Registered number: 04316140

METHOD INVESTMENTS & ADVISORY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

METHOD INVESTMENTS & ADVISORY LIMITED

COMPANY INFORMATION

DIRECTORS	G Dessi T De Ris (appointed 19 February 2021)
REGISTERED NUMBER	04316140
REGISTERED OFFICE	Third floor 40 New Bond Street London W1S 2RX
INDEPENDENT AUDITORS	MHA MacIntyre Hudson Statutory Auditors & Chartered Accountants 6th Floor 2 London Wall Place London EC2Y 5AU

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL ACTIVITIES

Method Investments & Advisory Limited ("Method"), incorporated on 2nd November 2001, is authorised and regulated by the Financial Conduct Authority (FCA) for the following activities:

• Advising on investments (except on Pension Transfers and Pension Opt Outs);

• Agreeing to carry on a regulated activity;

• Arranging (bringing about) deals in investments;

• Arranging safeguarding and administration of assets;

• Dealing in investments as agent;

• Dealing in investments as principal;

• Making arrangements with a view to transactions in investments;

• Managing investments;

• Safeguarding and administration of assets (without arranging).

Method can provide its services only to "Professional Clients" and "Qualified Counterparties" and since 2011 can hold Client's money.

Company efforts are still focused on increasing numbers of trading strategies and to develop the asset management business in order to stabilize revenues.

REVIEW OF THE BUSINESS

The year 2021 was a profitable year for Method and a good year for many different reasons.

The potential disruption created by Brexit has been solved with the acquisition of an entity in The Netherlands named MMX. An agreement had been reached in mid 2021 with MMX and the Central Dutch Bank has given approval to the transaction in February 2022. By the end of April 2022, the transaction will be completed. MMX will be owned by a sister company of Method.

Method's main focus to increase the trading but also to diversify from trading developing asset management and special opportunity situations is on track and delivering good results in 2021.

The trading activities have not delivered as good results in 2021 vs 2020 even if the pipeline for 2022 look very promising.

The company has increased its capital from 12.6 million euro to 21.6 million euro.

We will keep on pursuing market strategies based on consistent income, risk diversification, dynamic risk deleveraging and strong infrastructure. The market conditions during 2021 have led Method to keep on investing into research and development for new strategies in order to be diversified in uncertain markets.

As mentioned above, the financial results of Method show a gross profit of €4,043,042 (2020: €10,352,626) and a net profit for the year of €8,530,773 (2020: €101,301).

Method, as many other financial firms has been affected by COVID-19 but it has worked out solutions to keep all business lines operative and in compliance with the regulator.

PRINCIPAL RISKS AND UNCERTAINTIES

As clarified below (refer to Note 28), the company performs periodic risk assessments in order to identify the risks relating to its activities, processes and systems. The foregoing risk assessment exercise is always documented within the firm's Risk Management Procedures Manual (RMP) and internal minutes for record keeping purposes. Based on the above and as highlighted within the RMP, the following risk categories are deemed to be material to the firm's business:

Business risks: Business risk arises when a firm is unable to realise its business plan and achieve its strategy targets due to insufficient planning or changes in the external environment. The company has demonstrated control over its planning process also considering the prevailing economic conditions. As a result it has always been in a position to adopt its proposed business strategy, capitalising the firm, establishing new business lines and maintaining resources in excess of its regulatory capital requirement. The firm has continued to engage professional advisors in respect of all business developments both in the UK and overseas: in the medium term, the company will thus be able to implement its proposed business strategy, even within very dynamic internal and external environments.

Operational risks: Considered to be the risk of loss resulting from inadequate or failed internal processes, people and systems or external events, including legal risk. This is regularly assessed by the Board of Directors (BoD) with the help of the Accounting and Risk Management Departments. The company has always paid special attention to the implementation of effective measures deemed to mitigate (if not eliminate at all) the implications of said risk drivers, including:

• regular management meetings – minutes are always available for consultation

• conflicts of interest internal policy

• periodical (usually quarterly) compliance monitoring – updated in the light of MiFid 2 requirements and approved by the BoD

• business continuity planning – the BCP is kept up to date by the IT

• adequate backup systems

• annual financial accounting audit

Furthermore, all new business opportunities are considered in relation to the additional risks that they may bring, and new activities will only be pursued where the appropriate infrastructure is in place to address those risks. Once new lines of business are taken on, the company works to integrate those businesses into its current infrastructure, taking best practices across where necessary. Stress testing is also performed within the scope of ICAAP process to determine whether there could be significant issues likely to arise in the foreseeable future that could have a potential material impact on the company's going concern.

COVID-19 risk: Covid 19 Pandemic has caused some delays on daily activity and some reporting (eg. Financial Reports to FCA according to communication issues from FCA).

Due to Covid 19, from February the offices were closed and staff working from home.

No extensions with creditors/delayed payments were executed;

No decrease in net income because of the impact of Covid-19;

No impact on business model;

No furloughed permanent employees;

No support under a government backed loan scheme.

Brexit risk: In relation to Brexit we herein provide evidence showing that the impact was very limited. In fact we where still able to access relevant markets as UK third country firm (only some reports needed to be prepared: eg MIFIR report to be provided to relevant markets for relevant transactions there executed other than to FCA).

