. This reflected managements best estimate at the time of the earn-out payments that would be required to be settled in relation to FY21, FY22 and FY23.

During the preparation of these consolidated financial statements, management concluded the continued underperformance of TradeFlow compared to the forecast for the year ended 31 December 2022 (included in the independent valuation report prepared for the purposes of the Acquisition) resulted in the FY22 acquisition related earn-out targets of TradeFlow not being achieved. This led the Directors to revise their IFRS 2 judgements in connection with the FY22 acquisition related earn-out payments and the likelihood of FY23 acquisition related earn-out targets being met is now considered to be remote.

26 Share-based payments

As a result the Directors revised their IFRS 2 judgements in respect of the acquisition related earn-out payments to be made in connection with the FY22 and FY23 revenue targets of TradeFlow. This resulted in an amount of £833,000 being reversed from the share-based payment reserve in relation to the FY22 and FY23 acquisition related earn-out payments. As the FY21 acquisition related earn-out payment was settled during the current financial year, an additional amount was added to the share-based payment reserve of £172,000 which covered the amounts to be recognised in FY22 in line with the estimated vesting date of March 2022. The net amount that was recognised in the income statement during the year ended 31 December 2022 was £710,000. As this relates to the TradeFlow operations, it has been recognised through the loss from discontinued operations in the current year.

The settlement of the FY21 acquisition related earn-out payment occurred in July 2022 when the Group had sufficient equity headroom to issue the Tom James and John Collis, the directors of TradeFlow, with 213,525 of new ordinary shares. The fair value of the FY21 acquisition related earn-out payments that was recognised in the year ended 31 December 2021 was £699,000. At the point this was settled in shares, the relevant share-based payment reserve was released and the corresponding increase in share capital and share premium was recognised.

Employee share scheme awards

On 31 October 2022, the Group awarded an LTIP conditional on performance conditions, being the achievement of specified Total Shareholder Return ("TSR") (market condition) performance, as well as continued employment. The TSR performance related 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 over a three month period ending on the last dealing day of the performance period:

Adjusted share price per share	Percentage of TSR award vesting
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.

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 2 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 following table lists the inputs to the model used for the awards granted in the year ended 31 December 2022 based on information at the date of grant:

LTIP awards (granted on 31 October 2022)	TSR element
Share price at date of grant	0.08 pence
Award price	0.002 pence
Volatility	116.38%
Life of award	3 years
Risk free rate	3.34%
Dividend yield	0%
Fair value per award	0.0245 pence

Notes to the Consolidated Financial Statements

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26 Share-based payments

The additional holding period applicable to the share awards issued to the Chief Executive Officer have been valued using the Finterty model. The following table lists the inputs to the model used for the awards granted in the year ended 31 December 2022 based on information at the date of grant:

LTIP awards (granted on 31 October 2022)	TSR element additional holding period
Share price at date of grant	0.08 pence
Award price	0.08 pence
Volatility	116.73%
Life of holding period	2 years
Risk free rate	3.60%
Dividend yield	0%
Fair value per award with holding period	0.0208 pence

These awards will be equity-settled by award of ordinary shares. The total share-based payment charge recognised in the consolidated income statement for the year ended 31 December 2022 is £11,000 (2021: 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:

	2022	2021
Outstanding at 1 January	–	–
Conditionally awarded in year	874,783,094	–
Exercised	–	–
Forfeited or expired in year	–	–
Outstanding at 31 December	874,783,094	–
Exercisable at the end of the year	–	–

All of the outstanding share awards as at 31 December 2022 related to the share awards issued on the 31 October 2022.

27 Discontinued Operations

During the second half of 2022, the Directors began the process of the TradeFlow Restructuring, and as detailed in notes 2 and 3, the Board considered the TradeFlow operations meet the criteria to be classified as held for sale at 31 December 2022 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 together with the publication of the 2022 Annual Report and Accounts. 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 3).

Further to the TradeFlow Restructuring activities, on the 24 March 2023, that the TradeFlow Directors, being Tom James and John Collis, had provided written notice to the Board of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow, pursuant to certain earn-out arrangements entered into in connection with the Company's acquisition of TradeFlow (the "Buy Back"), the completion of which was announced on 6 July 2021. As a result of the exercise of the Buy Back, the details of the TradeFlow Restructure, that had been agreed in principle prior to year end, now need to be renegotiated, and a new independent valuation of the TradeFlow operations needs to be completed. Given the proximity of this Buy Back announcement to the date of publication of these consolidated financial statements, details of the Buy Back are still being considered and finalised as at the date of these financial statements.

27 Discontinued Operations

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

	2022 £000	2021 £000
Revenue	629	259
Administration expenses	(1,705)	(697)
Other operating income	22	–
Operating loss before acquisition relation costs and impairment charges	(1,054)	(438)
Transaction costs (note 25)	–	(2,009)
Amortisation of intangible assets arising on acquisition (note 25)	(846)	(391)
Acquisition related earn-out payments (note 26)	710	(1,410)
Impairment charges (note 13)	(765)	(800)
Operating loss	(1,955)	(5,048)
Finance costs (refer below)	(356)	(86)
Loss before tax	(2,311)	(5,134)
Deferred tax credit (note 11)	144	67
Loss for the year	(2,167)	(5,067)

The major classes of assets and liabilities of the TradeFlow operations as held for sale as at 31 December 2022 are as follows:

	31 December 2022 £000
Assets	
Intangible assets (note 13)	6,283
Tangible assets	4
Trade and other receivables	101
Contract assets	132
Cash and cash equivalents	324
Assets of disposal group held for sale	6,844
Liabilities	
Trade and other payables	429
Long term borrowings (refer below)	3,171
Deferred tax liability (note 11)	960
Liabilities of disposal group held for sale	4,560
Net assets	2,284

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

	2022 £000	2021 £000
Net cash flows from operating activities	(1,228)	(387)
Net cash flows from investing activities	(1)	–
Net cash flows from financing activities	1,517	–
Net cash inflows/(outflows)	288	(387)

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27 Discontinued Operations

Financial instruments

	Carrying value As at 31 December 2022 £000	Fair value As at 31 December 2022 £000
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	324	324
Trade receivables	1	1
Other receivables	29	29
	354	354
	Carrying value As at 31 December 2022 £000	Fair value As at 31 December 2022 £000
Financial liabilities		
Financial liabilities at amortised cost:		
Loan notes	–	–
Long-term borrowings	3,171	3,171
Trade payables	6	6
Other payables	196	196
	3,372	3,372

TradeFlow long 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 new long term loan facility, with the same third party, for USD \$3,800,000, which has a maturity date of 31 March 2026. The new long term borrowings bears a simple fixed interest rate of 7.9% per annum and has an additional redemption premium cost of USD\$200,000 which is payable at the time the principal is repaid. In accordance with IFRS 9 ("Financial Instruments") the new long term loan facility resulted in a substantial modification to the previous loan note facility.

Both the unsecured loan notes and the new loan facility include a 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 £128,000 during the year ended 31 December 2022.

As at 31 December 2022, the Group has recognised outstanding monthly accrued interest on the new long term loan facility of £186,000 within trade and other payables. An additional amount of £30,000 relating to the amortisation of the redemption premium cost has been recognised as part of the unsecured loan balance at 31 December 2022.

28 Related Party Transactions

During the year to 31 December 2022, 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 S.p.A. Both of these entities are related parties due the following transactions that took place over the current or prior financial year.

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

As at 31 December 2022 TAG held 22.5% of the Company's total ordinary shares issued in Supply@ME Capital Plc (as at 31 December 2021: 35.3%).

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

This specific contract stipulated a fee to cover the performance of due diligence services for a specific number of clients. This fee was paid at the date the contract was signed. As such, the fees received in advance were held on the balance sheet as deferred income, and the revenue was recognised in line with the completion of each of the due diligence reviews. During the period ended 31 December 2022, nil (period ended 31 December 2021: £175,000) of the Group's revenue related to client companies originated by TAG (previously 1AF2 S.r.l.) as referred to above, and for which the Group was contracted to carry out due diligence services. This revenue was recognised in line with the Group's revenue recognition policy set out in note 2.

