



EIGHT CAPITAL PARTNERS PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

EIGHT CAPITAL PARTNERS PLC

COMPANY INFORMATION

Directors	Gemma Godfrey (appointed 31 January 2023) Luciano Maranzana (appointed 11 August 2022) Dominic White Martin Groak
Company secretary	Martin Groak
Registered number	09301329
Registered office	Kemp House 160 City Road London EC1V 2NX
Independent auditors	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
Bankers	Natwest Bank Plc London EX2M 4QB
Solicitors	Charles Russell Speechlys 5 Fleet Place London EC4M 7RD
AQSE corporate advisor	Cairn Financial Advisers LLP 9th Floor 107 Cheapside London EC2V 6DN
Registrars	Computershare Investor Services Plc The Pavilions Bridgewater Road Bristol BS99 6ZZ

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EIGHT CAPITAL PARTNERS PLC

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Dear Shareholder,

I am pleased to report on the Company's financial results for the year ended 31 December 2022 and on a number of far-reaching corporate developments that have occurred during the year and since year end.

2022 Results

Through its two subsidiaries, the Group recorded revenues for the year under review of £895,000 (2021: £444,000) with a gross margin of over 98% (2021: 70%). This income was further supplemented by Eight Capital Partners Plc ("ECP") itself providing management services to certain investees and thereby recovering £84,000 (2021: £128,000) of overhead costs. Interest income less expense was a net surplus of £1,979,000 (2021: loss £1,733,000). The net movement in fair value of both realised and unrealised gains and losses on investments at fair value (explained further below) was a gain of £2,799,000 (2021: £9,522,000 loss). Overheads increased to £1,111,000 from £734,000 in 2021; and the Group result for the year was a profit before taxation of £4,638,000 (2021: loss before tax of £11,544,000). The significant swings in the trading for the year are primarily due to the partial reversal of the IFRS fair value adjustments made in the prior year and it should also be noted that 2021 only represented six months of trading at a consolidated level.

Rule 9 Waiver process ("Whitewash") and Conversion into equity of EUR 33.77 million of private and listed debt

In the last quarter of the year the Group took significant steps to strengthen its balance sheet. On 17 October 2022, the Group announced that shareholders had approved a Rule 9 Waiver to allow the major shareholder IWEF Ltd to convert €3.15 million of a vendor loan of €20 million owed to it without having to make a formal offer to acquire the Company.

On 24 November 2022 the Group announced that it had successfully entered into conversion agreements with existing bondholders to convert €3.85 million of existing bonds into equity. In addition at the same time it was announced that IWEF Ltd had completed the transfer of its shareholding and receivables in the Company to Trumar Capital LLC ("Trumar"), a company with the same beneficial owner. Trumar, as the Company's largest shareholder and debt holder, converted a further €29.92 million of debt alongside the other converting bondholders. The Company remains involved in a placing process to institutional and high net worth investors and will update shareholders further as any equity placings and further debt conversions are completed.

The successful Whitewash and debt to equity conversion represent major progress in the Group's stated strategy of growing the Company's market capitalisation towards and beyond £50 million.

Subsidiary activities

Epsilon Capital Ltd ("Epsilon"), our wholly owned UK Corporate Finance subsidiary, primarily advised on the Initial Public Offering and related transactions for Zamaz Plc in September 2022, generating £440,000 intra-group revenue and £265,000 external revenue. Innovative Finance S.r.l ("InnFin") our wholly owned Italian Corporate Finance subsidiary also generated fees totalling circa £763,000 in relation to the Zamaz transaction, of which circa £630,000 was to external clients.

Eight Capital: update on prior year's investments

ECP's investment portfolio now and as at 31 December 2022 is comprised exclusively of quoted companies.

1AF2 Bond

During the prior year, the Company invested €40 million into a bond held with 1AF2, yielding 2.5% per annum. One of the main adjustments made in the prior year's replacement accounts was to undertake a discounted cashflow ("DCF") valuation of the 1AF2 bond. The result of the DCF in the prior year was a fair value adjustment loss of €9.8m. In the current year, the same exercise has been carried out which has partially reversed the prior year fair value loss. In the current year, the same DCF methodology has valued the bond at €31.6m, a fair value gain of €3.4m. The Company's share of the underlying security package relating to the 1AF2 bond exceeds that value, supporting the Board's fair value assessment of the bond which is repayable on 30 June 2024.

**CHAIRMAN'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Supply@ME Capital Plc ("SYME): Inventory securitisation

SYME is an inventory monetisation business based on a novel asset securitisation concept, enabled by an innovative software platform. SYME is listed on the Standard List of the London Stock Exchange. SYME's share price has not performed well in the year and ECP's £38,000 investment at 31 December 2021 at a share price of £0.0017 has seen a drop to £0.00083 at the year-end, with a total fall in value of over £18,000 in the year. Although the share price reduction has been a source of concern, the Board recognises that the concept and possibilities for SYME were, and still are, interesting once a critical mass of investment capital to support securitisations can be delivered by SYME's management.

Evrima Plc ("EVA"): Mining and exploration investment

Evrima is now a mining and associated exploration investment company which is non-core to the Company. The investment in 2018 was made with the intention, in agreement with Evrima's management, of repurposing and funding the vehicle for investment in other sectors. This did not proceed and Evrima now focuses on its original investment mandate. The Company's investment was approximately £131,000 at 31 December 2021 and is currently £119,000, based on its quote on AQSE Growth Market. We intend to dispose of this investment in due course.

MaxRets Ventures Formerly Greencare Capital Plc ("GRE")

Investment in technology sectors, comprising life sciences, fintech businesses and assets that use fintech, impact investing (environmental and renewables) and retail.

At 31 December 2021 the shares were trading at 30.5p and were valued at £780,000. As at this year end the share price had dropped to 25.0p, recognising a £140,000 fair value loss in the year and a closing valuation of £640,000. The original investment was £280,000 and the average price paid per share was 10.94p, therefore the investment performance remains positive.

Fair value adjustment on contingent liability

The terms of the acquisition of InnFin included an earn-out formula contingent upon the attainment of certain levels of profitability in future years, creating a contingent liability towards the vendor at the date of acquisition in May 2022. The fair-valuing of this liability at 31 December 2022 has resulted in a positive adjustment in the income statement of £1,311,000.

Changes in Management Team

During the year under review, the Group has seen a number of changes to its Senior team. In August 2022 David Bull stepped down after a 14 month period where he led the transformation of the Group into an operating business.

Following David's departure Luciano Maranzana joined the board of Eight Capital in August 2022 as a Non-executive Director having become Managing Director of Innovative Finance in July 2022. Mr. Maranzana, was subsequently appointed Group CEO in January 2023.

Mr Maranzana has enjoyed a successful professional career spanning nearly 30 years, primarily in asset management. He was previously Managing Director, Italy and Spain for UK investment group Hammerson plc and Managing Director of Valore Reale Sgr Spa, a closed-end fund management company, where under his leadership, the company grew from 5 to over 30 employees with combined assets under management of more than €1.8 billion.