The branch was not providing financial services to clients and also in this case the impact of not being able (due to Brexit) to provide financial service had no impact.

Extract of Compliance Report period 2020:

• Milan Branch on the 31/12/2020 dropped its Consob Authorisation. The reason is connected to Brexit and the fact that MIFID passporting is not possible for a UK Firm like Method.

• Milan Branch has not been providing distribution of service in the past year, therefore Executive Management decided not to establish a Consob regulated Company.

• In the course of 2020 Compliance has dedicated time to Brexit, by following relevant politics decision and by preparing hard brexit solutions with Markets where Method is Member (refer to some sample emails attached).

• Compliance Manual and Procedures were reviewed during Q1 2020 and due to Brexit and new requirements under definition it will be reviewed an updated again in Q4 2021, with the help of external Consultant.

• Compliance Manual 2020 will be used until the new Manual will be created.

Extract of Compliance Report period 2021:

• Milan Branch on the 31/12/2020 dropped its Consob Authorisation. The reason is connected to Brexit and the fact that MIFID passporting is not possible for a UK Firm like Method.

• Milan Branch has not been providing distribution of service in the past year, therefore Executive Management decided not to establish a Consob regulated Company.

The branch now only provides service to its headquarters and it is not subject to Mifid because exempted as for MiFID II Directive (2014/65/UE) art.2,1,b) of MiFID II Directive (2014/65/UE): "This Directive shall not apply to: (b) persons providing investment services exclusively for their parent undertakings, for their subsidiaries or for other subsidiaries of their parent undertakings ".

The Compliance Department has been working in close cooperation with EU markets and authorities for several months. Based on the currently available information, even assuming a no Deal Brexit, Method should still be able to operate on some EEA Markets and UK markets where it is currently active on, relying on ad hoc national legislations (and hopefully on equivalence recognitions not yet identified by Esma). The approved Brexit transition period will allow us to continue operating in "Business as usual mode" until 31/12/2020. Method as all regulated firms in UK is keeping informed in relation to Brexit plans. Unfortunately, though, due also to Covid Pandemic, there is still a lack of information in terms of agreements between EEA Countries and UK. Method is counting on the fact that a hard Brexit will be avoided and that equivalence settings will be recognised. Meanwhile a specific assessment has been completed in order to verify with all relevant Markets where Method is Member the possibility to continue to trade without interruptions after 31/12/2020, as a UK third country firm. Compliance is in fact receiving indications from relevant markets, most of which are recognized by FCA as ROIE. In relation to passporting activity, after the transition period Method will no longer be able to continue offering financial Services from its Italian branch nor the freedom to provide service in Europe. Executive management is currently evaluating a number of possibilities: from continuing our activity only in UK, to partnerships or acquisition or establishment of a Financial Firm in an EEA Country. At time of writing this document the acquisition from Method's controllers of a company already regulated in Amsterdam is the most valid option. In the light of the above and considering that the Firm's risk appetite remains substantially low, the Firm has decided to increase its overall capital requirement for Operational Risk by an amount equal to the Wind Down costs estimated on a yearly basis (additional Pillar 2 Requirement).

Extract from ICAAP period 2020

Brexit: due to termination of transition period Method is required to notify to Consob its Contingency plans in reference to Brexit. Method has anticipated (email dated 18/09/2020) that it will cease to operate the branch and no action will be taken in terms of staring new regulatory projects in Italy. In fact, the branch is currently not providing any financial client service. On the other side being Method a Member (and Market Maker and Specialist) of Borsa Italiana, recognized by FCA as a ROIE, is waiting to receive feedback from the Italian regulator in relation to the possibility to continue Prop trading activity on this market without interruption. This was confirmed in December 2020. The Board is also considering to keep its Italian branch in order to continue to offer services only to Headquarters. It is confirmed that no regulatory business will be executed from the Italian Branch.

IFPR Capital Adequacy Requirements: The internally-developed risk management dashboard has been updated to make sure that all IFPR provisions are duly taken into account.

In particular, all the trading desks are monitored in real time in terms of PnL, VaR, Net Position Held and Regulatory Capital Requirements (K-NPR). Online computations are logged for record keeping purposes and available for consultation on demand. In addition to that, the risk management team receives a wrap-up email with a screenshot of the aforementioned risk thresholds (on a single trading desk basis) every 15 mins.

Daily (at 1 pm Ita time) the risk mngt department receives the daily output for K-CON requirements (with a detailed overview in terms of issuer, exposure and assigned risk weight). Clearly enough, the said output can be produced automatically even more often (or at a different time) on demand, based on the management's needs.

K-DTF is computed relying on our internal BO systems: computations are clearly detailed both for cash and for derivatives instruments and are updated every month end. Even in this case, automatic computations can be carried out even more often, depending on the company's needs.

K-AUM is also updated at the end of the month, even though computations can be potentially carried out any time, if need be, based on internally available data (gathered by an "ad-hoc" team and shared with the relevant departments via the AUMreport mailing list).

Please be aware that:

K-CMG is not applicable, being conceived as an alternative to K-NPR

K-TCD, K-CMH, K-ASA and K-COH are not applicable to Method's business model

Once the various K-factor requirements have been computed as indicated above, corporate regulatory capital is determined in line with IFPR provisions as max (PMR, FOR, KFR), with PMR=permanent min requirement (750k GBP, in the case of Method) and FOR=fixed overhead requirement (so far computed based on Dec20 audited financials).