In addition to the above, following the reverse takeover in March 2020, the Group entered into a Master Service Agreement with TAG in respect of certain shared service to be provided to the Group. During the period ended 31 December 2022, the Group incurred expenses of £70,000 (period ended 31 December 2022: £129,000) to TAG in respect of this agreement.

Following the above transactions with TAG the Group has a net amount receivable of £9,000 as at 31 December 2022 (net amount payable of £64,000 as at 31 December 2021).

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

In July 2022, the Company entered into an agreement with RTOP, pursuant to which RTOP 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 pursuant to that agreement. As at 31 December 2022 there is an outstanding amount accrued by the Group of £58,000 to RTOP in relation to this specific agreement.

As at 31 December 2021 there is an outstanding amount owed by the Group of £5,000 to RTOP in relation historical amounts owing for regulatory technology professional services provided to the Group.

As at 31 December 2022 there were no outstanding amounts between the Group and Future of Fintech as the amount that had been outstanding had been fully provided against (31 December 2021: amount owed to the Group of £6,000 in relation to severance pay accrued by former employees which had been transferred to the Group).

Eight Capital Partners Plc

David Bull is 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. During the year, this agreement was terminated and the Group paid £3,000 (2021: £72,000) to Eight Capital Partners Plc in respect of this agreement. As at 31 December 2022 there was no amount outstanding amount owed by the Group (31 December 2021: £8,000).

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28 Related Party Transactions

Westcott Hill Limited

Albert Ganyushin was appointed as the Independent Chair of the Company on 6 June 2022. Albert is also a director of Westcott Hill Limited. Prior to his appointment Albert carried out a strategic review of the Group focusing on the long-term business objectives and its governance requirements. This strategic review was contracted by the Company with Westcott Hill Limited and the Group recorded an expense of £12,000 in relation to this review. As at 31 December 2022 there was no amount outstanding amount owed by the Group (31 December 2021: nil).

29 Controlling party

At 31 December 2022 the Directors do not believe that a controlling party exists.

30 Subsequent events

Board restructuring

On 15 March 2023 Andrew Thomas, a Non-Executive Director at the time, resigned from the Board of Directors of the Group in order to focus on his other business interests.

On 16 March 2023, Alexandra Galligan was appointed to the Board of Directors as a new independent Non-Executive Director.

On 23 March 2023 Dr Tom James and John Collis resigned from the Board of Directors of the Group.

Shares issued post year relating to Open Offer Warrant Conversions

- On 10 January 2023, the Company announced the exercise of 67,471 Open Offer Warrants by certain Qualifying Shareholders, and the issue of 67,471 Open Offer Warrant Shares.
- On 30 January 2023, the Company announced the exercise of 1,800,019 Open Offer Warrants by certain Qualifying Shareholders, and the issue of 1,800,019 Open Offer Warrant Shares.
- On 2 March 2023, the Company announced the exercise of 494,481 Open Offer Warrants by certain Qualifying Shareholders, and the issue of 494,481 Open Offer Warrant Shares.

TradeFlow Buy Back

On the 24 March 2023, that the TradeFlow Directors, being Tom James and John Collis, had provided written notice to the Board of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow, pursuant to certain earn-out arrangements entered into in connection with the Company's acquisition of TradeFlow (the "Buy Back"), the completion of which was announced on 6 July 2021. As a result of the exercise of the Buy Back, the details of the TradeFlow Restructure, that had been agreed in principle prior to year end, now need to be renegotiated, and a new independent valuation of the TradeFlow operations needs to be completed. Given the proximity of this Buy Back announcement to the date of publication of these consolidated financial statements, details of the Buy Back are still being considered and finalised as at the date of these consolidated financial statements.

30 Subsequent events

TAG unsecured Working Capital loan agreement

On the 28 April 2023, the Company and TAG entered into a fixed term unsecured working capital loan agreement (the “TAG Working Capital facility”). Under the TAG 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 Working Capital facility shall be 1 February 2028. Any sums drawn under the TAG Working Capital facility shall attract a non-compounding interest rate of 10% per annum, and any principal amount (excluding accrued interest) outstanding on 1 February 2028 shall 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.

New Equity Subscription Agreement

On the 28 April 2023, the Company and Venus Capital entered into a new 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 will be over two tranches as set out below:

- an initial tranche of 3,375,000,000 Subscription Shares for gross proceeds of £1,687,500 gross (or £1,603,125 net of a 5% commission chargeable by Venus Capital) expected to be admitted to a Standard Listing and to trading on the Main Market on or around 10 May 2023; and
- a second tranche of up to 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), for which admission to a Standard Listing and to trading on the Main Market may be sought by the Company until a long stop date of 31 May 2023.

In addition to the commission chargeable by Venus Capital set out above:

- £112,500 will be paid to Venus Capital in respect of agreed costs and expenses incurred by Venus Capital in connection with the Subscription Agreement; and
- New warrants will be issued to Venus at a ratio of one warrant for every two Subscription shares issued under the Subscription Agreement. The 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.

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 in connection with the Capital Enhancement Plan have been extended from 31 December 2025 for 12 months to 31 December 2026, through a deed of amendment to the existing warrant instruments.

Other corporate activities

Discussions are currently ongoing with a significant creditor of the Group regarding a reduction to the total amount owed and included in the financial statements as at 31 December 2022 of £1.0m. To date no agreement has been reached.

Company Statement of Financial Position

as at 31 December 2022

	Note	As at 31 December 2022 £000	As at 31 December 2021 £000
Non-current assets			
Property, plant and equipment		7	9
Investments	3	2,478	5,426
Other non-current assets		19	–
Total non-current assets		2,504	5,435
Current assets			
Trade and other receivables	4	612	98
Cash and cash equivalents		229	1,585
Total current assets		841	1,683
Total assets		3,345	7,118
Current liabilities			
Trade and other payables	6	1,035	534
Loan notes	7	–	5,732
Total current liabilities		1,035	6,266
Net assets		2,310	852
Equity attributable to owners of the parent			
Share capital	5	5,897	5,486
Share premium		25,269	18,171
Share-based payment reserve	9	5,871	2,018
Retained earnings		(34,727)	(24,823)
Total equity		2,310	852

A separate income statement for the parent company has not been presented, as permitted by section 408 of the Companies Act 2006. The Company's loss for the year was £8,339,000 (2021: loss for the year of £8,134,000). The Company's operating loss before acquisition related costs and impairment charges for the year was £3,440,000 (2021: loss for the year of £2,907,000).

The notes on pages 154 to 171 form an integral part of these financial statements.

The Company financials on pages 152 to 171 were approved and authorised for issue by the Board on 28 April 2023 and signed on its behalf by:

Mr Alessandro Zamboni

Chief Executive Officer and Executive Director

Mr David Bull

Independent Non-Executive Director and Chair of Audit Committee

Supply@ME Capital Plc

Company registration number: 03936915

Company Statement of Changes in Equity

for the Year Ended 31 December 2022

	Notes	Share capital £000	Share premium £000	Share-based payment reserve £000	Retained losses £000	Total £000
At 1 January 2021		5,420	11,820	–	(16,689)	551
Loss for the year		–	–	–	(8,134)	(8,134)
Total comprehensive loss for the period		–	–	–	(8,134)	(8,134)
Issuance of new shares	5	66	6,351	–	–	6,417
Credit to equity for issue of warrants	9	–	–	608	–	608
Credit to equity for acquisition related earn-out	3	–	–	1,410	–	1,410
At 31 December 2021		5,486	18,171	2,018	(24,823)	852

	Notes	Share capital £000	Share premium £000	Share-based payment reserve £000	Retained losses £000	Total £000
At 1 January 2022		5,486	18,171	2,018	(24,823)	852
Loss for the year		–	–	–	(8,339)	(8,339)
Total comprehensive loss for the period		–	–	–	(8,339)	(8,339)
Issuance of new ordinary shares	5	406	10,396	–	–	10,802
Costs incurred in connection with the issuance of new ordinary shares	10	–	(4,024)	–	(1,605)	(5,629)
Credit to equity for issue of warrants	9	–	–	5,292	–	5,292
Exercise of Open Offer warrants	9	1	31	(40)	40	32
Credit to equity for prior year acquisition related earn-out payments	3	–	–	172	–	172
Settlement of prior year acquisition related earn-out payment	9	4	695	(699)	–	–
Debit to equity for current year and future acquisition related earn-out payments	3	–	–	(883)	–	(883)
Equity settled employee share-based payment schemes		–	–	11	–	11
At 31 December 2022		5,897	25,269	5,871	(34,727)	2,310

The notes on pages 154 to 171 form an integral part of these financial statements.

