



MFM Holding Ltd
Group report and financial statements
For the year ended 31 December 2021

Registered number: 09553255

MFM HOLDING LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021





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For the year ended 31 December 2021

Company information

Directors	Giovanni Daprà Paolo Galvani James Roy Clark Paolo Gesess Jurgen Weber Camillo Greco Markus Deliano
Company Secretary	Taylor Wessing LLP
Registered Office	90-92 Pentonville Road London N1 9HS
Independent Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ
Registered Number	09553255



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Strategic report

The Directors present their Strategic report of MFM Holding Ltd (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31 December 2021.

Principal activities

MFM Holding Ltd (“the Company”) was incorporated under the Companies Act 2006 on 21 April 2015. Its principal activity is as a holding company with operating subsidiaries offering discretionary investment management, advisory & execution services in the United Kingdom and Italy (collectively “MFM Group” or “the Group”).

The Group operates in the UK via MFM Investment Ltd (‘MFM UK’) an Financial Conduct Authority (‘FCA’) regulated entity, in Italy via a local branch of MFM UK (‘the Italian branch’ or ‘MFM Italy’) which is authorised and supervised by the Commissione Nazionale per le Società e la Borsa (‘CONSOB’) and the Bank of Italy (‘BOI’). There is additionally a registered insurance broking entity in Italy, MFM Future SRL (regulated by IVASS).

Business review

During 2021, the focus of the Group has been on delivering continuous growth in market share and customer base, while further investing in new product development. This has resulted in revenue for the year of £9.8m (2020: £5.6m) and a loss before tax for the year of £12.7m (2020: £13.0m) for the Group.

As part of the Group’s response to the coronavirus pandemic, the Group elected to focus on its more mature markets in Italy and the UK and withdraw from its German operations. This process involved the sale of the customer base to an alternative provider, and the sale of the legal entities to a separate third-party buyer which was completed in July 2021.

COVID-19

Over the last two years the Group prioritised the health and well-being of all its employees, whilst ensuring that the day-to-day operations remained open. Regular health and safety assessments were conducted, home working was supported, and offices in the UK and Italy worked to the relevant local Covid-19 operational guidelines.

Since the easing of COVID-19 restrictions, the Group has continued to operate flexible working policy for all its employees, that emphasises that although we believe that we generally work at our best as a team in an office environment, there are clear benefits to working from home for many of our employees and we therefore want to find the right balance of home/office working that maximises output, whilst allowing individual choice and maintaining a working environment that attracts and keeps staff.

Principal risks and uncertainties

The Group offers investment advisory services to its clients on a discretionary basis, it does not trade as principal, nor does it undertake any proprietary trading activities. As a result, the financial results and position of the Group are not directly exposed to fluctuations in underlying trading activity or the value of assets under management (“AUM”) held on behalf of clients other than in respect of future revenue entitlements, which are calculated as a proportion of the AUM held.

The Group has a diversified customer base, which offers a degree of protection to revenue and underlying assets under management in the event that certain customers choose to withdraw their AUM in the future. Senior Management actively monitors the performance of AUM during the period and enters into an active dialogue with MFM clients to manage their expectations and thus reduce the risk of significant levels of capital withdrawals.

From an operational perspective, the key risk resides mainly in the operations of the regulated subsidiaries and relates to the potential for non-compliance with the regulations issued by their respective regulators that could lead to the Group being subject to a fine or a ban on trading activities. A fine issued to any individual subsidiary would have an impact on the financial performance of the Group as a whole. This risk is managed through regular review and monitoring of the compliance framework by Senior Management.

In addition, the Group is heavily reliant on the effective and timely operation of its IT systems. The risk of IT failure is mitigated through regular revisions of the systems and by ensuring that back-up systems that will enable both the continuity of service and the restoration of historic data, are in place.

Management continues to review the Group’s liquidity requirements through active budget forecasting and monitoring in order to keep the MFM Group shareholders apprised of any future capital needs.

As a result of the United Kingdom’s exit from the European Union, MFM Investment Limited’s Italian branch took advantage of passporting rights under the transitional period of the withdrawal agreement between the UK and the EU which was effective until 31 December 2020. After that date, the Italian operations became supervised directly by the Bank of Italy and CONSOB and all related client assets were transferred to a custodian domiciled within the EU.



Key performance indicators

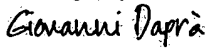
The Group, given its growth phase, focuses on key performance indicators that allow management to measure the investments made and the economies of scale resulting from previous year's investments. These KPIs are primarily fee income, assets under management, net inflows, and active customer count.

The Group showed strong fee growth in 2021, increase in the revenue by 75% to £9.8m (2020: £5.6m). Underlying this income growth was an increase in total customer AUM in the UK and Italy of 69% to £2,048m (2020: £1,213m). Active customers¹ in the UK and Italy rose by 40% to 71,541 (2020: 51,028). The results of the Group as set out on page 16, show a loss for the year before tax of £12.7m against a loss before tax of £13.0m in 2020. As at 31 December 2021, the Group had net assets of £12.0m (2020: £25.5m).

The Group has an administrative cost base of £22.3m (2020: £18.2m), comprising chiefly staff costs of £9.6m (2020: £8.4m) with other significant items being marketing costs, depositary & trading costs, legal and professional fees and establishment costs etc.

The KPIs are in line with the board's expectations and reflect the investment made to ensure further product and service developments that they believe will drive the Group's customer and revenue growth in future years. The Group continues to grow its profile in both the Italian and UK markets, driven by marketing expenditures and investments into its technology to expand the product and service offering, and to improve the user experience for its customers.

Approved by the Directors and signed on their behalf by:

DocuSigned by:

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Giovanni Daprà

Director

28 September 2022

Registered number 09553255

¹ Active Customers = customers with funds in their investment account



Directors' report

The Directors present their report, together with the audited consolidated financial statements of the Group and the Company for the year ended 31 December 2021.

Results for the year and dividends

The Group made a loss before tax for the year of £12.7m (2020: loss of £13.0m). The Directors do not recommend the payment of a dividend (2020: £nil).

Future developments and post balance sheet events

The Directors consider that the core operating activities of the Group will remain unchanged for the foreseeable future.

In Q1 2022, the Group received funding via a Series D raise of £45.1m. The new funding will be used in some key areas, like expanding the product proposition and building out new B2B2C propositions through further strategic partnerships.

Russian invasion of Ukraine

The Russian invasion of Ukraine in February 2022 has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This could have significant adverse economic effects on financial markets and on energy costs, and may also result in increased cyber-attacks and an increase in costs associated with such cyber-attacks, all of which could have a materially adverse effect on the Group's results of operations, financial condition or prospects. The Group will continue to monitor the situation and risks to the business.

Environmental matters

The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislations and regulations.

Directors

The Directors of the Company throughout the year and up to the date of this report are detailed on page 2.

Going concern

The Group's consolidated financial statements have been prepared on the going concern basis as, after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence within its current regulatory permissions and business model for the foreseeable future.

In making this conclusion, the directors have given consideration to a number of key sources of information such as the Group's business plan and forecasts, current trading performance, ongoing impact of Covid-19, inflation and related economic stress.

The directors have also considered severe but plausible downside scenarios, including a worst-case scenario where the macroeconomic environment stresses market performance and customer growth rates for an extended period. No scenario where the Group was stress tested resulted in an inability to meet its medium-term cash or regulatory capital requirements.

The financial forecasts incorporate significant levels of marketing and other spending associated with driving the Group's growth which can be considered discretionary over the short term. As a contingency measure, in adverse circumstances a high proportion of this spending could be cut to extend the Group's cash runway significantly.

