Company Registration No. 13127277

SAMARKAND GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Directors	S P Smiley D R Hampstead J Hern K Higgins T C Dodge G P Smiley
Secretary	E Hang
Company number	13127277
Registered office	Unit 13 & 14 Nelson Trading Estate The Path Merton London SW19 3BL
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

FY22 Financial highlights:

- Revenue excluding exceptional revenues increased by 11.9% to £16.6m (2021: £14.8m), and over the two-year period increased by 142% (2020: £6.8m)
    - Nomad Technology revenue increased 17.6% to £7.5m (2021: £6.4m)
    - Brand Ownership revenues increased 28.2% to £4.5m (2021: £3.5m)
    - Distribution revenues decreased by 8.0% to £4.5m (2021: £4.8m)

- Gross margin, excluding exceptional revenue, decreased from 62% to 50%

- Adjusted EBITDA loss increased to £6.2m* (2021: £0.4m)

- Operating loss after taxation increased to £7.7m (2021: profit £0.4m)

FY22 Strategic and operational highlights:

- Completed the acquisition of Zita West Products Limited in May 2021 and Napiers the Herbalist in November 2021

- Accelerated growth of Zita West proposition through upgraded eCommerce capabilities, expanded presence in high end retail channels and leveraged group technology platform to enable direct to consumer sales in China

- Upgraded Napiers store and online customer experience and expanded Napiers branded premium natural skin care range

- Expanded distribution for Probio7 in speciality retail channels and launched new product variant AB21 backed by clinical study demonstrating improved recovery from long COVID

- Launched WeChat integration for our Nomad Checkout solution, greatly simplifying the shopper experience. Formed partnership with leading global logistics platform FedEx

- Signed 10 new merchants to our DTC checkout solution and leveraged partnerships with logistics companies to grow our pipeline of new merchant opportunities

- Strengthened China distribution capabilities by building expertise in fast growing live streaming commerce platform Douyin (Tik Tok China) and opened new routes to consumer

- Secured 5 new specialist prestige beauty and wellness brands for our cross-border eCommerce acceleration services including The Organic Pharmacy and ilapothecary

Post period end highlights:

- Strong start to the year with revenue in Q1 FY23 increasing by 24% vs prior year despite extended lockdowns in mainland China. Strong performance in June shopping festival generating 34% growth in revenue over the same period in prior year resulting in an EBITDA and net profit for the month
- Adjusted EBITDA losses improved by £0.6m reduced from £1.1m loss in Q1 FY22 to £0.5m in Q1 FY23, as a result of cost actions taken in Q4 FY22 and improved operational efficiency
- Won multiple industry awards including Queens Award for international trade and Shanghai Cross-Border eCommerce Association: Outstanding Cross-Border Trade Enterprise Award
- Secured agreement in principle from major existing strategic shareholder to increase investment in the Group

* EBITDA and Adjusted EBITDA are non–GAAP measures used to represent the trading performance and results of the Group. EBITDA is defined as profit or loss before tax adjusted for finance income and expense, depreciation and amortisation. Adjusted EBITDA excludes those items the Group considers to be non–recurring or material in nature that may distort an understanding of financial performance or impair comparability.

Achievements

Despite the challenges of the last year the Group is delighted to have been granted a number of national and international honours, recognising its excellence in eCommerce. Receiving these accolades is testament to our agile, entrepreneurial and dedicated global team at Samarkand.

The Queen's Award for Enterprise: International Trade 2022

In 2022 Samarkand was recognised with a distinguished Queen's Award for Enterprise, in acknowledgement of its outstanding contribution to International Trade. Now in its 56th year, the Queen's Awards for Enterprise are the most respected business awards for UK businesses. Her Majesty the Queen has personally approved the Prime Minister's recommendation that Samarkand be awarded the prestigious Queen's Award for Enterprise, for demonstrating outstanding success in international trade.

"We are honoured to have been awarded an accolade as prestigious as the Queen's Award, especially in light of the significant barriers we have had to navigate over the past couple of years in the face of the pandemic. We are proud of all we have achieved and to be recognised in such a way demonstrates the potential of our solutions and the market in which we operate. The Award validates our position as leaders in cross-border eCommerce solutions for the Chinese market, the largest in the world and is an incredible achievement for our Group." - David Hampstead, CEO

2021 AQSE Company of the Year Award

The AQSE Company of the Year Award recognises an outstanding company quoted on the AQSE Growth Market. Samarkand was selected from a pool of outstanding companies and participants in the small and micro-cap community (sub £200m market capitalisation) across various categories. As one of only two regulated equity exchanges in the UK, AQSE champions entrepreneurship, investment, and innovation. Samarkand is proud to have listed on AQSE to have been named Company of the Year.

Shanghai Cross-border eCommerce Association (SCEA): Outstanding Cross-border Trade Enterprise Award

Samarkand is honoured to have been granted the SCEA Outstanding Cross-border Trade Enterprise Award (优秀跨境贸易企业). Granted by the Shanghai Cross-Border eCommerce Association every four years, with winners evaluated by well-known Chinese institutions and experts, the award highlights the outstanding performance of the Group and its significant contribution to promoting the development of local cross-border eCommerce. Samarkand has been awarded this honour for the period 2018-2021.

Youzan: Trusted Supplier of the Year Award

Samarkand's Forever Young Store is honoured to have been awarded "Trusted Supplier of the Year" by Youzan (the largest provider of WeChat stores in China with over 300 million consumers). The award recognises our impressive sales across our beauty brand partners such as MZ Skin and TEMPLESPA while also acknowledging our honesty, transparency, and reliability as a Youzan partner. Trust remains a key issue for Chinese consumers when shopping online, thus at Samarkand we strive to set the gold standard for quality and reliability, and we're delighted to have that ambition recognised.

MARKET OVERVIEW

Major disruptions due to COVID and regulation

Significant disruptions related to COVID in China began in late 2021 and continued to escalate with widely reported shutdowns in many Chinese cities. Shanghai, where the Group's base of operations is located, and where the Group's largest number and highest spending customers are located, was in a near-total lockdown for two months. A further 73 of the top 100 cities experienced lockdowns since the start of 2022, severely impacting logistics. Analysts at Nomura estimated that in April 2022 Chinese cities representing 40% of GDP were in full or partial lockdown. In addition, shipping from overseas locations was suspended or severely delayed by parcel disinfection and quarantine procedures throughout this period. The dynamic zero COVID policy which has controlled infection rates is likely to continue for some time to come, with lockdowns being implemented at short notice as new variants and cases spike in different parts of the country.

This year also saw the enactment of new regulations for eCommerce and livestream commerce which has grown rapidly to become a significant part of the industry. The new regulations seek to improve the standards and consumer protection in this growing sector and are a positive development, however the implementation of these measures has caused short term disruption to eCommerce activities. The removal of several high-profile live streamers from the industry resulted in planned activities with these channels being postponed or cancelled but the market has adapted, and alternatives used in their place.

The Chinese eCommerce market, despite the many challenges, is still expected to achieve growth of 9.1% in 2022, returning to double digit growth in 2023 by which time it will exceed $3trn of retail sales. Whilst this is the lowest annual growth rate since 2008 it is an increase on an already huge base and is equivalent to an additional $240bn spend in 2022 vs 2021[1]. There are other well-reported headwinds that may present future challenges at a macro-economic and industry level in China and Chinese eCommerce.

Cross-Border eCommerce growing globally

Despite the widely reported supply chain issues impacting international trade currently, global cross-border eCommerce is projected to grow from $765bn in 2021 to over $5trn by 2030[2]. The industry went through a period of accelerated growth during the pandemic as more shoppers moved online and discovered new brands and ways to shop internationally. Cross-border eCommerce is flourishing as the barriers that have traditionally made it difficult for merchants and disappointing for consumers start to dissipate. This is thanks to technology and is driven further by younger, technology savvy and brand discerning consumers. The last few years have seen the emergence of highly valued technology providers and significant M&A activity in this space. These companies have solved many of the complexities for cross-border shopping for consumers in the Western world. China represents the single largest market with a unique set of complexities which our software and services solve, positioning us well in this rapidly developing market. Chinese authorities continue to support the growth and development of cross border eCommerce by expanding free trade zones and adding new categories of product to the approved list.

[1] https://www.insiderintelligence.com/content/china-ecommerce-forecast-2022
[2] https://www.polarismarketresearch.com/industry-analysis/cross-border-b2c-e-commerce-market

STRATEGY & BUSINESS MODEL

Our strategy is built upon three complimentary activities. Nomad technology, distribution and brand ownership.

Nomad Technology

Our technology continues to evolve in features and in scope. Over the past year we have added additional customs port integrations as well as support for more logistics partners and with the launch of our WeChat mini-program checkout it is now easier than ever for new merchants to install and onboard our technology. The adoption of our technology by both large and small enterprises, whilst still at an early stage, is testament to the value that our technology can bring to all merchants looking to address the world's largest eCommerce market.

Case study: Nomad Checkout

Over the past decade, the development of the Cross-Border eCommerce (CBEC) industry in China has provided international brands with an invaluable route to this expanding market, circumventing complex and expensive product registration requirements – not least animal testing. Access has depended on working with partners to launch stores on third party platforms such as Tmall Global. As the market fragments across a wider number of platforms, and as more Chinese and International brands enter the market, this route to market can be a challenge for profitability. Typically, International merchants have not catered to Mainland Chinese consumers through their global eCommerce sites deterring this vital group from shopping directly with merchants overseas. Using Samarkand's expertise in eCommerce technology and our extensive networks in the Chinese eCommerce ecosystem, our Nomad Checkout solution provides a simple, easily controlled, scalable, and profitable-from-day-one route to market. At a time of restricted international travel and an uncertain global economic outlook, we are confident our innovative and unique DTC eCommerce solution is more relevant than ever before for merchants and consumers alike. Nomad Checkout overcomes all common barriers which a Chinese consumer faces in trying to shop on international eCommerce sites in a no-code app.

Barriers to China DTC	Nomad Checkout Solution
Slow site speed	Enhanced site performance – optimised loading speed and localised language
Lack of localised payment methods	Localised payments such as Alipay and WeChat Pay
Expensive and unreliable logistics	Trusted, rapid logistics with SF Express and FedEx
Un-cleared taxes and duties	Seamless customs clearance – taxes and duties calculated upfront. No nasty surprises for the consumer.

In the past 18 months our client list has grown to include major players in beauty eCommerce including Lookfantastic, FVShop.com (the online store for China's leading international luxury outlet mall, Florentia Village), StrawberryNet, and niche prestige beauty brands such as Royal Fern Skincare, ignae and Klytia Paris. Our merchants have variously seen significant benefits:

- Parcel failure rate fall from c.30% to < 1%
- Conversion rates among Chinese consumers 20x vs before implementation
- Average Order Value up to 2.5x vs home market consumers
- China traffic uplift up to 2.5x vs before implementation

Currently available as a direct API integration or a simple Shopify plugin, future developments include scheduled integrations with Salesforce and Magento. Major client launches (signed but not live) in the next six months include Vegamour and more merchants in North America, Europe, and APAC.

Notably, the Group's Nomad Checkout WeChat mini-program went live in May 2022 - giving Chinese consumers the option to Checkout using one of the most well-known, convenient and trusted payment options in China - WeChat Pay.

Technology Enabled eCommerce Acceleration

Our ability to service Chinese consumers shopping on marketplaces such as Tmall and DTC channels such as WeChat is powered by our Nomad Storefront and Nomad Distribution solutions. Working closely with our clients, our UK based brand managers are experts in Chinese eCommerce whilst also understanding the requirements of International brands. This year we have added support for one of the fastest growing channels, Douyin, allowing us to address a new audience of consumers.

Brand Ownership

The Group owns four brands in the beauty and wellness sector which have performed well since acquisition and have been less affected by the disruptions in China due to their domestic sales mix and demand in markets outside China. The group portfolio brings together unique but complimentary brands providing operating and cost synergies. The brands themselves are each squarely positioned within growing global trends namely digestive health, reproductive health and natural health & beauty.

The focus of the Group is to develop the current portfolio by growing sales in existing domestic markets and accelerating sales in key export markets, primarily but not exclusively China. Zita West our reproductive health brand is generating a healthy level of organic sales from the US which is another high-potential market.

Distribution

The Group has well-established distribution channels that have been developed over the course of the business. Whilst these are a lower strategic priority, they have proven to be tactically valuable during the period of most significant logistics disruption. By leveraging these distribution channels it has allowed the Group to trade whilst direct-to-consumer parcel fulfilment remains challenging.

Case study: Brand Ownership – Zita West Products

As part of the Group's "buy in the West, build in the East" strategy, the Group completed the acquisition of Zita West Products Limited in May 2021, along with a majority interest in its sister brand Babawest Limited. Zita West Products is a highly specialised collection of premium supplements that focus purely on fertility, reproduction and pregnancy. It is the most complete collection of specialist supplements available in the UK focused on female and male reproductive health and the issues underlying it.

Working with the Zita West and Baba West brands together has significant synergies for both the UK and China markets. The Group extended the Probio7 range into both brands in 2022 and opened a single combined Tmall store in 2021. We believe brand assets in the health and wellness sectors have the highest growth potential when incorporated into the UK and international distribution and eCommerce channels already developed by the Group.

Background

Leading fertility and pregnancy expert Zita West is a practising midwife, acupuncturist, nutritional advisor and bestselling author with over 30 years' experience. In 1992 the Zita West brand was established, and in 2001 Zita founded the Zita West Clinic in London's Marylebone - the City's most famous holistic fertility clinic which combines cutting edge medical science with complementary therapies, helping couples conceive naturally and through IVF.

The brand's speciality is a holistic approach focusing on mind, body and spirit. Zita West Products is UK's No1 specialist brand of premium vitamins & mineral and food supplements for fertility, pregnancy and postnatal.

Zita West Products has helped thousands of women conceive, many as a last resort. This pioneering approach to fertility, combining the natural with the medical, has cemented Zita as the recognised leading fertility expert in Europe, and the go to fertility consultant to celebrities and royalty alike.

Everything about Zita West Products holds a 5-star mark

When Zita West Products was created over 20 years ago its mission was to help as many people through their fertility journey as possible. This remains its core goal and the brand prides itself on delivering the best customer experience and service. Since the Group acquired Zita West Products over 3000 consumers have taken part in our "Getting Pregnant" seminars which inform and support people on their fertility journey.

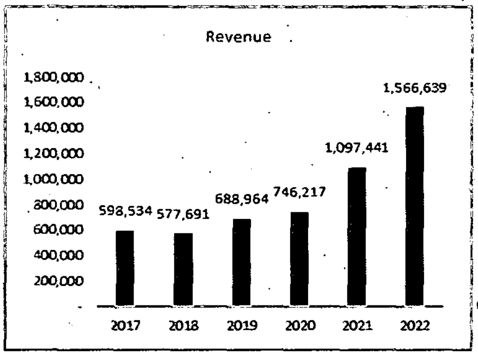
Everything about Zita West Products holds a 5-star mark: people, hospitality, knowledge, skills, empathy, quality and success rate.

ZW highlights

- 30+ Years Experience
- Zita West Clinic – top success rate
- Premium Supplements
- 5 Star Reviews

ZW performance:

Since its acquisition, the Group has grown the brands revenue by 43% £1.1m to £1.6m for the year ending 31 March 2022. The growth in revenue is attributed to 11% in its core market UK and the ROW with 32% into China. Gross margin for the brand is 69%. In the first quarter of FY23 net sales for Zita West grew 129% vs the same period last year.



Chairperson Statement

I am immensely pleased with the resilient mindset and agility in which our employees have responded to the most challenging environment the Group has experienced since incorporation in 2016. We have navigated the business through unprecedented external market forces, in particular the zero tolerance approach to COVID in mainland China which has generated a high degree of disruption in our operations across the Group.

The business has responded well to the unexpected challenging situations facing us and responded quickly to the changing marketplace in which it operates while continuing to make strategic progress in light of external volatility. By shifting focus and improving efficiency in its operations the Group has been able to make great strides in its mission to enable brands and merchants sell direct to Chinese consumers and to provide better choice of high-quality international product to Chinese consumers.

Despite the challenging year, there are improving prospects within the Chinese market and we can look to the future with renewed optimism. The Group has demonstrated its resilience and adaptability this year and this is testimony to the hard work and commitment of everyone at Samarkand. I would like to take this opportunity to thank them all for their contribution and dedication.

Financial Results

The Group delivered revenues of £16.6m (2021: £14.8m excluding exceptional revenues). These results reflect the well covered disruption experienced during the year, with revenues in China increasing by 4% to £11.6m. I am confident the Group has taken appropriate measures to protect the company from future disruption and to enable it to continue progressing towards its goals, including engaging with existing strategic shareholders who are keen to increase their investment in the Group.

