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Supply@ME Capital plc
Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2020



Supply@ME Capital plc

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Company Information

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Supply@ME Capital plc

Chief Executive's Review and Chairman's Statement

We are pleased to report to you on the Group's activities in the year to 31 December 2020, and subsequent developments to date.

These financial statements represent the Group's first period of trading on the Main Market of the Stock Exchange since the acquisition of Supply@ME S.r.l..

Business overview

Global landscape: a huge addressable target market

Inventory monetisation facilities can play a key role in addressing the financing needs of the broadly defined global supply chain market. According to "The 2020 McKinsey Global Payments Report", insights into that market reveal:

- \$17 trillion, as potential market for supply-chain finance.
- ~80% of eligible assets that do not benefit from better working capital financing. The remaining one-fifth of assets are often inefficiently financed.
- \$14 trillion, managed directly (not financed).
- \$ 2.5 trillion, currently addressed by seller-side finance solutions. In this regard, inventory financing represented, in the past year, 10% of the Seller-side financial solutions, while the receivables financing segment (including factoring, invoice discounting and receivables finance in all its forms), remains the largest segment with an estimated 65% market share.
- \$ 0.5 trillion, addressed through buyer-led solutions.
- \$1.5 trillion as the global gap in trade finance. In this regard, the overall trade finance market can be roughly differentiated into three segments, each with unique product dynamics:
 - Documentary business, which includes traditional off-balance-sheet trade finance instruments, such as letters of credit, international guarantees, and banks' payment obligations. These instruments are typically used to cover the two corporate parties against potential transaction risks (e.g., an exporter protecting against country-related risks of its importer's domestic market);
 - Seller-side finance, including two main financial instruments: factoring and invoice finance. These instruments address the financing needs of corporate sellers by advancing liquidity related to commercial transactions;
 - Buyer-side finance, which is typically aimed at large buyers and their suppliers. It covers the financing needs of suppliers originated by large buyers, like reverse factoring, where suppliers can access third-party financing for buyer-approved invoices, as well as dynamic discounting, where buyers pay suppliers early in exchange for discounts on the invoice. This has traditionally been a smaller and more fragmented market (roughly \$500 billion of turnover financed), but is now growing at double-digit rates, driven by increasing interest and new offerings by players.

Seeing the wider opportunities related to the untapped supply chain finance market, the Company wants to play a key role in this space, gaining traction from its inventory monetisation services to provide a unique non-credit approach and covering both "in-transit" and warehoused goods.

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Chief Executive's Review and Chairman's Statement

Delivering a unique alternative facility for SMEs and Large Corporates - and a new asset class for investors

Supply@ME delivers an innovative platform ("Platform") for inventory monetisation that enables a wide range of manufacturing and trading customers to improve their working capital position by releasing capital from their inventory stock. The Platform matches the working capital needs of its customers, with capital invested through the Platform by its inventory investors ("Inventory Funders").

Investors in Supply@ME shares gain exposure to the fee income generated by the Platform from inventory monetisation. Inventory Funders subscribe financial instruments that are secured by inventory portfolios.

The highlight event for Supply@ME Capital Plc (LON:SYME - the Company or SYME) in the year to 31 December 2020 was the successful acquisition, via a reverse takeover, of Supply@ME S.r.l. together with a successful Placing and Main Market Listing on the London Stock Exchange on 23 March 2020. These were both key milestones that will enable the Group to develop and fulfil its ambition to become a leading platform for inventory monetisation (Supply@ME Capital plc changed its name from Abal Group plc on 30 March 2020).

The Company's purpose is to be the leading fintech inventory monetisation business enabling companies to optimise their working capital cycle through the release of capital from their inventory, in a time and price efficient way.

Its immediate strategy of creating a highly scalable global business is built on three key objectives:

- delivering a unique facility, via a digitised route, attracting and on-boarding its customers ("Client Companies"),
- developing a cutting-edge technology Platform that efficiently manages the Inventory Monetisation process, and
- implementing a repeatable, multi-channel funding strategy to diversify and scale-up its Inventory Funder investor base, allowing the asset management industry to diversify its portfolio by virtue of a real new asset class.

Building the fundamentals: milestones 2020 achieved towards the key objectives

2020 saw the groundwork laid for a number of business initiatives which have either been implemented or are close to fruition. The Company also strengthened its board and senior management team with the appointment of a Chief Financial Officer and several highly experienced individuals to key positions.

Looking at the business plan's strategic pillars, apart from the delay in delivering the first inventory monetisation in 2020, most of the other work streams planned are on-track or completed. Specifically:

- Client Company sourcing partnerships have been established in Italy, the UK, MENA and the US with 14 partners to deliver an ongoing stream of monetisation demand to the Platform;
- the technology Platform has been further developed and is now operational and ready to implement the first monetisation transaction
- the Company has in place a multi-channel global funding strategy:
 - Middle East: Shariah structure approval
 - Italy: strategic agreement with the institutional asset manager Quadrivio Group (and its Industry 4.0 fund) who are working on a European bank acquisition. In parallel, establishing a Self-Funding model in order to allow other banks to promote the inventory monetisation service to their customer base
 - Italy and UK: progress with the Italian and UK securitisation program managed by Storm Harbour
 - USA: partnership with The Trade Advisory aimed at delivering the inventory monetisation service gaining traction from Mr Anthony Brown's ecosystem (Funders, Client companies, warehouse service providers etc.).

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Finally, talks began in 2020 with TradeFlow Capital Management Pte Ltd ("TradeFlow"), a Singaporean complementary inventory "in-transit" fintech business. In the first half of 2021, those initial discussions developed into a concrete acquisition transaction of their business, which was announced on 26 May 2021.

This acquisition will enable SYME's customers to monetise an additional step of the inventory lifecycle (inventory in-transit) through its Platform as well as provide access to TradeFlow's existing Inventory Funders. It will also potentially establish a base for inventory monetisation activity in the Singapore region covering the "East and Far-East": the final target geography of the SYME global Platform.

Financial overview

In summary, from a financial viewpoint, the Group has transformed successfully from a cash shell listed on AIM, to a Group admitted to the Official List as a Main Market company, standard segment, trading on the London Stock Exchange.

In the period to 31 December 2020 the Company raised £2,234,000 gross (2019: £Nil), £1,615,000 net from the issue of new ordinary shares by way of a Placing.

Consolidated results

Revenues in the period* were £1,147,000 (2019: £4,000). The loss before tax and the exceptional cost of listing (£1,376,000) described below was £2,819,000 (2019: loss £687,000).

Total loss for the year was £2,962,000 (2019: loss £551,000) and loss per share 0.01 pence (2019: 0.00) At the year end, net liabilities were £452,000 (2019: net liabilities £557,000) and cash balances were £552,000 (2019: £143,000).

*Included within accruals and deferred income is £1,131,000 (2019: £634,000) relating to payments in advance made by client companies for due diligence to pre-qualify them for access to the inventory monetisation scheme. Under Italian GAAP, these amounts are recognised in revenue in the year. Under IFRS, these amounts will be recognised in future periods.

Further details are to be found in the Strategic Report financial review on page 9 to 23.

Change of accounting date / temporary suspension and subsequent re-instatement of trading

The Company's shares were temporarily suspended from trading on 21 January 2021 due to a technical breach of DTR rule 2.0 (reporting timetable). This happened because SYME had, in accordance with company law (and following a precedent set by Aston Martin), proactively taken the decision to change its accounting reporting date to 31 December to match that of its current subsidiaries and likely future subsidiaries in the middle east and USA. Countries have different standard reference accounting dates but it had become clear that the typical reporting period across the Group's target business geographies was the calendar year.

Therefore, on 19 January 2021, the Company changed its Accounting Reference Date from 30 September to 31 December.

This change required the Company to produce two sets of historic accounts:

- Audited accounts for the nine months to 31 December 2019, which were published on 28 January 2021
- Unaudited Interim accounts for the six months to 30 June 2020, published on 29 January 2021

Although this created additional work in the short-term, it had the immediate benefit of allowing us to produce 2020 accounts completely segregated from the Abal business and it also became clear that in the longer term, aligning all of the reporting dates to the calendar year would significantly streamline the financial reporting consolidation process.

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Despite being compliant with company law timetables for reporting when accounting reference dates are changed, the Company was advised that it had triggered a technical stock exchange reporting timeline breach and the Company therefore requested the temporary suspension of its shares on 21 January 2021. The subsequent restoration process was managed directly with the FCA during February and trading in the Company's shares resumed on 9 March 2021.

Treatment of the Reverse Takeover (RTO)

Accounting for the RTO presented a very complex accounting challenge, and a detailed analysis is to be found in Note 3 to the Group's consolidated financial statements. Nevertheless, after a great deal of input by technical teams, there was an underlying principle to represent: Supply@ME S.r.l. – the Italian operating company – reversed into the shell of Abal Group plc (which became Supply Me Capital plc) in order to get a public company listing. It was this action which needed to be costed; and that cost needed to pass through the Income Statement. All other movements that had to be accounted for went directly through specific balance sheet reserves.

Therefore Supply@ME S.r.l. became the "deemed acquirer" of Abal Group plc. The logic that was applied to the calculation of the deemed cost of listing was relatively straightforward, once this distinction was made: the cost was effectively that of buying a controlling interest in the shares of Abal Group plc at the time of the transaction, adjusted by the working capital. It was made up of the following components:

Abal Group plc share price (last price before RTO suspension)	£0.0085
Shares required for acquisition of controlling interest	101,094,220
	£'000
Cost of shares	859
Working capital adjustment:	
Deduct	
Cash and cash equivalents	(93)
Receivables	(50)
Add:	
Payables	660
Deemed cost of listing	1,376

Reporting of the Company results under FRS 102

The Company results, presented from page 76 have been reported in accordance with FRS 102 (UK GAAP). Under this reporting standard (the "FRS 102"), the results come under the relevant sections of the Companies Act 2006 and in particular as they relate to merger relief (sections 610, 612 and 615 of the Companies Act 2006) for 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.. FRS 102 allows the investment to be carried in the Company's balance sheet at the nominal value of the shares issued.

Future plans and expectations

The completion of the two key initiatives – the Captive Bank (and accordingly the first Italian monetisation transaction) combined with the TradeFlow Capital acquisition - will allow the Company to declare a real, "up and running" Platform, representing the 3-years of positive track record of TradeFlow and nearly 7 years of investment developing the inventory monetisation business.

In addition, the work streams on UK inventory monetisation and the promotion of the Shariah version of the Platform will boost the placing of SYME's inventory monetisation asset class with the global asset management industry.

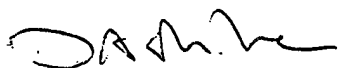
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The Company also expects to develop a revenue stream by "white-labelling" its Platform; effectively already conceived via the "self-funding" route and by virtue of the opportunity for institutions to use TradeFlow's proprietary technology for dedicated trade financing.

In parallel the Company has to work to scale up its operations and leverage its international footprint, which now covers all the target geographies: UK, Europe, MENA, US and Far-East and in which its technology and personnel will play a key role in this "revenue-generation" phase of SYME.

In terms of strategic positioning and global investor relationships, following the first monetisation, the Company expects to see a "snowball" effect of penetration into a growth phase of both the demand side and the supply side of this novel financing concept that SYME's Platform facilitates - and from which SYME intends to maximise shareholder value. It will seek to increase its investor base, both geographically and with new institutions and is already evaluating opportunities to create a more global visibility of its unique initiative through new trading venues.



Dominic White
Non-Executive Chairman
25 June 2021



Alessandro Zamboni
CEO

Supply@ME Capital plc

Strategic report

Introduction

The Strategic Report should be read in conjunction with the Chief Executive's Statement and Directors' Report which are included in these financial statements.

In January 2019, there was a change in strategy and the Group announced its intention to sell all its business and assets, and this sale was completed in February 2019. From the date of the sale of the business the Group became a cash shell that was seeking new investment opportunities.

These endeavours culminated successfully after the 2019 year end and on 23 March 2020 Abal Group plc successfully raised funds through a placing, issued consideration shares to secure the acquisition of Supply@ME S.r.l. via a reverse takeover and gained admission to the Official List as a Main Market company, standard segment, trading on the London Stock Exchange.

Supply@ME Capital plc changed its name from Abal Group plc on 30 March 2020.

The comparative figures, and any results prior to 23 March 2020 of Supply@ME Capital plc (the sole company) have not been presented and only the assets and liabilities of Supply@ME S.r.l, as the effective acquirer, have been recorded in the consolidated financial statements at their pre-combination amounts. This is further explained below.

2020 was a difficult year globally for business given the COVID-19 pandemic. However, it is the Company's view that demand for SYME's inventory monetisation service has and will continue to grow. This view is supported by the initial phases of Client company origination, which have been positive.

Since the impact of COVID-19 started to be felt, and global supply chains were dramatically affected, the "Just In Time" (JIT) inventory standard for manufacturing and trading businesses has been reassessed and in many cases forced to change. Many businesses are now increasingly preferring to, or having to, build inventory levels to avoid supply chain shortages and subsequent loss of trade.

Reducing risks in the supply chain by manufacturing locally rather than thousands of miles away, and, increasing inventory held may become the new norm.

This new landscape, and required growth in global inventories post pandemic, reinforces the Company's belief in the large and growing addressable international market for inventory monetisation services.

Business Model

Supply@ME (LON:SYME) is an innovative Platform for inventory monetisation that enables a wide range of manufacturing and trading customers to improve their working capital position by releasing capital from their inventory stock. For this purpose, SYME matches the working capital needs of its customers with capital invested by its inventory funders.

How an inventory monetisation process works

There are 5 steps to an inventory monetisation:

1. Client company sourcing.
2. Due diligence phase: each Client company is pre-qualified by SYME's analyst team for:
 - a. satisfactory credit and insurability status;
 - b. appropriate inventory characteristics;
 - c. internal organisation and internal controls.
3. Inventory digitalisation and monetisation: including recording every inventory movement (in/ out) into a blockchain to prevent any data-tampering by either the Platform or third parties, and thereby improving:
 - a. the transparency and consistency of reporting; and
 - b. the enforceability of the contracts.

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4. Monitoring: once the Client company sells the inventory to the Platform and continues to manage the stock on its premises in order to sell to the end customer, the Platform manages several processes aimed at monitoring:
 - a. adherence to the KPIs (sales performance indicators) of the agreement;
 - b. the physical status of the inventory via site visits;
 - c. sales to end customers through the Platform;
 - d. replenishing of inventory levels in parallel with rolling over of the financing facility during the life of the contract.
5. Winding down of the agreement, alternatively:
 - a. taking action to resell inventory where commercial defaults occur;
 - b. when final inventory is sold, to pay down the capital outstanding and no new inventory is required to be monetised.

To provide capital for the monetisation of inventories, the Platform uses segregated (off-balance sheet) special purpose companies ("Stock Companies") to issue financial instruments (such as secured notes) that will be subscribed for by institutional investors.