Provided that PMR is expressed in GBP terms, while both FOR and KFR are EUR-denominated, the daily ECB EUR/GBP rate is used for conversion (an internally developed automatic procedure retrieves it directly from ECB website every morning).

As previously referred to, all the foregoing computations are recorded/automatically logged and available for consultation anytime on demand.

Although not strictly required from a regulatory standpoint, during 2021 Method has decided to complete a preliminary ICARA exercise, "to practice" with the new regulatory framework duly in advance. The said exercise has been documented and finally approved by the Board.

Market risks: Given the company's core business, market risk certainly represents one of the main sources of uncertainty to be managed effectively. Market wide and specific risk factors are closely monitored by the Risk Management Department on a real time basis on all the company's accounts (both individually and at the aggregate level), to make sure that the risk limits (VaR, Stop Loss, Maximum Position Held, Regulatory Capital requirements) are not breached.

Daily checks (t+1) are further carried out based on End of Day (t) positions/trades/orders, with a special focus on Stress Testing and Market Abuse. The internally adopted Stress Testing Programme and Market Abuse Process are kept up to date by the Risk Management Department and are always available for consultation upon demand.

Even assuming that adverse market conditions materialise on worldwide financial markets, causing severe instability and uncertainty, the company has an internal risk management framework in place to face the resulting turmoil effectively, without seriously undermining its going concern.

Liquidity risks: Stress tests carried out through 2021 have revealed that the Firm is robust enough to face extreme business conditions (both at an idiosyncratic and at a market wide level) over the medium term, thus corroborating the view that the maintained liquidity levels are adequate to survive even a severe turmoil.

Financial crime and fraud risks: The company conducts a yearly (at least) review of the risk that it may be used for financial crime: the whole process is overseen by the internal MLRO who reports directly to the senior management team. In general, the company is thought to be at a low risk profile for being used by external parties for money laundering or by internal parties for fraud. This is due to:

• the tripartite arrangement for the funds it manages where there is an administrator and electronic trade records

• trading activity carried out predominantly with other EEA or equivalent regulated institutions on regulated markets

- senior management responsibility for the review of systems and controls over time
- the oversight by senior management of third parties
- staff periodic (at least yearly) training on market abuse, money laundering and bribery

Given the internal risk management framework detailed above and considering the final outcomes resulting from internal periodic stress testing, the company is very likely to be able to face potential future uncertainties promptly and effectively, without undermining its going concern to any material extent.

Further details relating to risks are referred to in note 28 of the financial statements.

FINANCIAL KEY PERFORMANCE INDICATORS

The company measures turnover, gross profit and net profit as its financial key performance indicators, with an additional focus on ROE and CET1 Regulatory Capital ratio.

KPIs	2021	2020
Turnover	8,016,959	13,940,364
Gross profit	4,043,042	10,352,626
Net profit	8,530,773	101,301
ROE	0.39%	0.008%
CET1 Capital ratio (Q4)	23.6%	36.97%

Stress Testing is further carried out within the scope of the yearly ILAAP and ICAAP.

In the light of the above indicators, the directors are satisfied with the turnover and results achieved during the year.

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

This statement, explains how the Directors have engaged with employees, suppliers, customers and other stakeholders; and have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the impact of the company's operations on the community and the environment.

General confirmation of Directors' duties

Method's focus is on activities that enable it to promote the interests of its shareholders. This includes the development of strategy and the assessment of material factors impacting the sector in which the company operates, the monitoring of executive action and the continuing assessment of the operational activity of the company.

The likely consequences of any decision in the long term

The Directors understand the regulated market in which is operates and is mindful of the differing scenarios that Brexit may have on the business. Method is focused on the need to maintain access to the relevant traded regulated markets as part of its strategic planning.

The interests of the company's employees

The Directors recognise that Method's employees are fundamental and core to the business and delivery of the company's goals and ambitions. The success of the business is dependent upon the attraction and retention of well trained and motivated employees. The company ensures that employees are trained to the standards required for the company's trading activities in regulated markets. The Directors consider the implications of the decisions that it makes on the company's employees whenever relevant and feasible.

The need to foster the company's business relationships with suppliers, customers and others

Method has limited third party customers as the majority of its revenue is generated from proprietary trading in regulated markets. Where the company has third party customers the Directors of the company are in regular contact with those customers to discuss investment strategy, risk and opportunity relevant to the investment of funds. The relationships with third party customers have been built up over time.

Method's suppliers provide the business with both goods and services. The Directors review the supply's consumed in the company's business but as a trading brokerage consider the impact of the company's activities to a wider audience not to be material.

The impact of the company's operations on the community and the environment

As discussed above the Directors are mindful of the supply's that it consumes and the impact these may have on the environment and wider stakeholders in society.

The Directors are also mindful of the fact that its operations involve trading in regulated markets and that through its on going adherence with its FCA compliance obligations and internal control environment that it contributes to act as a responsible trader in the markets and thus meets its legal and moral duty to the wider community of stakeholders in society whom are benefited from stable conditions in regulated markets.

The need to act fairly between members of the company

Method only has one shareholder and so will always act fairly regarding the interests of its member. The Directors consider which course of action enables delivery of the company's strategy both operationally and in the longer term.