The focus on profitable growth will continue in the year to come.

People

The Samarkand team has responded well to the challenges of the year and demonstrated their ability to deal with disruption on many fronts. I would like to give a special mention to our colleagues in China who spent long periods of time isolated at home during the China lockdowns, but were able to continue to operate and serve our clients in the most difficult of circumstances.

Board and Governance

Our board which was established at the time of the IPO is operating well, bringing a breadth of experience to the Group. Sustainability, Remuneration, Nomination and Audit committees have been established and I would like to thank my fellow directors for their service and flexibility in the last year in which their guidance has been invaluable.

Summary and Outlook

Despite these disruptions, the underlying trends on which the Group was founded endure - Chinese consumers' appetite for international brands and international merchants' desire to make their brands available to Chinese consumers. The eCommerce sector in which the Group operates remains vibrant globally and China is the world's largest eCommerce market, accounting for 50% of all eCommerce sales in the world and an even bigger share of the growth[3].

The recently acquired Zita West and Napiers performed strongly in the year and the Group is excited about their future potential. Our portfolio of premium health and wellness brands, including Probio7, is well positioned on key trends such as digestive health, fertility and natural herbal products, and as UK focused brands they are less dependent on the China market for future growth.

The Group is fortunate to work with a range of premium, independent beauty, health and wellness brands, as their China partner, enabling their growth and development in the China market. Strengthening our expertise in new and emerging eCommerce channels such as Douyin (TikTok in China) has given the Group the opportunity to further develop our clients brands in the fast-moving China eCommerce market.

Our China Checkout solution gained traction in the year in the form of partnerships with large enterprise and SME merchants and logistics providers such as FedEx and our shareholder SF Express. Enabling international merchants to make China part of their DTC strategy is a significant opportunity for the Group and we see strong growth potential as many brands prioritise their DTC strategies.

The year ahead holds many exciting opportunities for the Group linked to the continued growth of eCommerce, the increasing importance of the direct-to-consumer business model as well as the positive trends driving the health, wellness and beauty sectors.

The last year has prepared us to navigate accordingly to the unexpected and the Group has demonstrated resilience, agility and flexibility in the face of a challenging environment and is well placed to continue to make progress.

Tanith C Dodge

Tanith Dodge

Chairperson
2 September 2022

[3] https://www.insiderintelligence.com/content/global-historic-first-ecommerce-china-will-account-more-than-50-of-retail-sales

CEO REVIEW

In our first full year as a public company we have adapted to the rapidly changing environment which we encountered in the second half of the year. The well documented disruptions in China as well as the subsequent widespread logistics and operational challenges resulted in reduced revenue performance and increased losses in the last financial year.

As conditions deteriorated we quickly re-calibrated the business, which has resulted in a stronger first quarter of the current financial year, despite it being a period of peak disruption. Our first quarter revenue increased 24% on the previous year and adjusted EBITDA loss significantly reduced from £1.1m to £0.5m, demonstrating the work completed towards the end of the financial year has led to significant improvements in our margins and reduction in overheads. The month of June 2022 was profitable on an EBITDA and net profit basis. We expect conditions to remain volatile for the remainder of this calendar year and the disruptions to logistics networks to continue during this time yet are confident we have taken the right action to prepare the business to be able to navigate any future volatility and to capitalise on the opportunities it presents. In this period, our owned brands which are less exposed to China, have performed well and our China DTC technology solution has generated strong interest from the market.

Market environment

The second and third order effects of the pandemic will likely reverberate for years to come, changing many industries, and few will be affected as much as eCommerce and cross-border trade. Whilst this has created short-term challenges, it also generates mid to long-term opportunities for us to exploit.

China has contained the spread of COVID-19 using widespread lockdowns across many of its major cities. The implementation of comprehensive COVID prevention measures at the borders has meant infection rates have remained low but has also had knock-on effect on logistics, with customer orders being delayed or undeliverable. We anticipate that the normal operation of logistics routes will return in due course but in the short-term this has presented the single largest challenge to our business. Where we can, we have changed the way we service our customers in China by moving more of our fulfilment to bonded warehouses in mainland China which have fewer restrictions and have been impacted less by the COVID measures. However, this has impacted the roll-out of our Nomad Checkout solution which relies on efficient logistics from overseas markets. During this time, we have been able to lean on our well established B2B distribution networks which has allowed us to trade comparatively well.

Despite this disruption the secular trends for e-commerce, cross border e-commerce and the growth in direct-to-consumer business models and the investment brands are making in their direct-to-consumer operations remain highly positive and are encouraging for the Group. In addition our portfolio of specialist, premium health and wellness brands are well positioned against major consumer trends of digestive/gut, fertility and natural herbal health and beauty.

Strategic Progress

Heading into FY22 the Company was experiencing triple digit growth in line with our expectations and during the first half of the year, investing the funds raised at IPO accordingly to provide the capacity needed to meet expected further growth. This investment was both in our underlying technology as well as additional personnel and logistics in China. As conditions deteriorated and the extent of the secondary lock downs in China took hold, the Board took the decision to pull back on many of the China associated costs and thereby manage exposure and risk. Although this lead to reduced headcount it is still at a higher level than it was at the time of our IPO. As conditions continue to normalise, these investments can return. Our investment in technology, which will continue to drive our anticipated growth, continued throughout.

Crucially, despite the challenging backdrop, the Group continued to make considerable strategic progress during the year.

We completed two acquisitions, both of which are performing ahead of expectations. The first, which completed in May 2021 was Zita West Products, a UK nutritional supplement brand providing specialist consumer products and information for fertility, pregnancy and post-natal needs. The product range has been developed over the past 20 years by Zita West herself, a world-renowned IVF and fertility specialist. The Zita West product range taps into the trend of increasingly popular fertility products and is well positioned on a global mega trend. The business was bought for £2.8 million and since acquisition, we have relaunched the business' eCommerce channels domestically and internationally, including China. In the first full year since the acquisition of Zita West Products, revenue increased 43% vs prior year with strong and improving metrics in customer acquisition, lifetime value and retention. In the first quarter of FY23 net sales for Zita West grew 129% vs the same period last year.

The second acquisition in November 2021 was for the natural health and beauty brand, Napiers the Herbalists, an iconic Scottish herbalist brand which is performing well as we improve the customer experience online and in store and enhance the product range. and will be entering the Chinese market, where we see great potential, this financial year.

Our eCommerce acceleration capabilities improved in the year as we added new channels and routes to the consumer to our market development playbook. Douyin live streaming commerce is a highlight in this area and we now support many brands in capitalising on this emerging commerce channel. This helped us attract new brands and improve the margins we generate in distributing brands via China eCommerce. With our acceleration capabilities and checkout technology we are able to operate as an end to end market development for brands and merchants seeking controlled profitable growth in China.

Our China checkout solution made good progress in the year, securing our first proof of value merchant contracts and building a healthy pipeline of Enterprise and SME prospect merchants. Our partnerships with logistics companies began to generate merchant referrals, re-enforcing our belief that partnerships with logistics, payment and commerce platforms will be critical to the scaling of our solution.

Market Dynamics

We operate in the most dynamic and innovative eCommerce market in the world which evolves at breakneck speed. Platforms and channels that are popular today barely existed a few years ago. The platforms that will be popular tomorrow are not even conceived of yet and new consumer trends and tastes are yet to emerge. Chinese consumers will continue to value international products, prioritise price and authenticity and increase the variety of brands they consider. Convenience and trust play an important role in purchasing decision making and that will only increase over time and become more important for younger consumers.

The dominance of a relatively small number of eCommerce marketplaces in China is being disrupted by new regulations and changing consumer behaviours which we believe will have a positive impact on us and the adoption of our solutions as well as our ability to develop new routes to consumer for our brands.

Our technology has the potential to give Chinese consumers access to a much wider selection of international brands and products, at a lower cost and with comparable convenience. We have now formed partnerships and completed technology integrations with three of the leading logistics companies who are at the front line of eCommerce logistics and see the value our solutions can bring to their clients.

Outlook statement

We have made a great deal of progress in dealing with the ever-changing Chinese market, and whilst we anticipate the next 9-12 months to remain operationally challenging, we are confident that the measures we have taken this year will allow us to capitalise on the increasing scale of opportunities we see ahead of us.

The partnerships we have formed with leading logistics companies are starting to deliver a pipeline of new clients. The quarantine measures imposed on overseas parcels entering China has frustrated the launch of several projects however the situation is starting to improve, and the quarantine period has been reduced from 7-10 days to 24 hours making this route viable once again.

We have significantly raised our profile within the cross-border eCommerce industry this year through an active campaign across social media, particularly LinkedIn. This has been supported by the awards we have won this year including The Queens Award for Enterprise in the International Trade category and the Shanghai Cross-Border eCommerce Association Outstanding Enterprise Award.

The cost reduction and efficiency improvement actions taken in response to the disruption and the strategic progress we have made during FY22 put us in a good position to capitalise on the underlying positive trends in our service lines and markets as disruption eases. While future volatility cannot be ruled out, Q1 FY23 performance demonstrates the resilience and adaptability of the Group and our acquisitions have reduced our dependency on the China market.

At 31 March 2022, cash and cash equivalents was £4.0m and net current assets of £5.7m. Since closing of FY22 we have taken steps to improve our cash position, with increased investment from existing shareholders agreed in principle and encouraging ongoing dialogue with potential new strategic investors.

David Hampstead

Chief Executive Officer

Our People

"Our 2022 Queen's Award achievement is testament to the resilience, determination and hard work that everyone involved at Samarkand has demonstrated. Thank you to our global team for your continued contribution to the business." - David Hampstead, CEO

Since 2016 Samarkand has grown and evolved significantly. We are proud of the diverse and skilled team we have built across our international offices. As a dynamic and fast-paced business, we encourage autonomous working while also providing our talent with the tools they need to grow with us.

Most recently the Group has provided a bespoke Management Development Training Programme, tailored to our international teams. This Institute of Leadership and Management qualification is internationally recognized by The City and Guilds of London Institute. We are pleased to have offered this continuous development opportunity to both our Shanghai and London teams and will be evaluating the success of this initial program. We hope to extend the opportunity to more of our team in future.

To address the global shift to increasingly virtual and flexible working environments the Group has introduced a regular, in house live virtual sharing forum – SMK TV. These 30-60 min sessions are open to our workforce across all levels and locations and offer social, informative and well-being related content. In FY22 we held 22 sessions. We were particularly pleased to welcome The Museum of Happiness – a London-based not-for profit social enterprise which shares the art and science of sustainable happiness with individuals, communities, schools and organisations. MOH delivered an interactive and truly informative session on mental health and self-care to our team. These live sessions seek to continue to foster a sense of community and bring teams together virtually. Group Directors have all participated in this initiative and we encourage every employee to take part.

Francesca Gambrell, General Manager Zita West Products Limited

Francesca started her career in marketing at Ladbrokes plc before joining QuickThink Media as their Commercial Manager, and later Director of Client Services leading accounts such as Macmillan Cancer Support. As General Manager for Zita West Francesca's focus over the last year has been to ensure that Zita West Products Limited has the infrastructure in place to be a global brand. She has worked with the Group to utilise Samarkand's existing distribution network and Nomad Checkout solution to do just that.

Since joining the Zita West team she has championed progress to ensure that customers can easily find the right products for them, wherever they may be in their fertility journey, and enhanced the brand's offering of clear guidance, education and support.

"I have two young children and many of my friends have encountered fertility struggles. It is a joy to work for Zita West and know we are making a difference, there is no greater job satisfaction than a customer letting us know they've finally got that positive pregnancy test!"

Man Wei Huang, Lead Software Engineer (Nomad Checkout)

Man Wei has been with Samarkand for more than 3 years and is a cross-functional team player in the Group's tech team. Fluent in Mandarin and English, she holds a MSc in Computer Science from UCL and has previous experience in tech start-up environments.

In addition to Nomad Checkout, she participates in a variety of tech projects to enable DTC for Group clients. As a full-stack web developer, she focuses on overcoming the unique and complex technical challenges in cross-border eCommerce with both UK and China development teams. Having had experience in building products from scratch, she contributes to developing innovative products in the rapidly changing global market.

"CBEC is challenging but interesting at the same time. Samarkand keeps working on innovation and creating new opportunities which are always exciting to me. Additionally, they offer the maximum freedom for employees to contribute to projects. It is great working with teams to create values in creative ways."

Diversity and inclusion

GENDER				NATIONALITY			ETHNICITY		
LEVEL	MALE	FEMALE	ND	BRIT/DUAL	NON BRIT	ND	BAME	NON BAME	ND
BOARD	4	2	-	5	1	-	0	6	-
SM	7	5	1	4	9	-	9	4	-
WF									
TOTAL	59	97	1	47	104	6	90	50	17

Principal Risks and Uncertainties

The Board monitors and assess the risks faced by the Group across the business activities and territories in which it operates and has identified the areas it considers to be most relevant.

Risk	Description	Mitigation
Disruptions to supply chains	Global supply chains have been broadly and severely impacted due to COVID, increasing fuel prices and other macro-economic events. This may increase the costs for moving goods and fulfilling consumer orders. Specific disruptions relating to COVID lockdowns in China include parcel quarantine procedures which significantly delay the delivery of overseas parcels. Continued disruption because of the UK leaving the EU make the European market more difficult to service and also causes delays and additional cost and complexity for the importation of goods into the UK.	The Group has formed strong logistics partnerships which has insulated the Group from some of the effects of price rises. To mitigate the restrictions on overseas parcels entering China, a switch in business model was required to focus more heavily on distribution sales and increase the use of bonded warehouses within China.
Geopolitical issues	Geopolitical tensions have and could continue to occur between the Group's primary market and other countries which may have adverse impacts on trade of goods from those countries. Consumers may also form negative sentiments towards products or brands from countries or regions due to social, political or other reasons outside of the Group's control. The increased interest in domestic brands has gained traction in some categories but as anticipated has not extended to the main sectors in which the Group operates.	Revenue from markets outside China and from the Group's own brand portfolio has increased and will be a continued focus. Clients from countries outside of Europe and US have been won and a pipeline of clients from Asia has been prioritised including South Korea and Japan. There is a continued focus on unique, high efficacy and quality products within the Group's client and own brands to mitigate against domestically produced brands.

Risk	Description	Mitigation
Structural and regulatory changes in the eCommerce market in China	The Chinese eCommerce market and associated industries has and may continue to face new regulations that disrupt the Group's activities. Livestream commerce, which the Group uses for a significant amount of its sales, is a relatively new form of eCommerce and as such is likely to be further regulated as it grows in significance. The market is also very dynamic with new channels and platforms rising and falling from relevance quickly which may impact the Group's strategy and sales.	The Group maintains relationships with relevant trade bodies and customs authorities within China. The Group works with a wide range of influencers of varying reach to avoid exposure to any single influencer. As new channels emerge the Group evaluates the commercial and strategic importance of each and deploys resources in line with that assessment.
Impact of COVID-19	COVID-19 whilst less of a concern now in the West than it has been in previous years, in China a policy of zero COVID has been and will continue to be in effect the foreseeable future. The specific risks associated with COVID, the emergence of new variants particularly in China continues to pose significant risks across a number of areas including but not limited to: • Overseas parcel quarantine fulfilment restrictions • Group employees being locked down or unable to travel • Lockdown of ports, airports and warehouse causing goods to expire or reduce the ability to enter the market • Suppliers whose products or components are produced in China being unable to supply goods • Increase costs and delays in freight and transportation • Potential or existing clients deciding to deprioritise or retreat from the Chinese market due to these challenges	Many changes have been necessary to adapt to the risks imposed by COVID-19 from staff safety and business continuity to how the Group services is clients and forecasts its business. The inability to ship parcels from overseas in a timely manner has necessitated placing more inventory within China. At times however there have been simultaneous shutdowns of those warehouses which significantly reduced the Group's ability to service customers. The long-established B2B distribution network the Group has built has been used more extensively during this time to allow the Group to satisfy demand through other means. The two-month lockdown in Shanghai meant the office there was inaccessible throughout. Remote working practices were quickly adopted but this has presented significant challenges.