Group corporate structure

For each geography, SYME will establish a subsidiary to include personnel aimed at managing the five steps described above. As at the date of this report, the Company has its main subsidiary in Italy; it has formed a subsidiary in the UK and is processing an application to open a new subsidiary in the UAE.

The TradeFlow Capital Management Pte Ltd. ("TradeFlow") acquisition will allow SYME to expand its operations also in Singapore, covering the East and Far-East region.

Innovation & IP rights

The Platform's innovation is a combination of technology (software, cloud components, blockchain infrastructure) as well as the following components:

- innovative legal & accounting framework (which allows the Client companies to recognise revenues in relation to the inventory monetisation transaction);
- proprietary methodologies aimed at analysing the inventory risk around each transaction;
- a new asset class (a financial instrument in the perspective of the Inventory Funders) with underlying marketability of the inventory monetised.

Principal activities

The Company manages its principal activities through the following main work streams:

1. Inventory funding programmes;
2. Client company originations;
3. Platform (product) development.

1. Inventory funding programme overview

The Company is developing the following routes to funding its monetisation service.

i) Open-Funding

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

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

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In 2020 two Open-Funding structures were being marketed. One focused on an Italian portfolio and the other on a more diversified international inventory portfolio.

The first Open-Funding structure is an inventory-backed securitisation note programme, arranged and distributed by StormHarbour Securities LLP ("SH"). In this regard, on 30 October 2020, Supply@ME announced its decision to collaborate with a single Inventory Funder ("Investor") for the first securitisation issuance. As announced, this investor has expressed the preference to invest in a more diversified portfolio by country. SYME's UK team is therefore working with the Investor to complete legal requirements and agree terms reflecting a wider global portfolio (in particular in the UK and UAE which both operate under English common law, a preferred jurisdiction of this Inventory Funder).

Following this revised funding strategy and taking into account the growth of the portfolio shown below, SH is continuing to roll out its securitisation placing programme as per the RNS of 20 April 2020.

The second Open-Funding structure is a Shariah compliant investment product. This widens the potential investor base for the inventory monetisation platform to include the Islamic Finance Industry. Since its launch, the Shariah-compliant version of the Platform has seen strong levels of interest. SYME continues to work with the Shariah Funding Specialist towards a Shariah compliant capital market placement.

The latest – new - Open-Funding structure is related to the two TradeFlow Capital Funds of which TradeFlow Capital Management Pte Ltd. is also the investment advisory company.

Specifically, TradeFlow's non-credit approach to enabling physical commodity import/ export transactions, which is unique in the trade finance hedge fund world, swaps pure credit risk faced by investors in other trade finance funds for real-world insurable physical risks. The Funds do this by simultaneously entering into a purchase contract for the commodity from the supplier at a fixed price (on behalf of the end buyer) and an onward sales contract to the end buyer at a fixed price, the Funds are not exposed to price risk per se. Only if the end buyer were to default by not paying the full value of the cargo upon delivery could the Funds be potentially exposed to the commodity asset price falling. This statistically low risk event is mitigated by the risk management methodology employed by the Funds, which looks very similar to the approach used by modern day financial market clearing houses.

Looking at the track record of the funds, in May 2018 the first Trade Flow fund went live (the CEMP – USD Capital Trade Flow fund SP) a fund which gives investors all the benefits and diversification of Trade Finance Asset Class combined with further diversification away from private credit. The strategy offers a superior Raroc return with a "principal" ownership and control model of the underlying physical asset. This offers investors a low risk profile, fixed income style return, with equivalent risk of loss quantified at "AA" S&P equivalent by an independent study done in September 2018. In February 2020, TradeFlow launched a EURO version of the USD Trade Flow Fund. The flagship USD fund has an over 3 year track record of consistent returns, returning +6.01% net in 2019 and +5.93% net in 2020, consistently delivering net Average monthly returns of +50bps to investors with a Volatility of returns below 0.75%.

At the date of this report the two Funds:

- managed over USD 500mm of trades;
- processes over 700 transactions, concerning 25 commodity types from over 15 countries;
- scored 0 defaults since inception;
- doubled the Assets Under Management during the Pandemic;
- manages a fully supply-chain digitised system for scalability.

ii) Captive-Funding

The Captive-Funding strategy is the gathering of financing through a strategic "captive" relationship with a bank.

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Strategic report

In this funding channel, Client Companies are sourced by Supply@ME, via its commercial agreements, the target Bank and potentially the wider network of Quadrivio Group and its partners.

As stated above, the original single Inventory Funder, that had initially proposed to fund a wholly Italian portfolio, has expressed a preference to invest in a more diversified inventory portfolio across several countries rather than in a single country. SYME has therefore agreed with its partners that, subject to the successful completion of the Captive Bank transaction, this Captive-funding route will be used to begin the monetisation of its Italian portfolio of Client companies. The first group of Italian Client companies that are expected to be monetised have been informed of this solution.

iii) Self-Funding

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

Client companies are sourced by the Self-Funders.

The Company is continuing to work with several Banks across the jurisdictions now ready to be activated (Italy, UK, UAE) in order to design an integrated service model, whilst taking into account the upcoming key role of the Captive Bank as the "cornerstone" Inventory funder.

This funding route is, as well, enhanced by TradeFlow's business. In this regard, on the 30th March 2021, the ICC Secretary General John W.H. Denton AO announced an ambitious partnership with TradeFlow Capital Management during the World Trade Organization's 2021 Global Trade & Blockchain Forum, as part of ICC's growing effort to enable SME access to short-term liquidity to survive the ongoing economic crisis and thrive in the post-pandemic future. Leveraging TradeFlow Capital Management's innovative non-lending and non-credit based instruments and ICC's global network of over 45 million chambers of commerce and businesses, the partnership will enable the creation of an ICC SME Fund to provide small businesses with the right level of financial support to execute import/export trades in bulk commodities. By leveraging the combined strengths of ICC and TradeFlow, ICC TradeFlow Capital has the potential to enable many billions of dollars of SME commodity transactions each year.

2. Client Company origination

Overview

The portfolio of Client Companies continues to grow. Gross origination of Client companies (the KPI that tracks demand for inventory monetisation) increased 15.6% between December 2020 and the end of April 2021 to £2.116 bn (€2.461bn @ £1=€1.1628)

Value (GBP)	31.3.20	30.6.20	30.9.20	31.12.20	30.4.21
Gross origination ¹	1.05bn	1.23bn	1.41bn	1.83bn	2.116bn
Number of client companies	82	97	142	165	194

¹ "Gross origination" includes the estimated value of inventory to be monetised by all client companies that have signed an NDA, a term sheet, or are in, or have completed, the onboarding process. For clarity, the gross origination also includes commercial opportunities postponed or lost/ not eligible.

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According to the Global Industry Classification Standards (GICS) classification adopted by the Company, the key Portfolio core sectors are currently Materials, Capital Goods, Retailing & Food and Beverage & Tobacco. Below is a breakdown of the Client company origination with reference to the geographical region served.

Client company Geographical breakdown 30.4.21

A geographical breakdown of SYME's client company portfolio is given below.

Value (GBP)	UK	MENA	Europe (Italy)	Other geographies	Totals
Gross origination	260.5m	175.2m	1.551bn	129m	£ 2.116bn
Number of client companies	23	12	158	1	194

Within the US region, the acquisition of Tradeflow will give the Company the opportunity to deliver an innovative "inventory in transit" monetisation model for US importers, whilst also gaining traction from The Trade Advisory network.

Client company net originations 30.4.21

The following table shows net originations, classified by the different phases of the commercial and due diligence process of the Platform.

In total, 72 Client companies were lost, either before or after signing the term-sheet. Of those, 20 (28%) either failed to meet creditworthiness criteria or had other negative due diligence results that rendered them ineligible. A further 20 (28%) who dropped out because of the delays in obtaining securitisation funding are expected to come back on board once the first securitisation has been completed.

Net Retention

Net origination retention totals £1.555 bn (€ 1.809bn @ £1= €1.1628), split as follows:

Value (GBP)	UK	MENA	Europe (Italy)	Other geographies	Totals
Pre-analysis/ NDA	260.5m	175.2m	838.3m	129m	£1.4bn
Number of Companies	23	12	72	1	108
Term sheet signed	-	-	152.3m	-	£152.3m
Number of Companies	-	-	14	-	14

Lost customers: 72 Expect to 20
return

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Value (GBP)	UK	MENA	Europe (Italy)	Other geographies	Totals
Lost before term sheet signed	-	-	336.1m	-	£336.1m
Number of Companies	-	-	51	-	51
Lost after the term sheet signed	-	-	225m	-	£225m
Number of Companies	-	-	21	-	21

In terms of originations lost:

- 24% of the Client companies lost before signing a term sheet (12) were deemed "not-eligible";
- 38% of the Client companies lost after signing a term sheet (8) were deemed "not-eligible";
- the Company expects to regain 28% of the initiatives lost (20) after the completion of the first inventory monetisation transaction.

3. Platform (product) development

Production management

The system architecture of the Platform is made of several components, mostly of them managed in partnership with SIA:

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

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

In addition, by virtue of the acquisition of TradeFlow, SYME will update the general system architecture of the Platform to be able to map potential (existing and near term) synergies between the mutual systems.

Intellectual Property

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

Internet-of-things

The Company, as outlined in its business plan, is exploring potential joint business alliances with Internet-of-things vendors such that it can begin to develop a unique "Internet of Inventory" tracking and monitoring product to enhance its offer. In this regard, the acquisition of TradeFlow could boost this work stream.

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Strategic report

Major events during the period

Prior to the reverse acquisition and Main Market Listing, the Company (formerly Abal Group Plc) traded on London's Alternative Investment Market (**AIM**). Pursuant to AIM Rule 15, the Company became a cash shell on 5 February 2019 following the completion of the disposal of its core operating business (known as Imaginatik), and trading in the Company's shares was subsequently suspended on 6 August 2019.

On 27 September 2019 the Company announced that it had entered into a conditional sale and purchase agreement to acquire the entire issued share capital of Supply@ME S.r.l. Cancellation of the admission to trading of the Company's ordinary shares on AIM took effect on 7 February 2020, in accordance with AIM Rule 41.

On 23 March 2020, Abal Group plc completed the following transactions:

- reverse acquisition of Supply@ME S.r.l., a company registered in Italy;
- placing of 331,604,094 shares raising gross proceeds of £2,240,317; and
- admission to the Official List and trading on the London Stock Exchange's Main Market.

The transaction was effected by way of the issue of 32,322,246,220 consideration shares to the shareholders of Supply@ME S.r.l. The market capitalisation of the Company on Admission at the Issue Price per share under the Listing Prospectus was £227,482,090.

Following the reverse takeover and the commencement of dealings on 23 March 2020, the Company achieved these important milestones during the period:

- **10 August 2020:** UAE business expansion - MOU signed with Imass Investments, a leading Middle East Investment Company, for the first Supply@ME pilot in the region. This represents the start of a planned rollout of the Inventory Monetisation platform in the Middle East;
- **4 September 2020:** business alliance signed with EPIC SIM (now Azimut Direct), a leading SME Italian fintech marketplace. The alliance between Supply@ME and Epic creates a new sales channel for the Company, including client company origination, sourced as companies come to the Epic fintech platform, and inventory funding;
- **21 September 2020:** strategic agreement signed with Quadrivio Group (a leading European private equity fund) and the 1AF2 S.r.l. (now the AvantGarde Group SpA – major shareholder of the Company) in order to develop a funding agreement between SYME and a target European bank ("Captive Bank") which Quadrivio Group and the AvantGarde Group committed to purchase. This strategic agreement allows the Company to deploy a new funding route ("Captive Funding");
- **22 October 2020:** Strategic agreement signed with Mr. Anthony Brown and The Trade Advisory to launch the Supply@ME's platform in the USA. The Trade Advisory specialises in US international trade and finance, introducing global and local lenders and investment funds to businesses looking to expand their cross-border activities. It has helped its clients to launch new trade finance products generating significant additional trade finance revenues;
- **30 October 2020:** exclusivity basis agreement decided in order to complete the placing process (managed by StormHarbour Securities LLP) of the first securitisation issuance. The Company announced on 10 September 2020 that it was analysing whether to syndicate its first securitisation note across a number of investors, or work on an exclusive basis with one investment fund. Following detailed evaluation, SYME confirmed that it has agreed to partner on an exclusive basis with a global investment fund (the "Investor") whose intention is to subscribe for the whole of the first issuance and become a long-term strategic partner of the Company. Whilst this decision had put back slightly the date of completion of the first issuance, the

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Strategic report

opportunity to form a strategic partnership with the Investor would provide invaluable benefits to SYME, both short and long-term.

Financial review

We report here the results of the SYME Group, which incorporate the consolidated activities and financial position of Supply@ME S.r.l. for the full year, and those of Supply@ME Capital Plc from the date of the reverse takeover (RTO); that is to say, 23 March 2020. The comparatives for the prior year (2019) refer exclusively to the results of Supply@ME S.r.l.

Revenues in the year were £1.15 million (2019: £0.00 million) and were predominantly earned by charges for due diligence conducted on potential clients. Gross profits after direct costs of sales were £0.41 million (2019: gross loss £0.76 million). Other administrative costs were £1.90 million (2019: £0.10 million). Not included in revenues in the period under IFRS accounting are £1.13 million (2019: £0.63 million) of advanced payments by customers that will be recognised as revenue in future periods.

The consolidated loss before taxes and exceptional costs associated with the RTO was £1.44 million (2019: loss £0.69 million). The exceptional cost, the "deemed cost of listing", explained in the Chief Executive's Review and Chairman's Statement above and in Note 3 to the Group consolidated financial statements below, was £1.38 million (2019: nil). The total loss after tax for the year was £2.96 million (2019: loss £0.55 million) and the loss per share was 0.01 pence (2019: 0.00).

Total assets of £3.33 million (2019: £1.45 million) include Intangible Assets, being the capitalised development costs of the Platform, net of amortisation, of £1.24 million (2019: £0.39 million), and cash balances of £0.55 million (2019: £0.14 million). Net liabilities were £0.45 million (2019: £0.56 million).

At the period end, two warrants were outstanding and have been included in the Balance Sheet liabilities at a combined valuation of £24,000 (2019: n/a).

Key Performance Indicators:

As stated in the Prospectus, the Directors and the Proposed Directors have set a business strategy to achieve the following goals.

The tables below track the progress made for each strategic action as 30 April 2021.