Also post year end, in January 2023, Gemma Godfrey was appointed to the board as an independent Non-Executive Director. Ms Godfrey is an experienced non-executive director and independent consultant, having founded two digital businesses. As a former founder and CEO of an FCA-regulated digital investing business that was acquired by a global insurer, she went on to launch a digital media service on behalf of News UK.

**CHAIRMAN'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reissue of 2021 results

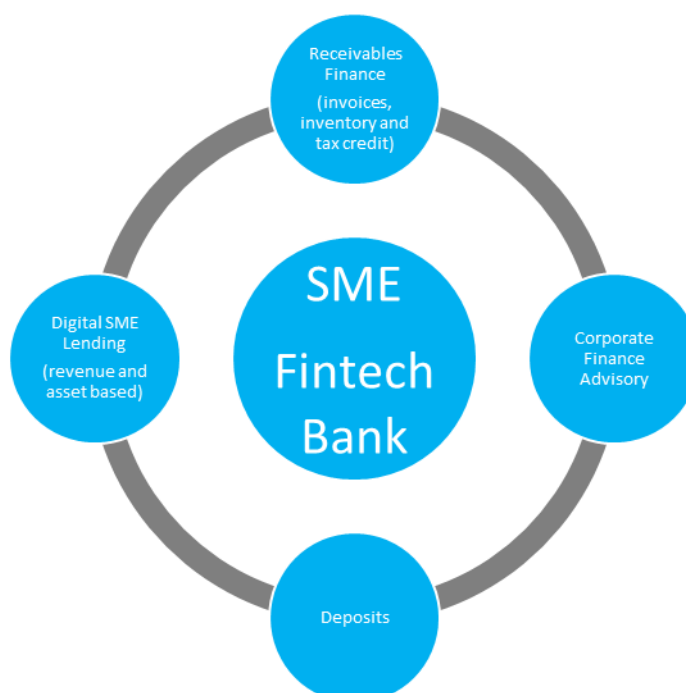
Further to a review of the Group's results for the year ended 31.12.2021 by the Financial Reporting Council (FRC), the Board has recognised that certain balance sheet items needed to be re-classified and or further explained. At the time, working closely with its advisors and auditor, the Company believed that the treatment of these items was appropriate; however, on review of the FRC's report, it became clear that changes relating to IFRS9 needed to be made. It was therefore decided to re-issue the 2021 accounts in accordance with section 454 of the Companies Act. The main items to be adjusted are the fair-value of the 1AF2 Bond and the cost differential between the two funding structures used to fund the bond's acquisition. Full details appear in the revised 2021 Annual Report, which includes a statement on the scope and limitations of the FRC's review of the original 2021 Annual Report and Accounts.

Strategy and outlook

2022 was another watershed year for Eight Capital. Having successfully transitioned into a financial services operating group the previous year, it completed a thorough reorganisation of its debt, converting the major part into equity and thereby strengthening its Balance Sheet considerably. It has a clear strategy in place for the transformation of the business in terms of its size, market value and influence within the fintech sector of financial services, both as a player in its own right and through its wholly-owned subsidiaries, Epsilon and Innovative Finance.

Strategy Implementation

The strategy centres around the following model focussing on our view that there is an inadequate provision of SME lending, to which we intend to add a digital dimension. At the core is the acquisition of a European digital bank and, around it, fintech operators that together form an integrated ecosystem of capital sourcing, product manufacturing and distribution:



**CHAIRMAN'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Strategy Implementation (continued)

ECP is building a fintech operating ecosystem that aims to grow revenue through the use of efficient fintech solutions for SME digital lending in Europe and eventually also the UK.

It believes that SMEs continue to be under-served by the traditional financial services sector and are sometimes overlooked by larger funding institutions, or, when managed through a traditional banking process, are perceived as difficult to underwrite and therefore expensive to fund. There are significant benefits for SMEs using "fintech" systems and innovatively structured capital solutions to better access capital, either for direct investment or to assist with their working capital management.

ECP is targeting the acquisition of a European licensed digital bank which will be at the core of its fintech ecosystem. To this it intends to bolt-on strategically-acquired fintech operators to deliver financial products to its customers.

The objective is to own and integrate product manufacturing (digital bank) with product manufacturing and distribution (fintech operators and originators) to deliver to customers faster, cheaper and more efficient capital solutions through the use of technology, and fast growth for the Company.

The Company has a pipeline of opportunities in fintech banking with European SME loan books and fintech working capital providers, that are synergistically very well matched.

Fintech Product Manufacturing & Fintech Distribution

The Company believes that there is a significant value creation opportunity in holding a digital banking licence at the core of its growing fintech ecosystem.

- a) Acquired Fintech operators, that have a strong product distribution capability and proven low risk deployment processes with minimal losses, will benefit from privileged access to an in-house core banking service, a route to well priced capital through the bank (and through in-house bank led securitisations of loan books, at significantly reduced capital cost) which is well below the cost of capital for fintech competitors without the backing of a bank.
- b) The digital bank benefits from the growth of the Group's fintech distribution e-channels by providing banking and funding to an increasing number of customers and markets. It enables more financial products to be offered to more customers in a shorter amount of time than in a standalone banking organic growth model, and it is quicker and far less risky than a bank-to-bank M&A growth model. Revenue per customer multiplies across the ecosystem as customers are shared.
- c) The digital bank and acquired fintech bolt-ons form an ecosystem of product manufacturing and distribution, getting the most out of every customer wherever they are in the group. Digital lending, invoice factoring, and banking deposits are examples of potential Core and Bolt-on acquisitions.
- d) ECP owns corporate finance boutiques. Their services can be made available, under the bank's umbrella, to SMEs looking to grow to the next level, providing strategic advice, capital raising services and capital markets expertise, including public markets activity to IPO.
- e) With the strategic utilisation of ECP's growing in-house capital resources, provided by the bank and equity investment, ECP would be able to provide significant support to the transactions managed by the operating subsidiaries through the provision of early-stage and growth co-investment capital to growing companies seeking finance for expansion, development, consolidation or acquisition, or as pre-IPO/RTO funding.

**CHAIRMAN'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

The competitive advantage

The competitive advantage of the e-business park approach as we intend to develop it includes:

1. Structure

Being an integrated system with a bank at its core, there will be an increase in availability of cheaper, longer term and scalable capital within the ecosystem. The competitive advantage of ECP's new operating structure is its flexibility in terms of where it invests in the "capital stack", being equally comfortable with private or public debt and/or equity positions, convertibles and structured equity or debt facilities. Much of the financial services advisory market only delivers third party capital and advice, without direct access to supportive in-house capital, or only access to in-house capital lines with a less flexible mandate.

2. Tech

The ecosystem will be able to use / acquire the latest technologies, and will be fast and nimble as it has no legacy systems. Technology will be at the forefront compared to others who cannot move as quickly.