Risk	Description	Mitigation
The Group is engaged in creating new technology products	The nature of the Group's business is to create technology-based solutions to solve the challenges of new industry with little or no precedent. There are few, if any, peers to draw direct comparison with and many of the problems being solved are being solved for the first time or in new ways. These solutions may not achieve the commercial success anticipated in the timeframes imagined. Competitors may create competing technology and solutions with more resources to capture market share. The success of these solutions relies on China being seen as an attractive market for international brands and for Chinese consumers to continue to be interested in international brands and products. This may not be the case due to logistic, price, geopolitical or macro-economic factors.	The Group has continued to invest ahead of revenue on key strategic projects where it sees long-term future value but has adapted its cost base in response to a slower rate of adoption due to changes in the market in which it operates. Continued investment will be made in these technologies and solutions in line with the prevailing level of risk and demand for its technology solutions.
Loss of a major sales channel or client	Client contracts typically have annual sales targets attached which may or may not be met based on factors outside of the Groups control such as stock availability, logistics or delivery issues and disruptions caused by COVID. Channels and platforms that the Group sells on may reduce their activity or cease to trade in the event of economic downturn.	The Group has been working closely with clients and partners throughout the periods of most significant disruptions to ensure they are fully appraised of the prevailing conditions in China. Frequent demand planning and reforecasting has been necessary to deal with the volatile market. The Group has sought to develop a wider base of channels including more top-tier social selling channels and emerging marketplaces such as Douyin. The ratio of revenue and gross profit derived from portfolio of owned brands has also been increased.

FINANCIAL REVIEW

Overview

Group revenues excluding exceptional revenues for the year increased by 11.9% to £16.6m from £14.8m, and over the two-year period increased by 142% from £6.8m. Revenue growth in China was dampened by the disruptions caused by the continued impacts of the pandemic in China with revenues increasing by 4% to £11.6m. Revenue growth in UK remained strong and was augmented by the new acquisitions in the year, revenues increasing by 55% to £4.9m.

Revenues on our Nomad technology up 17.6% to £7.5m (2021: £6.4m), brand ownership revenues up 27% to £4.5m (2021: £3.5m) and distribution revenues decreased by 7.5% to £4.5m (2021: £4.8m).

The Group's gross margin excluding exceptional revenues decreased to 50% from 62% in FY 2021 but has improved from 48% in FY 2020. Managing delays in shipment, restrictions in bonded warehouses and availability of last mile delivery has resulted in higher than usual write-off of inventory and increases in promotional activity as the group adapts to the changing market conditions.

Operating expenses

Selling and distribution expenses, excluding exceptional revenues have increased to 42% (2021: 37%) of revenue, as a result in the increase in social selling, with transaction fees paid to Key Opinion Leaders ("KOLs") as well as an increase in marketing investment in our own brands.

Administrative expenses, excluding exceptional revenues and costs, increased to 49% (2021: 30%) of revenue as a result significant investment in its people, marketing and the additional regulatory and compliance costs as a result of being publicly listed. The group total head count as at 31 March 2022 was 158 (2021: 99). During the year the Group incurred a number of significant non-recurring costs which have been shown as exceptional items in the financial statements. These items relate to acquisition related costs owing to the new brands acquired in May and November 2021, redundancy and restructuring costs as a result of corrective actions taken in light of the challenges presented by the disruptions and the cost of recompense for share option scheme as noted on page 28.

Depreciation and amortisation

The total depreciation and amortisation costs were £0.32m and £0.47m respectively (2021: £0.2m and £0.3m). The Group continued to invest in its Nomad Technology platform with a total of £1.1m (2021: £0.6m) development costs capitalised during the year.

Adjusted EBITDA

Adjusted EBITDA means the non-GAAP measure which is defined as Earnings Before Interest, Taxes, Depreciation, and Amortisation and exceptional items. It provides a useful measure of the underlying profitability of the business and is used by management to evaluate the operating performance to make financial, strategic and operating decisions and provides the underlying trends on a comparable basis year on year.

Adjusted EBITDA losses increased to £6.2m (2021: £0.4m), after deduction £0.3m in restructuring costs and £0.3m for the recompense for share options as described on page 28. The increase in losses reflects deeper investments made this year in our technology platform, in marketing our own brands and increasing our client service, fulfilment and operational capabilities. Furthermore, the dampened revenue growth in China due to the continued impacts of the pandemic has resulted in the increases in losses this year.

	Mar-22	Mar-21
Operation (loss)/profit	**(7,677,082)**	**630,504**
Depreciation and amortisation	786,639	503,354
Share-based payment	-	26,914
Repayment of share option plan	306,579	-
Acquisition and restructuring costs	347,615	44,945
IPO Listing Fees	-	415,229
Exceptional Revenues Contract (net profit)	-	(2,039,621)
Adjusted EBITDA	**(6,236,249)**	**(418,675)**

Earnings per share

Basic and diluted loss per share was 14 pence per share (2021: earnings 1.13 pence per share).

Net cash

	Mar-22	Mar-21
Cash and cash equivalents	4,049,118	14,606,867
Right-of-use lease liabilities	(720,353)	(972,994)
Borrowings	(1,452,127)	(2,082,538)
Net cash	**1,876,638**	**11,551,335**

At the year end, the Group's net cash position was £1.9m (2021: £11.6m), excluding the IFRS 16 lease liabilities, net cash was £2.6m (2021: £12.5m). The Group's investment in technology, and increasing its client service, fulfilment and operational capabilities coupled with dampened revenue growth caused by the continued impacts of the pandemic in China resulted in negative operating cash flow of £7.7m (2021: £0.9m). The Group acquired Zita West Products, Baba West and Napiers the Herbalists during the year, together with the continued investment into its technology platform resulted in cash outflow from investing activities of £5m (2021: £0.6m). In May 2021, the Group received £3m from strategic investor together with the repayment of borrowings and lease liabilities, the net cash from financing activities was £2.2m (2021: £14.1m).

Financing costs of £0.17m (2021: £0.4m) comprised of interest expenses of £0.1m (2021: £0.3m).

ENGAGING WITH OUR STAKEHOLDERS

The Board recognises that Samarkand has a number of stakeholders, including shareholders, customers, employees and suppliers.

Section 172 statement

The Board of Directors, in line with their duties under section 172 ("s172") of the Companies Act 2016, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

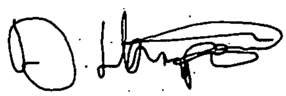
The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

The table below sets out some examples of how the directors have exercised this duty:

Stakeholder	How we engage
Our Shareholders The Board and Executive Management Team maintains strong relationships with investors and supports open channels of communication.	The Company proactively engages in dialogue with shareholders. Since the IPO in March 2021, the CEO has participated in number of investor presentations and at various other investment led events. This included an investor roadshow in February 2022. Our first AGM was held on 7 September 2021 and our next will be held on 29 September 2022. This will provide an opportunity for shareholders to meet the directors and discuss the year's results. **Website and shareholder communications** Further details on the Group, our business and key financial dates can be found on our corporate website: https://www.samarkand.global/

Stakeholder	**How we engage**
Our People Our employees are at the core of everything we do	At Samarkand, we believe that our strength comes from Our People and success comes from shared goals and values. We are proud to celebrate the diversity of our employees and work hard to empower our workforce and to create a positive and inclusive culture within which our teams can grow. The sustainable success of the business is dependent upon the development of and investment in our teams of highly talented and dedicated employees. Our teams are kept fully informed of the business' performance, operational and strategic initiatives through newsletters and quarterly townhalls. We continually strive to maintain open communication and encourage collaboration from all our employees through shared learning sessions. Refer to Our People section on page 14 for more details.
Our Customers and Brand partners Communication with our customers and brand partners is fundamental to understanding how we can continue to add value through our Nomad Technology and in the services we provide.	The trust of our customers and partners is fundamental to our success. We are committed to building innovative customer-led technology solutions and products. We maintain a strong relationship with our partners through our dedicated accounts management team. Through regular meetings and conversations, we regularly review their feedback which enables us to improve the services and solutions we provide.
Our Suppliers The relationship we have with our suppliers is key to ensuring that the quality of the products we deliver to our customers are maintained at a high standard and the delivery is managed for the smooth-running of our business and its operations.	We rely on suppliers and logistics partners across a number of geographical locations. Throughout the year we have worked closely with our key suppliers and logistics partners to manage the continued disruptions as a result of COVID-19 and Brexit. We have also had to assist our key suppliers in Europe transition post Brexit. It is important that we continue to communicate with our suppliers and adapt to ensure the high quality of our products and services are maintained.

On behalf of the Board



David Hampstead

Chief Executive Officer

BOARD OF DIRECTORS AND SECRETARY PROFILES

Board of Directors

The Board comprises a team of individuals who individually and collectively bring considerable experience to bear in promoting and managing the interests of the Group.

A summary of the management expertise and experience of each of the Directors

Tanith Dodge (61) Independent Non-Executive Chairperson	David Hampstead (43) Co-founder, Chief Executive Officer	Simon Smiley (41) Co-founder, Chief Operating Officer	Gregory Philip Smiley (52) Executive Director	Jeanette Hern (54) Non-Executive Director	Keith Higgins (59) Independent Non-Executive Director
Tanith is an International Business Leader working as a member of senior executive teams and providing a commercial approach to the business and people agenda and has over 35 years of experience working as an HR Director across a broad sector of International businesses. Her previous positions included Group HR Director Bicester Village Collection, member of the Management	David began his career as a software engineer at large blue-chip firms such as Hewlett Packard and Vodafone before moving to a mobile technology start-up leading a team of engineers building software for mobile phone companies across EMEA and Asia. In 2008 David established	Simon started his career as a store management trainee in 2004 with Rank PLC in London. Later Simon co- founded QuickThink Media with David Hampstead. Post QuickThink's exit to Gaming Realms PLC, Simon became the group's Chief Marketing Officer planning and executing large consumer	Philip joined the Group Plc Board of Directors in January 2022 as an Executive He joined Samarkand from Kantar, the world's leading data, insights and consulting group where he was Global CEO of the Consulting Division. With 30 years of corporate experience in a wide variety of business leadership roles, Phil brings broad	Jeanette has considerable experience in international finance having joined Smollan as Global CFO in March 2015. Jeanette has played a key role in the geographic expansion of the Group, managing the successful integration of acquired businesses, as Smollan's	Keith has 20 years of eCommerce experience with two of the largest consumer goods companies in the world. From 2000 to 2010, Keith held senior positions at Proctor & Gamble (**"P&G"**) as Innovation Centre & eCommerce Director (2000-2006) and then as eCommerce and Pharmacy Channel Director (2000-2010).

Committee and Group HRD at Marks and Spencer Group PLC and at WH Smiths PLC. Tanith has held senior HR roles at Intercontinental Hotels, Diageo, Prudential PLC and Allied Domecq. Her current Board experience includes Acting Chairperson and Senior Independent Director, Chair of Remuneration Committee, Chair of Organisational Health Committee and member of Audit Committee and Nominations Committee at Robert Walters PLC. In addition, she is a member of the Advisory Council for Price Waterhouse Coopers responsible for advising	QuickThink Media and Bejig Ltd. Both businesses were subsequently combined and floated on the London AIM Market as Gaming Realms plc (GMR:LSE) where he served as Chief Technology Officer. In 2016 he founded Samarkand Global with the vision to make the world's largest eCommerce market more accessible to international brands.	acquisition campaigns. Simon holds an MA (hons) in economic and social history.	executive and commercial experience as well as retail and consumer industry expertise to the Group. Accustomed to operating globally, he has led Kantar group businesses in international markets having spent 8 years in Asia, including 4 in China. Philip started his career in the retail industry. He focuses on overall strategy and corporate development, the growth of Samarkand's strategic partnerships to accelerate the distribution of our technology and services	footprint grew from 22 to 59 countries across the world. Prior to joining Smollan, Jeanette was a partner at Grant Thornton for 26 years, becoming the youngest partner and second female partner. Promoted to Deputy CEO during her tenure, her position allowed her to successfully champion transformation. She is a qualified Chartered Accountant – CA(SA) and a member of the South African Institute of	In 2010, Keith moved to Unilever to become Vice President eCommerce and Channel Development, becoming Senior Vice President of eCommerce in 2012 and Executive Vice President eCommerce in 2013. In 2010, after 10 years heading up Unilever's global eCommerce strategy he was promoted to a C-level role as Chief Customer Development Officer. Keith's experience across two decades at P&G and Unilever brings a unique level of insight, understanding and network in the global

internal business leaders on a range of subjects. She has also been a director of Regents Inns Plc and Busy Bees Plc and is a former Trustee of Kids Out and former board member of CIPD.			in global markets.	Chartered Accountants (SAICA).	eCommerce industry to the board
External Appointments Robert Walters PLC Member of the Advisory Council at PricewaterhouseCoopers	External Appointments None	External Appointments Tamacre Limited	External Appointments None	External Appointments Global Smollan Holdings, subsidiaries and associates	External Appointments None

Senior Managers
In addition to the Board of directors, the Group employs the following Senior Managers:

Eva Hang – *Chief Financial Officer and Company Secretary*

Eva is responsible for directing the global financial strategy, planning and forecasting for the Group. She is also responsible for ensuring that all financial management information and reporting is in line with the strategic and operational objectives of the business. Having spent two years in a fintech start-up in London, Eva previously served as Group Financial Controller at Gaming Realms plc (LSE:GMR) where she supervised all aspects of the finance function and was responsible for the implementation of several acquisitions and disposals. Eva holds a BSc in Computer Science and a BCom in Finance and Accounting from the University of Sydney and was previously an audit manager at BDO in the UK. She is a qualified Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand.

CORPORATE GOVERNANCE REPORT

The Board comprises the Independent Non-Executive Chair, two Non-Executive Directors and three Executive Directors. Short biographical details are set out on pages 23 to 25.

The Board is responsible for the group's overall strategy and for the overall management of the Group. The Strategic Report on pages 1 to 2 outlines the key approach to driving the performance of the Group and promoting the long-term sustainable growth of the company for all shareholders.

The Board has established Nomination & Remuneration, Sustainability and Audit Committees, each with formally delegated duties and responsibilities with written terms of references. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit and Risk Committee Report

This report is intended to give an overview of the role and activities of the Audit and Risk Committee in assisting the board to fulfil its oversight responsibilities in relation to risk management, the independence and effectiveness of the external auditors and the integrity of the Group's financial statements.

The Audit and Risk Committee comprises Jeanette Hern (the Chairperson), Tanith Dodge and Keith Higgins. The Audit and Risk Committee will meet formally twice per year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

The Audit and Risk Committee assists the Board in, amongst other matters, discharging its responsibilities with regard to financial reporting, external audits, including reviewing the Group's annual financial statements, reviewing and monitoring the extent of non-audit work undertaken by external auditors, advising on the appointment, reappointment, removal and independence of external auditors, and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The Audit and Risk Committee is also responsible for advising the Board on the Group's risk strategy, risk policies and current risk exposures, overseeing the implementation and maintenance of the overall risk management framework and systems, and reviewing the Group's risk assessment processes and capability to identify and manage new risks. The Audit and Risk Committee will meet with appropriate employees of the Group at least once annually.

Specific actions taken by the committee since the last annual report include:

- A review of the interim accounts of the Group for the period ending 30 September 2021 and the Statutory Accounts of the Group for the year ended 31 March 2022
- A review of the findings of the auditors arising out of the auditor for the Group for the year ended 31 Marc 2022
- A review of the disclosures in the Chairman's Statement, Chief Executive's Review and Strategic Report, to ensure that the performance and risks of the Group are adequately described and reported
- Assess the performance and continuing independence of Crowe LLP as auditors of the Group
- A review the Group's risk management framework

Priorities for the year ended 31 March 2023:

- Continue to develop and review the Group's risk management framework and systems
- Review the effectiveness of the Group's internal controls
- Monitor the progress of any management actions recommended by Crowe LLP

Sustainability Committee Report

This report is intended to give an overview of the role and activities of the Sustainability Committee in assisting the board to ensure that sustainability and its positive contribution to society is incorporated in all aspects of the Group's development. The Committee has established a number of objectives and plans to address its corporate social responsibility, reduce its carbon footprint and enhance our governance and risk management framework around our supply chain. The objectives and plans aim to build more responsible, inclusive, and sustainable practices across the Group. The Sustainability Committee comprises Keith Higgins (the Chairperson), Tanith Dodge and Jeanette Hern. The Sustainability Committee will meet formally twice per year at appropriate intervals and otherwise as required.

In the course of the previous year the committee conducted a review of March 2021 Company prospectus as well as peer and stakeholder benchmarks with respect to sustainability. This purpose of this review was to align sustainability ambitions with overall Company strategy and to embed relevant ESG matters into our culture, practices and product offering so that we can contribute to a just and clean world in which future generations can flourish.

In FY22 the committee aligned itself on key messaging and a flexible preliminary roadmap. Core ambitions and strategy identified by the committee in this period include underpinning of approach by two pillars with a number of United Nations Sustainable Development Goals under each.