#1 Aiming to be the best fintech inventory data monitoring business

ID	Strategic actions	KPIs used for measurement	Milestone	KPIs results
1.1	Banking account integrated	Delivery completed compliant to software quality standards	Q1 2021	<i>Delayed</i> Captive Bank funding agreement will allow to complete the stream creating a strong monitoring process
1.2	Due diligence/onboarding digitization (trusted, online simulators, external partnership signed rating integration)	External providers partnership signed Proprietary model re unsold risk	Q2 2021	<i>On track</i> SIA partnership allows SYME to develop an end to end information system with distributed ledger technology Preliminary agreement with inventory specialists (Gordon Brothers and SIA Group) in order to support the due

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ID	Strategic actions	KPIs used for measurement	Milestone	KPIs results
		Delivery completed compliant to software quality standards		diligence and monitoring phases Further project on track with a Big4 firm in order to develop an inventory unsold value at risk (statistical proprietary model)
1.3	ERP fully integrated (firstly SAP, IBM, Oracle Q2 2021 (SAP) ERP vendors and Microsoft)	ERP vendors partnership signed Numbers of ERP integrated Delivery completed compliant to software quality standards	Q2 2021 (SAP) Q2 2022 (other ERP)	<i>On track</i> APIs/ Data factory framework is under design in order to allow each Client company to automated the upload processes into the Platform
1.4	Internet of Things (smart cameras, RFID) integration for inventory off-site monitoring	IoT vendors partnership signed Delivery completed compliant to software quality standards	Q4 2021	<i>On track</i> Identified potential US partners
1.5	Remarketing digital workplace (e-marketplace where remarketer can monitor and place signed Inventory purchase offers)	Remarketing partnership signed Delivery completed compliant to software quality standards	Q1 2022	<i>On track</i> Preliminary agreement with inventory specialists (Gordon Brothers and SIA Group) in order to support the inventory liquidation phase Further discussions in place with specialised Auctions

#2 Developing a multi-channel funding strategy

ID	Strategic actions	KPIs used for measurement	Milestone	KPIs results
2.1	Companies – omni-customer strategy (edu-marketing initiatives, ERP's vendors partnership, social activities, web/online simulators development)	Number of new Client companies originated yearly	Q2 2021 (101 companies by the end March 21)	<i>Over-achieved</i> 194 new Client companies originated by virtue of the following origination agreements: 1. Italy market (EPIC SIM – now Azimut Direct, over 10 local intermediaries) 2. UK Market (Parzival Partners, Altimapa)

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ID	Strategic actions	KPIs used for measurement	Milestone	KPIs results
				3. MENA: iMASS Investments 4. US: the TradeAdvisory
2.2	Funders – diversifying the sources (securitisation notes continuous road shows, commercial banks of funding originated partnerships, partnership with digital platforms (e.g. CrossLend)	Number of new sources of funding originated Amount of funding originated per new source	Q3 2021	<i>Delayed</i> <u>ITALY</u> Captive Bank and 3 potential inventory funders <u>UK & UK common law</u> 3 potential inventory funders <u>UAE</u> 1 potential inventory funder (Shariah funding specialist) <u>US</u> 2 potential inventory funders

#3 Creating a highly scalable global business

ID	Strategic actions	KPIs used for measurement	Milestone	KPIs results
3.1	Operations: enhancement of new level of “Group” internal governance functions directly into PLC (e.g. ICT Compliance, Risk Management).	State of work (% of progress) re yearly recruiting plan	Q1 2020	<i>Completed</i> <u>Appointments of:</u> Head of Risk Management Head of Business Operations
3.2	Legal framework: roll out of the current legal framework (ready for Italian market) in order to serve new geographies	Number of new subsidiaries incorporated (and effective) compared to business projections	Q3 2020 (first geography)	<i>Over-achieved</i> <u>Business opened over the following regions</u> MENA, UK, US

Principal Risks and uncertainties

The following risks are considered by the Board to be the most significant risks to the business:

Funding Risk

The Company is not currently sustainably profitable. Despite strong confidence in its business plan and forecasts, the Directors recognise there is a risk that it may require more funding but not be able to find

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agreement with a funding partner. The Directors have sought to mitigate this risk by identifying a number of options for funding, including both equity and debt and, as stated recently, the TradeFlow' acquisition.

Employee Risk

Failure to retain key executives could adversely affect the Group's operating and financial performance. Retaining and motivating key executives is a critical component of the future success of the business. The loss of the services of any of the key management personnel will adversely affect the Group's ability to maintain or improve its operating and financial performance and as a result, the Group is actively recruiting further key personnel in other geographies to make it more robust.

Strategic risk (competition)

The Company's business model is that of an innovative Platform for inventory monetisation, aiming to capitalise upon market developments where supply chains may be placed under pressure, leading suppliers to hold increased amounts of inventory in order to supply both on and offline retailers, with a resultant restriction on available working capital.

The Directors are unaware of other entities offering a similar Platform, but are aware that future competitors could offer superior scale and put pressure on prices which could affect the Group's forecast revenues and profit margins.

Global Economic risk

The Company's business is substantially becoming global. Accordingly, the Company is exposed to the general economic impacts of COVID-19, and would also expect to be so in 2021, albeit the current concern about supply chains having become too long and uncertain does provide an opportunity for the company. Further, with the United Kingdom having left the European Union in January 2020, and with the end of the subsequent transition period set out in the UK-EU Withdrawal Agreement, the general weakness of both economies may negatively affect the financial conditions of the Group. The Directors recognise the risk and are working to analysis the outlook of each market which the Platform is operating.

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 Group's policies on financial instruments and the risks pertaining to those instruments are set out in the accounting policies in notes 1 and 22 of the Group consolidated financial statements.

Future development and strategy

As stated recently by the Company, the additional time invested in addressing the request of the single Inventory Funder to invest in a more diversified portfolio (by country) of inventory assets and the subsequent refocus of the Captive-funding route on wholly Italian portfolios, inspired SYME to study a more efficient funding structure, also leveraging TradeFlow's experience in structuring and advising hedge funds. The objective is to use the new funding structure for the first monetisation transactions.

The new funding structure will envisage a global umbrella fund which establishes special purpose vehicles ("stock companies") in each operating geography. This investment structure:

- may integrate also the existing TradeFlow Funds;
- allows SYME to promote two investment opportunities to the market (an equity stake at the level of the umbrella fund and debt notes at the level of each stock company), expecting an increase of the funding capacity of the Platform.

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As well as completing the first inventory monetisation transactions, the Group expects to resume the Self-Funding route in partnership with the Captive Bank, after the completion of the authorisation process.

The international addressable market for inventory funding has been confirmed as very large, and will be further boosted by the trade finance market opportunities in which the Company will compete using the unique non-credit approach of TradeFlow.

Once the first inventory monetisation is launched, SYME and its Inventory ("on premises" & "in transit") Monetisation Platform will be instantly established as the leading fintech operator in the sector.

Going concern

The board's assessment of going concern and the key considerations thereto are set out in the Directors' Report in the financial statements.

Capital structure

Details of the ordinary shares of the Company are shown in note 15 to the Group consolidated financial statements.

The Company has a class of ordinary shares of £0.00002 per share and two classes of deferred shares of £0.04 per share and £0.01 per share respectively, both of which carry no fixed income.

Neither class of deferred shares is admitted to the Official List on either the London Stock Exchange or any other exchange.

At the year end, certain warrants to acquire shares issued to Eight Capital Partners Plc were still outstanding, as described in note 16 to the Group consolidated financial statements.

Each holder of ordinary shares is entitled to receive the Group's Annual Report and audited financial statements, to attend and speak or appoint proxies and to exercise voting rights at the general meetings of the Company. The Company's Articles of Association (the 'Articles') do not have any specific restrictions on the transfer of shares, restrictions on voting rights nor are there limitations on the holding of such shares. The Board are not aware of any agreement between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. The appointment and replacement of directors and the powers of the directors are governed by the Articles, the Companies Act 2006 and related legislation. The powers of the directors are described in the Corporate Governance Report on pages 37 to 43 of the Accounts.

Corporate responsibility

The Company is committed to conducting itself in a responsible manner, whether in relations with its employees or its external counterparts.

The Company aims for an internal culture of respect and collaboration, to both support and challenge employee growth potential. The Company promotes a culture whereby employees are encouraged to propose ideas, considered in a respectful and constructive manner. All employees are provided with structured training to reinforce the highest values of ethical and moral behaviour. In relation to dealings with external counterparts, the Company seeks to maintain respectful and productive engagements with each counterpart, regardless of size and nature of the business.

Thus the Directors believe that the Company conducts itself in adherence with the pillars of Corporate Social Responsibility, such culture allowing it to operate ethically and within legal obligations so as to support financial growth.

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Strategic report

Greenhouse Gas Emissions and Streamlined Energy and Carbon Reporting (SECR)

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 require quoted companies to report their annual emissions and an intensity ratio in their Directors' Report. There is a de minimis exception for organisations consuming less than 40MW of energy per year in the UK.

The Directors have reviewed the energy consumption used by the Group and consider the Group to be exempt from reporting under the regulations as the Group is a low energy user.

As a consequence, the Directors have taken advantage of this exemption and have not therefore included an energy and carbon report.

As far as the Directors are aware the Group's current business activities (an innovative technology platform for inventory monetisation) do not cause more than a negligible amount of emissions.

Environmental issues

As far as the directors are aware the Group's business activities do not cause a direct and disproportionate adverse effect on the environment. On the contrary, one of the perceived side-effects of its activities is to shorten its Clients' supply chains, which should in principle reduce transportation within the supply chain equation and bring a positive effect to the environment.

The Board commits to keeping this under review as the Group's business model establishes itself. Any change in such assessment will be presented to the Directors for consideration as appropriate.

Employee matters

The Group's policy is to attract staff and motivate employees by offering competitive terms of employment. The Group provides equal opportunities to all employees and prospective employees including those who are disabled and operates in compliance with all relevant national legislation.

The current business model is dependent on the current employees' skills and the Directors will use all reasonable endeavours to not only ensure these skills are maintained and enhanced, but also keep the employees safe, incentivised and motivated.

Diversity and equality

The Board recognises the importance of diversity, both in its membership, and in the Group's employees. It has a clear policy to promote diversity across the business. The Board considers that quotas are not appropriate in determining its composition and has therefore chosen not to set targets. All aspects of diversity, including but not limited to gender, are considered at every level of recruitment. Gender diversity of the Board and the Group is set out below.

Directors, employees and gender representation

As at 31 December 2020 the Group had 14 full time equivalent staff of whom 8 were male and 6 female. There were 3 male and 1 female Directors of the Board and in addition there was 1 male staff in a senior management position.

Social, community and human rights issues

The Group seeks to achieve the highest ethical standards and behaviours in conducting its business, with integrity, openness, diversity and inclusiveness being high priority from the Board to senior management and throughout the workforce. We have adopted a formal equal opportunities policy which is contained in our employee handbook. The aim of the policy is to ensure no job applicant, employee or worker is discriminated against either directly or indirectly on the grounds of race, sex, disability, sexual orientation, gender reassignment; marriage or civil partnership; pregnancy or maternity; religion or belief or age.

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Strategic report

Directors' statement under section 172 (1) of the Companies Act 2006

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making.

The Directors continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct, when making decisions.

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its members in the long term. We explain in the Corporate Governance section of this annual report how the Board engages with stakeholders.

The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006.

At this time, the Board believes that it is compliant with all ten Principles of the QCA Code. More information can be found on pages 37 to 43.

The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
RTO, listing, placing	s172 (1) a, b, c & e	In January 2019, there was a change in strategy and the Group announced its intention to sell all its business and assets, and this sale was completed in February 2019. From the date of the sale of the business the Group became a cash shell that was seeking new investment opportunities. These endeavours culminated successfully after the 2019 year end and on 23 March 2020 Abal Group plc successfully raised funds through a £2,240,317 placing, issued 331,604,094 consideration shares to secure the acquisition of Supply@ME S.r.l. via a reverse takeover and gained admission to the Official List as a Main Market company, standard segment, trading on the London Stock Exchange. Supply@ME Capital plc changed its name from Abal Group plc on 30 March 2020.
Changed Year End	s172 (1) a & e	In the fourth quarter of 2020, the Board decided to change its accounting reference date to 31 December in order to streamline and future-proof its financial reporting processes. This resulted in having to insert a set of audited statutory financial reports for the 9 months to 31 December 2019. These were issued in January 2021 – the lateness of which incurred a temporary suspension of the Company's shares, lifted on 9 March 2021.

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Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Chief Financial Officer recruiting	s172 (1) a	The Company's Nomination Committee recommended the appointment of a Chief Financial Officer. This was achieved post year-end.

Approved by the Board and signed on its behalf by



Alessandro Zamboni
Director

25 June 2021

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Directors

The current board comprises four directors, whose details are set out below:

EXECUTIVE DIRECTORS

Alessandro Zamboni – appointed 23 March 2020

Mr Zamboni is a director who specializes in the financial services industry and related strategic and digital operating 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.

Mr Zamboni founded The AvantGarde Group, the former parent company of Supply@ME S.r.l., in 2014.

NON-EXECUTIVE DIRECTORS

Dominic White – (Non-Executive Chairman) appointed 23 March 2020

Chair of Audit Committee

Mr White has invested in public markets and private equity for 25 years. He has acquired and managed more than £3 billion of assets across Europe and held board positions at a number of public companies including KCR Residential, REIT Plc, Eight Capital Partners Plc and Limitless Earth Plc, as well as at international investment institutions such as Security Capital European and Henderson Global Investors. He is a member of the Institute of Chartered Financial Analysts.

Susanne Chishti – appointed 23 March 2020

Chair of Remuneration and Nominations Committee and Senior Independent Director

Ms Chishti brings 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, Lloyd's 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.

Enrico Camerinelli – appointed 23 March 2020

Mr. Camerinelli is a Supply Chain specialist. He takes 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 relating to Supply Chain finance and research.

He regularly attends major industry events as an invited guest speaker.

Other directors in the year

Simon Charles (Non-Executive Director) – resigned 23 March 2020

Former Chair of Audit Committee and Remuneration Committee

Mr Charles is joint senior equity partner at the City of London firm of solicitors Marriott Harrison LLP, having joined the firm in March 2004. He is a qualified solicitor in England and Wales and has substantial experience advising private and public companies and investors in both a corporate and legal capacity. Mr. Charles had worked closely with the Company for a number of years. Prior to joining Marriott Harrison LLP, Mr. Charles worked in the corporate finance department at Numis Securities Limited, where he advised both AIM quoted and Main Market companies as a nominated advisor and sponsor.

John Treacy (Non-Executive Director) – resigned 23 March 2020

Mr Treacy is a London based experienced small cap financier who specialises in working with growing companies. He qualified as a solicitor in the London office of a major international law firm where he

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Directors

specialised in Capital Markets and Merger & Acquisitions. From there he moved to practice corporate finance in the advisory teams of several prominent UK brokerages where he acted as an adviser to a number of AIM companies and advised on numerous IPOs, acquisitions, debt restructurings and placings.