3. Customers

Customers will instinctively gravitate to the faster and more flexible route to capital. There is also a natural stimulus, in that traditional routes for SME borrowers are drying up as main banks move away from SME working capital lending, or are raising the minimum revenue and balance sheet thresholds to qualify. The funding gap is widening and ECP intends to step in to fill that gap.

4. Timing

The integrated ecosystem can use tech to be faster than the high street banks and cheaper than the non-bank alternative lenders. This puts it competitively ahead of many of its peers.



Dominic White
Chairman

EIGHT CAPITAL PARTNERS PLC

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their strategic report for Eight Capital Partners Plc (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31 December 2022.

Principal Activity

Eight Capital Partners Plc is a financial services group quoted on the Aquis Stock Exchange Growth Market (“AQSE”). Its shares were admitted to trading on AQSE on 3 July 2018. From 1 July 2022, it has been designated as a group operating in financial services. In the period prior to that date, the Company was designated as an Investing Company.

The Group’s principal activity is to provide corporate finance services and investment funds to quoted and unquoted entities principally in the technology and financial services sectors with the objective of generating an attractive rate of return for its shareholders, predominantly through corporate advisory fee income from its subsidiaries, and new revenue streams and capital appreciation from investment in “fintech” businesses.

The closing price of the Company’s shares at 31 December 2022 was 0.0255 pence per share (2021: 0.049 pence).

Business review

The Consolidated Statement of Comprehensive Income and Consolidated and Company Statement of Financial Position for the year are set out on pages 23 to 27 respectively. A review of developments affecting the Group during the year and of its prospects for the future appear in the Chairman’s Statement on pages 3-7.

Financial key performance indicators

The Key Performance Indicators (“KPIs”) for the Company are listed as follows:

	<u>2022</u>	<u>2021</u>
Earnings /(loss) per share (pence)	0.02	(0.78)
Revenue £000	895	444

Principal risks and uncertainties

The Group’s strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The Board is responsible for approving the Group’s strategy and determining the appropriate level of risk. The key risks which the Group faces are detailed as follows:

Business and investment performance risk

Business performance risk is the risk that the Group may not perform as expected either due to internal factors or due to competitive pressures in the markets in which they operate.

The Group seeks investments in companies with growth potential. The Directors identify suitable investment opportunities in accordance with its investment strategy.

By their nature, smaller businesses, whether quoted or unquoted, are more volatile than larger, more established businesses and less robust to withstand economic pressures. The risk is that the Group’s investments may encounter circumstances that result in a loss of value which could in turn damage the Group’s share price.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board is of the view that obtaining timely information on the position of its investments is the most effective management tool and to reduce this risk has put in place monitoring reports on the performance of, and regular dialogue with the boards of the Group's investments.

Valuation risk

Valuation risk is the risk that the value of the investment when made was overstated. The Board seeks to mitigate this risk by conducting due diligence on the history and prospects of investment targets and sourcing independent valuations and opinions. The risk is further mitigated by seeking to invest where there is a high valuation margin (valuation per share compared to price paid per share) and the prospect of early returns.

Market conditions

Market conditions, especially in the context of Ukraine hostilities, Brexit and the residual impact of the COVID-19 pandemic, may have a negative impact on the Group's ability to make investments in suitable entities which generate acceptable returns, or to disinvest in a timely manner such that acceptable returns can be realised.

This risk is mitigated by selecting quoted investments listed on liquid markets and unquoted investments where due diligence has indicated near-term liquidity events.

Foreign exchange

The Group has issued Euro-denominated bonds and has made Euro-denominated investments. This may give rise to exposure to movements in the exchange rate between the Euro and GBP. This risk is mitigated by virtue of the bond liability and invested assets providing a natural hedge and management will seek at all times to mitigate any latent exposure by active currency management. The Company is monitoring matters and seeking advice from foreign exchange specialists as to how to mitigate the risks arising if and when they may occur and would consider using derivatives to lock out exposures.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors' statement of compliance with duty to promote the success of the Group

The Director's believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Group,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Group's employees,
- Foster the Group's relationships with suppliers, customers and others, and
- Consider the impact of the Group's operations on the community and the environment.

The Group is an early-stage investment company quoted on a minor exchange and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions. The Group pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration as is clear from the portfolio set out in the Chairman's Statement.

This report was approved by the board on 9 September 2023 and signed on its behalf by.



Dominic White
Chairman

EIGHT CAPITAL PARTNERS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The Directors of the Company during the year and subsequently were:

Dominic White	Chairman
Martin Groak	Non Executive Director
Luciano Maranzana	Group Chief Executive Officer (appointed 11 August 2022)
David Bull	(Former Group CEO – Resigned 12 August 2022)

The Directors' biographies can be found on page 15.

Dividends

The Directors do not recommend payment of a dividend for the year ended 31 December 2022 (2021: £nil).

Directors' remuneration

The total remuneration of the Directors for the year was as follows:

	Fees / Basic Salary £000	Other £000	Total 2022 £000	Total 2021 £000
Dominic White*	90	-	90	90
Martin Groak**	33	-	33	27
David Bull***	128	22	150	55
Luciano Maranzana****	41	1	42	-
	<u>292</u>	<u>23</u>	<u>315</u>	<u>172</u>

*£20,000 of Dominic White's salary for 2022 was unpaid at year end (2021: £20,000).

**Included in the above are £21,400 in 2022 and £15,000 in 2021, relating to fees incurred by Marker Management Services Limited, a company controlled by Martin Groak.

***Resigned 12 August 2022

****Paid from Innovative Finance Srl

The Director's remuneration is disclosed in full in the above table and is not linked to performance. The Directors are not entitled to any post-employment benefits, termination benefits or other long-term benefits.

Pensions

The Company had no pension schemes in place during the period under review. Dominic White is entitled to a contribution to a pension scheme of his choice by the Company of 12% of his annual salary, subject to certain capital-raising targets having been met. As at 31 December 2022, no provision was recognised (2021: £nil). David Bull was entitled to a contribution to a pension scheme of his choice, by the Company of 12% of his annual salary.

EIGHT CAPITAL PARTNERS PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors' interests

The following Directors had interests in the shares of the holding Company at the end of the year:

	2022	<i>2021</i>
	No. of ordinary shares of 0.01p	No. of ordinary shares of 0.01p
Martin Groak	60,143,000	<i>60,143,000</i>
Dominic White*	143,486,668,446	<i>467,669,173</i>
	<u>143,546,811,446</u>	<i><u>527,812,173</u></i>

*Held through Trumar Capital LLC, a company controlled by Dominic White.

Option scheme

At 31 December 2022, there were no share options issued to the Directors (2021: 134,000,000), see Note 23.

Events after balance sheet date

Details of significant events since the balance sheet date are contained in Note 28 to the financial statements.

Financial instruments

Details of the use of financial instruments by the Company are contained in Note 25 to the financial statements.