Pillar	Key Ambition
Planet Well-being	Carbon neutrality
People Well-being	Drive equity, inclusion and diversity

Specific actions taken by the committee since the last annual report include:

- Engaged provider, Yayzy Limited, to conduct Company carbon neutrality assessment and calculation with ultimate ambition of obtaining carbon neutrality certification
- Became a signatory of the Tech Talent Charter and a member of Tech UK
- Became a signatory of The Women's Empowerment Principles (WEPs)
- Undertook improved baseline data collection processes

In this, our first full year as a publicly listed company, the Sustainability Committee has sought to lay the basic foundations for sound ESG ambitions across the business, in line with the bandwidth of the Company at present. Samarkand Group Plc is cognisant of the responsibility which it has towards its stakeholders (including its people, its customers, partners and suppliers and the planet itself) and to this end has begun to set out an internal roadmap to act in the interest of and benefit our planet and people.

Remuneration and Nomination Committee Report

The Remuneration and Nomination Committee assists the Board in determining its responsibilities in relation to remuneration and nominations, including, amongst other matters, making recommendations to the Board on the Group's policy on executive remuneration, determining the individual remuneration and benefits package of each of the executive directors.

The membership of the Remuneration and Nomination Committee comprises Tanith Dodge (the Chairperson), Keith Higgins and Jeanette Hern. The Remuneration Committee will meet formally twice a year and otherwise as required.

Specific actions taken by the committee since the last annual report include:

- Approval of the share repayment to David Hampstead and Simon Smiley as noted below
- Appointment of Executive Director Philip Smiley
- Review and approve the structure of the Bonus Scheme prepared by experienced remuneration consultants

Details of Directors' remuneration are disclosed below.

Directors' Emoluments

Directors' emoluments for the year were as follows:

	2022				2021			
Name	**Fees/Basic Salary**	**Bonus (1)**	**Pension**	**Total**	**Fees/Basic Salary**	**Bonus**	**Pension**	**Total**
Executive Directors								
David Hampstead	118,000(2)	135,000(1)	3,362	256,362	67,025	-	1,085	68,111
Simon Smiley	118,000(2)	135,000(1)	3,422	258,422	67,025	-	1,085	68,111
Philip Smiley	27,231(2)			27,231				
Non-executive Directors								
Tanith Dodge	50,000	-	-	50,000	14,232	-	-	14,232
Keith Higgins	25,000	-	-	25,000	-	-	-	-
Jeanette Hern	-	-	-	-	-	-	-	-
	338,231	**270,000**	**6,784**	**615,015**	**148,282**	-	**2,170**	**150,454**

(1) Recompense of Share option plan

In September 2020, when the Group repaid the initial seed loan to Iceland Foods, Simon Smiley and David Hampstead personally, from their own funds, acquired 26,500 shares in Samarkand Holdings, the then holding company of the group, from Iceland Foods and from an existing shareholder, for a total sum of £174,000. The shares were acquired for the purposes of satisfying the Employee Share Option Scheme which were granted to key employees of the Group. Typically, this would have been satisfied by new shares issued by the Company, however this was instead effected in a manner that did not dilute the existing shareholders.

The board and the remuneration committee have agreed to repay Simon Smiley and David Hampstead the cost of these shares, by way of a one-off bonus payment. The total amount of the bonus would be £270,000 which represents the total cash paid grossed up for national insurance and income tax. This would result in Simon Smiley and David Hampstead being in a net nil position after tax. As a result of the Employee Share Option Scheme, 10% of the Company's shares at 31 March 2021, were held by employees (outside the founders) with an additional 2% option holders yet to exercise.

(2) Salary Reduction

In light of the disruptions in China and the widespread logistic and operational challenges resulting in reduced revenue performance and increased losses, the Executive Directors decided to take a 20% reduction in their base salaries for at least 6 months from the 1 March 2022.

Bonus Scheme

During the year, the Remuneration and Nomination Committee has developed a Bonus Scheme. The Executive Directors participate in the Bonus Scheme under which they are entitled to a maximum of 350% of their salary. The Bonus Scheme are based on the achievement of pre-set Group Financial and Non-Financial Performance Targets. The performance targets for the financial year ending 31 March 2022 have been set by the Remuneration and Nomination Committee, it considers that the targets will support the business strategy and the Scheme to be an important element of the performance related pay for the Executive Directors.

To align the executives' interests with those of shareholders, and manage cash costs, at a minimum, 80% of the bonus payable is deferred into Company Share Awards in the form of nil cost options. The deferred bonus award will vest at the end of a 3-year period from the date of grant.

For the financial year ending 31 March 2022, the bonus pay out were subject to the assessment of performance against financial (70%) and non-financial measures (30%). The financial measures set by the Committee were based on revenue and gross margin targets, the non-financial measures were in relation to our international expansion, the acquisitions of complementary brands and signing of enterprise merchants for our Nomad Checkout product. As noted in the Chairperson and CEO statements above, the performance of the Group was impacted by the well documented disruptions in China as well as the subsequent widespread logistics and operational challenges which resulted in reduced revenue performance and increased losses. The Committee recognises the strong contribution by the Executive Directors in their ability to rapidly adapt to the challenging environment, notwithstanding this the Committee and the Executive Directors were in full agreement that although the non-financial measures were met, that it would not be appropriate at this time to pay a bonus. As such no bonuses will be paid to the Executive Directors in respect to the year ending 31 March 2022.

Director's Interests

As at 31 March 2022 the Directors of the Company held the following number of shares:

	Number of Ordinary Shares	% of the issued share capital
David Hampstead[1]	7,910,951	15.33%
Simon Smiley[2]	7,295,793	14.13%
Phil Smiley	735,577	1.34%
Keith Higgins	52,174	0.10%
Tanith Dodge	43,478	0.08%
Jeanette Hern	-	0.00%

(1) 486,400 Ordinary Shares registered in the name of David Hampstead is under option pursuant to the terms of a Hedging Agreement

(2) 505,600 Ordinary Shares registered in the name of Simon Smiley is under option pursuant to the terms of a Hedging Agreement

David Hampstead, Simon Smiley and the Group entered into a hedging agreement on 16 February 2021 pursuant to which David Hampstead and Simon Smiley each agreed to transfer such number of their Ordinary Shares to satisfy the outstanding options granted to employees pursuant to the Option Exchanges subject to a maximum of 992,000 Ordinary Shares.

Warrants

The following Directors have outstanding warrants to subscribe for Ordinary Shares:

	Date of Grant	Number of Ordinary Shares	Exercise Price	Vesting period
Tanith Dodge	12/03/2021	43478	115p	5 years
Keith Higgins	12/03/2021	21739	115p	5 years

The QCA Corporate Governance Code

The Directors recognise importance of sound corporate governance principles being embedded into the operations of the Group. The Group has adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

The principles of the Quoted Company Alliance (QCA) Code:

QCA Code Principle	What we do and why
1: Establish a strategy and business model which promote long-term value for shareholders	The Group has established a strategy and business model which aims to promote long-term shareholder value. The Group's strategy is reviewed each year. Further details can be found on pages 1 to 22.
2: Seek to understand and meet shareholder needs and expectations	Meetings are held with investors and analysts at half-yearly interim and final accounts. The AGM provides a forum for all shareholders to meet and hear from the Directors, and shareholder comments and suggestions are welcomed by the Board. Further details can be found in our section 172 statement on pages 21 to 22.
3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Group's stakeholders include shareholders, employees, customers and suppliers. The Group focuses on building strong and sustainable relationships with a range of different stakeholders in order to support the long-term success of the Group. Further information can be found in Our Stakeholders section on pages 21 to 22.
4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Group is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance. The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee. More detail about the identified principal risks and uncertainties can be found on pages 16 to 18.
5: Maintain the Board as a well-functioning, balanced team led by the Chair	The Board consists of the three Non-Executive directors and three Executive Directors (including the Chief Executive Officer and Chief Operating Officer). The Directors' biographies, together with their respective Board Committee memberships, are set out on pages 23 to 25. **Directors' conflict of interest** The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

QCA Code Principle	What we do and why
6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board as a whole is confident that it has a strong team which contains the necessary mix and balance of experience, skills, personal qualities and capabilities to deliver the Company's strategy for the benefit of the shareholders.
7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board has established the Ways of Working principles to provide for a consistent approach for reporting and analysis by the Board. The Ways of Working sets out clear objectives for the Board. During the first full year the Board have adapted to feedback and changes to ensure it continues it meets its key objectives. A full review will be carried out each year.
8: Promote a corporate culture that is based on ethical values and behaviours	The Group promotes a culture of integrity, trust, honesty and respect. Employees are expected to operate in an ethical manner in both their internal and external dealings. The Board and the Senior Mangers take responsibility for the promotion of ethical values and behaviours throughout the Group and maintain appropriate policies such the anti-bribery and anti-corruption policy. The Group looks to provide further details on how it monitors and promotes a healthy corporate culture in a future statement.
9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	The role of the Board is to ensure delivery of the business strategy and long-term shareholder value. The Board, which will meet formally at least 6 times a year, is responsible for the management of the business of the Group, establishing the policies and setting the strategic direction of the Group. The Company will also hold additional Board meetings as and when required. It is the Directors' responsibility to oversee the financial position of the Group and monitor the business and affairs of the Group on behalf of the Shareholders, to whom they are accountable. The Board is aided by three subcommittees to undertake specific work. During the year the board met a total of 12 times.
10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company encourages two-way communication with both its institutional and private investors. The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.

DIRECTORS' REPORT

The Directors present their Annual Report together with the audited financial statements for the year ended 31 March 2022. The Corporate Governance Statement set out on pages 26 to 32 forms part of this Report.

Principal activities

The Group's principal activities during the year are that of a UK & European distribution business engaged in the B2B and B2C sale of products primarily to premium London retailers, chain retailers and online e-commerce stores. The Group also provide e-commerce technology solutions for brands and retailers selling into China.

These financial statements present the results of the Group for the year ended 31 March 2022.

Directors

The Company's current directors are listed on pages 24 to 25, together with their biographical details. The directors who served at any time during the year and since the year end were as follows:

- Tanith Dodge
- David Hampstead
- Simon Smiley
- Keith Higgins
- Jeanette Hern
- Philip Smiley (appointed 4 January 2022)

Directors' and Officers' liability insurance

The Group has purchased and maintains appropriate insurance cover in respect of Directors' and Officers' liabilities. The Group has also entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, in a form and scope which comply with the requirements of the Companies Act 2006.

Results and dividends

The results for the year are set out on page 44. The Company will not be paying a dividend this year.

Going concern

The Group and Company faced its most challenging year to date, with external factors including the widespread COVID lockdowns in China generating high levels of disruptions to the Group.

For the year ended 31 March 2022, the Group reported a total comprehensive loss of £7.7m (2021: profit £0.4m), shareholders' equity of £10.8m (2021: 14.9m) and accumulated losses of £8.5m (2021: £0.9m).

The directors have considered the going concern assumption as a significant judgement given historical trading and funding considerations requirements and have formed the conclusion that it is appropriate to consider that the Group and Company will continue to operate in the foreseeable future.

The Group reacted quickly to disruption encountered in FY22, reducing staff and operational costs in Q4. The benefits of these actions translated into reduced operating losses in Q1 FY23. Further operational cost action will be implemented in the current financial year.

The Group has received financial commitment from an existing strategic shareholder in writing that it will increase its investment in the Group to a level which will enable the Group to meet its obligations.The combined effect of committed additional funding from a strategic shareholder, the realisation of cost actions taken in Q4 plus additional planned cost actions in the short term and improved trading outlook based on Q1 FY23 results lead the Directors to conclude that the Group and Company will continue to operate for a period of at least 12 months from the date of approval of these financial statements. Whilst the directors have concluded that the accounts should be prepared using the going concern basis of accounting, these conditions give rise to a material uncertainty which may cast significant doubt on the group and Company's ability to continue as a going concern.

Notice of meeting

This year's Annual General Meeting will be held on Thursday, 29 September 2022.

A separate circular will be sent to shareholders and includes the following:

- notice of meeting;
- Form of Proxy; and
- details and information on the resolutions to be proposed.

Crowe U.K. LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

Strategic report

The Strategic Report set out on pages 1 to 22 provides a fair review of the Group's business for the year ended 31 March 2022. It also explains the objectives and strategy of the Group, its competition and the markets in which it operates, the principal risks and uncertainties it faces, employee information, the Group's financial position, key performance indicators and likely future developments of the business.

Key stakeholders

For our key stakeholders and employees please refer to Our Stakeholders section on pages 21 to 22.

Future development

Future developments are discussed in the Chairperson Statement on page 9 and the CEO Review on page 11.

Research and Development

The Nomad technology platform is the foundation on which the Group's solutions are built. The three core products, Nomad Storefront, Nomad Distribution and Nomad Checkout provide international brands with a wide range of options for the multi-faceted Chinese eCommerce industry. The Group continues to invest in the development of its technology platform. During the year the Group capitalised £1.1m (2021: £0.6m) of development costs with a total of £2.3m in total capitalised development costs at 31 March 2022.

Post balance sheet events

- Secured agreement in principle from major strategic shareholder
- Payment of deferred consideration in relation to acquisition Napiers the Herbalists

Substantial shareholdings

As at 31 August 2022, the following shareholders had notified the Company that they held an interest in 3% or more of its issued ordinary share capital:

Significant Shareholders	Shareholding	Percentage of issued shares
Global Smollan Holdings	8,087,539	14.8%
David Hampstead [(1)]	7,910,951	14.5%
Simon Smiley [(2)]	7,295,793	13.3%
Thomas Gooding	5,463,111	10.0%
Schroders Investment Management	4,347,826	7.9%
SF Express	2,737,840	5.0%

(1) 486,400 Ordinary Shares registered in the name of David Hampstead is under option pursuant to the terms of a Hedging Agreement
(2) 505,600 Ordinary Shares registered in the name of Simon Smiley is under option pursuant to the terms of a Hedging Agreement

Save for these interests, the directors have not been notified that any person is directly or indirectly interested in 3% or more of the issued ordinary share capital of the Company. Save as disclosed above, the Company is not aware of any person who, as at the date of this Document, directly or indirectly, has a holding of Ordinary Shares which is notifiable under English law.

Directors' interests in the company are disclosed on page 30 of the Corporate Governance Report.

None of the Shareholders referred to in this paragraph has different voting rights from any other Shareholder in respect of any Ordinary Shares held by them.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure to auditors

The Directors who held office at the date of approval of this Directors' report confirm the following:

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

Website publication

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

The Directors report was approved on behalf of the Board on 2 September 2022 and signed on its behalf by:

David Hampstead
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAMARKAND GROUP PLC

FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Samarkand Group Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2022, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2022;
- the Group and Parent Company Statement of Financial Position as at 31 March 2022;
- the Group and Parent Company statement of changes in equity for the year then ended;
- the Group and Parent statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2a of the financial statements, which indicates that the Group made a loss of £7.7m during the year ended 31 March 2022 and had a net operating cash out flows of £7.7m for that year. The Group's operations depend on financial support from existing shareholders and continuing operations which generate positive cash flows, indicating the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The financial statements do not include the adjustments that would result if the Group is unable to continue as a going concern.

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and the parent Company's ability to continue to adopt the going concern basis of accounting included. An explanation of how we evaluated management's assessment and the key observations arising with respect to the evaluation is detailed below.

We have obtained and reviewed the Board's paper setting out the going concern assessment and examined supporting working capital forecasts. Our audit procedures were as follows:

- Tested accuracy of the models used by management in their assessment;
- Challenged with management whether the assumptions are realistic, achievable and consistent when compare to past performance and other forecast information used during the audit;
- Discussed the going concern assumption with management and evaluated their assessment of the Group and the parent Company's liquidity requirements; and
- Assessed the reasonableness of management's budget/forecasts, including comparison to actual results achieved in the year and the evaluation of downside sensitivities.

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

Overview of our audit approach

Materiality

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

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £300,000 benchmark based on 5% of Group's loss before tax. Materiality for the Parent Company financial statements as a whole was set at £180,000 benchmark based on 4% of loss before tax and exceptional item.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £ 210,000 for the Group and £ 126,000 for the Parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £15,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Samarkand Group Plc is located in the United Kingdom. Our audit was conducted remotely. The operations of its subsidiaries, Samarkand Holdings Limited, Forever Young International Limited, Samarkand Global Limited, Immergruen Limited and New Silk Road Brand Management Limited are located in the UK. The operations of its subsidiaries, Samarkand Global (Beijing) Limited, Shanghai Samarkand Technology Services Co. Limited, Shanghai Eastwest Network Technology Co. Limited and Samarkand Global Hong Kong Limited are based in China. We conducted specific audit procedures in relation to these entities from UK.