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

1 General information

Supply@ME Capital Plc (the “Company” or “SYME”) is a public company limited by share capital incorporated and domiciled in England. The address of its registered office is 27/28 Eastcastle Street, London W1W 8DH. The Company's ordinary shares are traded on the Main Market of the London Stock Exchange.

These financial statements are the separate financial statements for the Company and have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applied in the United Kingdom and the Republic of Ireland (“FRS 102”) and the Companies Act 2006.

The Company's financial statements are presented in Pounds Sterling, the Company's functional and presentational currency, and all values are rounded to the nearest thousand pounds (£000) excepted when otherwise stated.

These financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies are set out below, which have been consistently applied to all the years presented.

As permitted by FRS 102 section 1.12, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches;
- Section 26 ‘Share-based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The parent company meets the definition of a qualifying entity under FRS 102. Where required, equivalent disclosures are given in the Group accounts of Supply@ME Capital Plc.

Supply@ME Capital Plc is the parent company of the Group and its results are included in the consolidated financial statements on pages 100 to 151.

2 Accounting policies

Going concern

These financial statements have been prepared on a going concern basis. The Directors have assessed the Company's ability to continue in operational existence for the foreseeable future and consider it appropriate to continue to prepare these financial statements on a going concern basis.

The full going concern assessment of the Group, being the Company and its subsidiaries, has been set out in note 2 to the Group consolidated financial statements.

Investments in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Unless otherwise stated, the investments in subsidiary undertakings are stated at cost, including the costs associated with the acquisitions, if applicable.

The value of the acquisition of Supply@ME S.r.l and TradeFlow Capital Management Pte. Ltd. (“TradeFlow”) as shown in the accounts of the holding company has been determined by applying the sections 610, 612 and 615 of the Companies Act 2006 as they relate to merger relief. These sections of the Companies Act 2006 are applicable to corporate investments where more than 90% of the acquired entity is represented by a share for share exchange, as occurred with the acquisition of Supply@ME S.r.l and TradeFlow. In this instance FRS 102 allows the investment to be carried in the Company's balance sheet at the nominal value of the shares issued, ignoring any associated share premium.

The carrying value referred to above is then adjusted by:

- a) any provision for impairment in the value. Where events or changes in circumstances indicate that the carrying value of an investment may not be recoverable, an impairment review is carried out. An impairment write down is recognised to the extent that the carrying value of the investment exceeds the higher of fair value less costs to sell and value in use; and
- b) any increases or decreases due to acquisition related earn-out payments recognised in the Company's subsidiaries during the current year. Refer to the share-based payment reserve accounting policy for further details.

2 Accounting policies

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the date of acquisition or the date of the change of control. When control of the subsidiary is lost, any profit or loss on disposal is recognised in the profit or loss.

The amounts due to and from subsidiaries are unsecured, interest free and repayable on demand. The carrying amounts of such payables or receivables are considered to be the same as their fair values due to their short-term nature.

Financial assets

Classification

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

Cash and cash equivalents

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

Impairment of financial assets

Financial assets, other than those held at fair value through the income statement, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

Classification

Financial liabilities comprise trade and other payables, convertible loan notes and derivative financial instruments.

Recognition and measurement

Trade and other payables

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

Loan note and long-term borrowings

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

Convertible loan notes

Convertible loan notes issued by the Company are recorded at the fair value of the convertible loan notes issued, net of direct issue costs including commitment fees. Finance charges, including direct issue costs, are accounted for on an amortised cost basis to the Company's income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The carrying value of the convertible loan notes have been adjusted to take into account the fair value of those notes that have been converted into ordinary shares since inception.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

Provisions

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

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

2 Accounting policies

Share-based payments

Share warrants

Equity-settled share-based payments relate to the warrants issued in connection with the cost of issuing loan notes, convertible notes and equity. Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 9.

The fair value determined at the grant date of the equity-settled share-based payments relating to the warrants issued in connection with the issue of loan notes or convertible loan notes are netted off against the fair value of the underlying loan notes or convertibles loan notes to which they directly relate. The fair value is then expensed together with the other related finance costs on an amortised cost basis to the Company's income statement using the effective interest method.

The fair value determined at the grant date of the equity-settled share-based payments relating to the warrants issued in connection with the issue of equity are netted off against the amount of share premium that is recognised in respect of the share issue to which they directly relate. Any amounts in excess of the share premium recognised, are netted off against retained earnings.

In respect of the share-based payments, the fair value is not revised at subsequent reporting dates, however, the fair value is released from the share-based payment reserve at the point in time that any of the warrants are exercised by the third party holder.

Employee share schemes

Grants made to certain employees of the Company will result in a charge recognised in the Company's income statement. Such grants will be measured at fair value at the date of grant and will be expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest. Vesting assumptions are reviewed during each period to ensure they reflect current expectations.

Grants made to subsidiary employees will not result in a charge to the Company's income statement as any charges for share-based payments are recognised in the cost of investment in the relevant subsidiary.

Full details of the Group's share-base payments refer to note 26 to the Group consolidated financial statements.

Acquisition related earn-out payments

In addition, the Company recognises a share-based payment reserve in connection with acquisition related earn-out payments arising from the acquisition of TradeFlow. The fair value of these earn-out payments has been measured using the same methods as outlined above. Given the service conditions related to these payments are linked to the Company's subsidiaries, the share-based payment expense is recognised by this entity. The Company records this amount as an increase to the investment value and through the share-based payment reserve. The fair value determined at the grant date of these equity-settled share-based payments are recognised over the vesting period on a straight-line basis, based on the estimate of equity instruments that will eventually vest. Vesting assumptions are reviewed during each period to ensure they reflect current expectations and any changes required to true-up the related share-based payment reserve are recognised through the income statement of the Company's subsidiary, and the Company's investment value and share-based payment reserve, in the relevant period. Full details can be found in notes 26 and 27 of the Group's consolidated financial statements and note 3 to these financial statements of the Company.

Equity

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

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

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

"Retained earnings" represents retained losses of the Company.

Foreign currency transactions

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

2 Accounting policies

Critical judgements and significant accounting estimates

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate. The most significant areas where judgement and estimates have been applied are as follows:

Judgements

Accounting for acquisition related earn-out

The terms of the agreement to acquire TradeFlow included acquisition related earn-out payments that, together with the initial cash payment and issue of equity, form the total legal consideration agreed between the parties. The acquisition related earn-out payments are determined by reference to pre-determined revenue milestone targets in each of FY21, FY22 and FY23. 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 set out in note 2 to the Group's consolidated financial statements, the Directors have concluded that the inclusion of the substantive post-acquisition service conditions requires the fair value of these earn-out payments to be accounted for a charge to the income statement (as deemed remuneration) in the financial statements of the entity to which the service condition relates, rather than as consideration or part of the initial investment made.