This report was approved by the board on 27 April 2022 and signed on its behalf.

G Dessi
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and of the profit or loss of the Company for that period.

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

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

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to €8,530,773 (2020 - €101,301).

The group's return on assets for the year was 18.68% (2020: 0.59%).

The directors paid a dividend of €nil during the year (2020: €nil).

DIRECTORS

The directors who served during the year were:

G Dessi

T De Ris (appointed 19 February 2021)

FUTURE DEVELOPMENTS

Brexit and Covid 19 are significant events impacting the UK and carry significant economic implications. Method is monitoring developments closely with a focus on strategy and mitigation of the risks to the company's trade and its employees.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Method has continued to communicate with its stakeholders as appropriate. The company has limited third party customers with whom the directors communicate with on a continuing basis. As a trading brokerage most of the company's activities are direct with the relevant regulated market. Method's suppliers provide services and goods to the company on normal commercial terms and Method communicates with its suppliers as necessary.

BRANCHES

During the year the company had a branch in Italy.

MATTERS COVERED IN THE STRATEGIC REPORT

The information relating to risks impacting the company and research activities are disclosed in the strategic report as allowed under section 414C (11) of the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 27 April 2022 and signed on its behalf.

G Dessi
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METHOD INVESTMENTS & ADVISORY LIMITED

OPINION

We have audited the financial statements of Method Investments & Advisory Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

CONCLUSIONS RELATING TO GOING CONCERN

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METHOD INVESTMENTS & ADVISORY LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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 DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METHOD INVESTMENTS & ADVISORY LIMITED (CONTINUED)

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

• Enquiry of management and those charged with governance around actual and potential litigation and claims;

• Enquiry of entity staff in and compliance functions to identify any instances of non-compliance with laws and regulations;

• Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;

• Reviewing minutes of meetings of those charged with governance and;

• Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' 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 Auditors' 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.

John Coverdale BSc FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors & Chartered Accountants

London, United Kingdom

27 April 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 €	2020 €
Turnover	4	**8,016,959**	13,940,364
Cost of sales		**(3,973,917)**	(3,587,738)
Gross profit		**4,043,042**	10,352,626
Research expenses		**(1,183,346)**	(2,108,095)
Administrative expenses		**(7,384,771)**	(7,828,180)
Other operating income	5	**109,115**	209,291
Fair value movements	16	**188,984**	(234,580)
Operating (loss)/profit	6	**(4,226,976)**	391,062
Income from fixed assets investments	10	**13,095,909**	-
Interest receivable and similar income	11	**12,128**	264,326
Interest payable and similar expenses	12	**(346,401)**	(443,661)
Profit before tax		**8,534,660**	211,727
Tax on profit	13	**(3,887)**	(110,426)
Profit for the financial year		**8,530,773**	101,301

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:€NIL).

The notes on pages 21 to 42 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		**2021** €		2020 €
Fixed assets					
Intangible assets	14		**-**		17,051
Tangible assets	15		**308,762**		363,407
Investments	16		**622,856**		421,564
			931,618		802,022
Current assets					
Debtors: amounts falling due within one year	17	**35,643,386**		5,624,122	
Cash at bank and in hand	18	**9,090,781**		10,676,881	
		44,734,167		16,301,003	
Creditors: amounts falling due within one year	19	**(14,995,118)**		(3,963,131)	
Net current assets			**29,739,049**		12,337,872
Net assets			**30,670,667**		13,139,894
Capital and reserves					
Called up share capital	22		**21,600,000**		12,600,000
Profit and loss account			**9,070,667**		539,894
			30,670,667		13,139,894

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2022.

G Dessi
Director

The notes on pages 21 to 42 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2021	12,600,000	539,894	13,139,894
Comprehensive income for the year			
Profit for the year	-	8,530,773	8,530,773
Total comprehensive income for the year	-	8,530,773	8,530,773
Shares issued during the year	9,000,000	-	9,000,000
At 31 December 2021	21,600,000	9,070,667	30,670,667

The notes on pages 21 to 42 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2020	**12,600,000**	**438,593**	**13,038,593**
Comprehensive income for the year			
Profit for the year	**-**	**101,301**	**101,301**
Total comprehensive income for the year	**-**	**101,301**	**101,301**
At 31 December 2020	**12,600,000**	**539,894**	**13,139,894**

The notes on pages 21 to 42 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	€	€
Cash flows from operating activities		
Profit for the financial year	**8,530,773**	101,301
Adjustments for:		
Amortisation of intangible assets	**17,051**	52,443
Depreciation of tangible assets	**201,904**	218,083
Loss on disposal of tangible assets	**280**	62
Interest paid	**478,198**	225,658
Interest received	**(13,101,209)**	(2,129)
Taxation charge	**3,887**	110,426
(Increase)/decrease in debtors	**(17,346,539)**	169,572
Decrease/(increase) in amounts owed by group undertakings	**496,579**	(501,600)
Increase in creditors	**9,350,776**	2,464,693
Increase in amounts owed to group undertakings	**1,400,000**	-
Fair value movements	**(188,984)**	234,580
Corporation taxes	**(77,282)**	(199,043)
Net cash generated from operating activities	**(10,234,566)**	2,874,046
Cash flows from investing activities		
Purchase of tangible fixed assets	**(147,259)**	(308,130)
Purchase of fixed asset investments	**(12,001)**	-
Purchase of share in associates	**(587)**	-
Interest received	**5,300**	2,129
Net cash from investing activities	**(154,547)**	(306,001)