Substantial shareholdings

As far as the Directors are aware, as at 9 September 2023 the following shareholders are Company Directors or interested in 3% or more of issued share capital of the Company.

Shareholder	Number of ordinary shares of 0.01p each	% of issued share capital
Dominic White*	143,486,668,446	88.64%
DL CED S.r.l.	7,919,759,502	4.89%
Martin Groak	60,143,000	0.04%

*Held through Trumar Capital LLC, a company controlled by Dominic White

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Share capital

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 21. Each share carries the right to one vote at general meetings of the Company and carries no right to fixed income.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Charitable and political donations

The Company did not make any political or charitable donations during the year ended 31 December 2022 (2021: £nil).

Board diversity

During the year, the Board consisted of three male directors, and a female director joined the Board at the end of January 2023. Within the Group, other than the directors, there are only two employees: one male and one female.

Health and safety

The Group is committed to providing a safe place of work for employees. Group policies are reviewed on a regular basis to ensure that policies regarding training, risk assessment, safe working and accident management are appropriate. There are designated officers responsible for health and safety and issues are reported at each board and executive meeting.

Greenhouse gas emissions

The Group is aware that it needs to measure its operational carbon footprint in order to limit and control its environmental impact. However, given the very limited nature of its operations during the year under review, it has not been practical to measure its carbon footprint. In the future, the Group will only measure the impact of its direct activities, as the full impact of the entire supply chain of its suppliers cannot be measured practically.

Going concern

As at the date of this report, the Group had cash or cash equivalents of circa £687,000, which include cash of £300,000 and listed shares of £ 387,000 as well as receivables contractually agreed over the next 12 months of circa £1.2 million. At the end of June 2024, the Company is due to be repaid more than £30 million pounds, when the 1AF2 Bond matures, of which £29.6m was covered by a security package at year end. The Group's funding requirements (costs plus current creditors, offset by fees to be earned) excluding net interest income are not expected to exceed £1 million in the next 12 months. Any material capex during the next 12 months will be funded by fresh capital and the Company has always had good support from its main shareholder.

The Directors are therefore of the opinion that the Group has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit and loss of the Group and Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance statement that comply with that law and those regulations.

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

Statement of disclosure of information to auditors

Each Director in office at the date of approval of this Directors' report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Independent auditor

PKF Littlejohn LLP have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the next Annual General Meeting.

EIGHT CAPITAL PARTNERS PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Board of Directors

As at the date of this report, the Board of Directors consisted of:

Dominic White Chairman

- Member of the Institute of Financial Analysts.
- 24 years' experience in the investment sector.
- Held Board level investment positions at international institutions including Security Capital European Realty, Henderson Global Investors and Cordea Savills Invest Management.

Luciano Maranzana Group Chief Executive Officer

- Over 30 years' experience in financial services
- Senior board roles in investment management and asset management

Martin Groak Independent Non-Executive Director

- Over 35 years of international business experience.
- Retired Chartered Accountant (ICAEW: 1978-2012).
- Multi-lingual, with a strong background in finance and financial control.
- Broad sectoral experience: oil exploration, energy, mining, logistics and physical trading.
- Formerly a director of five UK publicly listed companies. Currently Non-Executive Director of Tanfield Group plc, an AIM quoted investment company focused on the engineering sector.
- Various Interim CFO positions, including managing the finances of the UK's second-generation nuclear power station fleet.

Gemma Godfrey Independent Non-Executive Director

- Former founder and CEO of an FCA regulated digital investing business.
- Launched a digital media service on behalf of News UK.
- Former head of investment strategy for Brooks Macdonald Group Plc .
- Boardroom advisor on The (US) Apprentice television show.
- Has extensive NED experience; currently has four other publicly listed international directorships, including financial services and battery technology.

This report was approved by the Board of Directors on 9 September 2023 and signed on behalf of the board by:



Dominic White
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC

Opinion

We have audited the financial statements of Eight Capital Partners Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 December 2022 and of the group's profit 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 UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the forecast for a twelve month period from the date of signing the financial statements, including challenges made to the underlying assumptions and sensitised these, a review of management's assessment of going concern including an evaluation of the forecasted revenue streams, and post year end information impacting going concern.

The group have experienced difficulties in receiving the interest on the current investment bonds, which is an indication that there might be concerns around the recoverability of investment bonds and related interest which may impact the group ability to settle its debt as it becomes due within the next 12 months.

In addition to the above procedures, we:

EIGHT CAPITAL PARTNERS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC (CONTINUED)

- Challenged management's cash flow projections on the interest received on the investment bonds by looking at interest income on bonds and agreeing them to post year end receipts; and
- Reviewed management's assessment on the recoverability of the investment bonds and also ensured the listed securities that are attached to investment bond exceed the carrying value of the investment bonds at the reporting date.

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

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. The scope of our audit was influenced by our application of materiality. The quantitative and qualitative threshold for materiality determines the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements was set at £312,000 (2021: £298,000). In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality	Basis for materiality and rationale for the benchmark applied
<p>Group materiality £312,000 (2021: £298,000) Performance materiality £218,400 (2021: £208,600)</p>	<p><i>0.75% (2021: 0.75%) of gross assets was used, which is considered to be the most appropriate benchmark for a financial services group that holds significant investments as part of their operating strategy. The gross asset value is also identified by management as a key performance indicator.</i></p>
<p>Parent company materiality £307,000 (2021: £297,000) Performance materiality £214,900 (2021: £207,900)</p>	<p><i>Performance materiality at 70% (2021: 70%) of materiality to ensure sufficient coverage for group and parent company reporting purposes.</i></p>

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

For each component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality.

Performance materiality was determined at 70% (2021: 70%) of materiality for the group and parent company, based on our assessment of the relevant risk factors, the level of estimation inherent within the entities and our testing approach.

We agreed with the board of directors that we would report all corrected and uncorrected misstatements identified during the course of the audit in excess of £15,600 (2021: £14,900) for the group and £15,350 (2021:

EIGHT CAPITAL PARTNERS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC (CONTINUED)

£14,850) for the parent company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the directors to make subjective judgements, for example in respect of assessing the judgements such as the carrying value of goodwill arising from the acquisition of Innovative Finance Srl, the recognition of the bonds and the carrying value and recoverability of investments in subsidiaries at parent company level, and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Of the two components of the group, specific procedures were performed on the material and risk areas of both.

Of the two reporting components of the group, one is located in Italy and the audit was undertaken by a PKF network firm in Milan, operating under our instruction and the audit of the remaining component was performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing investment groups and publicly listed entities.

This was performed for both consolidation purposes as well as local statutory purposes. We obtained and reviewed remotely the key audit working papers prepared by the auditors of the Italian component, as well as directing their work which related to the work performed on the significant risks identified at the group level. The component auditor also provided their findings to us which were reviewed and challenged accordingly. The key audit matters and how these were addressed are outlined below.