Estimates

Valuation of acquisition related earn-out

The full disclosures relating to the valuation of the acquisition related earn-out payments are set out in note 2 to the Group's consolidated financial statements.

Valuation of share warrants issued

During the current and prior year the Company issued share warrants in connection with the loan notes, certain convertible loan notes, and new ordinary shares that were issued during the respective years. As these share warrants were issued as a cost of securing funding facilities or new equity investment into the Company they are classified as share-based payments. As such the Directors were required to determine the fair value of the equity-settled share-based payments at the date on which they were granted. Judgement was required in determining the most appropriate inputs into the valuation models (Black Scholes) used and the key judgemental input was the expected volatility rate of the Company's share price over the relevant period and the assumption applied in the models were between 97% – 88% and were based the actual volatility of the Company's share price from the date of the RTO to the date at which the relevant valuation model was run. If the expected volatility rate was adjusted by plus 10%, then the impact on the fair value recognised in the income statement in the current year would have been approximately plus £24,000 (2021: £71,000). If the expected volatility rate was adjusted by minus 10%, then the impact on the fair value recognised in the income statement in the current year would have been approximately minus £25,000 (2021: £71,000).

Impairment

At the end of the accounting period the Company assesses if there are any indicators of impairment with respect to its investments in subsidiaries. The carrying value is determined by the use of a discounted cash flow model of future free cash flows which involves estimates to be made by the Directors around future cash forecasts, discount rates etc.

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

3 Investment

Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital as at 31 December 2022 are as follows:

Subsidiary undertakings	Country of incorporation	Registered address	Holding	Proportion of voting rights and shares held 2022	Proportion of voting rights and shares held 2021
Supply@ME S.r.l.	Italy	Via Giosuè Carducci 36, 20123, Milano, Italy	Legal capital	100%	100%
Supply@ME Technologies S.r.l.	Italy		Legal capital	100%	N/A
Supply@ME Stock Company 1 S.r.l.	Italy		Legal capital	N/A	100% (indirectly through Supply@ME S.r.l.)
Supply@ME Stock Company 2 S.r.l.	Italy		Legal capital	100% (indirectly through Supply@ME S.r.l.)	100% (indirectly through Supply@ME S.r.l.)
Supply@ME Stock Company 3 S.r.l.	Italy		Legal capital	100% (indirectly through Supply@ME S.r.l.)	100% (indirectly through Supply@ME S.r.l.)
Supply@ME Limited	England and Wales	27/28 Eastcastle Street, London W1W 8DH, UK	Ordinary shares	100%	100%
Tradeflow Capital Management Pte. Ltd.	Singapore	16 Raffles Quay, #16-02, Hong Leong Building, Singapore 048581	Legal capital	100%	100%
Tijara Pte. Ltd.	Singapore		Legal capital	85% (indirectly through TradeFlow)	85% (indirectly through TradeFlow)
Tradeflow Capital Management Systems Pte. Ltd.	Singapore		Legal capital	50% (indirectly through TradeFlow)	50% (indirectly through TradeFlow)

Supply@ME S.r.l. is the Group's operating subsidiary currently engaged in inventory monetisation activities. Supply@ME Technologies S.r.l. was incorporated by the Company in Italy on 25 March 2022 for the purpose of holding the Group's intellectual property rights relating to the Platform together with future developments in a dedicated entity. On 9 September 2022, Supply@ME S.r.l. assigned the intellectual property rights to Supply@ME Technologies S.r.l. As both Supply@ME S.r.l. and Supply@ME Technologies are 100% owned subsidiaries of the Company, this was an intragroup reassignment.

On the 10 August 2022, Supply@ME S.r.l. sold one of its 100% owned subsidiaries, Supply@ME Stock Company 1 S.r.l. to Cayman Emerging Manager Platform (3) SPC – Global Inventory Monetisation Fund 1 S.P. for consideration of €1,000. Prior to the sale, Stock Company 1 S.r.l. was a nontrading entity. As at 31 December 2022, Supply@ME S.r.l. continued to own Supply@ME Stock Company 2 S.r.l. and Supply@ME Stock Company 3 S.r.l., both of which are also nontrading entities.

Tradeflow was acquired in July 2021 to complement the Company's global offering of its "warehouse goods" inventory monetisation platform with the TradeFlow offering of monetising "in-transit" inventory (in particular, commodities). It was also expected that the acquisition would generate a number of attractive synergy benefits for the Group from both a funding and customer origination perspective.

3 Investment

TradeFlow owes 85% of the issued share capital of Tijara Pte. Limited and 50% of the issued share capital of TradeFlow Capital Management Systems Pte. Limited. Both of these companies are at very early-stage of their development and their results and balances as at 31 December 2022 are immaterial to the Group. The Company's holdings in Tijara Pte. Limited and TradeFlow Capital Management Systems Pte. Limited are held indirectly through its direct holding in TradeFlow Capital Management Pte. Ltd.

Investments

	£000
As at 1 January 2021	646
Additions at cost – TradeFlow	4,016
Increase for acquisition related earn-out	1,410
Impairment charges – Supply@ME S.r.l	(646)
As at 31 December 2021	5,426
As at 1 January 2022	5,426
Increase in investment of Supply@ME S.r.l due to waiver of intercompany debt	420
Transfer of prior year intercompany debt impairment charge to Investments	(420)
Additions at cost - Supply@ME Technologies S.r.l	9
Increase for FY21 acquisition related earn-out payments	172
Reversal of FY22 and FY23 acquisition related earn-out payments	(883)
Impairment charges – TradeFlow	(2,246)
As at 31 December 2022	2,478

Investment in Supply@ME S.r.l

On 23 March 2020, the Company issued 32,322,246,220 ordinary shares to acquire the whole of the share capital of Supply@ME S.r.l. These shares had a nominal value of £0.00002 per share and an issue price of £0.006945 per share. As outlined in note 2 above the value of the acquisition of Supply@ME S.r.l. has been determined by applying the sections 610, 612 and 615 of the Companies Act 2006 as they relate to merger relief. These sections of the Companies Act 2006 are applicable to corporate investments where more than 90% of the acquired entity is represented by a share for share exchange, as occurred with the acquisition of Supply@ME S.r.l. In this instance FRS 102 permits the investment to be carried in the Company's balance sheet at the nominal value of the shares issued, ignoring any associated share premium.

On the 9 March 2022, an agreement was signed between the Company and Supply@ME S.r.l. stating that the Company would unconditionally waive repayment of the intercompany debt to the amount of €500,000 (£420,000). The waiving of this debt resulted in an increase in the value of the investment in Supply@ME S.r.l. As at 31 December 2021, the Directors had fully impaired the carrying value of the full amount owed by Supply@ME S.r.l. to the Company. As a result of the intercompany debt waiver being agreed post 31 December 2021, an amount of £420,000 was transferred from the provision for impairment of the receivable from Supply@ME S.r.l., to the provision for impairment of the investment in Supply@ME S.r.l. No amounts were recorded in the income statement in the current financial year as a result of this transfer.

Impairment assessment

As at 31 December 2021, the Directors impaired the full carrying amount of the investment in Supply@ME S.r.l. As set out above, the additional investment in Supply@ME S.r.l. that was added during the current year as a result of the intercompany debt waiver, had also been fully impaired by the Directors in the prior year. As such the value of the investment in Supply@ME S.r.l. as at 31 December 2022 was nil (31 December 2021: nil).

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

3 Investment

During the preparation of these current year financial statements for the Company, the Directors considered if there were indicators that the previously recognised impairment loss on the investment in Supply@ME S.r.l. could be reversed. Given the following factors, the Directors concluded this was not currently the case:

- Supply@ME S.r.l continued to record losses in the current year;
- the continued absence of a historical recurring track record relating to inventory monetisation transactions being facilitated by the Group;
- the inability to fully establish recurring generation of the full range of fees from the use of its Platform; and the Group being cash flow positive.