The Group recorded a loss before tax for the year ended 31 December 2021 of £12.7m (2020: loss before tax of £13.0m) and incurred a net cash outflow from core operating activities of £10.7m (2020: £13.3m) during this period.

Following the completion of £45.1m fundraise in Q1 2022, the Group maintain significant cash reserves and the directors are therefore confident that sufficient financial resources will be available to enable the Group to meet the cash requirements as set out in the relevant projections.

With this new fundraising, management believes regulatory capital requirements continue to be met and that the business will have sufficient liquidity to meet its liabilities for at least the next 12 months. As such, the preparation of the financial statements on a going concern basis remains appropriate as the Group expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Auditor

The Auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the companies ACT 2006.



Disclosure of information to the auditor

Pursuant to section 418 (2) of the Companies Act 2006, each of the Directors confirm that:

- so far as they are each aware, there was no relevant audit information of which the Group's and the Company's auditor is unaware; and
- they have taken all reasonable steps that a Director ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Group's and the Company's auditor is aware of that information.

This report was approved by the Directors and signed on their behalf on 28 September 2022 by:

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Giovanni Daprà
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Giovanni Daprà

Director

Registered number 09553255

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic report, the Directors' report and the consolidated financial statements in accordance with applicable laws 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 International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and of the Company and that 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 of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Independent auditor's report to the members of MFM Holding Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of MFM Holding Ltd (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions 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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

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 group's and parent 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.

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included FCA regulatory permissions including Client Assets, GDPR, Bribery Act and FSMA 2000.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition in relation to the management fee income: this represents the primary revenue stream and our fraud risk has been pinpointed to the use of correct fee rates in calculating these fees. We have obtained an understanding of the key controls within the reporting process for this account balance. We have engaged our IT specialists to build an analytical model to recalculate this balance, recalculating the management fee income on a daily basis using daily asset under management (“AUM”) values and investment product fee rates. Further to this, we have performed detailed testing over the key inputs to this recalculation, specifically the fee rates and AUMs to assess their accuracy and completeness.
- Valuation of Hurdle shares: we have validated valuation, appropriateness of the approach, assumptions, underlying data and mechanical accuracy of the model management have used to determine the liability.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements

Opinions 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.



In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

DocuSigned by:
David Rozier
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David Rozier (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom
29 September 2022



Consolidated statement of comprehensive income for the year ended 31 December 2021

	Notes	2021 £	(Restated)* 2020 £
Continuing operations			
Revenue	3	9,777,138	5,593,897
Other income	4	672,445	-
Administrative expenses	5	(22,326,510)	(18,175,258)
Operating loss		(11,876,927)	(12,581,361)
Finance costs	8	(831,620)	(397,876)
Loss for the year before tax		(12,708,547)	(12,979,237)
Taxation	9	(31,850)	-
Loss for the year from continuing operations		(12,740,397)	(12,979,237)
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the company)	10	(163,022)	(1,555,022)
Loss for the year		(12,903,419)	(14,534,259)
Other comprehensive income			
Actuarial gain/(loss on post-employment benefits)		(7,140)	27,620
Foreign exchange (loss)/gain arising on the translation of foreign operations and goodwill		(908,078)	106,838
Total comprehensive loss for the year		(13,818,637)	(14,399,801)
Total comprehensive loss attributable to:			
Owners of the parent		(13,818,637)	(14,399,801)

*The comparative information includes prior year adjustment. More details are included in note 2.19.

The notes on pages 23 to 61 are an integral part of these financial statements.



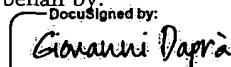
MFM Holding Ltd
Group report and financial statements
For the year ended 31 December 2021

Consolidated statement of financial position as at 31 December 2021

	Notes	2021 £	(Restated)* 2020 £	(Restated)* 2019 £
Assets				
Non-current assets				
Goodwill	11	4,992,676	5,566,362	5,532,144
Intangible assets	12	80,970	120,932	659,146
Property, plant and equipment	13	144,053	145,789	231,286
Right-of-use lease assets	14	234,872	504,111	754,528
		<u>5,452,571</u>	<u>6,337,194</u>	<u>7,177,104</u>
Current assets				
Trade and other receivables	16	31,648,614	7,290,229	7,495,135
Cash and cash equivalents	17	10,593,223	21,365,302	20,462,742
		<u>42,241,837</u>	<u>28,655,531</u>	<u>27,957,877</u>
Total assets		<u>47,694,408</u>	<u>34,992,725</u>	<u>35,134,981</u>
Liabilities				
Current liabilities				
Trade and other payables	18	32,371,417	6,772,506	7,659,328
Right-of-use lease liabilities	14	187,700	248,757	248,757
		<u>32,559,117</u>	<u>7,021,263</u>	<u>7,908,085</u>
Non-current liabilities				
Liabilities at fair value through profit or loss	19	2,603,684	1,801,656	1,459,705
Post-employment benefits	20	387,643	345,592	-
Right-of-use lease liabilities	14	65,445	278,888	523,620
		<u>3,056,772</u>	<u>2,426,136</u>	<u>1,983,325</u>
Total liabilities		<u>35,615,889</u>	<u>9,447,399</u>	<u>9,891,410</u>
Net assets		<u>12,078,519</u>	<u>25,545,326</u>	<u>25,243,571</u>
Equity				
Share capital	21	6,699	6,688	5,977
Share premium	21	95,054,147	95,044,055	80,455,789
Merger relief reserve		1,402,715	1,402,715	1,402,715
Share options reserve	22	878,349	536,622	424,043
Revaluation reserve		20,480	27,620	-
Retained earnings		(85,485,277)	(72,581,858)	(58,047,599)
Exchange rate translation reserve		201,406	1,109,484	1,002,646
Total equity		<u>12,078,519</u>	<u>25,545,326</u>	<u>25,243,571</u>

*The retained earnings as at 1 January 2020 and 1 January 2021 includes prior year adjustment of £355,616 and £113,944 respectively. More details are included in note 2.19.

The financial statements were approved for issue by the Board of Directors on 28 September 2022 and signed on their behalf by:

DocuSigned by:

 Giovanni Daprà

Director
Registered number 09553255



Consolidated statement of changes in equity as at 31 December 2021

	Share capital and Share premium £	Merger relief reserve £	Share options reserve (Restated*) £	Revaluation reserve £	Retained earnings (Restated*) £	Exchange rate translation reserve £	Total £
Balance at 31 December 2019 – previously reported	80,461,766	1,402,715	68,427	-	(57,691,983)	1,002,646	25,243,571
Prior year adjustment (Note:2.19)	-	-	355,616	-	(355,616)	-	-
At 1 January 2020 (as restated*)	80,461,766	1,402,715	424,043	-	(58,047,599)	1,002,646	25,243,571
Loss for the period after tax	-	-	-	-	(14,420,315)	-	(14,420,315)
Prior year adjustment (Note:2.19)	-	-	113,944	-	(113,944)	-	-
Issue of ordinary shares	14,588,977	-	-	-	-	-	14,588,977
Gain on post-employment benefits	-	-	-	27,620	-	-	27,620
Foreign exchange gain arising on the translation of foreign operations	-	-	-	-	-	106,838	106,838
Amount recognised in respect of pending stock options	-	-	(1,365)	-	-	-	(1,365)
Balance at 31 December 2020 (restated*)	95,050,743	1,402,715	536,622	27,620	(72,581,858)	1,109,484	25,545,326
Loss for the period after tax	-	-	-	-	(12,903,419)	-	(12,903,419)
Issue of ordinary shares	10,104	-	-	-	-	-	10,104
Loss on post-employment benefits	-	-	-	(7,140)	-	-	(7,140)
Foreign exchange loss arising on the translation of foreign operations	-	-	-	-	-	(908,078)	(908,078)
Employee share scheme - value of employee services	-	-	341,727	-	-	-	341,727
Balance at 31 December 2021	95,060,847	1,402,715	878,349	20,480	(85,485,277)	201,406	12,078,520

*The retained earnings as at 1 January 2020 and 1 January 2021 includes prior year adjustment of £355,616 and £113,944 respectively. More details are included in note 2.19.