Key Audit Matters

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

In addition to the material uncertainty in relation to going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Revenue Recognition Refer page 45, (Consolidated Statement of Comprehensive Income), pages 50 (Notes to the Consolidated Financial Statements – Note 3l Accounting policies) Revenue is recognized in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue as a result of both fraud and error, because revenue is material and is an important determinant of the group's profitability, which has a consequent impact on its share price performance.	Our work focused on assessing that revenue accounting policies were compliant with IFRS and validating that revenue is recognised in accordance with the accounting policies and that cut off was correctly applied through testing. We validated a sample of revenue items to confirm revenue was being recognised in line with IFRS ensuring the goods were delivered within the period. In addition, we have validated samples of revenue items with cash received in Bank accounts. We have assessed the adequacy of the Group's disclosures related to revenue.

Carrying value of goodwill and other intangible assets

Refer page 45, (Consolidated Statement of Comprehensive Income), pages 50 (Notes to the Consolidated Financial Statements – Note 3b Accounting policies), Note 13, pages 71, (financial disclosures).

The carrying value of goodwill and other intangible assets at 31 March 2022 was £ 7 million.

The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and software developments.

When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired.

The key judgements are in relation to growth and profitability. Changes in these factors could result in an impairment to the carrying value of the goodwill and intangible assets.

We evaluated, in comparison to the requirements set out in IAS 36, management's assessment *(using discounted cash flow models)* as to whether goodwill and/or other intangible assets were impaired. We reviewed, challenged and considered management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates. We have also reviewed the constitution of CGU's identified by the management.

We obtained management's discounted cash flow models supporting the intangible asset not being impaired. We challenged the key assumptions into the model, including the forecast revenue and gross margin, discount rates and growth rates. We compared cash flow forecasts used in the impairment review to historical performance and forecasts used in the assessment of going concern, and challenged where forecasts indicated performance that deviated significantly from historical performance, in the absence of significant *changes in the business or market environment.*

Discount rates and growth rates were benchmarked to our knowledge of sector performance, to evaluate the reasonableness of these assumptions. Sensitivity analysis was performed on the key assumptions such as growth, margin and discount rates to identify those assumptions to which the goodwill or intangible asset valuation was highly sensitive.

Carrying Value of Inventory Refer page 45, (Consolidated Statement of Comprehensive Income), pages 50 (Notes to the Consolidated Financial Statements – Note 3q Accounting policies), Note 16, pages 74, (financial disclosures). As at 31 March 2022 the value of inventory amounted to £3.7 million, representing 35.74% of current assets. Inventories were considered to be a key audit matter due to the size of the balance and because the valuation of inventory held at the year-end date involves judgement. There is a risk that some inventory may not be adequately provided or carried at the lower of cost or net realisable value.	Our audit procedures in this area included: - Attending inventory counts at the group's key operating location in the UK. - Assessing the compliance of the group's accounting policies with IFRS. - Assessing the inventory valuation processes and practices. - Validating the assessment made by management with respect to slow moving and obsolete inventory.

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

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Responsibilities of the directors for the financial statements

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 Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the company.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation in the countries in which the group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these .risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

Leo Malkin (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

2 September 2022

SAMARKAND GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Revenue	6	16,576,228	20,600,541
Cost of sales	6	(8,226,260)	(8,770,887)
Gross profit		8,349,968	11,829,654
Selling and distribution expenses		(7,056,415)	(6,189,506)
Administrative expenses	8	(8,183,996)	(4,506,290)
Adjusted EBITDA*		(6,236,249)	(418,675)
Share-based payment and related expenses	8	-	(26,914)
Repayment of share option plan	8	(306,579)	-
Acquisition and restructuring costs	8	(347,615)	(44,945)
IPO Listing Fees	8	-	(415,229)
Exceptional profit		-	2,039,621
EBITDA*		(6,890,443)	1,133,858
Depreciation and amortisation		(786,639)	(503,354)
Operating (loss)/profit		(7,677,082)	630,504
Finance income		86	115
Finance costs		(171,455)	(401,076)
(Loss)/income before taxation		(7,848,451)	229,543
Taxation	12	141,499	177,514
(Loss)/income after taxation		(7,706,952)	407,057
Other comprehensive income:			
Exchange differences on translation of foreign operations		(23,234)	(18,517)
Items that may be reclassified to profit and loss in subsequent periods		(23,234)	(18,517)
Total comprehensive (loss)/income for the year		(7,730,186)	388,540
(Loss)/income attributable to:			
Equity holders of the Company		(7,617,081)	405,074
Non-controlling interests		(89,871)	1,983
		(7,706,952)	407,057
(Loss)/earnings per share (basic and diluted)	11	(0.1399)	0.0113
Comprehensive (loss)/income attributable to:			
Equity holders of the Company		(7,640,315)	386,557
Non-controlling interests		(89,871)	1,983
		(7,730,186)	388,540

*EBITDA and Adjusted EBITDA are non-GAAP measures used to represent the trading performance and results of the Group. EBITDA is defined as profit or loss before tax adjusted for finance income and expense, depreciation and amortisation. Adjusted EBITDA excludes those items the Group considers to be non-recurring or material in nature that may distort an understanding of financial performance or impair comparability.

SAMARKAND GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	31 March 2022 £	31 March 2021 £
ASSETS			
Intangible assets	13	7,011,236	1,462,981
Property, plant and equipment	14	243,417	151,262
Right-of-use assets	15	608,635	840,607
Non-current assets		7,863,288	2,454,850
Inventories	16	3,720,248	1,857,239
Trade receivables	17	1,512,702	1,013,631
Corporation tax recoverable		113,710	98,893
Other receivables and prepayments	18	1,012,371	522,022
Cash and cash equivalents		4,049,118	14,606,867
Current assets		10,408,149	18,098,652
Total assets		18,271,437	20,553,502
EQUITY AND LIABILITIES			
Share capital	19	547,148	516,190
Share premium		21,022,958	17,412,900
Merger relief reserve	19	(2,063,814)	(2,063,814)
Accumulated loss		(8,546,753)	(929,672)
Currency translation reserve	21	(31,501)	(8,267)
Total equity attributable to parent		10,928,038	14,927,337
Non-controlling interest		(89,871)	-
Total equity		10,838,167	14,927,337
Right-of-use lease liabilities	15	458,352	720,353
Borrowings	22	1,390,035	1,372,964
Deferred tax liability		370,590	67,576
Accrued liabilities		512,441	-
Total non-current liabilities		2,731,418	2,160,893
Trade and other payables		3,597,110	1,981,054
Accrued liabilities		566,266	472,807
Deferred revenue		214,383	42,563
Borrowings	22	62,092	709,574
Right-of-use lease liabilities	15	262,001	252,641
Refund liabilities		-	6,633
Total current liabilities		4,701,852	3,465,272
Total liabilities		7,433,270	5,626,165
Total liabilities and equity		18,271,437	20,553,502

The financial statements were approved by the board of directors and authorised for issue on 2 September 2022 and are signed on its behalf by:

David Hampstead
Director

Company Registration No. 13127277

SAMARKAND GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £	*Share premium* £	Merger relief *reserve* £	Capital contribution £	Currency translation reserve £	Accumulated loss £	Non-controlling interests £	Total equity £
Balance at 1 April 2020	1,767	-	28,764	266,072	(3,333)	(3,342,203)	(32,168)	(3,081,101)
Profit after taxation	-	-	-	-	-	405,074	1,983	407,057
Other comprehensive loss	-	-	-	-	(18,517)	-	-	(18,517)
Total comprehensive income/(loss) for the year	-	-	-	-	*(18,517)*	*405,074*	*1,983*	*388,540*
Disposal of minority interests	-	-	-	-	-	(12,891)	30,185	17,294
Transactions with owners	-	-	-	-	-	(12,891)	30,185	17,294
Group reconstruction	351,633	-	(2,092,578)	(266,072)	13,583	1,993,434	-	-
Shares issued on listing net of transaction fees	*147,804*	*15,852,283*	-	-	-	-	-	*16,000,087*
Shares issued on conversion of loans	*14,986*	*1,560,617*	-	-	-	-	-	*1,575,603*
Share based payments	-	-	-	-	-	*26,914*	-	*26,914*
	514,423	*17,412,900*	(2,092,578)	*(266,072)*	*13,583*	*2,020,348*	-	*17,602,604*
Balance at 31 March 2021	516,190	17,412,900	(2,063,814)	-	(8,267)	(929,672)	-	14,927,337
Profit after taxation	-	-	-	-	-	(7,617,081)	(89,871)	(7,706,952)
Other comprehensive loss	-	-	-	-	(23,234)	-	-	(23,234)
Total comprehensive income/(loss) for the year	-	-	-	-	*(23,234)*	*(7,617,081)*	*(89,871)*	*(7,730,186)*
Shares issued on subscription	27,378	3,113,638	-	-	-	-	-	3,141,016
Shares issued on acquisition	3,580	496,420	-	-	-	-	-	500,000
	30,958	*3,610,058*	-	-	-	-	-	*3,641,016*
Balance at 31 March 2022	547,148	21,022,958	(2,063,814)	-	(31,501)	(8,546,753)	(89,871)	10,838,167

SAMARKAND GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	31 March 2022 £	31 March 2021 £
Cash flows from operating activities		
Income/(loss) after taxation	(7,706,952)	407,057
Cash flow from operations reconciliation:		
Depreciation and amortisation	786,639	503,354
Interest expense	60,182	314,027
Finance income	(86)	(115)
Income tax credit	(141,499)	(177,514)
Share based payment	-	26,914
Working capital adjustments:		
(Increase) in inventories	(1,544,851)	(562,046)
(Increase) in trade and other receivables	(780,763)	(209,168)
Increase in trade and other payables	1,258,687	482,589
Cash generated from/(used) in operating activities	(8,068,643)	785,098
Taxes (paid)/received	20,803	69,883
Net cash generated from/(used in) operating activities	(8,047,840)	854,981
Cash flows from investing activities		
Purchase of property, plant and equipment	(175,151)	(71,238)
Payment of intangible assets	(1,228,096)	(586,226)
Acquisition of subsidiary, net of cash acquired	(3,341,477)	(9,125)
Disposal of subsidiary, net of cash sold	-	17,294
Finance income	86	115
Net cash used in investing activities	(4,744,638)	(649,180)
Cash flows from financing activities		
Proceeds from issue of shares, net of fees	3,141,016	16,000,087
Repayment of right-of-use lease liabilities	(252,641)	(283,424)
Proceeds from borrowings	-	1,833,400
Repayment of borrowings	(630,411)	(3,703,069)
Net cash from financing activities	2,257,964	13,846,994
Net increase/(decrease) in cash and cash equivalents	(10,534,514)	14,052,795
Cash and cash equivalents – beginning of the year	14,606,867	572,586
Effects of exchange rate changes on the balance of cash held in foreign currencies	(23,235)	(18,514)
Cash and cash equivalents – end of the year	4,049,118	14,606,867

1. General information

Samarkand Group plc was incorporated in England and Wales on 12 January 2021 as a public company with limited liability under the Companies Act 2006.

Samarkand Group plc's registered office is Unit 13 & 14 Nelson Trading Estate, The Path, Merton, London SW19 3BL.

The Consolidated Group financial statements represents the consolidated results of Samarkand Group plc and its subsidiaries, (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

These are the second year of consolidated financial statements of the Group following the reorganisation of the Group to facilitate the listing. The result of the application of the capital reorganisation is to present the consolidated financial statements (including comparatives) as if the Company has always owned the Group. The share capital structure of the Company as at the date of the Group reorganisation is pushed back to the first date of the comparative period (1 April 2020). A Merger Reserve is created as a separate component of equity, representing the difference between the share capital of the Company at the date of the Group reorganisation and that of the previous parent of the Group, Samarkand Holdings Limited.

2. Basis of preparation and measurement

(a) ***Basis of preparation***

The financial statements have been prepared in accordance in accordance with UK-adopted International Accounting Standards.

Unless otherwise stated, the financial statements are presented in Pounds Sterling (£) which is the currency of the primary economic environment in which the Group operates.

Transactions in foreign currencies are translated into £ at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. The resulting gain or loss is reflected in the *"Consolidated Statements of Comprehensive Income"* within either *"Finance income" or "Finance costs"*.

The financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The directors of Samarkand Group plc have reviewed the Group's overall position and outlook and are of the opinion that the Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

Going concern

The Group and the Company faced its most challenging year to date, with external factors including the widespread COVID lockdowns in China generating high levels of disruptions to the Group.

For the year ended 31 March 2022, the Group reported a total comprehensive loss of £7.7m (2021: profit £0.4m), shareholders' equity of £10.8m (2021: 14.9m) and accumulated losses of £8.5m (2021: £0.9m).

The directors have considered the going concern assumption as a significant judgement given historical trading and funding considerations requirements and have formed the conclusion that it is appropriate to consider that the Group and Company will continue to operate in the foreseeable future.

The Group reacted quickly to disruption encountered in FY22, reducing staff and operational costs in Q4. The benefits of these actions translated into reduced operating losses in Q1 FY23. Further operational cost action will be implemented in the current financial year.

The Group has received financial commitment from an existing strategic shareholder in writing that it will increase its investment in the Group to a level which will enable the Group to meet its obligations. The combined effect of committed additional funding from a strategic shareholder, the realisation of cost actions taken in Q4 plus additional planned cost actions in the short term and improved trading outlook based on Q1 FY23 results lead the Directors to conclude that the Group and Company will continue to operate for a period of at least 12 months from the date of approval of these financial statements. Whilst the directors have concluded that the accounts should be prepared using the going concern basis of accounting, these conditions give rise to a material uncertainty which may cast significant doubt on the group and Company's ability to continue as a going concern.

(b) ***Basis of consolidation***

The Consolidated Group financial statements comprises the financial statements of Samarkand Group plc and its subsidiaries listed in Note 5 *"Subsidiaries"* to the Consolidated Group financial statements.

A subsidiary is defined as an entity over which Samarkand Group plc has control. Samarkand Group plc controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

(c) ***New standards and interpretations***

New and amended IFRS standards that are effective for the current year

In the current year, a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) and endorsed by the UK Endorsement Board became mandatorily effective for an accounting period that begins on or after 1 April 2021. These amendments had no effect on the current or prior period.

New standards, amendments and interpretations which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standard and Interpretations relevant to the Group, which have not yet been applied in these financial statements, were in issue but not yet effective:

Standard, amendment or interpretation	**Description**	**Effective date for accounting period beginning on or after**
IAS 1	Amendments to the classification of liabilities as current or non-current. The amendments provide more general approach to classifications of liabilities under IAS 1 based on contractual arrangements in place at the reporting date.	1 January 2023

New standards, amendments and interpretations which are in issue but not yet effective (continued)

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use	1 January 2022
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'.	1 January 2022
IFRS 9	The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	1 January 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, will be reviewed for their impact on the financial statements prior to their initial application.

3. Significant accounting policies

The preparation of the Consolidated Group financial statements in compliance with IFRS requires the directors to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Group financial statements are disclosed in Note 4 *"Significant judgements, estimates and assumptions"* to the Consolidated Group Financial Information.

(a) ***Foreign currency transactions and translation***

The Consolidated Group financial statements are presented in Pounds Sterling, which is the functional currency of the parent company.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the *"Statement of Financial Position"*;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, the Group recognises in *"other comprehensive income"* the exchange differences arising from the translation of the net investment in foreign entities.

(b) ***Intangible assets***

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of the net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses.

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in the income statement. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Intangible assets (continued)

Acquisition-related intangible assets

Net assets acquired as part of a business combination includes an assessment of the fair value of separately identifiable acquisition-related intangible assets, in addition to other assets, liabilities and contingent liabilities purchased. These are amortised on a straight-line basis over their useful lives which are individually assessed.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

The estimated useful lives are as follows:

Website	3-5 years
Patents and trademarks	7 years
Internally developed assets	5 years
Brand names	10-20 years

(c) ***Property, plant and equipment***

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group.

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives:

Office equipment	3 years
Computer equipment	3 years
Machinery	7 years
Leasehold improvements	Straight line over the lease term

Property and equipment held under leases are depreciated over the shorter of the lease term and estimated useful life.

(d) ***Research and development expenditure***

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except those costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if the group can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset; and

- the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Certain internal salary costs are included where the above criteria are met. These internal costs are capitalised when they are incurred in respect of technology with commercial applications. Development expenditure initially recognised as an expense is not recognised as assets in subsequent periods.