The previously recognised impairment losses may subsequently be reversed in future financial periods, and if so, the carrying amount of the investment will be increased to the revised estimate of its recoverable amount. The increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Investment in TradeFlow

On 1 July 2021 the Company completed the acquisition of the entire share capital of TradeFlow by way of cash and share consideration (the "Acquisition"). As such from this date TradeFlow became a fully owned subsidiary of the Company and formed part of the Group's consolidated financial performance and position from this point. The Company acquired 100% of the equity of TradeFlow for a purchase consideration of £4,000,000 which was paid in cash and the issue of 813,000,000 equity shares.

As outlined in note 2 above the value of the acquisition of TradeFlow has been determined by applying the sections 610, 612 and 615 of the Companies Act 2006 as they relate to merger relief. These sections of the Companies Act 2006 are applicable to corporate investments where more than 90% of the acquired entity is represented by a share for share exchange, as occurred with the acquisition of TradeFlow. In this instance FRS 102 permits the investment to be carried in the Company's balance sheet at the nominal value of the shares issued, ignoring any associated share premium.

In addition, the Company recognises an increase or decrease in the carrying amount of the TradeFlow investment in connection with acquisition related earn-out. Full details can be found in notes 2 and 26 of the Group consolidated financial statements.

Investment in TradeFlow	£000
As at 1 January 2021	–
Cash consideration paid on acquisition	4,000
Nominal value of equity instruments (813,000,000 new ordinary shares) issued on acquisition	16
Increase for acquisition related earn-out	1,410
As at 31 December 2021	5,426
As at 1 January 2022	5,426
Increase for FY21 acquisition related earn-out payments	172
Reversal of FY22 and FY23 acquisition related earn-out payments	(883)
Impairment charges – TradeFlow	(2,246)
As at 31 December 2022	2,469

Impairment assessment

During FY22, the Directors began the process of restructuring the Company's ownership with TradeFlow (the "TradeFlow Restructuring") and as at 31 December 2022 a share purchase agreement between the Company and the TradeFlow directors, Tom James and John Collis, who together acted as the buyers (the "Buyers") had been agreed in principal (the "TradeFlow SPA").

Subsequent to year end, on 24 March 2023, the Company announced the TradeFlow directors, being Tom James and John Collis, provided written notice of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow (the "Buy Back"), pursuant to certain earn out arrangements entered into in connection with the Company's acquisition of TradeFlow, the completion of which was announced on 6 July 2021 ("Completion"). As a result of the exercise of the Buy Back, the details of the TradeFlow Restructure, that had been agreed in principle prior to year end, now need to be renegotiated, and a new independent valuation of the TradeFlow operations needs to be completed.

3 Investment

Given the details of the Buy Back are still being considered and finalised as at the date of the Company's financial statements, management instead considered the specifics set out in the TradeFlow SPA that had been agreed in principle prior to the Buy Back being exercised. These specifics included the following facts:

- 1) The TradeFlow SPA set out the total legal consideration for the 81% of the TradeFlow business and required an amount of £2,000,000 to be payable to the Company by the TradeFlow directors as a result of the TradeFlow Restructuring; and
- 2) The continued underperformance of TradeFlow compared to the forecast for the year ended 31 December 2022 (included in the independent valuation report prepared for the purposes of the Acquisition) resulted in the FY22 acquisition related earn-out targets of TradeFlow not being achieved, and led the Directors to revise their IFRS 2 judgements in connection with the FY22 acquisition related earn-out payments and the likelihood of FY23 acquisition related earn-out targets being met to remote.

As a result of the Directors revised IFRS 2 judgements, the total amounts reversed in relation to the FY22 and FY23 acquisition related earn-out payments was £833,000 during the current financial year. As the FY21 acquisition related earn-out payment was settled during the current financial year, an additional amount was added to the share-based payment reserve of £172,000 which covered the amounts to be recognised in FY22 in line with the estimated vesting date of March 2022. In the prior financial year, an amount of £1,410,000 was added to the share-based payment reserve which covered the Directors judgements at that time relating to the FY21, FY22 and FY23 acquisition related earn-out payments.

Due to the combination of the factors outlined above, the Directors concluded that the carrying value of the TradeFlow investment as at 31 December 2022 should be compared to the fair value, calculated by reference to the £2,000,000 that will be received by the Company in exchange for 81% of the TradeFlow business that was sold to the Buyers through the TradeFlow Restructuring. The difference between the carrying value of the TradeFlow investment as at 31 December 2022 of £4,715,000, and the fair value of 100% of the TradeFlow investment of £2,469,000, resulted in an impairment charge of £2,246,000 being recognised as at 31 December 2022.

4 Trade and other receivables

	As at 31 December 2022 £000	As at 31 December 2021 £000
Trade receivables	–	–
Other receivables	579	39
Amounts due from Group companies	–	5
Prepayments	33	54
Total current trade and other receivables	612	98

Impairment of amounts due from Group companies

As at 31 December 2022, the Directors reviewed the carrying value of amounts due from Group companies for indicators of impairment. In order to be prudent, and to follow a consistent approach used to determine the impairment of the Company's investment in Supply@ME S.r.l due to the factors set out in note 3, the Directors reached the conclusion to impair the full carrying value of the specific receivable balance due from both the Company's Italian subsidiaries as at the 31 December 2022.

Prior to this review, the Company held a total combined amount due from Supply@ME S.r.l and Supply@ME Technologies of £1,588,000. In order to be prudent, and to follow a consistent approach used to determine the impairment of the Company's investment in Supply@ME S.r.l (refer to note 3 for further details), the Directors reached the conclusion to impair the full carrying value of the specific receivable balance as at 31 December 2022. An impairment charge in respect of the amounts due from Group companies of £689,000 has been recognised in the Company's income statement for the current financial year (2021: £1,319,000). The impairment charge for the year ended 31 December 2022 reflects the increase in the amounts due from Group companies of £269,000, together with the £420,000 that was transferred from the provision for impairment of the receivable from Group companies, to the provision for impairment of the investment in Supply@ME S.r.l. during the current year as a result of the intercompany debt waiver agreed on 9 March 2022.

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

4 Trade and other receivables

Financial assets, other than those held at fair value through the income statement, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

5 Share capital

Allotted, called up and fully paid shares

	As at 31 December 2022 No. 000	As at 31 December 2022 £000	As at 31 December 2021 No. 000	As at 31 December 2021 £000
Equity				
Ordinary shares of £0.00002 each	56,621,568	1,132	36,068,442	721
Deferred shares of £0.04000 each	63,084	2,523	63,084	2,523
2018 Deferred shares of £0.01000 each	224,194	2,242	224,194	2,242
Total	56,908,846	5,897	36,355,720	5,486

Reconciliation of allotted, called up and full paid

	2022 No. 000	2022 £000	2021 No. 000	2021 £000
Ordinary shares as at 1 January	36,355,720	5,486	33,042,223	5,420
New ordinary shares issued to fulfil the conversion of Mercator Capital Management Fund LP convertible loan notes	1,400,898	28	680,791	14
New ordinary shares issued to Venus Capital S.A. in connection with the Capital Enhancement Plan	14,350,000	287	–	–
New ordinary shares issued to settle the FY21 acquisition related earn-out payments	213,526	4	–	–
New ordinary shares issued in connection with Open Offer completed during the year	641,710	13	–	–
New ordinary shares issued to fulfil the conversion of Open Offer warrants	49,508	1	–	–
New ordinary shares issued to fulfil the conversion of Venus Capital S.A. convertible loan notes	3,897,484	78	–	–
New ordinary shares issued to fulfil the conversion of Negma Group Limited convertible loan notes	–	–	1,319,706	26
New ordinary shares issued as consideration for acquisition of TradeFlow	–	–	813,000	16
New ordinary shares issued as consideration for support with the TradeFlow acquisition	–	–	500,000	10
Total at 31 December	56,908,846	5,897	36,355,720	5,486

5 Share capital

Details of new shares allotted during the current financial year

New ordinary shares issued to fulfil the conversion of Mercator Capital Management Fund LP (“Mercator”) convertible loan notes

- > On 13 January 2022, the Company allotted 594,664,101 new ordinary shares as a result of the conversion of £678,333 of the convertible loan notes issued and subscribed by Mercator.
- > On 28 February 2022, the Company allotted 489,787,922 new ordinary shares as a result of the conversion of £500,000 of the convertible loan notes issued and subscribed by Mercator.
- > On 29 March 2022, the Company allotted 316,446,349 new ordinary shares as a result of the conversion of £178,333 of the convertible loan notes issued and subscribed by Mercator.