The notes on pages 23 to 61 are an integral part of these financial statements.



Consolidated statement of cash flows for the year ended 31 December 2021

	2021	(Restated*) 2020
	£	£
Cash flows from operating activities		
Loss on ordinary activities before tax including discontinued operations	(12,871,569)	(14,534,259)
Adjustments for:		
Depreciation and amortisation charge	314,405	730,250
Goodwill write-offs and impairment	232,876	232,303
Impairment of intangible assets	-	228,745
Non-cash employee benefits expense – share based payments (Note:2.19)	341,727	112,579
Finance costs	802,028	341,951
(Increase)/decrease in trade and other receivables	(24,358,385)	204,906
Increase/(decrease) in trade and other payables	25,598,911	(886,822)
Increase in post-employment benefits	34,911	373,212
Income tax paid	(31,850)	-
Right-of-use lease interest charge	(23,863)	(39,690)
Foreign exchange loss	(706,855)	(119,993)
Net cash used in operating activities	(10,667,665)	(13,356,818)
Cash flows from investing activities		
Purchase of property, plant and equipment	(74,861)	(57,682)
Acquisition of intangible assets	(477)	(27,185)
Net proceeds from the disposal of foreign subsidiary	174,293	-
Net cash generated from/(used in) investing activities	98,955	(84,867)
Cash flows from financing activities		
Exercise of share options	10,104	-
Issue of share capital	-	14,588,977
Right-of-use lease liability principal movement	(213,472)	(244,732)
Net cash (used in)/generated from financing activities	(203,369)	14,344,245
Net increase in cash and cash equivalents	(10,772,079)	902,560
Cash and cash equivalents, beginning of the period	21,365,302	20,462,742
Cash and cash equivalents, end of the period	10,593,223	21,365,302

*The comparative information includes prior year adjustment. More details are included in note 2.19.

The notes on pages 23 to 61 are an integral part of these financial statements.



MFM Holding Ltd
Group report and financial statements
For the year ended 31 December 2021

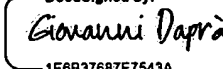
Company statement of financial position as at 31 December 2021

	Notes	2021 £	(Restated*) 2020 £	(Restated*) 2019 £
Assets				
Non-current assets				
Investments	15	82,619,982	72,362,112	63,235,240
		82,619,982	72,362,112	63,235,240
Current assets				
Trade and other receivables	16	417,547	194,015	77,530
Cash and cash equivalents	17	3,712,689	14,946,331	11,329,084
		4,130,236	15,140,346	11,406,614
Total assets		86,750,218	87,502,458	74,641,854
Liabilities				
Current Liabilities				
Trade and other payables	18	437,570	487,778	131,036
		437,570	487,778	131,036
Non-current liabilities				
Liabilities at fair value through profit or loss	19	2,603,684	1,801,656	1,459,705
		2,603,684	1,801,656	1,459,705
Total Liabilities		3,041,254	2,289,434	1,590,741
Net assets		83,708,964	85,213,024	73,051,113
Equity				
Share capital	21	6,699	6,688	5,977
Share premium		95,054,147	95,044,055	80,455,789
Merger relief reserve		1,402,715	1,402,715	1,402,715
Share options reserve	22	878,349	536,622	424,043
Retained earnings		(13,632,947)	(11,777,056)	(9,237,411)
Total equity		83,708,964	85,213,024	73,051,113

*The retained earnings and capital reserves as at 1 January 2020 and 1 January 2021 includes prior year adjustment of £355,616 and £113,944 respectively. More details are included in note 2.19.

The parent company MFM Holding Ltd made a loss for the year end 31 December 2021 equal to £1,855,891 (2020: loss of £2,539,645). The notes on pages 23 to 61 are an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on 28 September 2022 and signed on their behalf by:

DocuSigned by:

 1E8B27687E7543A...
 Giovanni Daprà
 Director
 Registered number 09553255



Company statement of changes in equity as at 31 December 2021

	Share capital and Share premium £	Merger relief reserve £	Share options reserve (Restated*) £	Retained earnings (Restated*) £	Total £
Balance at 31 December 2019 – previously reported	80,461,766	1,402,715	68,427	(9,237,411)	72,695,497
Prior year adjustment (Note: 2.19)	-	-	355,616	-	355,616
At 1 January 2020 (as restated*)	80,461,766	1,402,715	424,043	(9,237,411)	73,051,113
Loss for the period after tax	-	-	-	(2,539,645)	(2,539,645)
Prior year adjustment (Note: 2.19)	-	-	113,944	-	113,944
Issue of ordinary shares	14,588,977	-	-	-	14,588,977
Amount recognised in respect of pending stock options	-	-	(1,365)	-	(1,365)
Balance at 31 December 2020 (restated*)	95,050,743	1,402,715	536,622	(11,777,056)	85,213,024
Loss for the period after tax	-	-	-	(1,855,891)	(1,855,891)
Issue of ordinary shares	10,104	-	-	-	10,104
Employee share scheme - value of employee services	-	-	341,727	-	341,727
Balance at 31 December 2021	95,060,847	1,402,715	878,349	(13,632,947)	83,708,964

*The retained earnings and capital reserves as at 1 January 2020 and 1 January 2021 includes prior year adjustment of £355,616 and £113,944 respectively. More details are included in note 2.19.

The notes on pages 23 to 61 are an integral part of these financial statements.



MFM Holding Ltd
Group report and financial statements
For the year ended 31 December 2021

Company statement of cash flows for the year ended 31 December 2021

	2021	(Restated*) 2020
	£	£
Cash flows from operating activities		
Loss on ordinary activities before tax	(1,855,891)	(2,539,645)
Adjustments for:		
Loss on the disposal of subsidiary	172,122	-
Finance costs	802,028	341,951
Increase in trade and other receivables	(223,532)	(140,598)
(Decrease)/Increase in trade and other payables	(50,205)	356,739
Foreign exchange gain/(loss)	125	(1,365)
Net cash used in operating activities	(1,155,353)	(1,980,918)
Cash flows from investing activities		
Proceeds from the disposal of subsidiary	811,608	-
Investment in subsidiaries	(10,900,000)	(8,988,812)
Net cash generated used in investing activities	(10,088,392)	(8,988,812)
Cash flows from financing activities		
Exercise of share options	10,104	-
Issue of share capital	-	14,588,977
Net cash generated from financing activities	10,104	14,588,977
Net (decrease in)/increase in cash and cash equivalents	(11,233,642)	3,617,247
Cash and cash equivalents, beginning of the period	14,946,331	11,329,084
Cash and cash equivalents, end of the period	3,712,689	14,946,331

*The comparative information includes prior year adjustment. More details are included in note 2.19.

The notes on pages 23 to 61 are an integral part of these financial statements.



Notes to the financial statements for the year ended 31 December 2021

1 General information

MFM Holding Ltd (“the Company”) was incorporated under the Companies Act 2006 on 21 April 2015. Its principal activity is as a holding company with operating subsidiaries offering discretionary investment management, advisory & execution services in the United Kingdom, Italy and Germany (collectively “MFM Group” or “the Group”).