Capitalised development expenditure is amortised on a straight-line basis over an asset's expected useful life which has been estimated at 5 years when the technology or services are ready for use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount.

(b) ***Impairment of financial assets***

IFRS 9 *"Financial Instruments"* requires an expected credit loss model to be adopted. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The credit event does not have to occur before credit losses are recognised.

IFRS 9 *"Financial Instruments"* allows for a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

The Group has one type of financial asset subject to the expected credit loss model: trade receivables.

The expected loss rates are based on the Group's historical credit loss experience, adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

(c) ***Impairment of non-financial assets***

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications do exist, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the Directors consider the asset impaired and write the subject asset down to its recoverable amount. In assessing value-in-use, the Directors discount the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the Directors consider recent market transactions, if available. If no such transactions can be identified, the Directors utilise an appropriate valuation model.

When applicable, the Group recognises impairment losses of continuing operations in the *"Statements of Profit or Loss and Other Comprehensive Income"* in those expense categories consistent with the function of the impaired asset.

(d) ***Right-of-use assets***

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(e) ***Leases***

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used, which the Directors have assessed to be 4%.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Extension option:

The property lease contains an extension option exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

*(f) **Impairment of financial assets***

IFRS 9 "*Financial Instruments*" requires an expected credit loss model to be adopted. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The credit event does not have to occur before credit losses are recognised.

IFRS 9 "*Financial Instruments*" allows for a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

The Group has one type of financial asset subject to the expected credit loss model: trade receivables.

The expected loss rates are based on the Group's historical credit loss experience, adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

*(g) **Impairment of non-financial assets***

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications do exist, or when annual impairment testing for an asset is required, the Directors estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the Directors consider the asset impaired and write the subject asset down to its recoverable amount. In assessing value-in-use, the Directors discount the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the Directors consider recent market transactions, if available. If no such transactions can be identified, the Directors utilise an appropriate valuation model.

When applicable, the Group recognises impairment losses of continuing operations in the "*Statements of Profit or Loss and Other Comprehensive Income*" in those expense categories consistent with the function of the impaired asset.

*(h) **Taxation***

Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Group Financial Information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Income taxation

Current income tax assets and liabilities are measured at the amount to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the jurisdictions where the Group operates and generates taxable income.

(i) Revenue from contracts with customers and other income

The Group's revenue represents the fair value of the consideration received or receivable for the rendering of services and sale of goods, net of value added tax and other similar sales-based taxes, rebates and discounts after eliminating intercompany sales. In particular:

Sale of goods

For Distribution, Brand Ownership and Nomad Technology, revenue includes the sale and distribution of goods. The primary performance obligation is the transfer of goods to the customer. For wholesale revenue (revenue from other businesses), control is transferred when the goods are collected from the Group's premises. For online revenue, control transfers when the title and risk of loss has passed to the customer, this could be when the goods are shipped from the Group's premises or when the goods are delivered to the customer, the timing of transfer is dependent on the terms of trade with the online platform. Provision for returns and other allowances are reflected in revenue when revenue from the customer is first recognised. Returns are initially estimated based on historical levels and adjusted subsequently as returns are incurred.

When the Group acts as principal in sale of goods and services, revenue from customers and costs with suppliers are reported on a gross basis. When the Group acts as agent in sale of goods and services, revenue from customer and costs with suppliers are reported on a net basis, representing the net margin earned. Whether the Group is acting as principal or agent depends on management's analysis of both legal form and substance of the agreement between the Group and its business partner.

Acting as principal to a contract for services

For Nomad technology, the Group provides managed services with certain arrangements that may be sub-contracted to third party agents. Under these arrangements, a business partner may appoint the Group as the service provider in respect of the managed services. The Group is responsible for planning and execution of such services. Whilst the Group may sub-contract its obligation under the arrangement, it remains responsible for delivery of the service obligations to the business partner. In these circumstances, the Group is considered to be the principal to the arrangement as it controls the service before transferring it to the customer. In particular, the Group retains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the agreement. Accordingly, the Group recognises revenue and cost on a gross basis.

Revenue for these managed services are recognized as the services are performed and the obligations are discharged, or if there are no key performance obligations, straight line over the relevant period.

Exceptional revenues

Exceptional revenues in respect of the delivery of personal protective equipment ("PPE") were recognised when the performance obligations were discharged, at the time of delivery of the PPE.

(j) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Finance income and expenses

Financing expenses comprise interest payable on lease liabilities, leases recognised in profit or loss using the effective interest method, and net foreign exchange losses that are recognised in the income statement. Financing income comprise interest receivable on cash deposits and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(l) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(m) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

(o) Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(p) *Contingent liabilities*

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the Consolidated Group Financial Information, but are disclosed unless they are remote.

(q) *Merger relief*

The issue of shares by Samarkand Group plc is accounted for at the fair value of the consideration received. Any excess over the nominal value of the shares issued is credited to the share premium account other than in a business combination where the consideration for shares in another company includes the issue of shares, and on completion of the transaction, Samarkand Holdings has secured at least a 90% equity holding in the other company. In such circumstances the credit is applied to the merger relief reserve.

In the case of the Samarkand Holdings' acquisition of Samarkand Global Limited in 2017, where all of the issued shares were acquired on a share for share basis, then merger relief has been applied to those shares issued in exchange for shares in Samarkand Global Limited.

(r) *Share-based payment arrangements*

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Where the conditions are non-vesting, the expense and equity reserve arising from share-based payment transactions is recognised in full immediately on grant.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

(s) *Segmental reporting*

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group has one reportable segment with three revenue streams, being Brand Ownership, Nomad Technology and Distribution business units engaged in the B2B and B2C sale of products and e-commerce technology solutions for Western brands and retailers selling into China. An analysis is included in Note 6 and 7 to the Consolidated Financial Information.

4. *Significant accounting judgements, estimates and assumptions*

The directors have made the following judgements which may have a significant effect on the amounts recognised in the Consolidated Group financial statements:

Accounting estimates

(a) ***Valuation of intangible assets***

The determination of the fair value of assets and liabilities arising on the acquisition of businesses, the acquisition of industry-specific knowledge, software technology and brand names, whether arising from separate purchases or from the acquisition as part of business combinations, and development expenditure which is expected to generate future economic benefits, are based, to a considerable extent, on the Directors' estimations.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Allocation of the purchase price affects the results of the Group as finite life intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

The estimated useful life principally reflects management's view of the average economic life of each asset and is assessed by reference to historical data and future expectations. Any reduction in the estimated useful life would lead to an increase in the amortisation charge.

(b) ***Inventory provisions***

Inventory is carried at the lower of cost and net realisable value, on a weighted average cost basis which provides an estimation of the products future selling prices. A provision is also made to write down any obsolete inventory to the net realisable value. The provision is £673,832 at 31 March 2022 (2021: £51,321) and an overall charge of to the consolidated statement of comprehensive income of £805,550 (2021: £111,576)

Accounting judgement

(c) ***Impairment of intangibles***

IFRS requires the Directors to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving judgement in determining estimates, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- the level of capital expenditure to support long-term growth; and
- the selection of discount rates to reflect the risks involved.

The directors prepare and approve cash flow projections which are used in the fair value calculations.

Whilst the Directors consider their assumptions to be realistic, the Group's impairment evaluation is highly sensitive to the actual results and factors outside the control of the Directors, including the ability of the Group to secure sufficient funding to be able to fulfil the financial projections and continue as a going concern, and if those differ from the expectations of the Group's impairment could be affected. In addition, the use of different estimates, assumptions and judgements, in particular those involved in a) determining a value base on our current expectations of future conditions and associated cashflows from the Group's operation b) our determination level at which the Group assets can be reasonably tested for impairment separately from other parts of the business and c) our treatment of centrally held assets, could each result in material differences in the carrying values of assets and assessments of impairment.

(d) ***Research and development costs***

Research expenditure is recognised in the income statement in the period in which it is incurred. Development expenditure is recognised in the income statement in the period in which it is incurred unless it is probable that economic benefits will flow to the Group from the asset being developed, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is capitalised as an intangible asset on the statement of financial position.

Initial capitalisation of costs is based on the Directors' judgement that technological and economic feasibility of the asset is confirmed, usually when a development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, the Directors have made assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Capitalisation ceases when the asset being developed is ready for use.

Cost of internally generated intangible assets comprise of directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Group. More specifically, time spent that is eligible for capitalisation includes time that is intrinsic to the development of new software and the enhancement of existing software. Development costs that do not meet the above criteria are expensed as incurred. In particular, time that is spent on the maintenance of existing software is recognised as an expense.

At 31 March 2022, the carrying amount of capitalised development costs was £1,836,889 (2021: £1,027,488).

(e) ***Right-of-use assets***

At the commencement of a lease, an initial assessment is made as to whether or not it is likely that a renewal option will be exercised and therefore the lease term is determined at this point. Judgement as to the likely lease term has a direct impact on the calculation of right-of-use assets and lease liabilities as well as related depreciation and finance expenses. The Directors have assumed that the Group will not extend its lease terms.

5. Subsidiaries

Details of the Group's subsidiaries as at 31 March 2022 are as follows:

Company	*Country of registration or incorporation*	*Registered office*	*Principal activity*	*Percentage of ordinary shares held*
Samarkand Holdings Limited	England & Wales	Unit 13 & 14 Nelson Trading Estate, The Path, Merton, London, SW19 3BL	Holding company	100%
Forever Young International Limited	England & Wales	As above	UK & European distribution	100%*
Samarkand Global Limited	England & Wales	As above	eCommerce provider	100%*
New Silk Road Brand Management Limited	England & Wales	As above	Inactive	100%*
Immergruen Limited	England & Wales	As above	UK distribution	100%*
Zita West Products Limited	England & Wales	As above	UK distribution	100%*
Babawest Ltd	England & Wales	As above	UK distribution	51%*
Napiers 1860 Group Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	UK distribution	100%*
The Edinburgh Herbal Dispensary Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	UK distribution	100%*
Duncan Napier Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	UK distribution	100%*
Highland Herbs Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	Inactive	100%*

Napiers Herbals Limited	England & Wales	Unit 13 & 14 Nelson Trading Estate, The Path, Merton, London, SW19 3BL	UK distribution	100%*
Samarkand Global (Beijing) Limited	People's Republic of China	Room 107 No.701, 7th Floor, Building 1 Westend, No. 100 Balizhuang, Chaoyang District, Beijing	Administrative	100%*
Samarkand Global (Japan) KK	Japan	2-2-10-605 Shinjuku Shinjuku-ku Tokyo, Japan	Administrative	100%*
Shanghai Samarkand Technology Service Co., Ltd	People's Republic of China	Room 205, No.438 Pudian Road, China (Shanghai) Pilot Free Trade Zone	Administrative	100%*
Samarkand Global HK Limited	Hong Kong (SAR), China	Suite 1113A, 11/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	Sale of goods into Hong Kong	100%*
Shanghai EastWest Network Technology Co., Ltd	People's Republic of China	Room 2021, Building 2, No. 181 Songyu Road, Tinglin Town, Jinshan District, Shanghai	Technology licensing	100%*
Shanghai Samarkand Import & Export Trading Co. Ltd	People's Republic of China	Room 563, South 5th Floor, No. 333, Tianyueqiao Road, Xuhui District, Shanghai, China	Chinese distribution	100%*

* held indirectly

6. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers:

	31 March 2022 £	31 March 2021 £
Revenue analysed by class of business:		
Brand ownership	4,509,979	3,518,615
Nomad technology	7,480,941	6,360,740
Distribution	4,447,990	4,832,644
Exceptional revenue	-	5,780,000
Other	137,318	108,542
Total revenue	16,576,228	20,600,541
Cost of sale by business unit:		
Brand ownership	1,991,401	1,126,480
Nomad technology	3,240,269	2,001,204
Distribution	2,992,880	2,496,299
Exceptional	-	3,091,046
Other	1,710	55,858
Total costs of sale	8,226,260	8,770,887

Exceptional revenues:

With teams in both the UK and China, the Group was ideally positioned to source and supply products necessary for the coronavirus response. As a result, a £5.8m government contract from the Department of Health and Social Care (DHSC) (the "Exceptional Revenue") was awarded to the Company in April 2020 for the supply of personal protective equipment. This contract was successfully fulfilled on time and within budget.

7. Operating segments

The activities of the Group are not measured or reported internally on a segmental basis as they are not considered to be attributable to any specific business segment.

	31 March 2022 £	31 March 2021 £
Revenue by geographical destination:		
UK	4,917,082	8,960,128
China	11,606,545	11,131,560
Rest of the world	52,601	508,853
Total revenue	16,576,228	20,600,541

8. Administrative expenses

An analysis of the Group's expenses by nature is as follows:

	31 March 2022 £	31 March 2021 £
Administrative expenses:		
Property costs	393,714	227,910
Staff costs	5,330,434	2,982,338
Professional fees	714,495	382,068
Other	1,091,159	426,886
Share based payment	-	26,914
Repayment of share option plan (a)	306,579	-
IPO Listing Fees	-	415,229
Acquisition and restructuring costs (b)	347,615	44,945
Total administrative expenses	8,183,996	4,506,290

(a) Recompense of Share option plan as described on page 28

(b) Acquisition costs relate to the costs incurred in relation to the acquisitions in the year (see note 23) and restructuring costs are as a result of corrective actions taken in light of the challenges presented by the disruptions

9. Staff costs

	31 March 2022 £		31 March 2021 £
Aggregate staff costs (including directors)			
Wages and salaries (including bonuses)	5,834,498		3,630,149
Social security and other payroll taxes	595,420		290,226
Pension costs	70,754		89,399
Share based payment charge	-		26,914
Capitalised development costs	(1,018,149)		(1,114,362)
Other	269,430		86,926
Total staff costs	5,751,953	*	3,009,252

*Staff costs include £421,519 of restructuring costs and exceptional expenses

Average number of employees		
Management	13	9
Sales operations	91	54
Finance and administration	11	6
Technology	23	15
	138	84

9. Staff costs (continued)

Capitalised development costs comprise of directly attributable costs necessary to create, produce, and prepare the intangible to be capable of operating in the manner intended by the company. More specifically, time spent that is eligible for capitalisation includes time that is intrinsic to the development of new software and the enhancement of existing software.

Remuneration of key management personnel

Key Management personnel of the Group comprise the directors of Samarkand Group plc and other senior members of staff. The emoluments and benefits of Key Management personal were as follows:

	31 March 2022 £	31 March 2021 £
Aggregate staff costs (including directors)		
Wages and salaries (including bonuses)	1,306,158	754,569
Social security and other payroll taxes	142,994	96,287
Pension costs	28,260	11,513
Capitalised development costs	(49,249)	(46,843)
Total staff costs	1,428,163	815,526

10. Auditors' remuneration

	31 March 2022 £	31 March 2021 £
Fees payable to the Company's auditor:		
For audit services		
Audit of the financial statements of the Group	95,000	60,000
For other services		
Support in connection with admission to Aquis Exchange Growth Market	-	152,500

11. Earnings per share

	31 March 2022	31 March 2021
Basic and diluted earnings/(loss) per share	(13.99) pence	1.13 pence
Basic and diluted number of shares in issue	54,419,885	51,618,966

Basic earnings per share is calculated by dividing the profit/loss after tax attributable to the equity holders of Samarkand Group plc by number of shares in issue after the share for share exchange on the 16 February and the allotment of ordinary shares on 22 March 2021.

12. Taxation

i) Tax expense

The components of the provision for taxation on income included in the *"Statement of Profit or Loss and Other Comprehensive Income"* for the periods presented are summarised below:

	31 March 2022 £	31 March 2021 £
Current tax		
UK corporate income tax credit	(132,539)	(168,776)
Deferred tax		
UK deferred income tax credit	(8,960)	(8,738)
Total income tax credit	(141,499)	(177,514)

The differences between the statutory income tax rate and the effective tax rates are summarised as follows:

	31 March 2022 £	31 March 2021 £
Profit/(loss) before income taxes	(7,848,451)	229,543
Expected tax at statutory UK corporation tax rate of 19%	(1,491,206)	43,613
Increase/(decrease) in tax resulting from:		
Effect of different tax rates in foreign jurisdictions	21,966	76,829
Research and development tax credits	(132,539)	(168,776)
Tax losses carried forward	1,494,714	-
Tax losses utilised	-	(131,381)
Capital allowances less depreciation	(39,525)	(6,151)
Over provision in previous periods	-	(10,822)
Deferred tax credit	(8,960)	(8,738)
Non-deductible expenditure	14,051	27,912
	(141,499)	(177,514)

ii) Deferred tax

The following are the major deferred tax liabilities recognised by the Group and any movements thereon:

	Accelerated capital allowances	Total
	£	£
At 1 April 2020	76,314	76,314
Movement	(8,738)	(8,738)
At 31 March 2021	67,576	67,576
Deferred tax from acquisition	323,188	323,188
Movement	(20,174)	(20,174)
At 31 March 2022	370,590	370,590

The Group had £7,433,086 (2021: £1,492,553) of tax losses available to be carried forward against future profits.