New ordinary shares issued to Venus Capital S.A. (“Venus”) in connection with the Capital Enhancement Plan

On 27 April 2022, the Company announced its Capital Enhancement Plan pursuant to which it would enter into a subscription agreement with Venus and undertake an open offer to existing shareholders, in order to raise up to £7,500,000 in new equity capital (the “Capital Enhancement Plan”). This new equity capital enabled the Company to settle the outstanding loan notes and convertible loan notes with Mercator in cash rather than by the conversion of the convertible loan notes into new ordinary shares. During the currently financial year ended 31 December 2022, the following share issues were made to Venus in line with subscription agreement dated 26 April 2022, and the subsequent amendment agreement dated 21 July 2022 and the side letter agreement dated 3 October 2022:

- > On 26 April 2022, the Company issued 2,770,000,000 of new ordinary shares to Venus in exchange for £1,385,000.
 - > On 10 May 2022, the Company issued 550,000,000 of new ordinary shares to Venus in exchange for £275,000.
 - > On 18 July 2022, the Company issued 1,350,000,000 of new ordinary shares to Venus in exchange for £675,000.
 - > On 5 September 2022, the Company issued 950,000,000 of new ordinary shares to Venus in exchange for £475,000.
 - > On 11 October 2022, the Company issued 8,730,000,000 of new ordinary shares to Venus in exchange for £4,365,000.
- As at 31 December 2022 £500,000 of this amount is included in other receivables.

New ordinary shares issued in connection with the TradeFlow FY21 acquisition related earn-out payment

- > On 19 July 2022, the Company issued 213,525 of new ordinary shares in settlement of the TradeFlow acquisition related earn-out for FY21.

New ordinary shares issued in connection with Open Offer completed on 17 August 2022

- > On 18 August 2022, the Company issued 641,710,082 of new ordinary shares as a result of an Open Offer issue in exchange for £306,029.

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 current financial year:

- > On 2 September 2022, the Company issued 5,064,230 of new ordinary shares as an Open Offer Warrant conversion.
- > On 17 September 2022, the Company issued 8,058,388 of new ordinary shares as an Open Offer Warrant conversion.
- > On 27 September 2022, the Company issued 1,608,176 of new ordinary shares as an Open Offer Warrant conversion.
- > On 11 October 2022, the Company issued 30,897,410 of new ordinary shares as an Open Offer Warrant conversion.
- > On 21 October 2022, the Company issued 2,190,452 of new ordinary shares as an Open Offer Warrant conversion.
- > On 7 November 2022, the Company issued 615,335 of new ordinary shares as an Open Offer Warrant conversion.
- > On 26 November 2022, the Company issued 512,454 of new ordinary shares as an Open Offer Warrant conversion.
- > On 8 December 2022, the Company issued 561,555 of new ordinary shares as an Open Offer Warrant conversion.

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

5 Share capital

New ordinary shares issued to fulfil the conversion of Venus convertible loan notes

In connection with the Capital Enhancement Plan, the Company also issued convertible loan note to the value of £1,917,500 to Venus during the year. Further details of the Venus convertible loan notes can be found in note 8 to these financial statements. The Venus convertible loan notes were settled through the issue of the following new ordinary shares:

- On 6 October 2022, the Company issued 3,048,986,302 of new ordinary shares to Venus Capital for the conversion of Tranche B convertible loan notes with a principal value of £1,500,000.
- On 11 October 2022, the Company issued 848,498,083 of new ordinary shares to Venus Capital the conversion of Tranche A convertible loan notes with a principal value of £417,500.

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.

6 Trade and other payables

	As at 31 December 2022 £000	As at 31 December 2021 £000
Trade payables	482	193
Amounts due to Group companies	5	–
Other payables	32	48
Social security and other payroll taxes due	89	42
Accruals and deferred income	427	251
Total	1,035	534

7 Loan notes

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

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

The loan note facility was linked to a convertible loan note facility also entered into with Mercator, which was able to be used should the Company elect not to repay any of the interest or principal relating to the loan notes in cash. The Mercator convertible loan note facility was for the same aggregate value as the loan facility including interest, being £7.7m, and was able to be drawn in tranches equal to the monthly loan repayments. Further details of the Mercator convertible loan notes can be found in note 8.

To assist with the key objective of the Capital Enhancement Plan, which was to enable the Company, at its election, to settle the outstanding Mercator loan notes and convertible loan notes in cash rather than by the conversion into new ordinary shares of the Company, the Company and Mercator signed an amendment agreement on 26 April 2022 (the "Mercator Amendment"). To assist with the final settlement of the outstanding Mercator loan notes and convertible loan notes, the Company and Mercator signed a further Addendum Deed on 3 October 2022 (the "Addendum Deed").

Pursuant to both the original agreement dated 29 September 2022, the Mercator Amendment and the Addendum Deed, the Group repaid the following monthly instalments of the loan note liability over the year ended 31 December 2021:

- > The January, February and March monthly repayments of £678,333 per month were settled through the issue of convertible loan notes, in lieu of cash repayments, to Mercator.
- > The April monthly repayment was paid in cash on 10 June 2022, in accordance with the Mercator Amendment referred to above. This was for an amount of £678,333, plus an additional late payment interest charge of £72,767.
- > The May and June monthly payments were settled together on the 10 June 2022 through the issue of convertible loan notes to the value of £1,502,198, in lieu of cash repayments, to Mercator. This combined repayment was in accordance with the Mercator Amendment and included additional late payment interest charges of £145,532.
- > In line with the Mercator Amendment, each of the July, August and September monthly repayments were made through a part issue of convertible loan notes of £400,000 each and through a part cash payment of £278,333 each. Each of these monthly repayments incurred additional interest charges in line with the Mercator Amendment. The total additional interest for these three months totalled £86,000.
- > In October 2022, the Company exercised the repayment option that was agreed as part of the Addendum Deed entered into on 3 October 2022. Under this option the Company, made the final October monthly payment of £678,333 in cash. This payment incurred an additional interest charge of £20,000.

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

The loan notes were initially recorded at the proceeds received, net of direct issue costs (including commitment fees, introducer fees and the fair value of warrants issued to satisfy issue costs). The finance charges, including direct issue costs, are accounted for on an amortised cost basis using the effective interest method. The effective interest rate applied was 47.5%. The additional late payment interest charges have been recorded as finance costs in the periods in which they were incurred and have not been included in the effective interest rate calculation.

Further details on the fair value of the warrants are set out in note 9.

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

7 Loan notes

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

	2022 £000	2021 £000
Loan note liability at 1 Jan	5,732	-
Initial drawdown net of commitment, introducer fees and fair value of warrants issued in connection with the loan notes	-	4,209
Second drawdown net of commitment and introducer fees	-	1,900
Amortisation of finance costs during the period (recognised in the income statement)	1,051	540
Less: repayments made via issue of convertible loan notes	(4,592)	(917)
Less: repayments made via cash	(2,191)	-
Loan note liability at 31 December	-	5,732

8 Convertible loan notes

As at 31 December 2022, the convertible loan note liability was nil (31 December 2021: nil). However, during the current financial year, the Company entered into two different convertible loan arrangements. These are set out below:

Mercator convertible loan notes

As set out in Note 7 the loan note facility the Company entered into with Mercator is linked to a convertible loan note facility also with Mercator.