The Group operates in the UK via MFM Investment Ltd (‘MFM UK’) an Financial Conduct Authority (‘FCA’) regulated entity, in Italy via a local branch of MFM UK (‘the Italian branch’ or ‘MFM Italy’) which is authorised and supervised by the Commissione Nazionale per le Società e la Borsa (‘CONSOB’) and the Bank of Italy (‘BOI’). There is additionally a registered insurance broking entity in Italy, MFM Future SRL (regulated by IVASS).

Going concern

The Group’s consolidated financial statements have been prepared on the going concern basis as, after making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence within its current regulatory permissions and business model for the foreseeable future.

In making this conclusion, the directors have given consideration to a number of key sources of information such as the Group’s business plan and forecasts, current trading performance, ongoing impact of Covid-19, inflation and related economic stress.

The directors have also considered severe but plausible downside scenarios, including a worst-case scenario where the macroeconomic environment stresses market performance and customer growth rates for an extended period. No scenario where the Group was stress tested resulted in an inability to meet its medium-term cash or regulatory capital requirements.

These forecasts incorporate significant levels of marketing and other spending associated with driving the Group’s growth which can be considered discretionary over the short term. As a contingency measure, in adverse circumstances a high proportion of this spending could be cut to extend the Group’s cash runway significantly.

The Group recorded a loss before tax for the year ended 31 December 2021 of £12.7m (2020: loss before tax of £13.0m) and incurred a net cash outflow from core operating activities of £10.7m (2020: £13.3m) during this period.

**Going concern (continued)**

Following the completion of £45.1m fundraise in Q1 2022, the Group maintain significant cash reserves and the directors are therefore confident that sufficient financial resources will be available to enable the Group to meet the cash requirements as set out in the relevant projections.

With this new fundraising, management believes regulatory capital requirements continue to be met and that the business will have sufficient liquidity to meet its liabilities for at least the next 12 months. As such, the preparation of the financial statements on a going concern basis remains appropriate as the Group expects to be able to meet its obligations as and when they fall due for the foreseeable future.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Statement of compliance

These financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) applied in accordance with the provisions of the Companies Act 2006.

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis in accordance with IFRS applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements are presented in the currency of the primary activities of the Group. For the purpose of the Group financial statements, the results and financial position are presented in Pound Sterling (£).

The preparation of these financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies (refer to section 2.18 for more details).

No accounting standards that came into effect in 2021 have had a material impact on the Group. No accounting standards issued but not yet effective are expected to have a material impact on the Group.

2.3 Basis of consolidation

The Group's financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as of 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. Subsidiaries are fully consolidated from the date on which the Group effectively obtains control. They are de-consolidated from the date that control ceases.

All intra-group balances, transactions, income and expenses are eliminated in preparing the consolidated financial statements.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

Costs related to acquisitions, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Statement of comprehensive income and related notes.

2.4 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured, the Group has established a right to the revenue and there is no unfulfilled obligation that would affect the amount of revenue recognised.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Revenue earned as management fees is received from customers for the provision of investment management related services, is charged monthly in arrears for the service provided in the period, recognised on an accruals basis. The consideration due is based on the value of the clients' underlying assets under management ("AUM"). Although based on the value of AUM, this is not considered to constitute variable income in which significant judgement or estimation is involved. The calculations are based on point in time calculations

2.4 Revenue (continued)

that represent the end of a quantifiable period, in accordance with contracts with clients. These are charged to and paid by the client on the same value, constituting the transaction price for the specific period. At any time during the period clients may choose to remove their assets from a service and no further revenue is received.

All obligations to the customer are satisfied at the end of the period in which the service is provided, with payment due immediately.

2.5 Administrative expenses

Expenses are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred on an accrual basis.

2.6 Foreign currency translation

Relevant transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each year-end-date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Exchange differences on these transactions are taken to the statement of comprehensive income.

2.7 Foreign operations translation

In accordance with IAS 21 – Foreign Currency transactions and Foreign operations, the economic results for the period of several subsidiaries in the Group's foreign operations are translated from Euro (their functional currency) into Pound Sterling (the presentational currency of the Group) using the average exchange rate for the period.

In addition, the financial position of the foreign subsidiaries (assets and liabilities) is translated using the exchange rate at the end of the year.

The differences arising from the different exchange rates used to translate the economic result for the period and the financial position of the foreign operations of the Group is included in a specific equity reserve, the exchange rate translation reserve, and is also included in the statement of comprehensive income as Foreign exchange gain/loss on the re-translation of foreign operations.

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. Any impairment is recognised in the Statement of Comprehensive Income.

Impairment provisions for trade receivables are recognised on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of non-payment of the 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. Any impairment is recognised in the Statement of Comprehensive Income.

Trade and other receivables are classified as current assets if the receivable is due within one year or less. If not, they are presented as non-current assets.

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method, which equated to the cost expected to be needed to settle the obligation on behalf of the Group.

Financial liabilities held at fair value through profit or loss are designated at initial recognition, and at each balance sheet date the liability is re-measured to fair value and any movement in that fair value is taken directly to the income statement.

2.9 Investments in subsidiaries

Investments in subsidiaries are held at cost less impairment. Any impairment is recognised in the Statement of Comprehensive Income.

2.10 Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation and any adjustment for impairment. Cost includes all amounts required to bring the asset to its current location and position. Any impairment is recognised in the Statement of Comprehensive Income. Depreciation is calculated to write down the cost of all computer equipment and furniture to estimated residual value over their expected useful economic life on a straight-line basis. The depreciation rates applied are as follows:

Computer equipment	3 - 5 years
Furniture and fixtures	3 - 8 years

2.11 Intangible assets

Intangible assets are recognised at purchase cost, including any cost incurred to bring the asset into use, less accumulated amortisation and impairment losses. Any impairment is recognised in the Statement of Comprehensive Income.

An intangible asset with a definite life is subject to straight-line amortisation over its estimated useful life.

Intangible assets owned by the Group include a trademark, software development and goodwill.

The Group has assessed to amortise the trademark held through its subsidiary MFM Investment Ltd over 10 years. The internally developed software meets the criteria outlined by IAS 38 for an intangible asset and is determined to have a finite life. The asset is amortised on a straight-line basis over 3 years.

The Group measures goodwill at the acquisition date as the fair value of consideration transferred less the net recognised amount of the identifiable assets acquired and liabilities assumed.

Goodwill is carried at cost less any accumulated impairment and is assessed annually for impairment. Goodwill is translated to Pound Sterling, with exchange differences taken to Other Comprehensive Income.

2.12 Right-of-use lease assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

2.13 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

2.14 Current income tax

Current income tax is calculated on the basis of the applicable tax law in the jurisdiction in which profits are generated by the Group's activities.

The tax expense represents the sum of the tax currently payable and any deferred tax. The current tax charge is based on the taxable profit or loss for the year. Taxable profit or loss differs from profit or loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

2.15 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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 rates enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

2.15 Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied.

2.16 Share based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments (share options) of the Company. The fair value of the employee services received in exchange for the grant of the options and shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions; and
- excluding the impact of any service and non-market performance vesting condition (for example, profitability, sales growth targets and remaining an employee of the Company over a specified time period).

Non-market vesting conditions are included in assumptions about the number of options and shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimate of the number of options and shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium in the Company's financial statements.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investment in subsidiary undertakings, with a corresponding credit to equity in the Parent entity (the Company) accounts.

2.17 Post-employment benefits

Post-employment benefits are comprised of the *Trattamento di Fine Rapporto* ("TFR") provision for Italy-based employees, which is accounted for as a defined benefit obligation. It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method. This method distributes the cost of the benefit evenly over the employee's working life. The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to total years of service at the time of payment of the benefit.

Costs relating to TFR recognised in the Income Statement as Administrative Expenses are the amounts accrued in the year by employees, as well as the interest costs and the plan service costs.

Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of obligations at period end, are recognised in equity under the Revaluation Reserve in accordance with IAS 19 and are also shown in the Statement of Comprehensive Income.

2.18 Significant judgements, key assumptions and estimates

The Group's financial statements are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the financial statements.

The significant judgements and estimates applied by the Group in the financial statements have been applied on a consistent basis with the financial statements for the year to 31 December 2021.

Critical judgments in applying the Group's accounting policies

Recognition of deferred tax asset

Deferred tax assets are recognised for the unused tax losses to the extent it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits.

Based on the recent reforecast, the Group is not expected to reach sustained profitability until late 2025. As a result, the directors have concluded that the criteria to recognise a deferred tax asset in relation to the carried forward losses has not yet been met, and therefore no deferred tax asset has been recognised as at 31 December 2021 in respect of the carried forward losses in the Group (see Note 9).

Key accounting estimates and assumptions

The Group determines estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in detailed below.



Key accounting estimates and assumptions (continued)

Hurdle shares

Liabilities held at fair value through profit or loss are constituted of amounts payable to hurdle shareholders if the Group is sold to a third-party buyer or is listed in an initial public offering.

The total value of this priority payment varies in relation to the exit price achieved but is subject to a cap of £7,673,018. At the balance sheet date, the fair value of the liability has been assessed as £2,603,684 with the assistance of a third-party specialist, using a Monte Carlo Simulations in which the key inputs are the assessed probability of a future exit and the current valuation of the Group. The minimum exit price that triggers a pay-out is £175m, with the maximum priority payment being made in the event of an exit at £300m or higher.

The carrying amount of hurdle shares liability would be an estimated £0.8m higher or £0.6m lower were date of future exit used in the valuation model to differ by 2 years from management's estimates.



2.19 Prior year adjustment

The Group has restated the comparative amounts for the year ended 31 December 2020 and the statement of financial position as at 1 January 2020 by recording a prior year adjustment for £113,944 and £355,616 respectively. The adjustment relates to an update to the valuation of the share options granted to the employees of the Group in previous years. The adjustments have resulted in an increase in the previously reported retained losses for the year ended 31 December 2020 and in the opening reserves as at 1 January 2020 respectively with a corresponding increase recorded in the capital reserve.

Restatement of comparatives - Group

Equity	2020	Previously reported 2020	2019	Previously reported 2019
	£	£	£	£
Share options reserve	536,622	67,062	424,043	68,427
Retained earnings	(72,581,858)	(72,112,298)	(58,047,599)	(57,691,983)

Statement of comprehensive income	2020	Previously reported 2020
	£	£
Administrative expenses	18,175,258	18,061,314

** The prior year adjustment does not have any impact on the Statement of cash flows for the Group.

Restatement of comparatives - Company

	2020	Previously reported 2020	2019	Previously reported 2019
	£	£	£	£
Assets				
Investments	72,362,112	71,892,552	63,235,240	62,879,624
Equity				
Share options reserve	536,622	67,062	424,043	68,427

** The prior year adjustment does not have any impact either on the Statement of comprehensive income or the Statement of cash flows for the Company.



3 Revenue

	2021	(Restated)** 2020
	£	£
Management fee income	9,777,138	5,593,897
	<u>9,777,138</u>	<u>5,593,897</u>

** The FY20 comparatives have been restated to present separately the results of discontinued operations. (see Note 10).

Management fee income consists chiefly of compensation for the investment management services. Fees are calculated on an accrual basis using as a percentage of the average value of assets under management each day charged in arrears on a monthly basis.

4 Other income

	2021	2020
	£	£
Other income	672,445	-
	<u>672,445</u>	<u>-</u>

Other income comprises refund due from the tax authorities in respect of R&D tax credit and cost reimbursements receivable from partners for marketing and development expenditure incurred during the year.



5 Administrative expenses

Administrative expenses incurred during the year include:

	2021	(Restated)** 2020
	£	£
Depreciation of property, plant and equipment	62,111	117,068
Depreciation of right-of-use lease assets	217,275	276,527
Amortisation of intangible assets	31,995	336,654
Impairment of goodwill	-	232,303
Depository and trading costs	1,782,831	1,323,146
Auditor's remuneration	253,930	190,000
Legal and professional fees	1,391,304	627,734
Staff costs	9,625,062	8,366,684
Gain or loss on foreign currency	97,941	(422,774)
Other administrative expenses	8,864,061	7,127,916
	22,326,510	18,175,258

** The FY20 comparatives have been restated for the prior year adjustment (see Note: 2.19) and to present separately the results of discontinued operations. (see Note 10).

Auditors' remuneration

Deloitte was appointed as the Group's auditor for the year ended 31 December 2021. Accordingly, comparative figures in the table below for the year ended 31 December 2020 is in respect of remuneration paid to the Group's previous auditor, Ernst & Young LLP.

	2021	2020
	£	£
Audit fees		
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	45,000	20,000
Fee payable to the Company's auditors for the audit of the Company's annual accounts	110,000	102,000
Fee payable to the Company's auditors for the audit-related assurance service	98,930	68,000
	253,930	190,000
Non-audit service fees		
Other non-assurance services	50,000	-
Total non-audit service fees	50,000	-



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6 Wages and salaries

	2021	(Restated)** 2020
	£	£
Staff costs for the Group during the period		
Wages and salaries	6,769,639	5,608,312
Social security costs	2,181,169	2,306,213
Share based payment	341,727	113,944
Post-employment benefits – defined benefit	189,159	271,671
Post-employment benefits – defined contribution	143,868	66,544
	<u>9,625,062</u>	<u>8,366,684</u>

** The FY20 comparatives have been restated for the prior year adjustment (see Note:2.19) and to present separately the results of discontinued operations. (see Note 10).

Post-employment benefits (defined benefit) relates to the TFR liabilities owed to Italian employees, detailed in Note 20.

Number of people employed by the Group as of 31 December	2021	2020
Employees		
MFM Investment Ltd	47	47
MFM Investment Ltd – Italian branch	79	74
MFM Deutschland AG	-	7
Directors	<u>7</u>	<u>7</u>
	<u>133</u>	<u>135</u>

Five of the seven directors are not employees of the Group.



7 Directors' emoluments

	2021 £	2020 £
Remuneration and other emoluments	590,533	427,983
Post-employment benefits (defined contribution)	15,131	13,168
Remuneration and other emoluments	605,664	441,151

The amount paid by the Company during the year to the highest paid director was £377,860 (2020: £229,823). Furthermore, the highest paid director exercised 109,421 share options at a strike price of £0.05 each.

8 Finance costs

	2021 £	2020 £
Bank interest	5,729	20,653
Right-of-use lease liability interest cost	23,863	35,272
Revaluation of liabilities held at fair value through profit or loss	802,028	341,951
	831,620	397,876

The losses on liabilities held at fair value through profit or loss relates to valuation changes on the potential liability owed to hurdle shareholders in the event that the Group is sold to a third-party buyer or listed in an initial public offering (See Note 19).



9 Taxation

The major components of income tax expense for the year ended 31 December 2021 are:

	2021 £	2020 £
Current tax:		
UK Corporation tax at 19.00% (2020: 19.00%)	-	-
Adjustments in respect of prior periods	31,850	-
Total current tax	31,850	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax	-	-
Total tax charge on profit/(loss) on ordinary activities	31,850	-

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2021 £	(Restated) 2020 £
Loss on ordinary activities before tax (including discontinued operations)	(12,871,569)	(14,534,259)
Tax on loss on ordinary activities at standard rate of 19.00% (2020: 19.00%)	(2,445,598)	(2,761,509)
Effects of:		
Fixed asset differences	(6,071)	-
Items of expenses not deductible for tax purposes	426,741	456,550
Other timing differences	77,802	-
Difference in tax rates	(43,158)	-
Movement in deferred tax not recognised	2,022,134	2,304,959
Total tax charge for the period	31,850	-

The tax charge represents the amount of tax deducted from the RDEC receivable for 2019.