Board committees

The Board maintains three sub-committees:

- The Audit Committee, responsible, amongst other things, for making recommendations to the Board on the appointment of auditors and the audit fee, monitoring and reviewing the integrity of the Company's financial statements and any formal announcements on the Company's financial performance as well as reports from the Company's auditors on those financial statements. In addition, the Audit Committee reviews the Company's internal financial control and risk management systems to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems, including an evaluation of the capabilities of such systems in light of the expected requirements for any specific acquisition target. The Audit Committee meets at least twice a year, or more frequently if required, and is chaired by the Chairman of the Board with Susanne Chishti, a Non-Executive Director as a further member.
- The Remuneration Committee, which assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Company's remuneration policy and determining the individual remuneration and benefits package of each of the executive Directors. The Remuneration Committee also ensures compliance with the Corporate Governance Code in relation to remuneration wherever possible. The Remuneration Committee meets not less than twice each year, and is and comprised of two Non-Executive Directors: Susanne Chishti (Chair) and Enrico Camerinelli.
- The Nominations Committee, responsible, amongst other things, for reviewing the structure, size and composition of the Board and ensuring that it is comprised of the right balance of skills, knowledge and experience, identifying and nominating for approval candidates to fill any vacancies on the Board as and when they arise, giving full consideration to succession planning for the Company and making recommendations as to the composition of the other committees of the Board. The Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors. The Company's Nomination Committee meets this requirement and meets not less than twice a year and is chaired by Susanne Chishti; the other Non-Executive Director being Enrico Camerinelli.

In the financial reporting period to 31 December 2019 as the Group was non-trading, the board did not establish an audit committee nor a remuneration committee.

Attendance at Board and Committee meetings 2020

	Board	Nominations committee	Audit committee	Remuneration committee
Meetings attended / held:				
Alessandro Zamboni	8/8	1/1	1/1	1/1
Dominic White	8/8	1/1	1/1	1/1
Enrico Camerinelli	8/8	1/1	1/1	1/1
Susanne Chishti	7/8	1/1	1/1	1/1
Simon Charles	0/0	0/0	0/0	0/0
John Treacy	0/0	0/0	0/0	0/0

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Directors' Report

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2020. 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 Chairman and Chief Executive's Statement and the Strategic Report. These reports can be found on pages 4 to 23 and should be read in conjunction with this report.

Results and dividends

The consolidated statement of comprehensive income is set out on page 48 and shows the results for the year. Details about the reverse acquisition completed in the year are disclosed in note 3 to the Group consolidated financial statements.

The loss before tax for the year was £2,819,000 (2019: loss £687,000).

The directors do not recommend the payment of a dividend.

Directors of the Group

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

Mr Enrico Camerinelli – Non-Executive (appointed 23 March 2020)

Mrs Susanne Chishti - Non-Executive (appointed 23 March 2020)

Mr Dominic White - Non-Executive Chairman (appointed 23 March 2020)

Mr Alessandro Zamboni – Chief Executive (appointed 23 March 2020)

Mr Simon Charles (resigned 23 March 2020)

Mr John Treacy (resigned 23 March 2020)

Details of the Directors are set out on page 24 to 25.

Matters covered in the Strategic Report

A review of the business, future developments, subsequent events and principal risks and uncertainties are disclosed in the Strategic Report.

Corporate governance statement

The Corporate Governance Report on pages 37 to 43 forms part of the Directors' Report.

Directors' and officers' liability insurance

During the year the Company had, as permitted by s234 and 235 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Financial Instruments

Note 22 to the Group consolidated financial statements sets out the risks in respect of financial instruments. The board reviews and agrees policies, delegating appropriate authority for applying these policies to the Chief Executive and Chief Financial Officer. Financial instruments are used to manage the financial risks facing the Group and speculative transactions are prohibited. Treasury operations are reported at each board meeting and are subject to weekly internal reporting.

IFRS

The Directors have prepared the Group consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and

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Directors' Report

International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under adopted IFRS.

Political and charitable donations

No political or charitable donations were made during the period.

Directors' interests

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

	At 31 December 2020	At 31 December 2019
	Ordinary shares	Ordinary shares
Dominic White (held through IWEF Ltd)	970,723,449	Nil
Alessandro Zamboni (held through AvantGarde Group SpA)	12,742,513,009	Nil
Enrico Camerinelli	Nil	Nil
Susanne Chishti	Nil	Nil
Simon Charles (resigned 23 March 2020)	Nil	315,371
John Treacy (resigned 23 March 2020)	Nil	Nil

Going concern

For the reasons set out below, the Directors consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

At the year-end the Group had cash balances of £552,000 (2019: £143,000) and net current liabilities of £1,332,000 (2019: net current liabilities £748,000). The Group has posted a loss for the year after tax of £2,964,000 (2019: loss £554,000) and retained losses were £3,706,000 (2019: losses £705,000).

The net current liabilities as at the year end of £1,332,000 included current liabilities of £1,131,000 in relation to down-payments made by clients with respect to due diligence services provided. The loss after tax of £2,964,000 was after charging an exceptional, non-cash cost of £1,376,000 relating to the Reverse Takeover referred to in note 3 to the Group consolidated financial statements and a £145,000 tax charge which is expected to be substantially reduced by research and development credits for which the Group is applying.

During the year, the Group was successfully admitted to trading as a Main Market company, standard segment, trading on the London Stock Exchange having also issued placing shares with gross proceeds of £2,240,000 (net proceeds of £1,615,000 after deducting all costs in respect of the placing and reverse takeover).

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

The cashflow forecasts are based on the enlarged group, following the Reverse Takeover in March 2020 and therefore relate to cashflows arising from the Group's Fin Tech platform that focusses on inventory

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Directors' Report

monetisation facilities. The Directors have prepared the forecast using their best estimates; however, the company is in its start-up phase and therefore they have identified the following uncertainty in the model.

The ability of the Group to acquire inventory is reliant on investment funding for securitisation being received, and whilst the Group is in very advanced negotiations with several interested partners, no securitisation investment had been finalised as at the date of this report. If no, or limited investment is secured during the next 12 months, the Group cannot acquire inventory as assumed in the model and generate the service fee income.

In addition the group has a portfolio of interested customers, with some having signed term sheets. The cashflow model assumes a growth in customer base in line with the interest that has been received in the product but there is uncertainty over the ability of the group to be able to secure these new customers.

On the basis of the above matters the directors have a material uncertainty in relation to its going concern status. In mitigation, however, a corporate funding organisation has made sufficient funds available to stimulate the growth of the Group and accommodate any delays in revenue generation. Therefore, given the significant interest from a growing secured customer base, as described elsewhere in this report and the advanced nature of securitisation funding negotiations, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Impact of the global pandemic

As noted previously in numerous announcements, the Board has monitored closely the impact of COVID-19 on business operations.

Impact on Client companies

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

Impact on Inventory funders

The impact of COVID-19 on Inventory funders, that is the investors through the SYME Platform into the inventory portfolios, has been more difficult to interpret.

Interest rates are at historic lows which means that investors are getting lower returns on capital compared to previous years when higher interest rates were the norm. SYME's new inventory asset class will offer a strong relative margin compared to interest rates on a risk adjusted basis. However, investors are undoubtedly more cautious and taking longer to make decisions. Time to close transactions, not only in Inventory funding, but across the investment spectrum, has increased.

The announced delay to June 2021 forecast to complete the first Inventory Monetisation has been the result.

We are positive about the performance of the Company in the coming months as we expect the first securitisation transaction to close and the Captive Bank to launch as announced in the latest Trading Update. The re-opening of the global economies as the uncertainty caused by COVID-19 dissipates, particularly in the UK, Italy, the USA and UAE, our key target geographies, where vaccination programmes are now showing the virus to be broadly under control, should be a strong stimulus to the Group's timely product offering.

Post balance sheet events

In the first four months of 2021, the Company announced the following material events:

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Directors' Report

- **11 January 2021:** SYME announced that it has entered into an agreement with Lenovo Financial Services META LLC ("LFS"). The SYME Platform will be positioned as an alternative solution to complement LFS's existing vendor programme offerings to their network of customers in the Middle East, Turkey and Africa region (excluding South Africa).
The purpose of the co-operation agreement, made with the strategic support of iMASS, was to deliver a dedicated inventory monetisation programme to LFS's customers which may also allow them to evaluate the opportunity to adopt the upcoming Shariah version of the Platform.
- **20 January 2021:** following the announcement of 3 November 2020, the Company, by virtue of the support of the Shariah Funding Specialist and iMASS, announced that the authorisation process for SYME's Shariah compliant Inventory Monetisation Platform was successfully completed.
- **21 January 2021:** further to the Company's announcement of 19 January, 2021, the Company's shares were temporarily suspended from trading on 21 January 2021 due to a technical breach of DTR rule 2.0 (reporting timetable). This happened because SYME had, in accordance with company law, proactively taken the decision to change its accounting reporting date to 31 December to match that of its current subsidiaries and likely future subsidiaries in the middle east and USA. Countries have different standard reference accounting dates but it had become clear that the typical reporting period across the Group's target business geographies was the calendar year.
Therefore, on 19 January 2021, the Company changed its Accounting Reference Date from 30 September to 31 December.

This change required the Company to produce two sets of historic accounts:

- Audited accounts for the nine months to 31 December 2019, which were published on 28 January 2021
- Unaudited Interim accounts to for the six months to 30 June 2020, published on 29 January 2021

Although this created additional work in the short-term, it had the immediate benefit of allowing the Company to produce 2020 accounts completely segregated from the Abal Group' business and it also became clear that in the longer term, aligning all of the reporting dates to the calendar year would significantly streamline the financial reporting consolidation process.

Despite being compliant with company law timetables for reporting when accounting reference dates are changed, the Company was advised that it had triggered a technical stock exchange reporting timeline breach and the Company therefore requested the temporary suspension of its shares on 21 January 2021.

The subsequent restoration process was managed directly with the FCA during February and trading in the Company's shares resumed on 9 March 2021.

- **9 March 2021:** following confirmation from the Financial Conduct Authority, the Company was announced the restoration of its Listing on the Standard List of The London Stock Exchange and the resumption of dealings in its Ordinary shares.
- **17 March 2021:** SYME announced on 17 March 2021 the signing of Heads of Terms ("HoT") for the acquisition of Tradeflow Capital Management Pte Ltd., the leading FinTech-powered commodities trade enabler, focused on SMEs, based in Singapore.
A sale and purchase agreement was signed and announced on 26 May 2021.

The conclusion of the acquisition (expected in early July 2021) will allow SYME's Platform to complete its global offering, by monetising inventory (in particular commodities) "in-transit". Not

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Directors' Report

least, it generates a number of attractive synergy benefits for SYME from both a funding and customer origination perspective.

- **1 April 2021:** Finally, the Company, in the current trade update released on 1 April 2021, announced the appointment of Ms Amy Benning as Chief Financial Officer with effect from 7 June 2021. Ms Benning joins from Alfa Financial Software Holdings plc, a UK main market listed company. Prior to this she spent 12 years at PwC London where she specialised in UK capital raising transactions, M&A and IPOs for a range of clients.
- **16 June 2021:** The Company announced that it had entered into a subscription agreement ("Subscription Agreement") with Negma Group Ltd for the issue of an initial tranche of £5,600,000 of Convertible Loan Notes at £56,000 par value for which it had issued a drawdown notice at a subscription price of £50,000 per Convertible Loan Note for an aggregate total of £5,000,000. The Subscription Agreement allows for a further nine tranches to be issued at the same par value at the exclusive option of the Company.

Further details can be found in note 26 of the Group consolidated financial statements.

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Directors' Report

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRSs'). 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.

Website publication

The Directors are responsible for ensuring that the Annual Report and financial statements are made available on the website. 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 International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and Article 4 of the IAS regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, and the parent Company, together with a description of the principal risks and uncertainties that they face.

Disclosure of information to the auditor

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

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

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Directors' Report

Auditor

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



Alessandro Zamboni

On behalf of the Board

Director

25 June 2021

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Remuneration Report

The Company established a remuneration committee on 23 March 2020, at the time of its listing on the main London Stock Exchange as described in the Strategic Report. The previous Remuneration Committee in place was discontinued following the sale of the business during February 2019.

The information in the Annual Remuneration Report only contains information for the current year to 31 December 2020. Salary information for prior year has not been provided as the company was not listed on the main market. The financial statements for the comparative period are available at Companies House.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the policy on Executive remuneration, including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Executive Directors. The Remuneration Committee will also ensure compliance with the Corporate Governance Code in relation to remuneration wherever possible. The Remuneration Committee, which is chaired by Susanne Chishti, meets at least twice each year.

Nomination Committee

The Nomination Committee is responsible, amongst other things, for reviewing the structure, size and composition of the Board and ensuring that it is comprised of the right balance of skills, knowledge and experience, identifying and nominating for approval candidates to fill any vacancies on the Board as and when they arise, giving full consideration to succession planning for the Company and making recommendations as to the composition of the other committees of the Board. The Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors. The Company's Nomination Committee will meet this requirement in due course. The Nomination Committee which is chaired by Susanne Chishti meets at least twice each year.

Remuneration Committee and Nomination Committee

The Remuneration Committee and Nomination Committee (the "Committee") is responsible for the establishment and any changes to the remuneration policy which will be reviewed every 12 months. Under this policy the Committee approves the criteria and parameters in respect of remuneration of the Board of Directors and approve salary levels in respect of Executives and Personal by external benchmarking and alignment of overall compensation.

Remuneration policy

The main aim of the Group's remuneration policy is the ability to offer competitive remuneration packages which are designed to attract, retain and provide appropriate incentives to Executive Directors and Senior Management 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 the shareholders.

The remuneration policy was set on 7 June 2021 and will be reviewed every 12 months by the Remuneration and Nomination Committees.

Consistent with this policy, benefits packages awarded to Executives are intended to be competitive and will comprise a mix of non-performance-related and performance-related remuneration designed to provide appropriate incentives to them, but not to detract from the goals of corporate governance.

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Remuneration Report

Remuneration components for executive directors

Remuneration packages will be reviewed each year to ensure that they are in line with the Group's business plan and budgetary framework. No Executive Director has participated in decisions about their own remuneration package.

Existing Board

The existing board has remained within the Company throughout the period from Listing and there have been no settlement agreements or departure of any board members.

Alessandro Zamboni - Founder & Chief Executive Officer

Mr Zamboni was appointed as Executive Director and Chief Executive officer on 23 March 2020. The appointment is terminable with 12 months' notice on either side. The appointment may be terminated immediately, if, among other things, Mr Zamboni is in material breach of his terms of appointment.

Dominic White – Non- Executive Chairman

Mr White was appointed as Non-Executive Chairman on 23 March 2020. The appointment is terminable with 3 months' notice on either side. The appointment may be terminated immediately, if, among other things, Mr White is in material breach of his terms of appointment.

Enrico Camerinelli – Non-Executive Director

Mr Camerinelli was appointed as a Non-Executive Director on 23 March 2020. The appointment is terminable with 3 months' notice on either side. The appointment may be terminated immediately, if, among other things, Mr Camerinelli is in material breach of his terms of appointment.

Susanne Chishti - Non-Executive Director

Ms Chishti was appointed as a Non-Executive Director on 23 March 2020. She is also chair of the Remuneration and Nominations committees Her appointment is terminable with 3 months' notice on either side. The appointment may be terminated immediately, if, among other things Ms Chishti is in material breach of her terms of appointment.