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Recoverability of Intangible Assets (mainly goodwill of £2.7m – note 13) in the group balance sheet and of investment in subsidiaries (of £2.7m – note 12) in the parent's balance sheet	
On 1 July 2021, the Company consolidated 100% of Innovative Finance S.r.l. Risk that the intangible assets (goodwill) in the group balance sheet and of investment in subsidiaries in the parent's balance sheet arising from the acquisition of Innovative Finance Srl are impaired. There are significant estimates and judgement involved	Our work included, but was not limited to: Obtained management's impairment assessment and reviewed: <ul style="list-style-type: none">the method used to determine the recoverable amount of the asset;the appropriateness of assumptions used in the

EIGHT CAPITAL PARTNERS PLC

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC
(CONTINUED)**

in assessing the recoverability of the intangible assets.

calculation of value in use and applied downward sensitivities to the assumptions to assess the potential impact of the sensitivities to the recoverable amount;

- completeness of the information used in the calculation;
- arithmetical accuracy of the calculation;
- treatment of impairment losses

Key observation:

We have reviewed the management's recoverability assessment that supports the carrying amount of goodwill in the group balance sheet and of investment in subsidiaries in the parent company balance sheet and note that recoverability is dependent on the subsidiaries' ability to generate sufficient revenue and maintain its growth strategy. If the subsidiaries are unable to generate sufficient revenue over foreseeable future, then the goodwill or investment in subsidiaries may need to be impaired.

EIGHT CAPITAL PARTNERS PLC

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC
(CONTINUED)**

<p>Investments of listed shares and bonds – classification, valuation, and presentation (Notes 16)</p>	
<p>The group holds significant investments in listed shares (£778k see note 16) and listed bonds (£28,007k see note 16) . These are held at fair value through profit or loss following IFRS 9 and are valued in accordance with IFRS 13 and the fair value hierarchy.</p> <p>There is the risk that these investments are not classified, valued and presented in accordance with IFRS. Also there is a risk around recoverability of listed bonds.</p> <p>See Note 16 for the disclosure of bonds held.</p>	<p>Our work included, but was not limited to:</p> <p>Testing of listed shares:</p> <ul style="list-style-type: none"> • Reviewed the movements in listed shares in the year. • Tested the additions and disposals with the supporting document including cash payment and receipts. • Reviewed the fair value computation at year end and agreed the share price with the relevant stock exchange. • Reviewed management’s assessment of classification as held at fair value through P&L and ensured its classification in line with IFRS 9 • Confirmed the investments disclosure(s) are in line with the requirements of the applicable financial reporting framework. <p>Testing of listed bonds:</p> <ul style="list-style-type: none"> • Reviewed the movement of listed bonds in the year and tested any material movement to the supporting document. • Reviewed management’s assessment of classification of listed bond at fair value through P&L by understanding the terms of the listed bonds in the bond agreement and ensured its classification in compliance with IFRS 9. • Reviewed management’s assessment of fair valuation, tested and reviewed each significant estimate with supporting documents and ensured its reasonableness. • Ensured the fair valuation approach to be consistent with IFRS 13 and presentation of listed bonds as per fair value hierarchy. • Ensured the disclosures in the accounts are appropriate as per IFRSs and complete.

Other information

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC
(CONTINUED)**

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the 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 directors

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC
(CONTINUED)**

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:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, and our application of cumulative knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, International Accounting Standards, AQSE regulations, UK and local employment laws, Bribery Act 2010 and Money Laundering regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - enquiries of management, review of minutes, the review of legal and regulatory correspondence and a review of regulated news service announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, including the potential for management bias identified in relation to the valuation of the investments and the valuation of the contingent consideration and we addressed this by challenging the assumptions and judgements made by management when auditing those significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; enquiries of management, review of minute and Regulatory News Service (RNS) announcements, reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As part of our group reporting instructions issued, the component auditor was required to report areas of non-compliance with laws and regulations, including fraud. As part of our review of component auditors work, we required the component auditor to report on matters relating to local laws and regulations as well as how the risk of fraud at a component level was being addressed.

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

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

EIGHT CAPITAL PARTNERS PLC

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT CAPITAL PARTNERS PLC
(CONTINUED)**

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.



Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
9 September 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

EIGHT CAPITAL PARTNERS PLC

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Revenue	4	895	444
Cost of sales		(8)	(127)
Gross profit		<u>887</u>	<u>317</u>
Other operating income	6	84	128
Administrative expenses	5	(1,111)	(734)
Net change in unrealised/realised gains and losses on investments at fair value through profit or loss	25	1,488	(9,822)
Net gains on fair value through profit or loss	20	1,311	300
Profit/(loss) from operations		<u>2,659</u>	<u>(9,811)</u>
Finance income	9	876	418
Finance expense including debt modification gain or loss	9	1,103	(2,151)
Profit/(loss) before tax		<u>4,638</u>	<u>(11,544)</u>
Taxation		-	-
Profit/(loss) for the year		<u>4,638</u>	<u>(11,544)</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>4,638</u></u>	<u><u>(11,544)</u></u>
		2022	2021
		Pence	Pence
Earnings per share attributable to the ordinary equity holders of the parent			
Basic	11	0.02	(0.78)
Diluted	11	<u>0.02</u>	<u>(0.78)</u>

The notes on pages 36 to 76 form part of these financial statements.

EIGHT CAPITAL PARTNERS PLC
REGISTERED NUMBER: 09301329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Property, plant and equipment	14	22	23
Intangible assets	15	2,728	3,880
Trade and other receivables	17	311	-
		<u>3,061</u>	<u>3,903</u>
Current assets			
Trade and other receivables	17	1,062	1,270
Cash and cash equivalents		22	202
Current asset investments	16	28,785	24,734
		<u>29,869</u>	<u>26,206</u>
Total assets		<u>32,930</u>	<u>30,109</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	25	402	643
Long term bonds	19	5,807	17,866
Liability for contingent consideration	20	-	1,311
		<u>6,209</u>	<u>19,820</u>
Current liabilities			
Trade and other liabilities	18	468	330
Loans and borrowings	25	970	21,380
		<u>1,438</u>	<u>21,710</u>
Total liabilities		<u>7,647</u>	<u>41,530</u>
Net assets/(liabilities)		<u>25,283</u>	<u>(11,421)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Issued capital and reserves attributable to owners of the parent	22		
Share capital	21	17,484	1,453
Share premium reserve		18,099	2,068
Convertible debt option reserve		84	84
Foreign exchange reserve		-	(4)
Other reserves	23	-	15
Retained earnings		(10,384)	(15,037)
		<u>25,283</u>	<u>(11,421)</u>
TOTAL EQUITY		<u>25,283</u>	<u>(11,421)</u>

The financial statements were approved and authorised for issue by the board of directors on 9 September 2023 and were signed on its behalf by:



Dominic White
Chairman

The notes on pages 36 to 76 form part of these financial statements.