The Mercator convertible loan notes contain the following key terms:

- > They were each to be issued at par value;
- > Each convertible loan note had a 12-month term, a conversion price of 85% of the lowest 10 day closing VWAP prior to the issue of the conversion notice and was able to be convertible at the holder's request;
- > Warrants are to be issued for 20% of each tranche. The warrants will have a term of 3 years from issue and an exercise price of 130% of the lowest closing VWAP over the ten trading days immediately preceding the request to issue a new tranche. Under the terms of amendment Mercator Amendment no further warrants were required to be issued on the monthly repayments due following April 2022.

During the year ended 31 December 2022, the Company issued convertible loan notes to Mercator to the value of £4,737,000 which included the monthly repayments of £4,592,000 made by way of convertible loan notes (as set out in Note 7 above) and the additional interest charge due on the May and June repayments of £145,532.

Of the £4,737,000 of convertible loan notes issued during the year, £3,381,000 was repaid in cash and the remaining £1,357,000 was converted into ordinary shares in the Company.

The Mercator convertible loan notes did not have any annual interest costs in addition to the loan notes but did have costs relating to commitment fees and late payment interest charges of £571,000 and the fair value of the warrants of £236,000 associated with issue of the convertible loan notes. All these costs have been recognised in the income statement in the current year given the liability to which they relate has been extinguished (2021: £113,000). Further details on the fair value of the warrants are set out in note 24 to the Group consolidated financial statements.

8 Convertible loan notes

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

	£000
Mercator convertible loan note liability at 1 January 2022	–
Monthly loan note repayments made via issue of convertible loan notes	4,592
Financial costs satisfied via the issue of convertible loan notes	145
Less convertible loan notes converted into ordinary shares	(1,356)
Less convertible loan notes repaid in cash	(3,381)
Mercator convertible loan note liability at 31 December 2022	–

Venus convertible loan notes

In connection with the Capital Enhancement Plan announced by the Company on 26 April 2022, the Company executed a new convertible loan note agreement with Venus Capital S.A. ("Venus"), under which the Company, at its discretion, could issue to Venus convertible loan notes up to £1,950,000 in aggregate principal amount. These convertible loan notes were split into two tranches being:

- 1) The Tranche A Venus convertible loan notes up to the value of £417,500 which could be issued by the Company to cover the fees associated with the Venus equity subscription (£342,500) and convertible loan agreements (£75,000). The former fees were required to be paid by the Company, proportionally, in line with when new ordinary shares were issued to Venus under the Capital Enhancement Plan. The obligation to pay the later fees arose at the point the Company executed of the working capital facility which is referred to below; and
- 2) The Tranche B Venus convertible loan notes which could be issued by the Company to receive a working capital facility of up to £1,500,000.

In order to preserve the Company's cash balance, the full £417,500 of fees were settled by the issue of the Tranche A convertible loan notes to Venus between the period the 19 July 2022 and the 10 October 2022. These convertible loan notes are repayable in shares with a maturity date of 31 December 2025 and incur a 10% per annual interest rate. The cost of the Tranche A Venus convertible loan notes associated with the Venus equity subscription (£342,500) was offset against the share premium in accordance with IAS 32 ("Financial Instruments"). The cost of the Tranche A Venus convertible loan notes associated with the arrangement of the working capital facility with Venus (£75,000) was recorded as finance costs in the income statement given these directly related to the cost of drawing down on this financing facility. These costs were recognised in line with the draw down of the working capital facility.

Additionally, during July and August 2022, the Company drew down a total of £1,500,000 Tranche B convertible loan notes from Venus in the form of the working capital facility. These convertible loan notes were also repayable in shares with a maturity date of 31 December 2025 and incur a 10% per annual interest rate.

The settlement of both the Tranche A and Tranche B Venus convertible loan notes took place in October 2022 as follows:

- a) On 3 October 2022, the Company and Venus entered into the side letter agreement, pursuant to which and conditional on the admission subject to the Prospectus issued on the 3 October 2022, £1,500,000 in principal amount of Tranche B Venus convertible loan notes, plus accrued interest of £25,000, were converted into 3,048,986,302 new ordinary shares which were issued to Venus at a price of 0.05 pence per share on the 6 October 2022; and
- b) On the 10 October 2022, in line with the side letter agreement referred to above, and conditional on the secondary admission subject to the Prospectus issued on the 3 October 2022, £417,500 in principal amount of Tranche A Venus convertible loan notes, plus accrued interest of £7,000, (including £61,500 in principal amount of Tranche A Venus CLNs to be issued and immediately converted, not attracting interest) converted into 848,498,083 new ordinary shares which were issued to Venus at a price of 0.05 pence per share on the 11 October 2022.

Both interest costs referred to above have been recognised in the income statement during the current financial period. As at 31 December 2022, there were no amounts outstanding under the Venus convertible loan note facility (31 December 2021: nil).

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

8 Convertible loan notes

The movement in Venus convertible loan note liability during the current financial period is set out in the table below:

	£000
Venus convertible loan note liability at 1 January 2022	–
Tranche A Venus convertible loan notes	418
Tranche B Venus working capital convertible loan notes	1,500
Interest cost associated with Tranche A and B convertible loan notes	32
Repayment of Venus convertible loan notes via the issue of new ordinary share	(1,950)
Venus convertible loan note at 31 December 2022	–

Historical convertible loan notes

In addition to the above, the Company also had historical convertible loan notes and associated derivative financial instruments that expired during the financial year ended 31 December 21 resulting in a credit to the income statement in the prior year in respect of the outstanding fair value of £24,000. There were no amounts recorded in the income statement in the current financial year.

9 Share-based payments

Share warrants issued to Mercator

As explained in notes 7 and 8, during the year the Company entered into a funding facility with Mercator which included the Company issuing loan notes in exchange for funding. These loan notes linked to a convertible loan note facility, which was able to be used should the Company elect not to repay any of the interest or principal relating to the loan notes in cash. Both the loan note and convertible loan note agreements required share warrants to be issued representing 20% of the face value of any loan notes or convertible loans issued. The warrants 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 current financial year was 439,040,922, which together with the total of 522,791,511 issued in the prior financial year takes the total number of share warrants issued to Mercator as at 31 December 2022 to 961,832,433 (31 December 2021: 522,791,511). Details of the outstanding share warrants issued to Mercator are set out in the table below.

Date of issue	Principal value of warrants issued (£000)	Number of warrants	Exercise price	Fair value (£000)	Amount recognised during FY22 (£000)	Amount recognised during FY21 (£000)
1 October 2021	1,400	443,726,030	£0.00316	520	343	177
1 November 2021	92	29,197,856	£0.00314	42	–	42
1 December 2021	92	49,867,625	£0.00184	46	–	46
4 January 2022	136	77,763,767	£0.00174	83	83	–
2 February 2022	136	79,179,799	£0.00171	54	54	–
4 March 2022	136	105,948,198	£0.00128	44	44	–
10 June 2022	149	176,149,157	£0.00085	55	55	–
Total	2,141	961,832,433		844	579	265

As these share warrants were issued as a cost of securing the funding facility they are classified as 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 and the key judgemental assumptions have been detailed in note 2.

9 Share-based payments

The total fair value of the above share warrants issued during the current financial year is £236,000 (2021: £608,000). In the prior year, a fair value amount of £520,000 related to warrants that were issued in connection with the loan notes and this fair value was netted off the initial proceeds received on the balance sheet. This amount is being amortised to the income statement using the effective interest rate method and £343,000 was recognised in the income statement for the period ended 31 December 2022 (2021: £177,000). The remaining £236,000 (2021: £88,000) related to those warrants issued in connection with the convertible loan notes, this amount was expensed fully in the income statement in the current year given the liability to which they relate has been extinguished (2021: £88,000).