13. Intangible assets

	Development costs	Trademarks	Brands	Goodwill	Website	Total
	£	£	£	£	£	£
Cost						
At 1 April 2020	633,374	41,327	459,916	57,807	-	1,192,424
Additions	557,181	29,045	10,235	-	-	596,461
At 31 March 2021	1,190,555	70,372	470,151	57,807	-	1,788,885
Reclassification	-	-	(10,235)	10,235	-	-
Acquired through business combinations*	-	8,857	2,024,175	2,761,676	-	4,794,708
Additions	1,139,882	20,367	-	-	70,198	1,230,447
At 31 March 2022	2,330,437	99,596	2,484,091	2,829,718	70,198	7,814,040
Amortisation						
At 1 April 2020	-	5,568	103,483	-	-	109,051
Charge for the year	163,067	7,775	46,011	-	-	216,853
At 31 March 2021	163,067	13,343	149,494	-	-	325,904
Acquired through business combinations*	-	7,663	-	-	-	7,663
Charge for the year	330,481	11,497	122,186	-	5,073	469,237
At 31 March 2022	493,548	32,503	271,680	-	5,073	802,804
Net book value						
At 31 March 2022	1,836,889	67,093	2,212,411	2,829,718	65,125	7,011,236
At 31 March 2021	1,027,488	57,029	320,657	57,807	-	1,462,981

* See Note 23 for business combinations during the year.

14. Property, plant and equipment

	Office equipment	Computer equipment	Leasehold improve-ments	Machi-nery	Total
	£	£	£	£	£
Cost					
At 1 April 2020	65,873	48,613	58,430	-	172,916
Additions	22,734	48,917	-	-	71,651
Transfer	(459)	459	-	-	-
Foreign exchange	-	(771)	-	-	(771)
At 31 March 2021	88,148	97,218	58,430	-	243,796
Reclassify	(7,541)	7,541	-	-	-
Additions	23,059	90,492	20,145	50,745	184,441
Acquisition	24,388	17,255	-	-	41,643
Disposal	-	(23,014)	-	-	(23,014)
Foreign exchange	66	2,816	-	-	2,505
At 31 March 2022	128,120	192,308	78,575	50,745	449,748
Depreciation					
At 1 April 2020	14,539	17,491	6,336	-	38,366
Charge for the year	19,694	23,759	11,073	-	54,526
Transfer	(83)	83	-	-	-
Foreign exchange	-	(358)	-	-	(358)
At 31 March 2021	34,150	40,975	17,409	-	92,534
Reclassify	(4,481)	4,481	-	-	-
Charge for the year	12,235	56,459	11,905	4,830	85,429
Acquisition	21,086	15,754	-	-	36,840
Disposal	-	(10,459)	-	-	(10,459)
Foreign exchange	31	2,156	-	-	2,187
At 31 March 2022	63,021	109,366	29,314	4,830	206,531
Net book value					
At 31 March 2022	65,099	82,942	49,261	45,915	243,217
At 31 March 2021	53,998	56,243	41,021	-	151,262

15. Right-of-use assets

	Land and buildings £	Total £
Cost		
At 1 April 2020	1,362,545	1,362,545
Additions	-	-
At 31 March 2021	1,362,545	1,362,545
Additions	-	-
At 31 March 2022	1,362,545	1,362,545
Amortisation		
At 1 April 2020	289,965	289,965
Charge for the year	231,973	231,973
At 31 March 2021	521,938	521,938
Charge for the year	231,972	231,972
At 31 March 2022	753,910	753,910
Net book value		
At 31 March 2022	608,635	608,635
At 31 March 2021	840,607	840,607

The Group leases land and buildings for its offices and warehouses under agreements of between five to six years with, in some cases, options to extend. The leases have initial rent-free periods and 5 yearly upward only rent reviews. No extension to these leases has been assumed.

Future minimum lease payments associated with the land and building leases were as follows:

	31 March 2022 £	31 March 2021 £
Not later than one year	283,579	283,579
Later than one year and not later than two years	284,356	283,579
Later than two years and not later than five years	188,190	472,545
Total minimum lease payments	**756,125**	**1,039,703**
Less: future finance charges	(35,772)	(66,709)
Present value of minimum lease payments	**720,353**	**972,994**

Right-of-use assets – Group (continued)

Impact of IFRS 16 "Leases" on the statement of comprehensive income

The following tables summarises the effect of IFRS 16 "Leases" on the Group's profit/loss before tax for each period presented:

	31 March 2022 £	31 March 2021 £
Profit/(loss) before tax excluding lease charges	(7,367,635)	597,766
Lease payments under short-term and low value assets	(217,905)	(96,320)
Depreciation of right of use assets	(231,973)	(231,973)
Lease finance expense	(30,938)	(39,930)
Profit/(loss) before tax and after lease charges	(7,848,451)	229,543

16. Inventories

	31 March 2022 £	31 March 2021 £
Finished goods	4,394,080	1,908,560
Provision for obsolescence	(673,832)	(51,321)
Total inventories	3,720,248	1,857,239
Cost of inventory recognised in profit and loss	8,226,260	8,770,887

17. Trade receivables

	31 March 2022 £	31 March 2021 £
Trade receivables	1,584,768	1,028,320
Provision for expected credit loss	(72,066)	(14,689)
Total trade receivables	1,512,702	1,013,631

At 31 March 2022, the ageing of the trade receivables was as follows:

	31 March 2022 £	31 March 2021 £
Not due	1,172,757	685,684
0 to 3 months overdue	294,749	256,381
3 to 6 months overdue	117,262	86,255
Total trade receivables	1,584,768	1,028,320

Trade receivables (continued)

The majority of trade receivables are current and the directors believe these receivables are collectible. The directors consistently assess the collectability of these receivables. As at 31 March 2022, the directors considered a portion of these receivables uncollectable and recorded a provision in the amount of £72,066 (2021: £14,689).

The provision for expected loss rates are based on the Group's historical credit loss experience, client based and the economic conditions. Most significantly, the rate of provision is 100% for amounts more than one year past due. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Both historic losses and expected future losses being very low, the directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables. The single expected rate applied is 4.59% (31 March 2021: 1.42%). The directors have identified the gross domestic product growth rates as the key macroeconomic factors in the countries in which the Group operates.

18. Other receivables and prepayments

	31 March 2022	**31 March 2021**
	£	**£**
Accrued income	2,517	660
Prepayments	561,910	400,205
Other receivables	447,944	121,157
Total other receivables and prepayments	1,012,371	522,022

19. Share capital and merger relief reserve

	31 March 2022 £	31 March 2021 £
Allotted, issued and fully paid:		
54,714,783 (2021: 51,618,966) ordinary shares of 1p each	547,148	516,190

Ordinary shares issued:		Number of shares No.	Share capital £
At 1 April 2020		176,700	1,767
Group reconstruction	(a)	35,340,000	353,400
Share issued on incorporation		1	-
Shares issued on 22 March 2021		16,278,965	162,790
At 31 March 2021		51,618,966	516,190
Shares issued on 4 May 2021	(b)	357,977	3,580
Shares issued on 10 May 2021	(c)	2,737,840	27,378
At 31 March 2022		54,714,783	547,148

(a) On 16 February 2021, Samarkand Group plc issued 35,340,000 ordinary shares of £0,01 each in exchange for the entire share capital of Samarkand Holdings Limited on the basis of 1 ordinary share in Samarkand Holdings Limited for 200 shares in Samarkand Group plc.

(b) On 4 May 2021, Samarkand Group plc issued 357,977 ordinary shares of £0.01 each as part of the consideration paid for the acquisition of the entire share capital of Zita West Products Limited and 51% of Babawest Ltd

(c) On 10 May 2021, Samarkand Group plc issued 2,737,840 ordinary shares for a total consideration of £3,148,516

Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of Samarkand Group plc.

Merger relief reserve

The merger relief reserve arises from the issue of shares by Samarkand Group plc in exchange for shares in Samarkand Holdings Limited.

20. Share option plan

EMI share option scheme

As part of its strategy for executive and key employee remuneration, Samarkand Holdings established an Approved Enterprise Management Incentive ("EMI") Share Option Scheme on 20 October 2020 under which share options may be granted to officers and employees or members of the Group. Under the rules of the Share Option Scheme, Samarkand Holdings may grant EMI options to recruit or retain an eligible employee.

There are overall and individual limits on the total market value (at the relevant dates of grant) of the shares in Samarkand Holdings that can be acquired on the exercise of all EMI Options. The earliest date on which an option may be exercised shall be the earlier of: (i) the Business Day immediately following the 18-month anniversary of the Grant Date; and (ii) the date on which an exit occurs (the vesting date). The Option shall lapse on the tenth anniversary of the Grant Date, assuming it is not exercised before then and no event occurs to cause it to lapse earlier under the Rules. The exercise of option is not subject to any exercise conditions.

Options over 16,964 shares were granted on 20 November 2020.

Unapproved share option scheme

On 20 October 2020, Samarkand Holdings adopted an Unapproved share option scheme whereby Samarkand Holdings may grant an option to any employee it chooses.

On the grant date of any option, the Board may specify one or more appropriate exercise conditions for the option. The maximum number of shares over which options that may be granted under the scheme is 11,044.

An option holder may not exercise an option before an exit unless otherwise provided for in that option holder's option certificate.

Options over 10,335 shares were granted on 3 December 2020.

Following the share for share exchange, Samarkand Group plc had the following share options outstanding as at the year-end.

	Weighted average exercise price (pence)	Number
Outstanding at 1 April 2020	-	-
Granted	9.86	5,459,800
Exercised	9.86	(4,467,800)
Outstanding at 31 March 2021 and 2022	9.86	992,000
Exercisable at 31 March 2022	9.86	992,000

The fair value of the share options is not considered material for the Group financial statements.

21. Other reserves

Currency translation reserve

The currency translation reserve represents cumulative foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

22. Borrowings

The Group's borrowings consist of:

- Fixed rate secured loan notes which incur interest at 5% per annum;
- Secured bank loans which incur interest at 3.99% and 5.0% per annum;
- Unsecured bank loans which incur interest at 5.0% per annum
- Other loans which incur interest at between nil and 15% per annum; and
- An invoice discount facility;

The following table provides a reconciliation of the Group's future maturities of its total borrowings for each of the periods presented:

	31 March 2022 £	31 March 2021 £
Not later than one year:		
Bank loans	52,099	413,333
Invoice discount advances	-	210,996
Other loans	9,993	85,245
Current	62,092	709,574
Payable after one year but less than five years:		
Fixed rate secured loan notes	1,236,485	1,176,304
Bank loans	153,550	186,667
Other loans	-	9,993
Non-current	1,390,035	1,372,964
Total borrowings	1,452,127	2,082,538

(a) Fixed rate secured loan notes

On 24 September 2020, Samarkand Holdings executed a Non-convertible Loan Note Instrument for up to £1,146,299.50 fixed rate secured loan notes 2025. The maturity date on which the principal amount is due to be redeemed is 24 September 2025, or, if earlier, the date on which the Notes are redeemed. The redemption value is the par value of such Notes. Interest is fixed at 5% per annum.

Borrowings (continued)

(b) Bank loans

On 21 October 2020, Forever Young International Limited entered in a loan from Funding Circle under the Coronavirus Business Interruption Loans Scheme ("CBILS") for a principal sum of £200,000. The loan is guaranteed by the UK Government. The loan incurs interest at a fixed rate of 5.0% and is repayable over five years. No capital repayments are due for the first 12 months following the loan advance. Thereafter the loan is repayable in 48 monthly instalments.

(c) Invoice discount advances

These relate to receivables (see note 17 above) and are secured by an indemnity and undertaking by each of the Directors and a fixed and floating charge.

Fair value of borrowings

The carrying value of borrowings approximates their fair value.

The following table represents the Group's finance costs for each of the periods presented:

	31 March 2022	**31 March 2021**
	£	**£**
Interest on borrowings	70,503	261,862
Right-of-use lease finance expenses	30,938	39,931
Invoice discounting charges	10,627	12,235
Bank charges	17,136	13,387
Foreign exchange	42,251	73,661
Total finance costs	171,455	401,076

23. Business combinations during the year

Acquisition of Zita West Products Limited and Babawest Ltd

On 4 May 2021, the Group acquired 100% of the share capital of Zita West Products Limited and 51% of Babawest Ltd for a total consideration of £2.8m.

Zita West Products Limited is a nutritional supplement brand specialising in fertility, pregnancy and post-natal needs and Babawest Ltd specialises in nutritional products focused on the mother and baby sector, both these brands are complementary to the Group's existing brand. The Group intends to use its market knowledge and the NOMAD technology platform to grow both brands in the cross-border ecommerce market in China and in its home market of the UK.

Goodwill recognised in the acquisition of Zita West Products Limited and Babawest Ltd relates to the presence of certain intangible assets such as an experienced workforce, which do not qualify for separate recognition.

The non-controlling interest of Babawest Ltd is 49% and it is measured at fair value.

Details of the fair value of identifiable assets and liabilities acquired and purchase consideration and goodwill are as follows:

	Book value	Adjustment	Fair value
	£	£	£
Intangible assets	1,194	819,806	821,000
Property, plant and equipment	926	-	926
Inventories	221,266	-	221,266
Trade and other receivables	113,139	-	113,139
Cash and cash equivalents	455,197	-	455,197
Trade and other payables	(283,502)	-	(283,502)
Deferred tax liability	-	(130,893)	(130,893)
Net identifiable assets acquired at fair value	**508,220**	**688,913**	**1,197,133**
Initial consideration			2,285,189
Fair value of equity shares issued			500,000
Total consideration			**2,785,189**
Goodwill arising on acquisition			**1,588,056**
Consideration transferred settled in cash			2,285,189
Cash and cash equivalents acquired			(455,197)
Net cash outflow on acquisition			**1,829,992**

Since the acquisition date, Zita West Products Limited and Babawest Ltd contributed to £1.2m to the Group revenues and £0.07m to the Group losses. If the acquisition had occurred on the 1 April 2021, Group revenue would have been £16.7m and Group losses would have been £7.7m.

Acquisition of Napiers the Herbalists

In November 2021, the Group acquired the Napiers brand and its subsidiaries, for a total consideration of £2.3m. Napiers the Herbalists is an iconic Scottish brand which still operates from its original apothecary store in Bristo Place and its website Napiers.net. This brand is complementary to the Group's existing brands. The Group intends to use its market knowledge and the NOMAD technology platform to grow the brand in the cross-border ecommerce market in China and in its home market of the UK.

Goodwill recognised in the acquisition of Napiers the Herbalists relates to the presence of certain intangible assets such as an experienced workforce, which do not qualify for separate recognition.

Details of the fair value of identifiable assets and liabilities acquired and purchase consideration and goodwill are as follows:

	Book value	Adjustment	Fair value
	£	£	£
Intangible assets	-	1,204,369	1,204,369
Investment in subsidiaries	103,001	(103,001)	-
Property, plant and equipment	3,856	-	3,856
Inventories	96,534	-	96,534
Trade and other receivables	16,858	(2,300)	14,558
Cash and cash equivalents	174,915	-	174,915
Trade and other payables	(156,828)	13,773	(143,055)
Bank loan	(22,917)	-	(22,917)
Deferred tax liability	(745)	(192,294)	(193,039)
Net identifiable assets acquired at fair value	**214,674**	**920,547**	**1,135,221**
Initial consideration			1,686,400
Contingent consideration			512,441
Deferred consideration			110,000
Total consideration			**2,308,841**
Goodwill arising on acquisition			**1,173,620**
Consideration transferred settled in cash			1,686,400
Cash and cash equivalents acquired			(174,915)
Net cash outflow on acquisition			**1,511,485**

Contingent consideration is payable upon a certain transaction occurring post acquisition which will be settled either in cash or the issuance of new Ordinary Shares, at the discretion of Company.

Since the acquisition date, Napiers the Herbalists contributed to £0.3m to the Group revenues and £0.03 to the Group losses. If the acquisition had occurred on the 1 April 2021, Group revenue would have been £17m and Group losses would have been £7.7m.

24. Fair value of financial instruments

(a) ***Fair value***

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the directors utilise valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. IFRS 13 "*Fair Value Measurement*" establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.