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €	2020 €
Cash flows from financing activities		
Issue of ordinary shares	**9,000,000**	-
Interest paid	**(478,198)**	(225,658)
Net cash used in financing activities	**8,521,802**	(225,658)
Net (decrease)/increase in cash and cash equivalents	**(1,867,311)**	2,342,387
Cash and cash equivalents at beginning of year	**10,615,126**	8,272,739
Cash and cash equivalents at the end of year	**8,747,815**	10,615,126
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**9,090,781**	10,676,881
Bank overdrafts	**(342,966)**	(61,755)
	8,747,815	10,615,126

The notes on pages 21 to 42 form part of these financial statements.

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 €	Cash flows €	At 3 Decembe 202
Cash at bank and in hand	10,676,881	(1,586,100)	9,090,781
Bank overdrafts	(61,755)	(281,211)	(342,966)
	-	-	-
	10,615,126	(1,867,311)	8,747,815

The notes on pages 21 to 42 form part of these financial statements.

1. GENERAL INFORMATION

Method Investments & Advisory Limited is a private company limited by shares, incorporated in England & Wales. The company's registered number is 04316140.

The registered office of Method Investments & Advisory Limited is Third Floor, 40 New Bond Street, London, W1S 2RX.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are required to be excluded from consolidation by section 402 of the Companies Act 2006.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within other operating income. Rental income included in other operating income is recognised over the term of the lease.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 REVENUE

Turnover is stated net of value added tax and is attributable to the supply of investment management and investment advisory services, proprietary trading and brokerage. Management fees are recognised on a receivable basis when the company obtains the rights for consideration in exchange for its performance services.

Trading revenue comprises of all realised and unrealised gains and losses from changes in fair value of financial assets and financial liabilities held for trading, together with related income, expenses and dividends.

2.5 OPERATING LEASES

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.6 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.7 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. ACCOUNTING POLICIES (CONTINUED)

2.10 CURRENT AND DEFERRED TAXATION

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 COUNTERPARTY DEBTORS AND CREDITORS

Balances with clients and counterparties in respect of unsettled transactions are included in trading book debtors and trading book creditors at their gross trade value. They reflect the company's legal right and obligation at the balance sheet date.

2.12 INTANGIBLE ASSETS

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

The estimated useful lives range as follows:

Goodwill	-	5 years

2. ACCOUNTING POLICIES (CONTINUED)

2.13 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	-	6 years
Fixtures and fittings	-	5 years
Office equipment	-	3-10 years
Computer equipment	-	3-6 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at fair value. The subsidiaries are excluded from consolidation as they are either immaterial to the group or they are held as part of an investment portfolio. Fair value is measured at the amount an independent third party willing buyer and seller would exchange the assets for. The fair value is based on an assessment of observable prices in transactions of the subsidiaries acquired.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.15 ASSOCIATES

Associates are held at cost less impairment.

2.16 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.18 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 FINANCIAL INSTRUMENTS

If a financial asset is held for trading, it is classified as held at fair value through profit and loss (FVPL). Attributable transaction costs and changes in fair value are recognised in the Statement of Comprehensive Income in the period in which they arise.

Financial liabilities are classified at fair value through profit or loss (FVPL) if they are held for trading. Gains and losses on such financial liabilities are recognised within the Statement of Comprehensive Income in the period in which they arise.

Included in this category are securities held for trading (long and short positions) which are valued at the last transaction price at the close of business on the Balance Sheet date with gains or losses recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are recognised on trade date. Interest arising on financial assets or liabilities that are held for trading is reported within interest income and expense respectively using the effective interest method.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2. ACCOUNTING POLICIES (CONTINUED)

2.19 FINANCIAL INSTRUMENTS (continued)

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Determining the carrying amount of some assets and liabilities requires estimation of the effect of uncertain future events. The major source of estimation uncertainty impacting year end carrying amounts are as follows:

(a) fair value gains and losses on financial instruments.

(b) fair value gains and losses on investments in subsidiaries held as an investment portfolio.

(c) impairment assessment of investment in associate.

The carrying value of investments is disclosed in note 16.

The carrying value of investments in financial instruments is disclosed in notes 20 and 29.

4. TURNOVER

The whole of the turnover is attributable to the provision of investment management services, advisory services and proprietary trading income. Included in turnover is income of €758,444 (2020: €825,946) in relation to items not at fair value through profit and loss relating to investment management and advisory services.

Analysis of turnover by country of destination:

	2021	2020
	€	€
United Kingdom	**8,016,959**	13,940,364
	8,016,959	13,940,364

5. OTHER OPERATING INCOME

	2021	2020
	€	€
Execution fees receiavble and other sundry income	**109,115**	209,291
	109,115	209,291

6. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2021	2020
	€	€
Depreciation of tangible fixed assets	**201,903**	226,552
Amortisation of goodwill	**17,051**	52,443
Exchange differences	**26,734**	(5,410)
Other operating lease rentals	**125,906**	155,356
Defined contribution pension cost	**94,104**	85,111

7. AUDITORS' REMUNERATION

	2021	2020
	€	€
Auditors remuneration	57,136	43,781

Fees payable to the Company's auditor in respect of:

Other services relating to taxation	6,426	6,120
	6,426	6,120

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	€	€
Wages and salaries	2,488,749	3,373,629
Social security costs	436,656	414,183
Cost of defined contribution scheme	94,104	85,111
	3,019,509	3,872,923

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Trading and administration	29	28

9. DIRECTORS' REMUNERATION

	2021	2020
	€	€
Directors' emoluments	410,848	931,870
	410,848	931,870

The highest paid director received remuneration of €407,098 (2020 - €571,371).