9 Taxation (continued)

Factors that may affect future tax charges

Factors that may affect the Group's future tax charge include the geographic location of the Group's earnings, the tax rates in those locations, changes in tax legislation and the recognition of previously unrecognised tax losses. The Finance Act 2021 passed into legislation in May 2021 and increased the main rate of UK corporation tax from 19% to 25% effective from 1 April 2023.

A deferred tax asset has not been recognised in respect of tax losses carried forward totalling £17.9m (2020: £5.4m) as there is insufficient evidence as to their recoverability. See note 2.18 for further details on the consideration of the recognition of deferred tax assets in relation to carried forward losses.

However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 December 2021 continue to be measured at the full 25% rate noted above. The estimated impact of the reversal of the corporation tax rate increase would be to reduce the deferred tax asset by £4.3m.



10 Discontinued operations

In July 2021, the Group disposed of its 100% interest in German operations (MFM Deutschland AG and MFM Investment GmbH) which is the only operation presented as a discontinued operation in 2021.

The post-tax gain on disposal of discontinued operations was determined as follows:

	2021
	£
Cash consideration received	811,608
Cash disposed of	(637,315)
Net cash inflow on disposal of discontinued operation	<u>174,293</u>
<i>Net assets disposed (other than cash):</i>	
Goodwill	(232,876)
Trade and other receivables	(298,856)
Trade and other payables	458,036
	<u>(73,696)</u>
Gain on disposal of discontinued operation	<u>100,597</u>



10 Discontinued operations (continued)

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	2021	2020
	£	£
Revenue	42,846	583,154
Other income	-	50,655
Administrative expenses	(306,465)	(2,184,413)
Finance costs	-	(4,418)
Gain from selling discontinued operations after tax	100,597	-
Loss for the year	(163,022)	(1,555,022)

Result of discontinued operations

The statement of cash flows includes the following amounts relating to discontinued operations:

	2021	2020
	£	£
Operating activities	(156,848)	(1,287,001)
Investing activities	-	-
Financial activities	-	779,733
Net cash used in discontinued operations	(156,848)	(507,268)



11 Goodwill

	2021 £	2020 £
As at 1 January	5,566,362	5,532,144
Impairment	-	(232,303)
Elimination on the disposal of subsidiary	(232,876)	-
FX differences	(340,810)	266,521
As at 31 December	<u>4,992,676</u>	<u>5,566,362</u>

The Group has measured the goodwill at cost being the excess of the aggregate of the consideration transferred over the internally calculated fair value of net identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill acquired in a business combination is, from the acquisition date, allocated to the Cash Generating Units (CGUs) that are expected to benefit from that business combination.

At the balance sheet date, the Group had two CGUs, being MFM Investment Ltd (including branch operations) and MFM Deutschland AG and its subsidiary (German operations) to which goodwill is attached. The goodwill associated with each CGU is shown below:

	2021 £	2020 £
MFM Investment Ltd	4,992,676	5,315,806
MFM Deutschland AG	-	250,556
Total	<u>4,992,676</u>	<u>5,566,362</u>

Goodwill associated with MFM Deutschland AG and its subsidiary was eliminated on the disposal of interest in German operations (see note 10).

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The impairment test involved comparing the carrying value of the assets held for use to their recoverable amount. The recoverable amount represents the higher of the entity's fair value net of selling costs and its value in use.

In the prior year ended 31 December 2020 impairment of £0.2m was recorded in relation to the goodwill in MFM Deutschland AG and its subsidiary, as the recoverable amount

11 Goodwill (continued)

calculated was below the carrying amount following an impairment test.

The impairment was assessed under value-in-use calculations. The fair value review also took into consideration the group valuation for the Series D funding round in January 2022 and the estimated market capitalisations of the comparable companies, based on calibrated revenue multiples.

The Group prepares a five-year management plan for its operations, which is used in the value-in-use calculations. After this period, a terminal growth rate of 3% has been applied to the cash flow to derive a terminal value for the CGU. The resultant cash flows have been discounted at a pre-tax discounted rate of 10%.

The review did not identify any impairment to the goodwill due to adequate headroom of expected recoverable amount over the carrying amount.



12 Intangible assets – Group

	Trademark	Software	Development costs	Total
	£	£	£	£
Cost				
As at 1 January 2020	45,000	436,255	511,370	992,625
Additions	-	27,185	-	27,185
Write-offs**	-	(15,675)	(511,370)	(527,045)
FX differences	-	-	-	266,522
As at 31 December 2020	45,000	447,765	-	492,765
Additions	-	477	-	477
Impairments & write-offs		(3,354)		(3,354)
Elimination on disposal		(255,065)		(255,065)
FX differences		(7,719)		(7,719)
As at 31 December 2021	45,000	182,104	-	227,104
Accumulated amortisation				
As at 1 January 2020	14,813	190,824	127,842	333,479
Charge for year	4,500	161,697	170,457	336,654
Write-off**	-	-	(298,299)	(298,299)
As at 31 December 2020	19,313	352,521	-	371,834
Charge for year	4,500	27,134		31,634
Elimination on disposal		(255,064)		(255,064)
FX differences		(2,269)		(2,269)
As at 31 December 2021	23,813	122,322	-	146,134
Net book value				
As at 31 December 2020	25,688	95,244	-	120,932
As at 31 December 2021	21,188	59,782	-	80,970

** The write-off of development costs in FY20 is in relation to German operations.



13 Property, plant and equipment – Group

	Furniture	Computer	Total
	£	Equipment	£
		£	
Cost			
At 1 January 2020	448,178	173,752	622,130
Additions	19,676	11,895	31,571
FX differences	-	-	-
At 31 December 2020	467,854	185,847	653,701
Additions	7,823	67,038	74,861
Elimination on disposal	-	(4,317)	(4,317)
FX differences	(16,312)	(7,738)	(24,050)
At 31 December 2021	459,365	240,830	700,195
Accumulated depreciation			
As at 1 January 2020	294,077	96,767	390,844
Charge for year	97,177	19,891	117,068
FX differences	-	-	-
At 31 December 2020	391,254	116,658	507,912
Charge for year	34,178	29,289	63,468
Elimination on disposal	-	-	-
FX differences	(10,933)	(4,304)	(15,238)
At 31 December 2021	414,499	141,643	556,142
Net book value			
At 1 January 2021	76,600	69,189	145,789
At 31 December 2021	44,866	99,187	144,053



14 Leases

The Group has operating lease contracts for its office locations.

	Right-of-use lease assets £
Cost	
As at 1 January 2020	1,006,934
Additions	26,111
As at 31 December 2020	<u>1,033,044</u>
Additions	-
Elimination on disposal	(122,794)
FX differences	(27,533)
As at 31 December 2021	<u>882,718</u>
Accumulated depreciation	
As at 1 January 2020	252,406
Charge for year	276,527
As at 31 December 2020	<u>528,933</u>
Charge for year	215,949
Elimination on disposal	(85,629)
FX differences	(11,408)
As at 31 December 2021	<u>647,846</u>
Net book value	
As at 31 December 2020	<u>504,111</u>
As at 31 December 2021	<u>234,872</u>



14 Leases (continued)

Set out below are the carrying amounts of lease and the movements during the year:

	Lease liabilities
	£
As at 1 January 2020	772,377
Accretion of interest	39,690
Payments	(284,422)
As at 31 December 2020	<u>527,645</u>
Accretion of interest	23,863
Payments	(260,956)
Elimination on disposal	(137,407)
As at 31 December 2021	<u>253,145</u>
Current:	187,700
Non-current:	64,445



15 Investment in subsidiary – Company

	2021	(Restated) 2020
	£	£
Cost and net book amount		
As at 1 January	72,362,112	63,235,240
Investment in subsidiaries	10,900,000	10,468,360
Capital contribution regarding employee services in subsidiaries	341,727	113,944
Impairment	-	(1,455,686)
Elimination on the disposal of subsidiary	(983,857)	-
As at 31 December	<u>82,619,982</u>	<u>72,362,112</u>

The investment in subsidiary undertakings are all stated at cost less any provision for impairment.