The current board members were entitled to the following annual remuneration per their respective services during the year ended 31 December 2020. No amounts have been deferred.

Service Contracts

	Annual Salary	Reviewed	Date of service contact	Notice period
Executive directors		Salaries are reviewed in March each year		
Alessandro Zamboni	£185,000		23 March 2020	12 months
Non-executive directors				
Dominic White	£100,000 to 31 August 2020 £150,000 from 1 September 2020		23 March 2020	3 months

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Remuneration Report

	Annual Salary	Reviewed	Date of service contact	Notice period
Enrico Camerinelli	£30,000		23 March 2020	3 months
Susanne Chishti	£40,000		23 March 2020	3 months

Potential maximum Benefit

The maximum amounts that the Executive Directors could earn for the year ended 31 December 2020 is limited to the basic salary, pro-rated, as no bonus scheme, pension scheme or other benefits were set up during the year. The purpose of the basic salary is to provide a market competitive remuneration taking into account the roles, skills and contribution of the individual.

Subsequent to the reporting period as noted above, The Remuneration and Nominations Committee approved the Company's remuneration policy and this has resulted in changes in the composition of packages for Executives. These changes will be in force for the year ended 31 December 2021 and include additional benefits for the Executive Directors. The remuneration policy now also includes an annual bonus to incentivise the Chief Financial Officer and Senior Management to achieve key strategic outcomes and deliver value for the shareholders.

Policy on non- executive directors

Non-Executive directors receive fixed fees recommended by Chief Executive Officer and approved by the Remuneration committee. In determining the appropriate level of fees, the Chief Executive Officer considers information available for comparator companies and related market data. Non-Executive Directors are also entitled to reimbursement of expenses in connection with attending board and other committee meetings. It is the aim of the Company to ensure that Non-Executive Directors are paid a level of fee that reflects their time commitment and responsibilities to ensure that individuals with the appropriate experience and expertise are retained.

Recruitment policy

The approach to remuneration with regard to recruiting staff is to ensure the Company pays no more than necessary to attract the candidates with the calibre and experience the fulfil the role. The Company would only consider candidates for a directorship if they hold the necessary experience and qualities to help the Group enhance value to shareholders and assist in achieving its strategic goals.

Directors' remuneration in the period

For the year ended 31 December 2020:

	Salary £	Bonus £	Pension/other £	Total £
Executive directors				
Alessandro Zamboni	138,750	-	-	138,750
Non -executive directors				
Dominic White	98,141	-	-	98,141
Enrico Camerinelli	21,054	-	-	21,054
Susanne Chishti	30,923	-	-	30,923
	<u>288,868</u>	<u>-</u>	<u>-</u>	<u>288,868</u>

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Remuneration Report

Pension and other benefits

No directors received any benefits under any Company or Group pension schemes. No other remuneration was received by the directors other than the salary noted above.

Share incentive and share option plans

The Company had no share incentive plans or share option schemes for any of its directors for the year ended 31 December 2020.

Payments to past directors

There have been no payments in the year to past directors.

Payments for loss of office

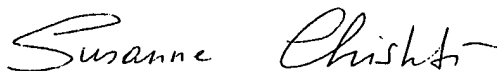
There have been no payments during the period for loss of office to past directors.

Statement of directors' substantial shareholdings

	Ordinary shares held	Deferred shares held
Executive Directors		
Alessandro Zamboni *	12,742,513,009	Nil
Non -Executive Directors		
Dominic White **	970,723,449	Nil
Enrico Camerinelli	Nil	Nil
Susanne Chishti	Nil	Nil

* Held beneficially through the AvantGarde Group SpA

**Held beneficially through IWEF Ltd.



Susanne Chishti

Chair of the Remuneration Committee

25 June 2021

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Corporate Governance

Statement of current Compliance with the QCA Corporate Governance Code

As Chairman of the current Board of Directors of Supply@ME Capital plc ("SYME", "We", or the "Company/Group" as the context requires), it is my responsibility to ensure that SYME has both sound corporate governance and an effective Board. My responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner.

SYME has adopted the Quoted Companies Alliance Corporate Governance for small and Mid-Size quoted companies (QCA Code). This report follows the structure of these guidelines and explains how we have applied the guidance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below.

SYME understands that application of the QCA Code supports 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 our website includes this information.

Dominic White

Non-Executive Chairman

Principle 1.

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

The Company plans to continue its growth both organically and potentially through acquisitions, expanding its range of services, as well as expanding into new vertical and geographic markets. The Company's strategy and business model, as well as the competitive landscape can be found on the Company's website.

Principle 2.

Seek to understand and meet shareholder needs and expectations.

Dominic White, (Non-Executive Chairman) and Alessandro Zamboni (Chief Executive Officer) are the key shareholder liaison contacts alongside the Company's Financial Advisers. In addition, Susanne Chishti is the Senior Independent Non-Executive Director, whom shareholders are encouraged to contact if there are any concerns about matters relating to related party transactions and wider corporate governance.

The Group seeks to maintain and enhance good relations with its shareholders. The Company's interim and annual reports will be supplemented by capital market presentations and through public announcements to the market on corporate, technological and financial progress.

The Board will actively engage with shareholders at least three times a year. Meetings will be held following results announcements and are either one-to-one or group meetings with institutional and high net worth investors. Another forum for meeting shareholders is the AGM, to which all shareholders will be invited to attend and spend time with management. In addition, the Company will seek to respond to shareholder queries sent to its designated shareholder email address: shareholders@supplymecapital.com.

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Corporate Governance

Statement of current Compliance with the QCA Corporate Governance Code

The Company's financial and investor relations advisers help to provide the Board with investor feedback after investor presentations and meetings, as well as calls with shareholders following key items of news flow. Via communication with the Company's advisers, and investment analysts, together with Regulatory News Service announcements and the Company's Annual Report, the Board gauges investor sentiment, sets expectations and communicates the Company's intentions.

Where feedback is received directly from shareholders or shareholder advisory groups, for example relating to voting intentions on general meeting motions, this will be brought to the attention of and discussed by the Board and the key Company investor liaisons will discuss with investors their reasons for voting and if necessary work with these and other investors to determine an appropriate course of action for the benefit of all shareholders.

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. 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.

For its wider group of stakeholders, the Company intends to engage with these via:

- Face-to-face (physically or via remote systems) briefings for staff to update on the Company's progress and developments;
- Email updates for staff regarding developments;
- Releasing public updates via the RNS service;
- Regular meetings with key customers and commercial partners.

Stakeholder feedback is passed to Senior Management via the relevant team member as appropriate.

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 Company's risk register will be considered by the Board on a quarterly basis, with ad hoc reviews conducted as required. More detail about the identified principal risks and uncertainties can be found in the Admission Document on the Group's website. The Board is responsible for establishing and maintaining the Company'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 Company 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 Company 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.

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Corporate Governance

Statement of current Compliance with the QCA Corporate Governance Code

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

Principle 5.

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

The Board consists of the Non-Executive Chairman, the Chief Executive and two additional Non-Executive Directors. The biographical details of the Board members can be found in the Admission Document and on the Company's Website.

The Board has determined that Enrico Camerinelli (Aged 57) and Susanne Chishti (Aged 48) are independent in character and judgment and satisfy the independence criteria under the QCA Code. Susanne Chishti has also been appointed as Senior Independent Non-Executive Director.

The Board is typically expected to meet monthly in order to, amongst other things, approve financial statements, dividends and significant changes in accounting practices and key commercial matters.

The Directors commit the requisite amount of time to their respective roles to ensure that they discharge 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 and a Nomination Committee. Further details of which are set out on the Company's website.

Future annual reports will include details of the number of Board and Committee meetings taken place each year. Until the first Annual Report is released, this is an area where the Company will not be fully compliant with the QCA's principles.

Principle 6.

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

The Board considers its overall size and current composition to be suitable and have an appropriate balance of sector, financial and public markets skills and experience as well as an appropriate balance of personal qualities and capabilities. The structure, size and composition of the Board based upon the skills, knowledge and experience required will be 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, the Board will receive training as required. All directors are also 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 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, via feedback to the Chairman. Directors are encouraged to provide feedback on all areas of the board efficacy, having due regard to the balance of skills, experience, independence and knowledge contributed by members of the Board, as well as the successful operation of the Board as a unit, its diversity and other factors relevant to its effectiveness. As the Board has just recently been established, there is presently no formal process for independent review of directors' performance.

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Corporate Governance

Statement of current 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 maximising shareholder value.

The executive team engenders open and positive interactions with a key focus on innovation, creative solutions and collective responsibility. These cultures are fostered throughout the business.

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.

Principle 9.

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

Whilst the Board is collectively responsible for defining corporate governance arrangements, the Chairman is ultimately responsible for corporate governance. The governance structures within the Company have been assessed by the Board and are considered appropriate for the size, complexity and risk profile of the Company. This will be reviewed by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time.

The Board is expected to typically meet bi-monthly to set the overall direction and strategy for the Group and to review operational and financial performance. The Board and its Committees will receive appropriate and timely information prior to each meeting; and a formal agenda will be produced for each meeting, and Board and committee papers are distributed several days 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 then circulated to all directors. 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 Company Secretary is responsible for ensuring that 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.

Each member of the Board has clearly defined roles and responsibilities. The role of the Chairman is to lead the Board, with responsibility for overall corporate governance, and to ensure it is operating effectively in approving and monitoring the strategic direction of the Company. The role of the Chief Executive is to propose strategic direction to the Board and to execute the approved strategy by leading the executive team in managing the Company's business. The role of the Non-Executive Directors is to act as a sounding board for the Chairman and a source of reciprocal feedback for other members of the Board and shareholders, where required. The Board is supported by an Audit Committee and Remuneration Committee, further details of which are set out on the Company's website. At present, the Company does not produce formal Audit Committee or Remuneration Committee reports for the purposes of the annual report, given the size and scale of the Company's current operations. The Board however continually review this position and at such time as it is deemed appropriate to do so, will include formal Audit and Remuneration Committee reports in the Company's annual report.

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Corporate Governance

Statement of current Compliance with the QCA Corporate Governance Code

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.

Matters reserved for the Board

The board had a formal written schedule of matters reserved for its review and approval; this schedule included those matters described in *The role of the board and its committees* section as well as those in the following table.

Category	Examples
Strategy and management	Extension of the Group's activities into new business or geographic areas; cessation of the operation of all or any material part of the Group's business.
Structure and capital	Changes relating to the Group's capital structure; major changes to the Group's corporate or management and control structure; changes to the Company's listing or its status as a plc.
Financial reporting and controls	Approval of the following: annual report and accounts, preliminary announcements of results, significant changes in accounting policies or practices, treasury policies, certain unbudgeted capital or operating expenditure; declaration or recommendation of dividends; review and approval of expenditure authorisation limits.
Contracts	Contracts in the ordinary course of business material strategically or by reason of size; contracts not in the ordinary course of business; major investments.
Communication	Approval of resolutions, circulars, prospectuses and press releases concerning matters decided by the board.
Board membership and other appointments	Changes to the structure, size and composition of the board; ensuring adequate succession planning for the board and senior management; board appointments; selection of the chair and the chief executive; appointment of the senior independent director; membership and chairs of board committees; continuation in office of directors; appointment or removal of the company secretary; appointment, reappointment or removal of the external auditor to be put to shareholders for approval.
Remuneration	Approving the remuneration policy for the directors; determining the initial remuneration of the non-executive directors; introduction of new share incentive plans or major changes to existing plans.
Delegation of authority	Division of responsibilities between the chair and the chief executive; establishing board committees and approving their terms of reference.
Corporate governance	Undertaking any formal and rigorous review of the board's own performance, that of its committees and individual directors, and the division of responsibilities; determining the independence of non-executive directors; review of the Group's overall corporate governance arrangements; authorising conflicts of interest where permitted by the Company's articles of association.

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Corporate Governance

Statement of current Compliance with the QCA Corporate Governance Code

Policies and procedures	Approval of the following: compliance with the Stock Exchange Rules and aspects of the Market Abuse Regulation, company's insider list manual, dealing code, anti-bribery policy, whistleblowing policy and health and safety policy.
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Attendance at Board and committee meetings in the year to 31 December 2020

	Board	Nominations committee	Audit committee	Remuneration committee
Meetings attended / held:				
Alessandro Zamboni	8/8	1/1	1/1	1/1
Dominic White	8/8	1/1	1/1	1/1
Enrico Camerinelli	8/8	1/1	1/1	1/1
Susanne Chishti	7/8	1/1	1/1	1/1
Simon Charles	0/0	0/0	0/0	0/0
John Treacy	0/0	0/0	0/0	0/0

Prior to the Reverse Takeover of Supply@ME S.r.l. the previous Group had sold all of its business and business assets in February 2019, and from that date until the acquisition of Supply@ME S.r.l. the Company was a non-trading cash shell seeking new investments opportunities.

As such, the Company in the prior reporting period and the period since the last year end to the date of the Reverse Takeover did not:

- operate an internal audit function
- establish a remuneration committee
- operate a remuneration committee
- hold formal Board meetings.

In this period the Non-executive directors met on an ad hoc basis to further the interests of the Company by seeking an appropriate investment opportunity and to ensure there were sufficient funds for the Company to continue until such an investment was found.

Independence

Independent Directors

The role of the Independent or Senior Independent Director 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.

From the date of the Main Market listing on 23 March 2020 to the end of the period, Susanne Chishti was identified as the Group's Senior Independent Director. Ms Chishti brings 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. She holds no shares in the Company and the Board has concluded that she was independent throughout the period since her appointment.

In the previous period and until the date of the Main Market listing, Simon Charles was identified as the Group's Independent Director.

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Corporate Governance

Statement of current Compliance with the QCA Corporate Governance Code

The Board had concluded that Simon Charles was independent throughout the period. Simon Charles is a partner in Marriot Harrison, the former legal advisors to the Company and also held a small number of shares. However transactions with Marriot Harrison and his interests in shares were considered to be too small to affect his independence and legal services had been tendered and decided on by the other directors.

Time commitment

The executive directors are expected to devote substantially all of their time and ability to their duties. The non-executive directors were expected to devote about 12 days each year to the Company's business.

Service contracts and letters of Appointment

Copies of all contracts of employment and letters of appointment are available for inspection at the Company's registered office.

Supply@ME Capital plc

Independent auditor's report to the Members of Supply@ME Capital plc

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 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. 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, the financial statements:

- 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 2020 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- 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; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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 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, 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 opinion.

Material uncertainty relating to going concern

We draw your attention to Note 2 which indicates the existence of uncertainties in relation to assumptions about future trading that support the going concern basis of preparation. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the 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 entity's ability to continue to adopt the going concern basis of accounting included:

- we reviewed and challenged the forecast revenues and resulting cash flows within the assessment period, the uncertainties that are disclosed in note 2 impact the quantum and timing of these cashflows;
- we agreed the cash inflows from the issue of convertible loan notes to post year end bank statements;
- we agreed the forecast cash outflows relating to the acquisition of TradeFlow Capital Management Pte Limited to the share purchase agreement;
- we tested to ensure the mathematical accuracy of the model presented; and
- we reviewed the appropriateness of the disclosure made and its consistency with our knowledge of the business.