10. INCOME FROM INVESTMENTS

	2021 €	2020 €
Dividends received from group undertakings	**13,095,909**	-
	13,095,909	-

11. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 €	2020 €
Interest receivable from group companies	**6,828**	262,197
Share of joint ventures' interest receivable	**-**	252
Other interest receivable	**5,300**	1,877
	12,128	264,326

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 €	2020 €
Bank interest payable	**478,198**	225,658
Other loan interest payable	**(131,797)**	218,003
	346,401	443,661

13. TAXATION

	2021 €	2020 €
Foreign tax		
Foreign tax on income for the year	**3,887**	110,426
Total current tax	**3,887**	110,426

13. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	€	€
Profit on ordinary activities before tax	**8,534,660**	211,727
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**1,621,585**	40,228
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**21,103**	3,065
Capital allowances for year in excess of depreciation	**(5,216)**	(26,793)
Amortisation of goodwill	**3,240**	9,964
Tax paid on foreign branch	**3,887**	110,426
Allowable tax relief on tax on tax paid on foreign branch	**-**	(14,018)
Fair value movements not subject to tax	**(35,907)**	44,570
Offset to trading losses brought forward	**884,424**	(57,016)
Non-trade loan relationships offset to losses brought forward	**(1,006)**	-
Dividends not subject to tax	**(2,488,223)**	-
Total tax charge for the year	**3,887**	110,426

14. INTANGIBLE ASSETS

	Goodwill
	€
Cost	
At 1 January 2021	261,500
At 31 December 2021	261,500
Amortisation	
At 1 January 2021	244,449
Charge for the year	17,051
At 31 December 2021	261,500
Net book value	
At 31 December 2021	-
At 31 December 2020	17,051

15. TANGIBLE FIXED ASSETS

	Leasehold improvements	Fixtures and fittings	Computer & Office equipment	Total
	€	€	€	€
Cost or valuation				
At 1 January 2021	154,510	161,701	1,868,203	2,184,414
Additions	-	447	146,812	147,259
At 31 December 2021	154,510	162,148	2,015,015	2,331,673
Depreciation				
At 1 January 2021	111,862	159,362	1,549,783	1,821,007
Charge for the year	19,246	1,200	181,458	201,904
At 31 December 2021	131,108	160,562	1,731,241	2,022,911
Net book value				
At 31 December 2021	23,402	1,586	283,774	308,762
At 31 December 2020	42,648	2,339	318,420	363,407

16. FIXED ASSET INVESTMENTS

	Investment in subsidiary companies	Investment in associates	Unlisted investments	Total
	€	€	€	€
VALUATION / COST				
At 1 January 2021	111,598	259,716	50,250	421,564
Additions	12,001	587	-	12,588
Disposals	-	(280)	-	(280)
Fair value gain	188,984	-	-	188,984
At 31 December 2021	312,583	260,023	50,250	622,856

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Agave Investments Holding S.a.r.l	4, Rue de Fort Wallis, L-2714, Luxembourg	Ordinary	100 %
Agave Investments Netherlands BV	Platanenlaan 18 Gemeente Rhenen, Netherlands	Ordinary	100 %
Method Asset Management S.a.r.l	Grand-Rue 36-38, 1660 Luxembourg	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
	€	€
Agave Investments Holding S.a.r.l	300,581	13,363,511
Agave Investments Netherlands BV	23,809	(44,628)
Method Asset Management S.a.r.l	(3,000)	(15,000)

ASSOCIATES

The following were associates of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Fasanara Capital Ltd	40 New Bond Street, London, W1S 2RX	Asset management	Ordinary "B"	25 %
Octagon Advisory Limited	Third Floor, 40 New Bond Street, London, W1S 2RX	Advisory services	Ordinary	50 %

17. DEBTORS

	2021 €	2020 €
Trade debtors	**1,535,832**	985,843
Amounts owed by group undertakings	**5,021**	501,600
Other debtors	**15,268,207**	464,580
Prepayments and accrued income	**192,267**	123,450
Deferred taxation	**188,559**	188,559
Financial instruments	**18,453,500**	3,360,090
	35,643,386	5,624,122

Included within other debtors are rental deposits totalling €56,087 (2020: €56,087) which are due in more than one year and are repayable on termination of the respective leases.

Included within other debtors is a loan due from Sphinx Holding Sarl totalling €15,000,000 (2020: €nil.) This balance was fully repaid in April 2022.