EIGHT CAPITAL PARTNERS PLC
REGISTERED NUMBER: 09301329

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Property, plant and equipment	14	3	3
Other non-current investments	12	2,659	3,810
Trade and other receivables	17	311	-
		<u>2,973</u>	<u>3,813</u>
Current assets			
Trade and other receivables	17	1,069	1,107
Cash and cash equivalents		5	183
Current asset investments	16	28,785	24,734
		<u>29,859</u>	<u>26,024</u>
Total assets		<u>32,832</u>	<u>29,837</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	25	396	440
Long term bonds	19	5,807	17,866
Liability for contingent consideration	20	-	1,311
		<u>6,203</u>	<u>19,617</u>
Current liabilities			
Trade and other liabilities	18	736	137
Loans and borrowings	25	970	21,380
		<u>1,706</u>	<u>21,517</u>
Total liabilities		<u>7,909</u>	<u>41,134</u>
Net assets/(liabilities)		<u>24,923</u>	<u>(11,297)</u>

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Issued capital and reserves attributable to owners of the parent	22		
Share capital	21	17,484	1,453
Share premium reserve		18,099	2,068
Convertible debt option reserve	23	84	84
Other reserves		-	15
Retained earnings		(10,744)	(14,917)
TOTAL EQUITY		24,923	(11,297)

The Company's profit for the year was £4,158 thousand (2021 – loss £11,424 thousand).

The financial statements were approved and authorised for issue by the board of directors on 9 September 2023 and were signed on its behalf by:



Dominic White
Chairman

The notes on pages 36 to 76 form part of these financial statements.

EIGHT CAPITAL PARTNERS PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium	Convertible debt option reserve	Foreign exchange reserve	Other reserves	Retained earnings	Total attributable to equity holders of parent	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2022	1,453	2,068	84	(4)	15	(15,037)	(11,421)	(11,421)
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	4,638	4,638	4,638
Total comprehensive income for the year	-	-	-	-	-	4,638	4,638	4,638
Contributions by and distributions to owners								
Issue of share capital	16,031	16,031	-	-	-	-	32,062	32,062
Other movements	-	-	-	4	-	-	4	4
Share based payment release	-	-	-	-	(15)	15	-	-
Total contributions by and distributions to owners	16,031	16,031	-	4	(15)	15	32,066	32,066
At 31 December 2022	17,484	18,099	84	-	-	(10,384)	25,283	25,283

The notes on pages 36 to 76 form part of these financial statements.

EIGHT CAPITAL PARTNERS PLC

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

	Share capital	Share premium	Convertible debt option reserve	Foreign exchange reserve	Other reserves	Retained earnings	Total attributable to equity holders of parent	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2021	1,431	2,001	84	-	11	(3,493)	34	34
Comprehensive income for the year								
Loss for the year	-	-	-	-	-	(11,544)	(11,544)	(11,544)
Total comprehensive income for the year	-	-	-	-	-	(11,544)	(11,544)	(11,544)
Contributions by and distributions to owners								
Issue of share capital	22	67	-	-	-	-	89	89
Movement in reserves	-	-	-	(4)	-	-	(4)	(4)
Share based payment	-	-	-	-	4	-	4	4
Total contributions by and distributions to owners	22	67	-	(4)	4	-	89	89
At 31 December 2021	1,453	2,068	84	(4)	15	(15,037)	(11,421)	(11,421)

The notes on pages 36 to 76 form part of these financial statements.

EIGHT CAPITAL PARTNERS PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium	Convertible debt option reserve	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2022	1,453	2,068	84	15	(14,917)	(11,297)
Comprehensive income for the year						
Profit for the year	-	-	-	-	4,158	4,158
Total comprehensive income for the year	-	-	-	-	4,158	4,158
Contributions by and distributions to owners						
Issue of share capital	16,031	16,031	-	-	-	32,062
Share based payment release	-	-	-	(15)	15	-
Total contributions by and distributions to owners	16,031	16,031	-	(15)	15	32,062
At 31 December 2022	<u>17,484</u>	<u>18,099</u>	<u>84</u>	<u>-</u>	<u>(10,744)</u>	<u>24,923</u>

The notes on pages 36 to 76 form part of these financial statements.

EIGHT CAPITAL PARTNERS PLC

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

	Share capital	Share premium	Convertible debt option reserve	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	1,431	2,001	84	11	(3,493)	34
Comprehensive income for the year						
Loss for the year	-	-	-	-	(11,424)	(11,424)
Total comprehensive income for the year	-	-	-	-	(11,424)	(11,424)
Contributions by and distributions to owners						
Issue of share capital	22	67	-	-	-	89
Share based payment	-	-	-	4	-	4
Total contributions by and distributions to owners	22	67	-	4	-	93
At 31 December 2021	<u>1,453</u>	<u>2,068</u>	<u>84</u>	<u>15</u>	<u>(14,917)</u>	<u>(11,297)</u>

The notes on pages 36 to 76 form part of these financial statements.

EIGHT CAPITAL PARTNERS PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit/(loss) for the year		4,638	(11,544)
Adjustments for			
Depreciation of property, plant and equipment	14	3	-
Amortisation of intangible fixed assets	15	2	-
Finance income		(882)	(418)
Finance expense		(1,103)	2,151
Net change in unrealised/realised gains and losses on investments at fair value through profit or loss	25	(1,488)	9,822
Net gains and losses on fair value through profit or loss	20	(1,311)	(300)
Share-based payment expense		-	4
Net foreign exchange (gain)/loss		(411)	97
		(552)	(188)
Movements in working capital:			
(Decrease)/increase in trade and other receivables		65	(685)
Increase in trade and other payables		243	119
		(244)	(754)
Cash used in operations			
		(244)	(754)
Net cash used in operating activities			
		(244)	(754)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(694)
Purchases of property, plant and equipment		(1)	(10)
Purchase of intangibles	15	-	(2)
Proceeds on sale of financial assets		-	1,343
Interest received		675	380
		674	1,017

EIGHT CAPITAL PARTNERS PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	<i>2021</i>
	£000	<i>£000</i>
Cash flows from financing activities		
Proceeds from bond issue	-	43
Proceeds from borrowings	471	1,097
Repayment of bond issue	-	(949)
Interest paid	(1,081)	(455)
Net cash used in financing activities	(610)	<i>(264)</i>
Net decrease in cash and cash equivalents	(180)	<i>(1)</i>
Cash and cash equivalents at the beginning of year	202	203
Cash and cash equivalents at the end of the year	22	<i>202</i>

The notes on pages 36 to 76 form part of these financial statements.

Excluded from the consolidated statement of cash flows are the following items included in the consolidated statement of financial position :

- Additions included within current asset investments amounting to £nil (2021: £32.8m at cost value);
- Additions included within non-current assets relating to goodwill on the acquisition of subsidiaries amounting to £nil (2021: £3.0m); and
- Conversion of Bond Liabilities to equity of £32.1m (2021: bond, loan and equity funding amounting to £37.7m).