Share warrants issued to Venus under Capital Enhancement Plan

As set out in note 5, on the 27 April 2022, the Company announced it had entered into a subscription agreement with Venus in connection with the Capital Enhancement Plan. The subscription agreement specified that the Company was required to issue one warrant for every two shares issued in connection with the mandatory tranches of the new shares issue. This was a total of 2,950,000,000 share warrants. The subscription agreement specified that the Company 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 to be issued to Venus in connection with the signing of the subscription agreement on 26 April 2022. As such the Company issued a total of 8,175,000,000 share warrants to Venus during the year ended 31 December 2022, and as at the year end date, these all remain outstanding. The warrants issued to Venus can be exercised at any time up to 31 December 2025 and have an exercise price of 0.065 pence per warrant.

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

The total fair value of the above share warrants to be issued to Venus at 31 December 2022 is £4,795,000 (31 December 2021: nil). Given this amount directly related to the cost of issuing new ordinary shares to Venus, an amount of £3,204,000 has been offset against the share premium balance as at 31 December 2022 (31 December 2021: nil) 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. The remaining fair value amount of £1,591,000 has been recognised in retained earnings.

Share warrants issued to retail shareholders under the Open Offer

On 22 July 2022, the Company announced the Open Offer, giving existing shareholders the opportunity to subscribe for up to 641,710,082 new ordinary shares in the Company on the basis of one Open Offer share for every 66 existing ordinary shares held at an offer price of 0.05 pence per Open Offer share. The Open Offer closed on 17 August 2022 and on 18 August 2022, the Company announced it would allot and issue 641,710,082 new ordinary shares to those qualifying shareholders and that this would raise £320,855 gross (and £269,855 net of fees and expenses) for the Company.

In addition to the new ordinary share that were issued, the company also issued 320,855,008 warrants to the qualifying shareholders on the basis of one warrant for every two ordinary shares received as a result of the Open Offer. The warrants issued to Venus can be exercised at any time up to 31 December 2025 and have an exercise price of 0.065 pence per warrant.

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

The total fair value of the above share warrants to be issued in connection with the Open Offer was £261,000 (31 December 2021: nil). Given this amount directly related to the cost of issuing new Open Offer ordinary shares, the amount of £247,000 has been offset against the share premium balance as at 31 December 2022 (31 December 2021: nil) in accordance with IAS 32 "Financial Instruments". This amount was offset against the related share premium that was created in connection with Open Offer share issue. The remaining fair value amount of £14,000 has been recognised in retained earnings.

Notes to the Company Financial Statements

for the Year Ended 31 December 2022

9 Share-based payments

Subsequent to the issue of the Open Offer warrants, and prior to 31 December 2022, an amount of 51,869,971 of these warrants have been converted in exchange for new ordinary shares and as at 31 December 2022 there is a balance of 268,985,037 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 earnings.

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

	Number of warrants outstanding at 31 December 2022	Number of warrants outstanding at 31 December 2021
Share warrants issued to Mercator	961,832,433	522,791,511
Share warrants issued to Venus	8,175,000,000	–
Share warrants issued to retail shareholders	271,347,008	–
Total	9,408,179,441	522,791,511

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

	FY22 £000	FY21 £000
Share warrants issued to Mercator	236	608
Share warrants issued to Venus	4,795	–
Share warrants issued to retail shareholders	261	–
Total	5,292	608

Acquisition related earn-out

In addition, the Company recognised a share-based payment reserve in connection with acquisition related earn-out. Given the service conditions related to these payments are linked to the Company's subsidiaries, the share-based payment expense is recognised by this entity. The Company records this amount as an increase or decrease to the investment value and the share-based payment reserve.

As detailed in note 3, the Directors revised their IFRS 2 judgements in respect of the acquisition related earn-out payments to be made in connection with the FY22 and FY23 revenue targets of TradeFlow. This resulted in an amount of £833,000 being reversed from the share-based payment reserve in relation to the FY22 and FY23 acquisition related earn-out payments. As the FY21 acquisition related earn-out payment was settled during the current financial year, an additional amount was added to the share-based payment reserve of £172,000 which covered the amounts to be recognised in FY22 in line with the estimated vesting date of March 2022. In the prior financial year, an amount of £1,410,000 was added to the share-based payment reserve which covered the Directors judgements at that time relating to the FY21, FY22 and FY23 acquisition related earn-out payments.

The settlement of the FY21 acquisition related earn-out payment occurred in July 2022 when the Company had sufficient equity headroom to issue the Tom James and John Collis, the directors of TradeFlow, with 213,525 of new ordinary shares. The fair value of the FY21 acquisition related earn-out payments that was recognised in the year ended 31 December 2021 was £699,000. At the point this was settled in shares, the relevant share-based payment reserve was reversed and the corresponding increase in share capital and share premium was recognised.

Further details can be found in notes 2 and 26 of the Group consolidated financial statements.

10 Share issue costs

As referred to in note 9 above, the costs relating to the various share issues that took place during the year have been netted off against the amount of share premium that is recognised in respect of the share issue to which they directly relate. Any amounts in excess of the share premium recognised, are netted off against retained earnings. Details of the share issue costs recognised during the year ended 31 December 2022 are set out in the table below. There were no equivalent costs recognised in the prior year.

	FY22 Costs debited to share premium £000	FY22 Costs debited to retained earnings £000
Capital enhancement plan warrant costs (note 9)	3,204	1,591
Capital enhancement plan costs settled through issue of convertible loan notes (note 8)	343	–
Open offer warrant costs (note 9)	247	14
Other costs (legal fees, listing fees, registrars' fees)	230	–
Total	4,024	1,605

11 Related party transactions

The Company has taken advantage of the exemption under FRS 102:33.1A from disclosing transactions with other, wholly owned members of the Group.

A full list of the Company's subsidiaries and related party transactions are set out in note 28 to the Group consolidated financial statements.

12 Controlling party

At 31 December 2022 the Directors do not believe that a controlling party exists.

13 Subsequent events

A full list of the Company's subsequent events are set out in note 30 to the Group consolidated financial statements.

Additionally, on 27 April 2023, an agreement was signed between the Company and its subsidiaries, Supply@ME SRL and Supply@ME Technologies SRL, stating that the Company would unconditionally waive repayment of intercompany debt to the amount of €1,000,000 and €320,000 respectively.

Information

Company Information

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Glossary

Term	Definition
Board	The Board of Directors of Supply@ME Capital Plc
Buy Back	With specific reference to Tradeflow, the written notice provided by the Tom James and John Collis of their intention to exercise their rights to buy back 100% of the share capital of TradeFlow pursuant to certain earn out arrangements entered into in connection with the Company's acquisition of TradeFlow in July 2021.
Company or SYME	Supply@ME Capital Plc
ERP	Enterprise Resource Planning
FY21	The financial year ended 31 December 2021
FY22	The financial year ended 31 December 2022
GIF or the Fund	Global Inventory Fund (Segregated Portfolios)
Group	The Company and its subsidiaries
ICT	Information and communications technology
IM	Inventory Monetisation
IoT	Internet of things
KPIs	Key Performance Indicators
LTIP	Long Term Incentive Plan
Mercator	Mercator Capital Management Fund LP
NFT	Non-Fungable Token
Platform	The Supply@ME Inventory Monetisation Platform
PNP Regulation	Italian legislation Pegno non Possessorio, introduces the concept of "security interest" into Italian law
QCA Code	Quoted Companies Alliance Corporate Governance Code
TAG	The AvantGarde Group S.p.A
TradeFlow	TradeFlow Capital Management Pte. Limited
TradeFlow Group	TradeFlow and its subsidiaries
TradeFlow Restructure	The proposed restructuring of the Company's ownership with TradeFlow in order to separate the Platform (fintech business) from the fund management activities (regulated business)
VeChain	The VeChain Foundation
Venus	Venus Capital S.A.
White-Label	The service whereby banks and other financial institutions access and pay for the use of our technology and platform to deploy with their customer bases

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