18. CASH AND CASH EQUIVALENTS

	2021 €	2020 €
Cash at bank and in hand	**9,090,781**	10,676,881
Less: bank overdrafts	**(342,966)**	(61,755)
	8,747,815	10,615,126

19. CREDITORS: Amounts falling due within one year

	2021	2020
	€	€
Bank overdrafts	342,966	61,755
Trade creditors	41,250	515,515
Amounts owed to group undertakings	1,400,000	-
Other taxation and social security	390,439	207,556
Other creditors	307,315	271,649
Accruals and deferred income	1,024,372	2,728,967
Financial instruments	11,488,776	177,689
	14,995,118	3,963,131

20. FINANCIAL INSTRUMENTS

	2021 €	2020 €
Financial assets		
Financial assets measured at fair value through profit and loss	**10,994,860**	383,690
Loans and receivables	**16,738,834**	1,955,192
Debentures	**7,458,640**	2,976,400
Cash at bank	**8,747,815**	10,676,881
	43,940,149	15,992,163
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	**11,488,776**	177,689
Financial liabilities measured at amortised cost	**691,531**	848,919
	12,180,307	1,026,608

Financial assets measured at fair value through profit or loss comprise securities held for trading.

Financial assets measured at amortised cost comprise receivables and cash at bank.

Financial liabilities measured at fair value through profit or loss comprise securities held for trading.

Financial liabilities measured at amortised cost comprise loans and payables.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and occurring market transactions. The quoted market price used for financial assets held by the company is the last transaction price. These instruments are included in Level 2, where Level 2 is defined as inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 1 is defined as an asset or liability traded on an active market with readily available prices or quotations.

There is no long term debt held by the company.

21. DEFERRED TAXATION

	2021
	€
At beginning of year	188,559
At end of year	**188,559**

The deferred tax asset is made up as follows:

	2021	2020
	€	€
Accelerated capital allowances	(5,429)	(5,429)
Tax losses carried forward	193,988	193,988
	188,559	188,559

22. SHARE CAPITAL

	2021	2020
	€	€
Allotted, called up and fully paid		
21,600,000 (2020 - 12,600,000) Ordinary shares of €1 each	21,600,000	12,600,000

During the year €9,000,000 shares were issued at par for cash.

23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	€	€
Not later than 1 year	3,825,774	3,665,582
Later than 1 year and not later than 5 years	85,197	417,366
Later than 5 years	-	48,321
	3,910,971	4,131,269

24. TRANSACTIONS WITH DIRECTORS

At the end of 2021 there was a balance due from G Dessi of €nil (2020: €52,000) incurring interest of 5.0% per annum.

There is also a short term advance to G Dessi of €64,330 payable on demand (2020: €109,621) where interest is not charged.

25. RELATED PARTY TRANSACTIONS

The amount owed to Fasanara Capital Limited at the year end was €883 (2020: owed by €5,484).

At the year end, Method Asset Management S.a.r.l., a subsidiary of the company owed €5,021 (2020: nil).

At the year end Method Investment & Advisory Limited owed Gordon Investments Limited, the ultimate parent company €1,400,000 (2020: €nil).

26. POST BALANCE SHEET EVENTS

On 10 February 2022 €1,400,000 shares were issued at par for cash.

27. CONTROLLING PARTY

The immediate and ultimate parent company is Gordon Investments Limited (a company registered in Cyprus).

G Dessi is the ultimate controlling party.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The internally adopted Risk Management Program mainly focuses on 4 risk areas

1. Market Risk (including Specific Risk, General Market Risk, Foreign Exchange Rate Risk, Interest Rate Risk, and Price Risk)

2. Liquidity Risk

3. Credit Risk and Large Exposures (Concentration Risk)

4. Operational Risk (including Legal Risk, Reputational Risk and IT Risk)

These are deemed to be of material importance to the Firm, given the current business profile of the company and considering the macroeconomic environment where it operates.

Clearly enough, the foregoing risk categories are monitored both individually and jointly, so as to highlight potential interdependences that could give rise to further adverse exposures.

Risk assessment is carried out daily (online and end of day) by the Risk Management Departments and periodically (usually monthly) by the Board of Directors (BoD) and by the Risk Committee (RC).

In particular, daily risk assessment mainly focuses on Market Risk and aims at checking whether all the Firm's accounts operate within the defined risk limits (defined by the BoD and ratified by the RC), while the periodical risk assessment takes into account internal/external business contingencies and develops a detailed guidance outlining the level and type of risks deemed to be acceptable.

Market Risk

Specific and General Market Risk: Based on CRR/CRDIV provisions, the Risk Management Department monitors all the trading book positions in real time (both at the individual and aggregate/company level), to make sure that existing exposures do not exceed the risk thresholds established by the Board and further checks that the related regulatory capital requirements (CET1 ratio, Tier1 Ratio and Total Capital Ratio) are reasonably above regulatory minima. Online computations are logged on company's servers and are always available for consultation upon demand.

Interest Rate Risk: The company's exposure to interest rate fluctuations both on its cash positions and on its borrowings is limited. In particular, special attention is paid to trading book positions that are substantially hedged in order to minimise the potential adverse impact of a sudden interest rate swing. At December 2021, the company's overall position on Government Bonds, Bonds, Shares, ETFs, Options, Futures and Certificates amounted to EUR 6,964,724.

Foreign Exchange Rate Risk: The company has bank accounts/revenues denominated in foreign currencies and is thus exposed to some FX risk.

FX exposures hence arise from normal business activities being denominated in different currencies, with primary non EURO exposures being versus the GBP (19%) and the USD (9%).