Supply@ME Capital plc

Independent auditor's report to the Members of Supply@ME Capital plc

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 £72,000, based on 5% of the adjusted loss for the period. Materiality for the parent company financial statements as a whole was set at £21,000 based on its loss for the period.

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 £54,000.

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 £1,250. 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 reverse acquisition transaction in March 2020 the group consists of two components, Supply@ME Capital plc, a holding company based in London, United Kingdom and its only trading subsidiary, Supply@ME Srl based in Italy. Supply@ME Capital plc was audited by us and was conducted from the UK. Audit work on the significant non-UK component, Supply@ME Srl, was carried out by a member of the Crowe Global International network as component auditor.

We engaged with the component auditor at all stages during the audit process. We directed the component auditors regarding the audit approach at the planning stage, issued instructions that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported on.

The impact of the Covid-19 pandemic in relation to quarantine restrictions in the UK and Italy, and international travel restrictions in general, meant that it was not possible for the audit team, including the audit engagement partner, to visit the component auditors and the principal finance locations of the significant non-UK component in order to review the component auditors' working papers, discuss key findings directly with the component audit team, specialist team members and component auditor reporting partner and conclude on significant issues. Instead, regular progress calls and file sharing were considered appropriate in the circumstances.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

Other than the material uncertainty relating to going concern we identified the following key audit matters:

Supply@ME Capital plc

Independent auditor's report to the Members of Supply@ME Capital plc

Key audit matter	How our scope addressed the key audit matter
<i>Reverse acquisition accounting</i> During the year to 31 December 2020 the company entered into a reverse acquisition transaction. This is the most material transaction in the period and has the most significant impact on the presentation of the financial statements. There is a risk that an error in the reverse acquisition accounting could have a material impact on the financial statements.	We developed an understanding of the transaction to ensure the conditions for Reverse acquisition accounting were present. We obtained management's assessment regarding whether Supply@ME Capital plc met the definition of a business as this would impact the accounting. We reviewed the accounting policy for the transaction to ensure it is in line with IFRS. We reviewed the fair value assessment of the share capital of the accounting acquiree by having regard to the pre-suspension share price. We reviewed the accounting entries to ensure their accuracy having regard to the agreed policy. We recalculated the deemed cost of listing to ensure it is in line with our expectation. Key observation: Based on the procedures we performed we did not identify anything which suggested material error or omission relating to the reverse acquisition accounting.
<i>Revenue recognition</i> Following the reverse acquisition, the Group has recognised revenues in both 2019 and 2020. This is the first year the legal subsidiary has prepared its financial information under IFRS and therefore there is an increased risk that revenue has been incorrectly recognised having regard to the requirements of IFRS 15.	We obtained management's assessment regarding the revenue recognition policy under IFRS 15 to develop our understanding of the group revenue streams and performance obligations. We obtained a sample of contracts and critically assessed if the revenue recognition policy applied was appropriate, in line with IFRS 15, and accurately reflected the contract and performance obligations. Key observation: Based on the procedures we performed we did not identify anything which suggested material error or omission relating to the revenue recognition.

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.

We have nothing to report in this regard.

Supply@ME Capital plc

Independent auditor's report to the Members of Supply@ME Capital plc

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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 31 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 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 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:

Our audit procedures included:

- 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;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors and the Audit Committee minutes;

Supply@ME Capital plc

Independent auditor's report to the Members of Supply@ME Capital plc

- 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; and
- review of accounting estimates for biases.

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 to audit the financial statements for the year ending 31 December 2020. Our total uninterrupted period of engagement is two periods, covering the periods ending 31 December 2020 and 31 December 2019.

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

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

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
25 June 2021

Supply@ME Capital plc

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
<u>Continuing operations</u>			
Revenue	4	1,147	4
Cost of sales		(739)	(767)
Gross profit		408	(763)
Administrative expenses		(1,904)	(98)
Exceptional costs	5	(1,376)	-
Other operating income	6	53	174
Operating (loss)/profit	7	(2,819)	(687)
Finance costs		-	-
(Loss)/profit before tax		(2,819)	(687)
Income tax	11	(145)	133
(Loss)/profit for the year		(2,964)	(554)
<u>Other comprehensive income</u>			
Foreign exchange differences on consolidation		2	3
Total comprehensive (loss)/profit for the year		(2,962)	(551)
Loss attributable to:			
Owners of the company		(2,962)	(551)
Earnings per share (EPS)			
		Pence	Pence
Basic and diluted EPS	12	(0.01)	0.00

The notes on pages 54 to 76 form an integral part of these consolidated financial statements.

Supply@ME Capital plc

Consolidated Statement of Financial Position as at 31 December 2020

	Note	As at 31 December 2020 £ 000	As at 31 December 2019 £ 000
Non-current assets			
Intangible assets	13	1,236	390
Property, plant and equipment		2	-
Total non-current assets		<u>1,238</u>	<u>390</u>
Current assets			
Trade and other receivables	14	1,535	919
Cash and cash equivalents		552	143
Total current assets		<u>2,087</u>	<u>1,062</u>
Total assets		<u>3,325</u>	<u>1,452</u>
Current liabilities			
Trade and other payables	17	3,395	1,810
Derivative financial instruments	16	24	-
Total current liabilities		<u>3,419</u>	<u>1,810</u>
Net current liabilities		<u>(1,332)</u>	<u>(748)</u>
Non-current liabilities			
Provisions	18	358	199
Total non-current liabilities		<u>358</u>	<u>199</u>
Net liabilities		<u>(452)</u>	<u>(557)</u>
Equity attributable to owners of the parent			
Share capital	15	5,420	148
Share premium	15	11,820	-
Other reserves		(13,986)	-
Retained losses		(3,706)	(705)
Total equity		<u>(452)</u>	<u>(557)</u>

The notes on pages 55 to 76 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 49 to 76 were approved and authorised for issue by the Board on 25 June 2021 and signed on its behalf by:



.....
Mr Alessandro Zamboni
Director

Supply@ME Capital plc

Registration number: 03936915

Supply@ME Capital plc

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Year ended 31 December 2020	Year ended 31 December 2019
	£ 000	£ 000
Cash flows from operating activities		
(Loss) for the year	(2,819)	(687)
Foreign exchange differences on retranslation	4	21
Depreciation, amortisation and impairments	203	94
Deemed cost of listing in reverse acquisition	1,376	-
Allocated to provisions	40	-
Other adjustments to increase non-monetary items	16	-
Decrease/(increase) in trade and other receivables	(717)	(1)
Increase/(decrease) in trade and other payables	296	(119)
Other decreases/(increases) in net working capital	682	967
Cash flows from operations	(919)	275
Finance costs	-	-
Income taxes paid	(19)	-
Other collections	6	-
Net cash flow from operating activities	(932)	275
Cash flows from investing activities		
Cash from reverse acquisition of Abal plc	93	-
Acquisition of property, plant and equipment	(2)	-
Acquisition of intangible assets	(1,026)	(132)
Net cash flows from investing activities	(935)	(132)
Cash flows from financing activities		
Increase/(decrease) in short term bank loans	22	(2)
New loans	-	-
Proceeds from issue of ordinary shares, net of allowable issue costs	2,230	-
Net cash flows from financing activities	2,252	(2)
Net increase in cash and cash equivalents	385	141
Foreign exchange differences to cash and cash equivalents on consolidation	24	-
Cash and cash equivalents at 1 January	143	2
Cash and cash equivalents at 31 December	552	143

The reconciliation of the movement in net debt is set out in note 23.

The notes on pages 54 to 76 form an integral part of these consolidated financial statements.

Supply@ME Capital plc
Consolidated Statement of Changes in Equity for the Year
Ended 31 December 2020

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Forex reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	148	-	-	-	(163)	(15)
Forex retranslation	-	-	-	-	9	9
At 1 January 2019 after forex retranslation	148	-	-	-	(154)	(6)
Loss for the year	-	-	-	-	(554)	(554)
Forex retranslation difference	-	-	-	3	-	3
Loss for the year and total comprehensive income	-	-	-	3	(554)	(551)
At 31 December 2019	148	-	-	3	(708)	(557)

The notes on pages 54 to 76 form an integral part of these consolidated financial statements.

Supply@ME Capital plc
Consolidated Statement of Changes in Equity for the Year
Ended 31 December 2020

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

The notes on pages 54 to 76 form an integral part of these consolidated financial statements.

Supply@ME Capital plc

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

1 General information

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

For the reasons set out below, the Directors consider that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

At the year-end the Group had cash balances of £552,000 (2019: £143,000) and net current liabilities of £1,332,000 (2019: net current liabilities £748,000). The Group has posted a loss for the year after tax of £2,964,000 (2019: loss £554,000) and retained losses were £3,706,000 (2019: losses £705,000).

The net current liabilities as at the year-end of £1,332,000 included current liabilities of £1,131,000 in relation to down-payments made by clients with respect to due diligence services provided. The loss after tax of £2,964,000 was after charging an exceptional, non-cash cost of £1,376,000 relating to the Reverse Takeover referred to in note 3 and a £145,000 tax charge which is expected to be substantially reduced by research and development credits for which the Group is applying.

During the year, the Group was successfully admitted to trading as a Main Market company, standard segment, trading on the London Stock Exchange having also issued placing shares with gross proceeds of £2,240,000 (net proceeds of £1,615,000 after deducting all costs in respect of the placing and reverse takeover).

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

The cashflow forecasts are based on the enlarged group, following the Reverse Takeover in March 2020 and therefore relate to cashflows arising from the Group's Fin Tech platform that focusses on inventory monetisation facilities. The Directors have prepared the forecast using their best estimates; however, the Group is in its start-up phase and therefore they have identified the following uncertainty in the model.

The ability of the Group to acquire inventory is reliant on investment funding for securitisation being received, and whilst the Group is in very advanced negotiations with several interested partners, no securitisation investment had been finalised as at the date of this report. If no, or limited investment is secured during the next 12 months, the Group cannot acquire inventory as assumed in the model and generate the service fee income.

In addition the Group has a portfolio of interested customers, with some having signed term sheets. The cashflow model assumes a growth in customer base in line with the interest that has been received in the product but there is uncertainty over the ability of the group to be able to secure these new customers.

Supply@ME Capital plc

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

On the basis of the above matters the Directors have a material uncertainty in relation to its going concern status. In mitigation, however, a corporate funding organisation has made sufficient funds available to stimulate the growth of the Group and accommodate any delays in revenue generation. Therefore, given the significant interest from a growing secured customer base, as described elsewhere in this report and the advanced nature of securitisation funding negotiations, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

Impact of the global pandemic

As noted previously in numerous announcements, the Board has monitored closely the impact of COVID-19 on business operations.

Impact on Client companies

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

Impact on Inventory funders

The impact of COVID-19 on Inventory funders, that is the investors through the SYME Platform into the inventory portfolios, has been more difficult to interpret.

Interest rates are at historic lows which means that investors are getting lower returns on capital compared to previous years when higher interest rates were the norm. SYME's new inventory asset class will offer a strong relative margin compared to interest rates on a risk adjusted basis. However, investors are undoubtedly more cautious and taking longer to make decisions. Time to close transactions, not only in Inventory funding, but across the investment spectrum, has increased.

The announced delay to June 2021 forecast to complete the first Inventory Monetisation has been the result.

We are positive about the performance of the Group in the coming months as we expect the first securitisation transaction to close and the Captive Bank to launch as announced in the latest Trading Update. The re-opening of the global economies as the uncertainty caused by COVID-19 dissipates, particularly in the UK, Italy, the USA and UAE, our key target geographies, where vaccination programmes are now showing the virus to be broadly under control, should be a strong stimulus to the Group's timely product offering.

Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertaking drawn up to 31 December 2020. Subsidiaries are entities over which the Group has control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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.

Supply@ME Capital plc

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

The comparative period for the Group is 1 January 2019 to 31 December 2019 and includes the results of the subsidiary only.

New and revised accounting standards and interpretations

A number of relevant new standards are effective for annual periods beginning as noted below, for which earlier application is permitted. However, the Group has not adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

Standard and interpretations	Effective for annual periods beginning on or after
Covid-19 related rent concessions – amendment to IFRS 16	1 June 2020
Interest rate benchmark reform, phase 2 – amendments to IFRS 4, IFRS 9, IFRS 16 and IAS 39	1 January 2021 *
Deferral of IFRS 9 – amendment to IFRS 4	1 January 2021 *

* subject to UK endorsement

Revenue recognition

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

At this stage of the Group's development, its earnings derive from due diligence performed by Group subsidiaries on potential clients to prequalify them as suitable candidates for inventory securitisation. Those clients who sign a term sheet are required to make a down payment to remunerate the subsidiary for the due diligence work that has been completed or is to be done. Revenue is recognised in the period in respect of the due diligence work that has been completed in the period, which is assessed on a client-by-client basis.

Where performance obligations exist in customer contracts, revenue is recognised in accordance with the stage of completion of the contract. Each performance obligation ("milestone") is established in relation to individual contract and its specified price. Revenue is only recognised when the work obligation contracted has been performed. If partly performed against pre-established milestones, only the revenue relating to the completed milestones is recognised.

Cost of Sales

Cost of sales represents those costs that can be directly related to the sales effort. At this early stage in the Group's development, where sales are represented by fees for conducting pre-qualification due diligence on potential clients, the entire work force is engaged in that process, with input from external consultants. Their costs, plus the amortisation of intangible assets are regarded by management as the direct costs associated with selling; in line with similar FinTech companies.

Leases

IFRS 16 Leases became effective for annual periods beginning on or after 1 January 2019 and the company elected to adopt it on a prospective basis. The Directors have considered the impact of this new standard in the preparation of these consolidated financial statements. At this time, the Group does

Supply@ME Capital plc

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

not have any material lease arrangements and therefore no adjustments are considered necessary as a result of this new standard.

Property, plant and equipment

Recognition and measurement

All plant and equipment is stated at cost less subsequent depreciation and impairment. The costs of the property, plant and equipment is 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 fixed assets are reviewed by management on an annual basis and revised to the extent required.

Depreciation

Depreciation is provided 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:

- Equipment at 33% per annum.

Intangible assets

Recognition and measurement

The core activity of the business is the creation and marketing of a software-driven secure system for the recording and management of third party lots of inventory that can be funded through third party securitisation contracts, from which the Group derives fees.

Associated with that 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 development, intellectual property (IP) related costs and professional fees.

Amortisation

These costs are capitalised and amortised over their estimated useful economic lives, considered to be 5 years, on a straight line basis. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Impairment

At the end of each accounting period the Group assess the recoverable amounts of intangible assets. Where there is an indication of impairment an impairment loss is recognised for the amount by which the assets carrying value exceed its recoverable amount. Impairment losses are recognised in the profit and loss.