During the year, the Company made capital contributions in the form of cash transfers of £10.9m (2020: £9.6m) to MFM Investment Ltd, £nil (2020: £0.8m) to MFM Deutschland AG and £nil (2020: £0.1m) to MFM Future S.R.L.

In July 2021, the Group disposed of 100% interest in German operations (MFM Deutschland AG and MFM Investment GmbH) for £0.8m. The Company has recognised a net loss of £0.2m on the disposal of its interest in German operations.

No impairment was recognised in the year ended 31 December 2021 in relation to investment in subsidiary undertakings.

In the prior year ended 31 December 2020 impairment of £1.5m was recorded in relation to the MFM Deutschland AG and its subsidiaries, as the recoverable amount calculated was below the carrying amount following an impairment test.



15 Investment in subsidiary – Company (continued)

Details of the Company's subsidiaries are as follows:

Name of Company	Principal place of business and country of incorporation	Nature of business	Ownership
MFM Investment Ltd	90-92 Pentonville Road N1 9HS London United Kingdom	Investment management	100%
MFM Future S.R.L.	Via Antonio da Recanate, 1, 20124 Milano MI, Italy	Insurance broking	100%

16 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade receivables (net of doubtful debts)	1,649,726	862,814	328,000	120,000
Prepayments and accrued income	1,513,615	1,431,999	32,243	23,501
VAT receivables	208,634	515,880	57,304	50,514
R&D grant receivable	135,782	-	-	-
Client taxes receivable	28,101,098	4,293,216	-	-
Other receivables	39,759	186,320	-	-
	31,648,614	7,290,229	417,547	194,015

The maximum exposure to credit risk at the reporting date is the carrying value of each of the receivables mentioned above.

Client taxes receivable are taxes on capital gains, dividends and stamp duty that the Group collects from customers and relays to the Italian tax authorities. The majority of the 2021 balance relates to capital gains taxes, which are correlated to market performance and as such highly variable between periods.

The Directors do not consider any impairment provision is necessary against the above assets and consider that the carrying amount of the Group's receivables is a reasonable approximation of their fair value. No trade receivables were overdue or impaired.

17 Cash and cash equivalents



	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank and on hand	10,593,223	21,365,302	3,712,689	14,946,331
	10,593,223	21,365,302	3,712,689	14,946,331

The cash and cash equivalents balance is made up fully of cash and bank deposits. The carrying amount of these assets is approximately equal to their fair value.

18 Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade payables	1,393,107	927,867	18,758	329,067
Accruals and deferred income	1,872,968	858,020	417,986	45,493
Other taxes and social security	174,795	558,633	-	-
Client taxes payable	27,943,620	3,986,180	-	-
Other current liabilities	986,927	441,809	826	113,218
	32,371,417	6,772,506	437,570	487,778

Client taxes payable are amounts payable to the Italian tax authorities for tax on capital gains, dividends and stamp duty incurred by Italian customers. The majority of the balance relates to capital gains taxes, which are correlated to market performance and as such highly variable between periods.

The Directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

19 Liabilities at fair value through profit or loss

Liabilities held at fair value through profit or loss are constituted of amounts payable to hurdle shareholders if the Group is sold to a third-party buyer or is listed in an initial public offering.

The total value of this priority payment varies in relation to the exit price achieved but is subject to a cap of £7,673,018. At the balance sheet date, the fair value of the liability has been assessed as £2,603,684 (2020: £1,801,656). This value was determined with the assistance of a third-party specialist, using a Monte Carlo Simulations model in which the key inputs are the assessed probability of a future exit and the current valuation of the Group. The minimum exit price that triggers a pay-out is £175m, with the maximum priority payment being made in the event of an exit at £300m or higher.

These liabilities have been categorised as fair value level 3 as the valuation inputs are based on non-observable market data which is liable to affect the valuation materially.

20 Post-employment benefits

Post-employment benefits are comprised of the TFR provision for employees of the Group's Italian operations. Employees may elect to have their TFR paid into a registered pension scheme as it is earned (in which case it is accounted for as a defined contribution benefit) or held with the Group to be paid directly to them on termination of employment. Amounts withheld with the Group are accounted for as a defined benefit obligation.

The following table shows the main actuarial assumptions used to calculate the defined benefit liability.

	2021
Wage growth rate	5.00%
Inflation rate	1.50%
Discount annual rate	0.483%
	2021
	£
Provisions for the year	
Current service cost	131,372
Interest expense on defined benefit obligations	(64)
Benefits paid	(72,500)
	2020
	£
Actuarial gains/(losses) recognised in revaluation reserves	
Actuarial gains/(losses) for the year	(7,140)
Actuarial gains/(losses) on demographic assumptions	(1,240)
Actuarial gains/(losses) on financial assumptions	(3,181)

As required by IAS 19 Revised, a sensitivity analysis was conducted aimed at identifying how the present value of the liability changes when the actuarial assumptions considered most significant are changed, while keeping the other actuarial assumptions constant. A 0.5% decrease in interest rates would increase the overall liability by £24,356 (6.2%), whereas a 0.5% increase in interest rates would decrease it by £16,099 (4.1%).



21 Share capital

	2021		2020	
	Number	£	Number	£
Allotted, called up and fully paid:				
Ordinary shares of £0.0001 each	5,491,027	549	5,377,578	538
A-1 shares of £0.0001 each	6,086,900	609	6,086,900	609
A-2 shares of £0.0001 each	8,929,488	893	8,929,488	893
A-3 shares of £0.0001 each	2,211,752	221	2,211,752	221
B-1 shares of £0.0001 each	24,201,866	2,420	24,201,866	2,420
C shares of £0.0001 each	15,430,860	1,543	15,430,860	1,543
£0.0001 hurdle shares	4,635,187	464	4,635,187	464
A hurdle shares	6	-	6	-
B hurdle shares	26	-	26	-
Balance carried forward	66,987,112	6,699	66,873,663	6,688

The Company has various classes of shares as outlined in the preceding table. All classes have voting rights except for the A hurdle shares and B hurdle shares.

During 2021, the Company issued 113,449 ordinary shares of £0.0001 ranking pari passu with ordinary shares in issue (2020: Nil) in connection with employee share schemes, giving rise to a total share premium of £10,093 (2020: £Nil).

Holders of the Ordinary shares, A-1 shares, A-2 shares, A-3 shares, B-1 shares and C shares have equal entitlement to dividend distributions in proportion to the number of shares held by them. Hurdle shares carry no right to participate in dividend payments.

In the event of a winding down of the Company, the remaining assets of the Company after payment of liabilities and costs of such winding down are distributed in the manner and order of priority as set out for dividend distribution.

The A hurdle shares and B hurdle shares carry rights to receive a priority share of the proceeds of sale in the event that the Company is sold to a third party or listed in an initial public offering. The potential payment has been classified as a fair value liability through profit or loss, for further details refer to Note 19.