As established by the Senior Management, hedging against Foreign Exchange Rate Risk falls under the full responsibility of the various traders, whose daily (non EURO denominated) activity is further monitored on a continuous basis by the Back Office, the Accounting and the Risk Management Departments.

Price Risk: The company is minimally exposed to price risk, as its primary business is trading and any positions held are most often liquidated within a few days. The company's investment policy further requires trading positions to be fully hedged against market fluctuations (with the sole exception of some Algo strategies, that are either required to close out all positions at market close, or to hold only a few K EUR at most) and preferably placed in highly liquid, low risk securities (such as highly rated government bonds).

Liquidity Risk

The internally adopted Liquidity Management policy requires maintaining sufficient liquid resources to eliminate the risk that liabilities cannot be met as they fall due or that financial resources can only be secured at excessive cost: daily cash management is thus implemented through a close and continuous focus on liquid funds, carried out, in particular, by the Accounting Department in cooperation with the Back Office team.

Based on FCA provisions, the firm's liquidity buffer is calculated on a monthly basis. Any issues arising in respect of the financial or liquidity situation in the intervening periods are reported to senior management for action to be taken as required.

Liquidity management under normal business conditions: The company keeps an amount in its bank accounts at all times, with any cash required to be held for working capital purposes being held over and above this amount. This policy ensures that, under normal business conditions, the firm will always expect to have sufficient liquidity in order to be able to meet its liabilities as they fall due. Furthermore, the assets currently held are denominated in currencies which are readily convertible into other currencies in which liabilities may be denominated (typically UK Sterling, US Dollar), so that no liquidity risk is presented by this either.

Liquidity management under stressed conditions: In addition to the daily and monthly checks described above, the company periodically considers the liquidity risk it may be exposed to under extreme market scenarios (stress testing). These are documented within its ICARA, which are prepared with the support of all departments and finally approved by the BoD.

Credit risk and Large Exposures

Credit Risk refers to all potential losses the company may suffer in case a given counterparty fails to meet its contractual obligations. Stated in alternative terms, Credit Risk can be conceived as the risk of loss associated with an obligor's inability to fulfil its payment obligations. In practice, the foregoing definition includes both:

(i) Counterparty exposure risk concentration risk: Defined as the risk of loss arising from large individual exposures and significant exposures to groups of counterparties whose likelihood of default is driven by common underlying factors, e.g. business sector, economy, geographical location, instrument type.

(ii) Counterparty default risk: Defined as the potential loss arising from a counterparty's failure to meet the terms of any contract or otherwise fail to perform as agreed.

The foregoing categories of credit risk refer both to the trading and to the non trading books and can potentially pose material issues to the company. In order to grant effective risk monitoring, the aforementioned risks are managed through a pervasive internal policy, structured as follows:

• Before dealing with any new counterparty, the Compliance Department verifies whether it is either authorised and regulated by the FCA (or an equivalent overseas regulator) or listed on a recognised investment exchange and submits the new counterparty to the RC for the official approval;

• Once the counterparty is officially accepted (the Compliance Department distributes a full list of approved counterparties to the staff on a monthly basis), the Risk Management Department checks that the corresponding trading book position does not exceed the officially established risk threshold, especially in all those cases where the said position has been kept open for more than 10 days;

• Senior Management is always kept informed of all large exposures, deemed to give rise to potential credit issues, so to allow for immediate remedial action whenever this is thought to be necessary.

Based on the current business environment, credit risk is considered to be low, as the vast majority of the company's counterparties are large financial institutions. However, continuous attention is paid to settlement statistics and exposures to all counterparties with outstanding unsettled transactions. Regulatory Capital Requirement for unsettled transactions is computed by the Risk Management team, based on CRR/CRD IV provisions.

At December 2021, the company's largest exposures were predominantly held towards large financial institutions. This is fully consistent with the firm's main business.

At December 2021, the company's largest exposure to a single counterparty was equal to EUR 4,771,713. The said position was held towards a large European financial institution.

Operational Risk

Please refer to "Principal Risks and Uncertainties" section in the Strategic report.

Clearly enough, in addition to the above risk categories, the company also pays particular attention to its capital (defined as equity + reserves) to make sure it is able to operate as a going concern. Following a strict prudential approach, the internal Capital Management policy also requires the company to hold surplus capital over FCA requirement on a continuous basis: the available capital has thus met the minimum capital requirements set out by the regulator all through 2021.

29. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities have been categorised as follows:

	2021	2020
	€	€
Financial assets (excluding cash and private equity investments)		
Financial instruments at fair value fair value through profit and loss	**10,994,860**	383,690
Debenture measured at amortised cost	**7,458,640**	2,976,400
Loans and receivables measured at amortised cost	**17,189,886**	2,264,032
	35,643,386	5,624,122
Financial liabilities		
Financial instruments at fair value through profit and loss	**11,488,776**	177,689
Financial liabilities measured at amortised cost	**2,106,342**	3,785,443
	13,595,118	3,963,132

30. Net dealing income

Gains and losses on financial assets and liabilities measured at fair value through profit and loss were as follows:

	2021	2020
	€	€
Net dealing income	**3,284,598**	9,526,680
Interest receivable	**12,128**	264,326
Interest payable	**(346,401)**	(443,661)
	2,950,325	9,347,345