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 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 liability method. Deferred tax

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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.

Cash and cash equivalents

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

Functional and presentational currencies

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

Foreign currency

The main currencies for the Group are the euro (EUR) and pounds sterling (£).

Foreign currency transactions and balances

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 statement of comprehensive income.

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

Consolidation of foreign entities:

On consolidation, results of the foreign entities are translated from the local 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.

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

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

Cash and cash equivalents

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

Financial liabilities

Classification

Financial liabilities comprise trade and other payables, convertible loan notes and derivative financial instruments.

Recognition and measurement

Trade and other payables

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

Derivative financial instruments

The Group's derivative financial instruments are a convertible loan note that was both issued and then cleared in the previous period year 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.

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The release of the fair value discount on the debt for equity swap has been taken direct to retained earnings.

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.

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

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

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

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

Critical 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 Group 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

The value of warrants for share options were measured, in accordance with IFRS 2, by reference to their fair value at the date on which they were granted or issued. Judgement was required in determining the most appropriate valuation model (see Note 16).

At the end of each accounting period the Group assesses the recoverable amounts of intangible assets. Where there is an indication of impairment an impairment loss is recognised for the amount by which the assets carrying value exceed its recoverable amount. Impairment losses are recognised in the profit and loss.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Until completion of the development project, the assets are subject to impairment testing only. Amortisation commences upon completion of the asset and is shown within 'Administrative Expenses' on the consolidated statement of comprehensive income.

At the end of each period all contracts with customers are reviewed for contracts loss reserves.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

At the end of each accounting period, the Group assesses its ability to continue for a period of at least 12 months from the date the consolidated financial statements are approved, by reviewing budgets and forecasts for future trading years (as noted above in note 2).

An assessment is made whether derivative financial instruments on issue are debt or equity (see note 16).

During the year management made a judgement regarding the recognition of a liability for VAT, further details can be found in note 18. The potential penalties that could arise on this liability range between £80k and £360k, management have made a provision at the lower end of the range in line with professional advice received.

Estimates

Significant assumptions were necessary in arriving at the inputs into the valuation model for modified and new share option arrangements (see note 16).

3 Reverse acquisition

On 23 March 2020, the Company acquired through a share for share exchange the entire share capital of Supply@ME S.r.l, whose principal activity is an early stage business that delivers an innovative technology platform for inventory monetisation that enables a wide range of manufacturing and trading customers to improve their working capital position by releasing capital from their inventory stock.

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

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

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

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

- The assets and liabilities of Supply@ME S.r.l. at their pre-acquisition carrying value amounts and the results for both years; and

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

- The assets and liabilities of the Company as at 23 March 2020 and its results from the date of the reverse acquisition (23 March 2020) to 31 December 2020.

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

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

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

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

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

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

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

Notes:

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

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

4 Deferred revenues and segmental reporting

The revenues do not include accruals and deferred income of £1,131,000 (2019: £634,000) relating to payments in advance made by client companies for due diligence to pre-qualify them for access to the inventory monetisation scheme. Under Italian GAAP, these amounts are recognised in revenue in the year. Under IFRS, these amounts will be recognised in future periods.

The following information is given about the Group's reportable segments:

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the Group. Management has determined the operating segment based on the reports reviewed by the Board.

Type	%	Geography	%
Due diligence	100	Italy	100

The Board considers that during the year ended 31 December 2020 the Group operated in the single business segment of due diligence services and all activities were undertaken in Italy.

5 Exceptional costs

	Year ended 31 December 2020 £ '000	Year ended 31 December 2019 £ '000
Deemed cost of listing – share-based payment	1,376	-

As explained in note 3, the reverse acquisition of Supply@ME S.r.l. does not meet the requirements of IFRS 3 Business Combinations so has been accounted for under IFRS 2 Share Based Payments.

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

6 Other operating income

	Year ended 31 December 2020 £ '000	Year ended 31 December 2019 £ '000
Write back of payables	53	174

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

7 Operating loss

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Arrived at after charging / (crediting)		
Amortisation	201	98

8 Auditors' remuneration

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	27	20
Fees payable to the Company's auditors and its associates for other services:		
Audit of the accounts of subsidiaries	10	-

9 Staff costs

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

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Wages and salaries	633	-
Social security costs	95	-
Pension costs, defined contribution scheme	1	-
Redundancy costs	16	-
	<u>745</u>	<u>-</u>

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

	Year ended 31 December 2020 No.	Year ended 31 December 2019 No.
Executive directors	1	-
Risk	1	-
Sales and marketing	3	-
Legal	2	-
Administration	5	-
R&D / software	2	-
	<u>14</u>	<u>-</u>

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10 Key management personnel

Key management compensation

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Salaries and other short-term employee benefits	361	-

No retirement benefits are accruing to Company Directors under a defined contribution scheme (2019: none).

The Directors' emoluments are shown in the remuneration report on pages 33 to 36.

The Directors of the Company and the Head of Enterprise Risk Management are considered to be the key management personnel.

11 Income tax

Tax charged in the income statement:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Current taxation		
UK corporation tax	-	-
Foreign taxation paid/(receivable) by subsidiaries	145	(133)
	<u>145</u>	<u>(133)</u>

The tax on loss before tax for the period is less than (2019 - less than) the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Loss before tax	<u>2,819</u>	<u>687</u>
Corporation tax at standard rate	(536)	(131)
Effect of expenses not deductible in determining taxable profit (tax loss)	593	-
Increase in tax losses carried forward which were unutilised in the current year	<u>38</u>	<u>-</u>
Tax adjustments in respect of foreign subsidiaries	<u>50</u>	<u>(2)</u>
Total tax charge/(credit)	<u>145</u>	<u>(133)</u>

At 31 December 2020 the company had unutilised tax losses of £9,000 (31 December 2019: £9,000). A deferred tax asset of £2,000 (31 March 2019: £2,000) has not been recognised due to the uncertainty around the timing of the availability of taxable income to utilise the losses.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

12 Earnings per share

The calculation of the Basic earnings per share (EPS) is based on the loss attributable to equity holders of the parent Company for the year from continuing operations of £2,962,000 (2019 — loss £551,000) and on a weighted average number of ordinary shares in issue of 27,118,800,563 (2019 — 32,322,246,220). The basic EPS from continuing operations is (0.01) pence (2019 – 0.00).

The comparative equity disclosed in the Consolidated Statement of Financial Position is that of Supply@ME S.r.l., as disclosed in note 3. The equity of Supply@ME S.r.l. is not in the form of share capital and therefore the EPS calculation has been based on the consideration shares issued to complete the RTO.

The diluted EPS is the same as the basic EPS as they were all losses.

13 Intangible assets

	Capitalised internally developed platform costs £ 000
Cost or valuation	
At 1 January 2019	441
Additions	<u>132</u>
At 31 December 2019	573
Forex retranslation adjustment	<u>33</u>
At 1 January 2020	606
Additions	<u>1,027</u>
At 31 December 2020	<u>1,633</u>
Amortisation	
At 1 January 2019	88
Amortisation charge	<u>95</u>
At 31 December 2019	183
Forex retranslation adjustment	<u>11</u>
At 1 January 2020	194
Amortisation charge	<u>203</u>
At 31 December 2020	<u>397</u>
Carrying amount	
At 31 December 2020	<u>1,236</u>
At 31 December 2019	<u>390</u>

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

14 Trade and other receivables

	As at 31 December 2020	As at 31 December 2019
	£ 000	£ 000
Trade receivables	489	4
Other receivables	601	629
Deferred tax asset	422	283
Prepayments	23	3
Total current trade and other receivables	1,535	919

15 Share capital

Allotted, called up and fully paid shares

	As at 31 December 2020		As at 31 December 2019	
	No. 000	£ 000	No. 000	£ 000
Equity	-	-	-	148
Ordinary shares of £0.00002 each	32,754,945	655	-	-
Deferred shares of £0.04000 each	63,084	2,523	-	-
2018 Deferred shares of £0.01000 each	224,194	2,242	-	-
	33,042,223	5,420	-	148

The comparative equity is that of Supply@ME S.r.l., as disclosed in note 3. The equity of Supply@ME S.r.l. is not in the form of share capital so there is no disclosure of the number of shares.

New shares allotted

On 23 March 2020, the Group completed a reverse acquisition transaction with Supply@ME S.r.l. It was considered that Supply@ME S.r.l. was the accounting acquirer in the transaction and so the comparative share capital is that of Supply@ME S.r.l. Upon completion of the transaction, the share capital of Supply@ME Capital plc has been disclosed, to represent that of the legal acquirer. 32,322,246,220 ordinary shares were issued as consideration.

Also, on 23 March 2020, 331,604,094 ordinary shares were issued through a placing which raised gross proceeds of £2,240,000.

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.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

2018 Deferred shares have the following rights, preferences and restrictions:

The deferred shares carry no rights to receive any dividend or distribution and carry no rights to vote at any general meeting.

Reconciliation of allotted, called up and fully paid shares

	As at 31 December 2020		As at 31 December 2019	
	No. 000	£ 000	No. 000	£ 000
At 1 January	-	148	-	148
Transfer to RTO reserve	-	(148)	-	-
Bring in plc share capital	388,373	4,767	-	-
Reverse acquisition	32,322,246	646	-	-
Issue of shares for cash	331,604	7	-	-
At 31 December	33,042,223	5,420	-	148

16 Share-based payments, convertible loan notes and derivative financial instruments

(1) Convertible loan notes and derivative financial instruments

As at 31 December 2020 two warrants for options to acquire shares were outstanding that arose as detailed below. These have a fair value of £24,000 (31 December 2019: £48,000). The valuation of the warrants and further detail to the transactions may be summarised as follows:

(i) In October 2018, following a placing of shares at 1.1p, a warrant was issued for 7,272,727 options to acquire shares, exercisable for 3 years at 1.1p per share option or, if lower, the 5 day average price on AIM prior to exercising the option. The year-end fair value of these warrants is 0.21p (31 December 2019: 0.42p) per option to acquire a share and has been calculated using the Black-Scholes model, and the average 5 - day year-end share price of 0.60p (31 December 2019: 0.85p) giving a total fair value of £15,000 (31 December 2019: £31,000) for all these options to acquire shares. The other inputs into the model were volatility 111% (31 December 2019: 111%), dividend yield 0% (31 December 2019: 0%), and risk free rate of 1.1% (31 December 2019: 2.1%).

(ii) In October 2018, a 3 year unsecured convertible loan note ('CLN') for £90,000 was issued. The terms of the CLN was an interest rate of 7.5% pa, and the conversion repayment option was in two parts — the issue of shares to repay the principal amount of the loan, and a warrant with the option to purchase additional shares. If the conversion option was exercised, the ordinary shares for the loan repayment would be issued a price of 1.1p or, if lower, the 5 day average price on AIM prior to exercising the conversion option. The warrant was for a number of options to acquire shares equal to half the number of shares issued for the repayment of the loan. The terms of the warrant were for 3 years and an exercise price of 1.1p or, if lower, the 5 day average price on AIM prior to exercising the warrant option. In January 2019, the conversion option was exercised. For the repayment of the loan 8,181,818 ordinary shares were issued at a price of 1.1p. On conversion, warrants were issued for options to acquire 4,090,909 shares, and these warrants were outstanding at both 31 December 2019 and 31 December 2020. For accounting purposes, the CLN on issue was attributed a fair value of £69,000 by discounting the loan repayments at an unsecured interest rate of 18%. As the Group had no other comparable unsecured borrowings, higher or lower interest rates might have been applied to calculate the discount factor, but these would not change materially the fair value of the CLN.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

The gain on issue was credited to profit and loss. On exercising the conversion option in January 2019, the release of the £19,000 difference between the carrying value of the loan and the legal value was credited direct to retained earnings. At the time of exercising this conversion option, the fair value of share warrants was £33,000 and these warrants were revalued at the year ended 31 December 2020 using the same basis and factors outlined in the previous paragraph 18(2)(i), and giving a total value for these warrants of £9,000 (31 December 2019: £17,000). The movement in the fair value was credited to profit and loss.

17 Trade and other payables

	As at 31 December 2020	As at 31 December 2019
	£ 000	£ 000
Bank loans and overdrafts	22	297
Trade payables	1,062	534
Amounts due to group companies	-	-
Other payables	271	220
Social security and other taxes	792	125
Accruals and deferred income	1,248	634
	<u>3,395</u>	<u>1,810</u>

Included within accruals and deferred income is £1,131,000 (2019: £634,000) relating to payments in advance made by client companies for due diligence to pre-qualify them for access to the inventory monetisation scheme. Under Italian GAAP, these amounts are recognised in revenue in the year. Under IFRS, these amounts will be recognised in future periods.

18 Provisions

	Deferred tax liabilities £'000	Post- employment benefits £'000	Provision for risks and charges £'000	Provision for VAT and penalties £'000	Total £'000
At 1 January 2019	-	-	-	-	-
Provided for in the year	4	-	-	195	199
At 31 December 2019	4	-	-	195	199
Forex retranslation adjustment	-	-	-	12	12
At 1 January 2020	4	-	-	207	211
Released to profit and loss	(4)	-	-	-	(4)
Provided for in the year	-	32	40	79	151
At 31 December 2020	<u>-</u>	<u>32</u>	<u>40</u>	<u>286</u>	<u>358</u>

In advance of the Group's first monetisation transaction, a number of advance payments have been received from potential client companies in accordance with agreed contractual terms. These advance payments, for which an invoice has not yet been issued, have been made exclusive of VAT. As at 31 December 2020, the Group has included a provision relating to a potential VAT liability, including penalties, in respect of these advance payments of £286,000 (31 December 2019: £195,000).

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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 2020, however there is a contingent asset of £204,000 as at 31 December 2020 (31 December 2019: £139,000) in respect of this.

From time to time, during the course of business, the Group may be 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 the year end. Management have been informed of one potential matter arising subsequent to the year-end however, at this time, this would not meet the criteria for a provision to be recognised.

19 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 £1,000 (2019: £nil).

Contributions totalling £2,000 (2019: £nil) were payable to the scheme at the end of the year and are included in creditors.

20 Capital commitments

There were no capital commitments for the Group at 31 December 2020 or 31 December 2019.

21 Contingent liabilities

There were no contingent liabilities for the Group at 31 December 2020 or 31 December 2019.

22 Financial instruments

Financial assets

	Carrying value		Fair value	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	£ 000	£ 000	£ 000	£ 000
Financial assets at amortised cost:				
Cash and cash equivalents	552	143	552	143
Trade receivables	489	4	489	4
Other receivables	601	629	601	629
	<u>1,642</u>	<u>776</u>	<u>1,642</u>	<u>776</u>

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

Valuation methods and assumptions: The directors believe that the fair value of all financial assets approximates to the carrying value

Financial liabilities

	Carrying value		Fair value	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
	£ 000	£ 000	£ 000	£ 000
Financial liabilities at amortised cost:				
Bank loans and overdrafts	22	297	22	297
Trade payables	1,062	534	1,062	534
Other payables	271	220	271	220
	<u>1,355</u>	<u>1,051</u>	<u>1,355</u>	<u>1,051</u>
	Fair value			
	As at 31 December 2020	As at 31 December 2019		
	£ 000	£ 000		
Financial liabilities at fair value through profit and loss:				
Derivative financial instruments	<u>24</u>	<u>48</u>		

Valuation methods and assumptions: The directors believe that the fair value of trade and other payables approximates to the carrying value – see note 16 for further details of the fair value of derivative financial instruments.