The £0.0001 hurdle shares carry rights to receive a priority share of the proceeds of sale (behind the A and B hurdle shares but ahead of all other share classes) in the event that the Company is sold to a third party or listed in an initial public offering. The total value of this priority share is variable but subject to a cap of £30m.

22 Share-based payment

The Company operates share schemes for the employees of the Group. The terms of the main current schemes from which the Company's employees benefit are as follows:

EMI Options

Prior to June 2018, the Company issued options to UK employees under the EMI Option Scheme. Since then, the Company is not eligible to issue under the scheme.

CSOP

The Company has an unapproved option scheme (CSOP) for all employees of the Group. In accordance with standard vesting terms, the full award will vest four years after the vesting start date, with 25% vesting on the first anniversary of the vesting date and 2.08% monthly thereafter. If the options remain unexercised after a period of ten years from the date of grant, the option expire. Options are forfeited if the employee leaves the Group before the options vest.

Options with performance conditions

The Company also operates a share option scheme where the vesting is contingent upon performance against set targets: revenue growth, AUM growth and/or business valuation at a liquidity event. These awards are designed to incentivise employees by delivering performance related pay when the business targets are met.

All share-based incentives are subject to service conditions. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. The estimate of the fair value of the share-based incentives is measured using market prices. When market prices do not exist for shares or rights to shares with similar characteristics, fair value is determined by using a valuation technique (either the Monte Carlo or Black-Scholes pricing model as is most appropriate for each scheme).

Charge for the year

Included in operating expenses of the Group is a charge for share-based payments of £0.3m (2020: £0.1m) that arises from transactions accounted for as equity-settled share-based payment transactions.



22 Share-based payment (continued)

Movements in share plans

Details of movements in the share schemes during the year are as follows:

	EMI Options		Unapproved Options		Total	
	Number and WAEP ¹		Number and WAEP		Number and WAEP	
	Number	£	Number	£	Number	£
Outstanding at 1 January 2021	750,568	1.68	1,993,385	1.80	2,743,953	1.77
Granted during the period	-	-	1,015,835	2.33	1,015,835	2.33
Exercised during the period	-	-	(113,449)	0.09	(113,449)	0.09
Forfeited during the period	(27,642)	1.80	(331,849)	2.08	(359,491)	2.06
Outstanding at 31 December 2021	722,926	1.68	2,563,922	2.05	3,286,848	1.97

	EMI Options		Unapproved Options		Total	
	Number and WAEP ¹		Number and WAEP		Number and WAEP	
	Number	£	Number	£	Number	£
Outstanding at 1 January 2020	861,838	1.70	1,311,353	1.45	2,173,191	1.55
Granted during the period	-	-	2,732,840	2.33	2,732,840	2.33
Exercised during the period	(2,089)	1.80	(15,430)	0.05	(17,519)	0.26
Forfeited during the period	(109,181)	1.80	(2,035,378)	2.30	(2,144,559)	2.28
Outstanding at 31 December 2020	750,568	1.68	1,993,385	1.80	2,743,953	1.77

1. Weighted average exercise price



22 Share-based payment (continued)

EMI and CSOP Valuation

The weighted average fair values of options granted under the EMI and CSOP Options Scheme were range between £0.403 and £1.14 (2020: £0.383 and £0.675) per option respectively. These values were determined using the Black-Scholes valuation model. The significant inputs into the model are as follows:

CSOP options scheme	31 December 2021	31 December 2020
Share price (between)	£4.02 - £4.53	£2.80 - £3.51
Exercise price at	£2.33	£2.33
Expected life	4 years	4 years
Expected volatility	25%	22% - 26%
Dividend yield	Nil	Nil

Options with Performance Conditions

In determining the fair value of Options with performance conditions, the Black-Scholes valuation model was used with the following inputs:

	31 December 2021
Exercise price at	£2.33
Expected life	2 years
Expected volatility	25%
Vesting probability	50%
Dividend yield	Nil

23 Financial instruments and risk management

The Group's financial instruments comprise of cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Company's senior managers are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board on their activities.

The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in others. The Group's risk management policies (both formal and informal) are established to identify and analysis the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and ensure any limits are adhered to. The Group's activities are reviewed regularly and potential risks are considered.

Risk factors

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk, interest rate risk, liquidity risks and foreign exchange risk.

Market risk

The most significant element of market risk to which the Group is exposed is foreign exchange rate risk.

The Group is exposed to foreign exchange rate risk as a result of cash held in euros and the inclusion in the financial statements of the results of the Italian branch of its subsidiary MFM Investment Ltd.



23 Financial instruments and risk management (continued)

The below sensitivity analysis is performed based on the sensitivity of the Group's net assets and loss for the period after tax to movements in foreign currency exchange rates assuming a 10% movement in exchange rates against sterling.

£'000	Appreciation in pound sterling		Depreciation in pound sterling	
	Income Statement	Equity	Income Statement	Equity
At 31 December				
US Dollars	2	-	(2)	-
Euros	599	-	(599)	-
	<u>601</u>	<u>-</u>	<u>(601)</u>	<u>-</u>

Interest rate risk

The business is fully equity funded, and therefore the Group is not exposed to interest rate risk. Interest received on cash deposits is considered to be negligible.

Other price risk

The Group is not exposed to market risk with respect to financial instruments as it does not hold any marketable securities.

Credit risk

Management fees charged are credited directly to the Group from the clients' Moneyfarm accounts, and as a result the Group's credit risk is minimal. The maximum exposure to credit risk is represented by the value of assets shown in Notes 16 and 17.

Liquidity risk

The Group seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage the Group's reputation.

Trading assets and liabilities have not been analysed by contractual maturity because trading assets and liabilities are typically held for short periods of time and are considered to be repayable on demand at the values shown in Notes 16, 17 and 18.



23 Financial instruments and risk management (continued)

An analysis of the contractual maturity of other liabilities is presented below:

	<1 year	2-5 years	No contractual maturity	2021
Liabilities at fair value through profit or loss	-	-	2,603,684	2,603,684
Lease liabilities	187,700	65,445	-	253,145
	187,700	65,445	2,603,684	2,856,829

Hurdle shares liability has been categorised as fair value level 3 as the valuation inputs are based on non-observable market data which is liable to affect the valuation materially.

Capital management

The Group's objectives when managing capital are to comply with the capital requirements set by the financial market regulators to which the Group is subject, and to safeguard the Group's ability to continue as a going concern in order to provide optimal returns for shareholders.

Following the introduction of the Investment Firm Prudential Regime (IFPR), Moneyfarm conducted and documented its Internal Capital Adequacy and Risk Assessment (ICARA) process. The ICARA process is linked to the overall risk management, business planning and capital management cycle, with each of these components informing the others.

The Group must at all times meet the relevant minimum capital requirements of the Regulation. The Group is required to maintain a prescribed excess of total capital resources over its capital resources requirements. The Group has established processes and controls in place to monitor and manage its capital adequacy position. The Group maintains an ICARA which is updated annually.



24 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. In the opinion of the Board, the Group's key management personnel comprises only the Directors. Information regarding Directors' emoluments stated in accordance with IFRS and the Companies Act 2006 is set out in Note 8.

25 Ultimate controlling party

In the opinion of the Directors, the Group does not have a single ultimate controlling party.

26 Post statement of financial position date events

During Q1 2022, the Group raised £45.1m in the Series D funding round. The new funding will be used in some key areas, like expanding MFM product proposition and building out new B2B2C proposition through further strategic partnerships.

Russian invasion of Ukraine

The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This could have significant adverse economic effects on financial markets and on energy costs, and may also result in increased cyber-attacks and an increase in costs associated with such cyber-attacks, all of which could have a materially adverse effect on the Company's results of operations, financial condition or prospects. The Company will continue to monitor the situation and risks to the business.