EIGHT CAPITAL PARTNERS PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit/(loss) for the year		4,158	(11,424)
Adjustments for			
Impairment of property, plant and equipment	14	1	-
Finance income		(882)	(418)
Finance expense		(1,103)	2,151
Net change in unrealised/realised gains and losses on investments at fair value through profit or loss	25	(1,521)	9,822
Net gains and losses on fair value through profit or loss	20	(1,311)	(300)
Share-based payment expense		-	4
Net foreign exchange (gain)/loss		(271)	98
		(929)	(67)
Movements in working capital:			
Decrease/(increase) in trade and other receivables		12	(496)
Increase in trade and other payables		261	118
		(656)	(445)
Net cash used in operating activities			
		(655)	(445)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(859)
Purchases of property, plant and equipment		(1)	(3)
Proceeds on sale of financial assets		-	1,343
Interest received		675	380
		674	861
Net cash from investing activities			

EIGHT CAPITAL PARTNERS PLC

**COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	<i>2021</i>
	£000	<i>£000</i>
Cash flows from financing activities		
Proceeds of bond issue	-	43
Loans to subsidiary companies	414	(172)
Proceeds from bank borrowings	471	1,097
Repayment of bond issue	-	(949)
Interest paid	(1,081)	(455)
Net cash used in financing activities	(196)	<i>(436)</i>
Net decrease in cash and cash equivalents	(178)	<i>(20)</i>
Cash and cash equivalents at the beginning of year	183	<i>203</i>
Cash and cash equivalents at the end of the year	5	<i>183</i>

The notes on pages 36 to 76 form part of these financial statements.

Excluded from the company statement of cash flows are the following items included in the company statement of financial position:

- Additions included within current asset investments amounting to £nil (2021: £32.8m (at cost value));
- Additions included within non-current assets relating to the acquisition of subsidiaries amounting to £nil (2021: £2.9m); and
- Conversion of Bond Liabilities to equity of £32.1m (2021: bond, loan and equity funding amounting to £37.7m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

1.1 General information

Eight Capital Partners Plc (“the Company”) is a public limited company limited by shares and incorporated in England. Its registered office is Kemp House, 160 City Road, London, EC1V 2NX.

The Company’s shares are traded on the Aquis Stock Exchange Growth Market under ticker ECP and ISIN number GB00BYT56612.

The consolidated financial statements of the Company consist of the following companies (together “the Group”):

Eight Capital Partners plc	UK registered company
Epsilon Capital Limited	UK registered company
Innovative Finance S.r.l (“InnFin”)	Italian registered company

The Group’s objective is to generate a’ attractive rate of return for shareholders, predominantly through capital appreciation, by taking advantage of opportunities to invest in the financial services and technology, media, and telecoms (TMT) sectors.

1.2 Basis of preparation

These consolidated financial statements have been prepared and approved by the Directors in accordance with the UK-adopted international accounting standards.

The Company was classified as an investment vehicle for the period to 30 June 2021. On 1 July 2021 Eight Capital Plc changed its status from an investment vehicle to an operating company. As a result, and in accordance with IFRS 10, the Company’s investments in subsidiaries have been consolidated from this date.

These consolidated financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of listed investments at fair value.

These consolidated financial statements are presented in Pounds Sterling, rounded to the nearest thousand (£’000), which is the Company’s presentation and functional currency.

The presentational currency for Epsilon Limited is Pounds Sterling and for InnFin is Euro as the subsidiary is registered in Italy.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of 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 financial statements are disclosed in note 2.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.3 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries ("the Group").

Subsidiaries include all entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group balances and any unrealised gains and losses on income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The acquisition method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, and the equity interests issued. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Acquisition related costs are expensed as incurred. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

1.4 Going concern

As at the date of this report, the Group had cash or cash equivalents of circa £687,000, which include cash of £300,000 and listed shared of £ 387,000 as well as receivables contractually agreed over the next 12 months of circa £1.2 million.

At the end of June 2024, the Company is due to be repaid more than £30 million pounds, when the 1AF2 Bond matures, of which £29.6m was covered by a security package at year end. The Group's funding requirements (costs plus current creditors, offset by fees to be earned) excluding net interest income are not expected to exceed £1 million in the next 12 months. Any material capex during the next 12 months will be funded by fresh capital and the Company has always had good support from its main shareholder.

The Directors are therefore of the opinion that the Group has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

1.5 New standards, amendments and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2022 that have had a material impact on the Group.

Certain new accounting standards and interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective. These standards are not expected to have a material impact on the Group in the current or future periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.6 Investments in subsidiaries

Investments in subsidiaries are held at cost less any impairment.

1.7 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired. Identifiable assets are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested annually, or when trigger events occur, for impairment and is carried at cost less accumulated impairment losses.

Impairment test of goodwill

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.8 Foreign currency

Foreign currency transactions are translated into the 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within 'finance income or costs.'

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

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Income Statement presented 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 rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

1.9 Intangible assets

Computer software acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Subsequent measurement

All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1.13.

The following useful lives are applied:

Software –: 3 - 5 years

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.10 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Furniture, fittings and computer equipment 3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.11 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.13 Financial instruments

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Classification

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures its financial assets at amortised cost which comprise 'trade and other receivables' and 'cash and cash equivalents'.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and measurement

At initial recognition, an entity shall measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, an entity shall measure trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Derecognition also takes place for certain assets when the Group writes-off balances pertaining to the assets deemed to be uncollectible.

Impairment of financial assets

IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Group's financial assets and loan commitments. The Group recognises lifetime expected credit losses ("ECL") when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group is satisfied that the credit risk of its financial assets has not significantly increased and no provision for losses is required. The Group has concluded this on the basis of ongoing monitoring of the credit status of bank counterparties and the long-term operating relationships that the Group has with the other debtor counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.13 Financial instruments (continued)

Listed investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included as listed investments. Instruments included in quoted investments, which for the Company comprise AIM and AQSE investments. Changes in fair value are recognised in profit or loss.

Where there is no active market for listed investments categorised at Level 3 of the Fair Value Hierarchy, the investments are measured at fair value using a range of unobservable inputs based on a valuation of the underlying securities related to the investments and by comparison to a discounted cash flow analysis. Full details of the methodology used are set out in Note 16. Changes in fair value are recognised in profit or loss.

Unlisted investments

Unlisted investments that are not publicly traded and whose fair value cannot be measured reliably, are measured at cost less impairment.

Loans and receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are held with the objective of collecting the contractual cash flows. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. In the consolidated Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

Financial liabilities

Basic financial liabilities include trade and other payables.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.13 Financial instruments (continued)

Long-term bonds

Bonds are a form of fixed interest borrowing over a pre-determined period. The Company makes use of tradeable bonds to fund investments in unlisted entities and for general overheads.