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.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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.

Interest rate risk

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

The Group's interest generating financial assets as at 31 December 2020 comprised cash at bank of £552,000 (2019: £142,000). Interest is paid on cash at floating rates in line with prevailing market rates.

As at 31 December 2020, the group had no liabilities for which interest is payable (2019 – no liabilities).

Sensitivity analysis

At 31 December 2020, had the LIBOR 1 MONTH rate of 0.01913 (2019 – 0.70388) increased by 1% with all other variables held constant, the increase in interest receivable on financial assets would amount to approximately £nil (2019 - £1,000). 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 (2019 - £1,000).

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 2020 £ 000	Maximum exposure as at 31 December 2020 £ 000	Carrying value as at 31 December 2019 £ 000	Maximum exposure as at 31 December 2019 £ 000
Cash and cash equivalents	552	552	143	143
Trade receivables	489	489	4	4
	<u>1,041</u>	<u>1,041</u>	<u>147</u>	<u>147</u>

As at 31 December 2020, the assets held by the group are not past due or impaired.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

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

Foreign exchange risk

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

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

Currency profile

Financial assets

- Cash Sterling: £539,000 (2019 - £nil)
- Cash Euro: £13,000 (2019 - £143,000)
- Trade receivables Sterling: £nil (2019 - £nil)
- Trade receivables Euro: £489,000 (2019 - £4,000)

Financial liabilities

- Trade payables Sterling: £342,000 (2019 - £nil)
- Trade payables Euro: £720,000 (2019 - £534,000)

Sensitivity analysis

At 31 December 2020, if Sterling had strengthened by 10% against EUR with all other variables held constant, loss before tax for the year would have been approximately £41,000 lower (2019 - £81,000 lower), mainly as a result of foreign exchange gains on translation of EUR denominated cash and cash equivalents and trade receivables, compensated by foreign exchange gains on translation of EUR denominated trade payables and deferred revenues.

Conversely, if Sterling had weakened by 10% against EUR with all other variables held constant, loss before tax for the year would have been approximately £41,000 higher (2019 - £81,000 higher).

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 2020 or 31 December 2019.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

At 31 December 2020	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					
Loans and borrowings	22	-	-	-	-
Trade and other payables	1,333	-	-	-	-
Social security and other taxes	792	-	-	-	-
Total liabilities	2,147	-	-	-	-

At 31 December 2019	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					
Loans and borrowings	297	-	-	-	-
Trade and other payables	754	-	-	-	-
Social security and other taxes	125	-	-	-	-
Total liabilities	1,176	-	-	-	-

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 has no external debt finance and hence gearing is not measured. 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.

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: (£452,000) (2019: (£557,000))
- Cash and cash equivalents: £552,000 (2019: £143,000)

23 Net debt

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

	At 1 January 2020 £ 000	Cashflows £ 000	Foreign exchange £ 000	At 31 December 2020 £ 000
Cash at bank	143	407	24	574
Bank overdraft	-	(22)	-	(22)
	143	385	24	552

Supply@ME Capital plc

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

	At 1 January 2019 £ 000	Cashflows £ 000	Foreign exchange £ 000	At 31 December 2019 £ 000
Cash at bank	4	139	-	143
Bank overdraft	(2)	2	-	-
	2	141	-	143

24 Related party transactions

During the year to 31 December 2020, the following are treated as related parties:

The AvantGarde Group SpA

The AvantGarde Group currently holds 38.9 per cent of the shares in Supply@ME Capital plc as announced on 24 December 2020.

In the same RNS, the Company disclosed, among things, a merger between 1AF2 S.r.l. and the AvantGarde Group S.p.A. (TAG). The merged company will be named "the AvantGarde Group". 1AF2 S.r.l. was a Company, with Alessandro Zamboni as Director, also involved, together with Quadrivio Group in the "Captive Bank" project as per RNS published by SYME on 21 September 2020. In this regard, 1AF2 S.r.l. originated in 2020 several Client companies analysed by Supply@ME S.r.l. and to which SYME charged due diligence fees, pursuant to its revenue recognition policies.

Following the above transaction between 1AF2 and the AvantGarde Group S.p.A., as at 31 December 2020 the amount due to the Company is £485,339 (2019: due by the Company £204,887)

iWEP Ltd is owned by iWolf Ltd and White Amba Investments LLP

The beneficial owner of iWEP, iWolf and White Amba is Dominic White, the Chairman of SYME.

Eight Capital Partners Plc

Dominic White is a Director of the company. IWEP owns 29.8% of Eight Capital Partners Plc.

Epsion Capital Ltd

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

Dominic White

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

Alessandro Zamboni

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

25 Controlling party

At 31 December 2020 the Directors do not believe that a controlling party exists.

Supply@ME Capital plc

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

26 Subsequent events

In the first six months of 2021, the Company announced the following material events:

- **11 January 2021:** SYME announced that it has entered into an agreement with Lenovo Financial Services META LLC ("LFS"). The SYME Platform will be positioned as an alternative solution to complement LFS's existing vendor programme offerings to their network of customers in the Middle East, Turkey and Africa region (excluding South Africa). The purpose of the co-operation agreement, made with the strategic support of iMASS, was to deliver a dedicated inventory monetisation programme to LFS's customers which may also allow them to evaluate the opportunity to adopt the upcoming Shariah version of the Platform.
- **20 January 2021:** following the announcement of 3 November 2020, the Company, by virtue of the support of the Shariah Funding Specialist and iMASS, announced that the authorisation process for SYME's Shariah compliant Inventory Monetisation Platform was successfully completed.
- **21 January 2021:** further to the Company's announcement of 19 January, 2021, detailing a change to its Accounting Reference Date to 31 December and a revised financial reporting calendar, SYME requested a suspension of the listing of its shares pending publication of its audited accounts for the nine months to 31 December 2019 and its 2020 Interim Results for the six months ended 30 June.
- **9 March 2021:** Restoration of its Listing on the Standard List of The London Stock Exchange and the resumption of dealings in its Ordinary shares.
- **17 March 2021:** SYME announced on 17 March 2021 the signing of Heads of Terms ("HoT") for the acquisition of TradeFlow Capital Management Pte Ltd., the leading FinTech-powered commodities trade enabler, focused on SMEs, based in Singapore. A sale and purchase agreement was signed and announced on 26 May 2021. The transaction is expected to complete shortly.
- **1 April 2021:** The Company announced the appointment of Ms Amy Benning as Chief Financial Officer with effect from 7 June 2021.
- **16 June 2021:** The Company announced that it had entered into a subscription agreement ("Subscription Agreement") with Negma Group Ltd for the issue of an initial tranche of £5,600,000 of Convertible Loan Notes at £56,000 par value for which it had issued a drawdown notice at a subscription price of £50,000 per Convertible Loan Note for an aggregate total of £5,000,000. The Subscription Agreement allows for a further nine tranches to be issued at the same par value at the exclusive option of the Company.

Supply@ME Capital plc

Company Statement of Financial Position as at 31 December 2020

	Note	As at 31 December 2020 £ 000	As at 31 December 2019 £ 000
Non-current assets			
Property, plant and equipment		2	-
Investments	3	646	-
Total non-current assets		<u>648</u>	<u>-</u>
Current assets			
Trade and other receivables	4	282	67
Cash and cash equivalents		539	81
Total current assets		<u>821</u>	<u>148</u>
Total assets		<u>1,469</u>	<u>148</u>
Current liabilities			
Trade and other payables	7	894	409
Derivative financial instruments	6	24	48
Total current liabilities		<u>918</u>	<u>457</u>
Net assets/(liabilities)		<u>551</u>	<u>(309)</u>
Equity attributable to owners of the parent			
Share capital	5	5,420	4,767
Share premium	5	11,820	9,599
Retained earnings		(16,689)	(14,675)
Total equity		<u>551</u>	<u>(309)</u>

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 £2,014,000 (2019: profit for the period 1 April 2019 to 31 December 2019 of £532,000).

The notes on pages 79 to 85 form an integral part of these financial statements.

The Company financials on pages 77 to 85 were approved and authorised for issue by the Board on 25 June 2021 and signed on its behalf by:



.....
Mr Alessandro Zamboni
Director

Supply@ME Capital plc
Registration number: 03936915

Supply@ME Capital plc

Company Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	4,767	9,599	1,217	(15,207)	376
Loss for the period	-	-	-	(685)	(685)
Employee share-based payment options	-	-	(1,217)	1,217	-
Total comprehensive loss for the period	-	-	(1,217)	532	(685)
At 31 December 2019	4,767	9,599	-	(14,675)	(309)
At 1 January 2020	4,767	9,599	-	(14,675)	(309)
Loss for the year	-	-	-	(2,014)	(2,014)
Total comprehensive loss for the period	-	-	-	(2,014)	(2,014)
Reverse takeover of Supply@ME S.r.l.	646	-	-	-	646
Issue of shares for cash	7	2,234	-	-	2,241
Cost of share issues	-	(13)	-	-	(13)
At 31 December 2020	5,420	11,820	-	(16,689)	551

The notes on pages 79 to 85 form an integral part of these financial statements.

Supply@ME Capital plc

Notes to the Company Financial Statements for the Year Ended 31 December 2020

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 applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

In order to simplify the accounting for the parent company this is the first year in which the financial statements have been prepared in compliance with FRS 102. The transition from preparing the financial statements in accordance with International Financial Reporting Standard to FRS 102 has had no material impact on either the financial position or the financial performance as previously reported by the company.

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. The comparative period for the Company is 1 April 2019 to 31 December 2019 being the results of Supply@ME Capital plc.

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, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- 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 49 to 76.

Supply@ME Capital plc

Notes to the Company Financial Statements for the Year Ended 31 December 2020

2 Accounting policies

Going concern

These financial statements have been prepared on a going concern basis, under historical cost convention. 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.

The value of the acquisition of Supply@ME S.r.l. 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. 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 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.

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.

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.

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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective

Notes to the Company Financial Statements for the Year Ended 31 December 2020

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.

Derivative financial instruments

The Company's derivative financial instruments are a convertible loan note that was both issued and then cleared in the previous period year 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 direct to retained earnings.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

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.

"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 statement of comprehensive income.

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

Supply@ME Capital plc

Notes to the Company Financial Statements for the Year Ended 31 December 2020

choice would be more appropriate. The most significant areas where judgement and estimates have been applied are as follows:

Judgements

The value of warrants for share options were measured, in accordance with FRS 102 section 26, by reference to their fair value at the date on which they were granted or issued. Judgement was required in determining the most appropriate valuation model (see Note 7).

At the end of each accounting period, the Company assesses its ability to continue for a period of at least 12 months from the date the financial statements are approved, by reviewing budgets and forecasts for future trading years (as noted above in note 2).

An assessment is made whether derivative financial instruments on issue are debt or equity (see note 7).

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 as at 31 December 2020 was supported by a discounted cash flow model of future free cash flows. The Directors have reviewed the valuation based on current knowledge and projections. They have concluded that the current carrying value is supported by the present value of future free cash flows and that no impairment of the investment is required.

Estimates

Significant assumptions were necessary in arriving at the inputs into the valuation model for modified and new share option arrangements (see note 7).

3 Investments

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 are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Proportion of voting rights and shares held
			2020	2019
Subsidiary undertakings				
Supply@ME S.r.l.	Italy	Legal capital	100%	-
Abal (Goswell) Limited	England and Wales	Ordinary shares	0%	100%
Supply@ME Stock Company 1 S.R.L.	Italy	Legal capital	100%	-
Supply@ME Stock Company 2 S.R.L.	Italy	Legal capital	100%	-
Supply@ME Stock Company 3 S.R.L.	Italy	Legal capital	100%	-

Supply@ME S.r.l. is the Group's main operating company engaged in inventory monetisation.

The business and assets of Abal (Goswell) Limited were sold in February 2019, and the company was dissolved in November 2020. The investment of £1 has been disposed of in the year.

Supply@ME Capital plc

Notes to the Company Financial Statements for the Year Ended 31 December 2020

Investments	Subsidiary undertakings £ 000
As at 1 April 2019	-
As at 31 December 2019	-
As at 1 January 2020	-
Additions at cost	646
Disposals	-
As at 31 December 2020	646

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 requires 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 fair value of the investment has been reviewed for impairment. The carrying value as at 31 December 2020 was supported by a discounted cash flow model of future free cash flows. The Directors have reviewed the valuation based on current knowledge and projections. They have concluded that the current carrying value is supported by the present value of future free cash flows and that no impairment of the investment is required.

4 Trade and other receivables

	As at 31 December 2020 £ 000	As at 31 December 2019 £ 000
Trade receivables	-	-
Other receivables	260	67
Prepayments	22	-
Total current trade and other receivables	282	67

5 Share capital

Allotted, called up and fully paid shares

	As at 31 December 2020 No. 000	£ 000	As at 31 December 2019 No. 000	£ 000
Ordinary shares of £0.00002 each	32,754,945	655	101,095	3
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	2,241
	33,042,223	5,420	388,373	4,767

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Notes to the Company Financial Statements for the Year Ended 31 December 2020

New shares allotted

On 23 March 2020, the Group completed a reverse acquisition transaction with Supply@ME S.r.l. Upon completion of the transaction, the share capital of Supply@ME Capital plc has been disclosed, to represent that of the legal acquirer. 32,322,246,220 ordinary shares were issued as consideration.

Also, on 23 March 2020, 331,604,094 ordinary shares were issued through a placing which raised gross proceeds of £2,240,000.

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 Share-based payments, convertible loan notes and derivative financial instruments

(1) Convertible loan notes and derivative financial instruments

As at 31 December 2020 two warrants for options to acquire shares were outstanding. These have a fair value of £24,000 (31 December 2019: £48,000). Further details about these warrants and their valuation are set out in note 16 to the Group consolidated financial statements.

7 Trade and other payables

	As at 31 December 2020 £ 000	As at 31 December 2019 £ 000
Bank loans and overdrafts	-	-
Trade payables	342	303
Amounts due to group companies	331	-
Other payables	51	45
Social security and other taxes	53	3
Accruals and deferred income	118	58
	895	409

8 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.

Supply@ME Capital plc

Notes to the Company Financial Statements for the Year Ended 31 December 2020

A full list of the Company's subsidiaries and related party transactions are set out in note 24 to the Group consolidated financial statements.

9 Controlling party

At 31 December 2020 the Directors do not believe that a controlling party exists.

10 Subsequent events

A full list of the Company's subsequent events are set out in note 26 to the Group consolidated financial statements.