Level 2: Inputs (other than quoted prices included in Level 1) can include the following:

- observable prices in active markets for similar assets;
- prices for identical assets in markets that are not active;
- directly observable market inputs for substantially the full term of the asset; and
- market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3: Unobservable inputs which reflect the Directors' best estimates of what market participants would use in pricing the asset at the measurement date.

All financial instruments measured at fair value use Level 3 valuation techniques for the both years ended 31 March 2022 and 31 March 2021

Level 2 fair value measurements are those including inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly.

There were no transfers between fair value levels during the periods presented.

The Group measures financial instruments at fair value.

(b) ***Financial Instruments***

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 "*Financial Instruments*", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. In the case of loans from a shareholder made on interest-free terms, the difference between the loan amount and the fair value is recorded as a capital contribution as a separate component of equity.

Fair value and financial instruments (continued)

The Group is not a financial institution. The Group does not apply hedge accounting and its customers are considered creditworthy and pay consistently within agreed payments terms.

A classification of the Group's financial instruments for the periods presented is included in the table below:

	31 March 2022 £	31 March 2021 £
Cash and cash equivalents held at amortised cost	4,049,118	14,606,867
Trade receivables and accrued income held at amortised cost	1,512,702	1,013,631
Financial assets at amortised cost	339,537	121,157
Total	5,901,357	15,741,655
Financial liabilities at amortised cost	(4,377,760)	(2,503,057)
Borrowings and leases	(2,172,480)	(3,055,532)
Total	(648,883)	10,183,066

25. Financial risk management

For the purposes of capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of Samarkand Group plc. The primary objective of Samarkand Group plc's capital management is to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

To maintain or adjust the capital structure, the directors may adjust any future dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods presented.

The directors manage Samarkand Group plc's capital structure and adjust it, in light of changes in economic conditions and the requirements of its financial covenants. The Group includes in its net debt, all loans and borrowings less cash and short-term deposits.

The Group's principal financial liabilities comprise of borrowings and trade and other payables, which it uses primarily to finance its operations.

The Group's principal financial assets include cash and cash equivalents and trade and other receivables derived from its operations.

(a) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(b) *Credit risk*

Credit risk is the risk that a customer or counterparty to a financial instrument will not meet its obligations under a contract and arises primarily from the Group's cash in banks and trade receivables.

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts included in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Group has a low retail credit risk due to transactions being principally of high volume, low value and short maturity. The Group's trade receivables are primarily with large retail companies with which the Group has long-standing relationships, and the risk of default and write-offs due to bad debts is considered to below.

The Group has no significant concentration of credit risk, as exposure is spread over a large number of counterparties and customers.

Financial risk management (continued)

(c) ***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operational activities (when financial assets and liabilities are denominated other than in a company's functional currency).

Most of the Group's transactions are carried out in Pounds Sterling (£). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's net exposure to foreign exchange risk was as follows:

	CNY	EUR	HK$	US$	NZ$	JPY
	£	£	£	£	£	£
As at 31 March 2022						
Financial assets in £	955,650	49,969	18,504	409,717	-	16,447
Financial liabilities in £	(173,019)	(711,134)	(540,273)	(6,548)	-	(394)
Net foreign currency risk	782,631	(661,165)	(521,769)	403,169	-	(16,053)
As at 31 March 2021						
Financial assets in £	375,739	4,212	13,348	313	-	-
Financial liabilities in £	(14,896)	(139,592)	(367,899)	(55,994)	(215)	-
Net foreign currency risk	360,843	(135,380)	(354,551)	(55,681)	(215)	-

Foreign currency sensitivity analysis:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates.

A 10 per cent movement in each of the Chinese Yuan (CNY), Euro (EUR), Hong Kong Dollar (HK$) US Dollar (US$),New Zealand Dollar (NZ$) and Japanese Yen (JPY) would increase/(decrease) net assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	CNY	EUR	HK$	US$	NZ$	JPY
	£	£	£	£	£	£
As at 31 March 2022						
Effect on net assets						
Strengthened by 10%	78,263	(66,117)	(52,177)	40,317	-	(1,605)
Weakened by 10%	(78,263)	66,117	52,177	(40,317)	-	1,605
As at 31 March 2021						
Effect on net assets						
Strengthened by 10%	36,084	(13,538)	(35,455)	5,568	(22)	-
Weakened by 10%	(36,084)	13,538	35,455	(5,568)	22	-

Financial risk management (continued)

(d) ***Cash and cash equivalents***

The Group assesses credit risk from its cash and cash equivalents on a regular basis before any credit losses are experienced. The Group considers such risk is limited as cash is held with banks with high credit ratings.

(e) ***Trade receivables***

Trade receivables are due from customers and collectability is dependent on the financial condition of each individual customer as well as the general economic conditions of the industry. The directors review the financial condition of customers prior to extending credit and generally does not require collateral in support of the Group's trade receivables. The majority of trade receivables are current and the directors believe these receivables are collectible.

(f) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they are due. The directors manage this risk by:

- maintaining adequate cash reserves through the use of the Group's cash from operations and borrowings; and
- continuously monitoring projected and actual cash flows to ensure the Group maintains an appropriate amount of liquidity.

The maturity profile of the Group's financial obligations are as follows:

	Less than 1 year	2 to 5 years	More than 5 years	Total
	£	£	£	£
Trade and other payables	3,597,110		-	3,597,110
Borrowings	62,092	1,390,035	-	1,452,127
Leases (gross cash flows)	283,579	472,545	-	756,124
Other liabilities	780,650	883,031	-	1,663,681
At 31 March 2022	4,723,431	2,745,611	-	7,469,042
Trade and other payables	1,981,954	-	-	1,981,054
Borrowings	709,574	1,372,964	-	2,082,538
Leases (gross cash flows)	283,579	756,124	-	1,039,703
Other liabilities	522,003	67,576	-	589,579
At 31 March 2021	3,497,110	2,196,664	-	5,692,874

26. Notes to the statements of cash flows

Net debt reconciliation:

	Opening balances	Cash flows	Foreign exchange movements	Closing balances
	£	£	£	£
Year ended 31 March 2022				
Cash & cash equivalents	14,606,867	(10,534,514)	(23,235)	4,049,118
Right of use lease liabilities	(972,994)	252,641	-	(720,353)
Borrowings	(2,082,538)	630,411	-	(1,452,127)
Totals	11,551,335	(9,651,462)	(23,235)	1,876,638
Year ended 31 March 2021				
Cash & cash equivalents	572,586	14,052,795	(18,514)	14,606,867
Right of use lease liabilities	(1,216,486)	243,492	-	(972,994)
Borrowings	(4,746,478)	2,663,940	-	(2,082,538)
Directors' loans	(499,511)	499,511	-	-
Totals	(5,889,889)	17,459,738	(18,514)	11,551,335

27. Contingencies

There are no known contingencies which might impact on the Group's operations or financial position.

28. Related party transactions

Amounts owed to related parties

The Group had the following amounts owed to related parties:

- As at 31 March 2022, the Group had a net amount owing to related parties of £64,000 (31 March 2021: £Nil).

Each of the above balances were unsecured, interest-free and repayable on demand.

Services provided to/purchases from related parties

During the year ended 31 March 2022, the Group made £52,800 (2021:£nil) of consultancy fees to a related party

All of the above transactions were entered into on terms equivalent to those that prevail in arm's length transactions. The amounts owing are to be settled in cash.

29. Material subsequent events

On the 15 August 2022 the Company issued 45,802 ordinary shares at £0.01 to satisfy the deferred consideration element of the acquisition of Napiers the Herbalist.

30. Ultimate controlling party

As at 31 March 2022, Samarkand Group plc did not have any one identifiable controlling party.

SAMARKAND GROUP PLC

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	31 March 2022 £	31 March 2021 £
ASSETS			
Investments	4	353,400	353,400
Amounts due from group undertakings		9,907,815	-
Non-current assets		10,261,215	353,400
Amounts due from group undertakings		-	4,785,174
Other receivables and prepayments	6	63,343	274,106
Cash and cash equivalents		1,870,150	13,463,910
Current assets		1,933,493	18,523,190
Total assets		12,194,708	18,876,590
EQUITY AND LIABILITIES			
Share capital	9	547,148	516,190
Share premium		21,022,958	17,412,900
Retained earnings		(10,731,941)	(499,805)
Total equity		10,838,165	17,429,285
Borrowings	8	1,236,485	1,176,304
Total non-current liabilities		1,236,485	1,176,304
Trade and other payables	7	47,728	170,605
Accrued liabilities	7	72,330	100,396
Total current liabilities		120,058	271,001
Total liabilities		1,356,543	1,447,305
Total liabilities and equity		12,194,708	18,876,590

The Parent Company loss for the period was £10,232,136 (2021: £499,805)

The financial statements were approved by the board of directors and authorised for issue on 2 September 2022 and are signed on its behalf by:

David Hampstead
Director

Company Registration No. 13127277

SAMARKAND GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £	Share premium £	Accumulated loss £	Total equity £
Loss and total comprehensive income for the period	-	-	(499,805)	(499,805)
Issue of shares	516,190	17,412,900	-	17,929,090
Balance at 31 March 2021	516,190	17,412,900	(499,805)	17,429,285
Loss and total comprehensive income for the period	-	-	(10,232,136)	(10,232,136)
Issue of shares	30,958	3,610,058	-	3,641,016
Balance at 31 March 2022	547,148	21,022,958	(10,731,941)	10,838,165

SAMARKAND GROUP PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	31 March 2022	31 March 2021 £
Cash flows from operating activities		
Loss after taxation	(10,232,136)	(499,805)
Interest expensed	60,181	-
Provision against advances	9,144,918	-
Working capital adjustments:		
Decrease/(Increase) in trade and other receivables	210,763	(5,059,280)
(Increase)/decrease in trade and other payables	(150,943)	271,001
Net cash used in operating activities	(967,217)	(5,288,084)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	-	(353,400)
Loans to subsidiaries	(14,266,559)	-
Net cash used in investing activities	(14,266,559)	(353,400)
Cash flows from financing activities		
Proceeds from borrowings	-	3,691,906
Repayment of borrowings	-	(1,090,000)
Proceeds from issue of shares	3,641,016	16,503,488
Net cash from financing activities	3,641,016	19,105,394
Net increase in cash and cash equivalents	(11,593,760)	**13,463,910**
Cash and cash equivalents – beginning of the year	13,463,910	-
Cash and cash equivalents – end of the year	1,870,150	**13,463,910**

1. Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

In preparing these financial statements the Company has taken advantage of available disclosure exemptions available under FRS 102. Therefore, these financial statements do not include:

- No disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole

In addition, and in accordance with FRS 102 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Samarkand Group plc. These financial statements do not include certain disclosures in respect of:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41 (b), 11.41 (c), 11.41 (e), 11.41 (f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2. Accounting policies

Financial instruments

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which comprise of debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade creditors and bank loans, loans from fellow Group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(b) Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

3. Critical accounting estimates and judgements

The preparation of financial statements under FRS 102 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of Investments

Determining whether there are indicators of impairment of investments in subsidiaries. Factors taken into consideration in reaching such a decision include the value in use and the fair value less costs to sell. See note 4 for the net carrying amount of the investment in subsidiaries.

4. Investment in subsidiaries

	31 March 2022	**31 March 2021**
	£	**£**
Investment in subsidiaries	353,400	353,400

The Company's investments are not impaired. Further details of the Company's subsidiaries are contained in note 5.

5. Subsidiaries

Details of the Group's subsidiaries as at 31 March 2022 are as follows:

Company	*Country of registration or incorporation*	*Registered office*	*Principal activity*	*Percentage of ordinary shares held*
Samarkand Holdings Limited	England & Wales	Unit 13 & 14 Nelson Trading Estate, The Path, Merton, London, SW19 3BL	Holding company	100%
Forever Young International Limited	England & Wales	As above	UK & European distribution	100%*
Samarkand Global Limited	England & Wales	As above	eCommerce provider	100%*
New Silk Road Brand Management Limited	England & Wales	As above	Inactive	100%*
Immergruen Limited	England & Wales	As above	UK distribution	100%*
Zita West Products Limited	England & Wales	As above	UK distribution	100%*
Babawest Ltd	England & Wales	As above	UK distribution	51%*
Napiers 1860 Group Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	UK distribution	100%*
The Edinburgh Herbal Dispensary Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	UK distribution	100%*
Duncan Napier Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	UK distribution	100%*

Highland Herbs Limited	Scotland	18 Bristo Place, Edinburgh, Scotland, EH1 1EZ	Inactive	100%*
Napiers Herbals Limited	England & Wales	Unit 13 & 14 Nelson Trading Estate, The Path, Merton, London, SW19 3BL	UK distribution	100%*
Samarkand Global (Beijing) Limited	People's Republic of China	Room 107 No.701, 7th Floor, Building 1 Westend, No. 100 Balizhuang, Chaoyang District, Beijing	Administrative	100%*
Samarkand Global (Japan) KK	Japan	2-2-10-605 Shinjuku Shinjuku-ku Tokyo, Japan	Administrative	100%*
Shanghai Samarkand Technology Service Co., Ltd	People's Republic of China	Room 205, No.438 Pudian Road, China (Shanghai) Pilot Free Trade Zone	Administrative	100%*
Samarkand Global HK Limited	Hong Kong (SAR), China	Suite 1113A, 11/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	Sale of goods into Hong Kong	100%*
Shanghai EastWest Network Technology Co., Ltd	People's Republic of China	Room 2021, Building 2, No. 181 Songyu Road, Tinglin Town, Jinshan District, Shanghai	Technology licensing	100%*
Shanghai Samarkand Import & Export Trading Co. Ltd	People's Republic of China	Room 563, South 5th Floor, No. 333, Tianyueqiao Road, Xuhui District, Shanghai, China	Chinese Distribution	100%*

* held indirectly

6. Other receivables and prepayments

	31 March 2022	31 March 2021
	£	£
Prepayments	56,687	157,178
Other receivables	6,656	116,928
Total other receivables and prepayments	**63,343**	**274,106**

7. Trade and other payables

	31 March 2022	31 March 2021
	£	£
Trade payables	47,728	170,605
Accruals	72,330	100,396
Total trade and other payables	**120,058**	**271,001**

8. Borrowings

	31 March 2022	31 March 2021
	£	£
Fixed rate secured loans	**1,236,485**	**1,176,304**

On 24 September 2020, Samarkand Holdings executed a Non-convertible Loan Note Instrument for up to £1,146,299.50 fixed rate secured loan notes 2025. The maturity date on which the principal amount is due to be redeemed is 24 September 2025, or, if earlier, the date on which the Notes are redeemed. The redemption value is the par value of such Notes. Interest is fixed at 5% per annum. The secured loan interest is settled on redemption.

9. Share Capital

The following table summarises the share capital of Samarkand Group plc for the periods presented:

		Number of shares No.	Share capital £
Issued share capital in Samarkand Holdings Ltd at 1 April 2020		176,700	1,767
Exchanged for shares in Samarkand Group plc	(a)	35,340,000	353,400
Share issued on incorporation		1	-
Shares issued on 22 March 2021		16,278,965	162,790
At 31 March 2021		**51,618,966**	**516,190**
Shares issued on 4 May 2021	(b)	357,977	3,580
Shares issued on 10 May 2021	(c)	2,737,840	27,378
At 31 March 2022		54,714,783	547,148

(a) On 16 February 2021, the Company issued 35,340,000 ordinary shares of £0,01 each in exchange for the entire share capital of Samarkand Holdings Limited on the basis of 1 ordinary share in Samarkand Holdings Limited for 200 shares in Samarkand Group plc.

(b) On 4 May 2021, the Company issued 357,977 ordinary shares of £0.01 each as part of the consideration paid for the acquisition of the entire share capital of Zita West Products Limited and 51% of Babawest Ltd

(c) On 10 May 2021, the Company issued 2,737,840 ordinary shares for a total consideration of £3,148,516

10. Director's remuneration

Details of Directors' and key management remuneration, including that of the highest paid Director, are set out in note 9 to the consolidated financial statements and on page 28 in the Corporate Governance Report.

11. Related party transactions

At 31 March 2022, the Company was owed by £19,052,733 (2021: £4,785,174) by its subsidiaries against which a provision of £9,144,918 (2021: nil) has been made at the year end, leaving a net balance of £9,907,815 (2021: £4,785,174) in the accounts.

12. Post balance sheet events

On the 15 August 2022 the Company issued 45,802 ordinary shares at £0.01 to satisfy the deferred consideration element of the acquisition of Napiers the Herbalist.

13. Ultimate parent undertaking and controlling party

As at 31 March 2022, Samarkand Group plc did not have any one identifiable controlling party.