7% Bonds

The Company issued 5,000 bonds of €1,000 each (the "Bonds") to raise up to €5 million on the Vienna Stock Exchange's multilateral trading facility ("MTF") on 26 July 2019. The principal terms of the Bonds are as follows: issue price and redemption at par; interest of 7% per annum paid semi-annually in arrears; issue date of 26 July 2019 with a redemption date of 26 July 2022. In order to facilitate a less expensive and complex issuing method, all the bonds were issued, including to the Company if there was no third party. These bonds, described as "held in Treasury", could then be issued to third parties via the secondary bond market as required. As at 31 December 2022, there were nil 7% bonds by value held in Treasury (2021: €1,010,000). Only those bonds that are issued to third parties are recognised as liabilities.

On 19 May 2022, the Company issued a further 5,000 7% Bonds of €1,000 (New 7% Bonds) each to various Bondholders, within the same issuing structure and on the same terms as the original 7% Bonds, bringing the total issuance to €10 million. In June 2022, the Bondholders approved the realignment of all the 7% bonds with the Company's 4.8% bonds, whereby the maturity date was extended to 26 July 2026 and the coupon became 4.8% per annum, payable quarterly in arrears.

4.8% Bonds

On 2 September 2021, the Company issued bond notes to raise up to €25 million on the Vienna Stock Exchange's multilateral trading facility ("MTF") (4.8% Bonds). The principal terms of the 4.8% Bonds are as follows: - Issue price and redemption at par; - Interest of 4.8% per annum paid quarterly in arrears; - Issue date of 3 September 2021 with a redemption date of 3 September 2026.

As at 31 December 2022, there were €1,010,000 4.8% bonds by value held in Treasury (2021: €nil). Only those bonds that are issued to third parties are recognised as liabilities.

As at 31 December 2022, a total of €1,422,996 (2021: €15,050,000) of 4.8% bonds had been subscribed for by entities controlled by Dominic White, Chairman of Eight Capital.

Accounting for Restructuring of Bonds

The restructuring of the bonds during the year gave rise to a modification gain owing to a reduction in total liabilities upon measuring the bonds based on a discounted cash flow analysis of the future liabilities based on the original effective interest rate. The modification gain was assessed at £1.78m (2021: £1.88m loss) and has been reported within finance costs in the Consolidated Statement of Comprehensive Income.

Share Capital

Share Capital consists of two classes of share: ordinary shares and deferred shares.

Both classes of share are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares bestow full rights on shareholders.

On 23 July 2018, each of the existing ordinary shares of 0.25 pence were sub-divided into one new ordinary share of 0.01 pence and one deferred share of 0.24 pence.

The deferred shares do not entitle their holders to receive notice of or to attend or vote at any general meeting of the Company, or to receive any dividend or other distribution. On a return of capital on a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.13 Financial instruments (continued)

Share Capital (continued)

winding up or dissolution of the Company, the holders of the deferred shares shall be entitled to receive an amount equal to the nominal amount paid up thereon, but only after the holders of new ordinary shares have received £100,000 per new ordinary share.

The holders of deferred shares are not entitled to any further right of participation in the assets of the Company. The Company shall have the right to purchase the deferred shares in issue at any time for no consideration. As such, the deferred shares effectively have no value. Share certificates were not issued in respect of the deferred shares, and they have not been admitted to trading on the Aquis Stock Exchange Growth Market.

Warrants

Warrants are an option to acquire shares between two future dates at a fixed price. They are occasionally issued to third parties that invest in the Company's equity and are granted at the time of that equity investment.

There is a notional cost of the warrants expensed through the income statement in the period in which the warrants are granted, based on the fair value of the option and recalculated for each subsequent accounting period. The fair value itself is determined using the Black-Scholes model.

If the warrant options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Convertible Loan Notes

The convertible loan note ("CLN") is a financial instrument that can be converted to share capital at the option of the holder. As, the facility can only be converted to equity at the end of the term or earlier, it has been recognised in equity only, with no liability component.

1.14 Revenue

Revenue represents the consultancy fees for investment advisory services provided to clients.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.15 Other income

Other income is derived from recharging to investee companies' certain costs associated with the investment process or recharging for the use of the Company's own resources. It is classified as other income on the face of the income statement and is recognised when the Company's right to receive payment is established.

1.16 Interest income

Interest on debt securities held at fair value through profit and loss is accrued on a time-proportionate basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts over the expected life of the debt security to its net carrying amount on initial recognition. Interest income is recognised gross of withholding tax, if any. Interest income on unquoted debt securities is recognised as a separate line item in the statement of comprehensive income and classified within investing activities in the cash flows statement.

1.17 Interest payable

Interest payable on both quoted and unquoted debt instruments held at fair value through profit and loss is accrued on a time-proportionate basis, by reference to the principal outstanding and the effective interest rate applicable.

In the case of interest payable on long-term bonds, where a proportion of those bonds is issued to third parties and the balance issued to the Company, interest on the total number of bonds issued must be paid in the first instance to the Paying Agent prior to the due date. The amount of interest relating to the bonds issued to the Company is then remitted back to the Company on the due date. Only the net interest burden (the total interest less the amount remitted back to the Company) is recognised in the income statement.

1.18 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and is the amount of income tax payable in respect of the taxable profit for the year or prior year.

Deferred tax is recognised on all timing difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.19 Segmental reporting

An operating segment is a component of the Group that engages in business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with and of the Group's other components. All operating segments' operating results, for which discrete financial information is available, are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance. The Group reports on a two-segment basis – holding company expenses and corporate advisory services.

2. Critical accounting estimates and judgements

Management makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the entity's accounting policies

(a) Carrying value of investments

The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required.

It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less impairment.

Further details relating to management's assessment of the carrying value of unlisted investments can be found in the Strategic Report and Note 16. Following the valuation exercise undertaken in relation to the Company's unlisted investments categorised at level 3 of the Fair Value Hierarchy, a fair value gain of £2.8m (2021: £9.8m loss) was reported in the Consolidated Statement of Comprehensive Income in relation to the 1AF2 Bonds.

As at 31 December 2022, the Company had either disposed of its unlisted investments or had consolidated them as subsidiaries.

(b) Carrying value of bonds

During the year the Company carried out a restructuring of its bond liabilities (See Note 19). As part of the Bond restructuring exercise a discounted cash flow analysis was undertaken against the debt facility, calculating the present value of revised cash flows at the original effective interest rate. As part of the review a modification gain was recognised in the Consolidated Income Statement of £1.78m (2021: £1.88m loss) which increased the value of the bond liability by the same amount.

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Segmental analysis

The Directors are of the opinion that under IFRS 8 – “Segmental Information” the Group operated in two primary business segments in 2022 being holding company expenses and corporate advisory services. The secondary segment is geographic. The Group’s losses and net assets by primary business segments are shown below.

Segmentation by continuing business:

	2022	<i>2021</i>
	£000	<i>£000</i>
Profit / (Loss) before income tax		
Holding company	4,158	<i>(11,425)</i>
Corporate advisory services	480	<i>(119)</i>
	4,638	<i>(11,544)</i>
Net assets		
Holding company	24,923	<i>(11,297)</i>
Corporate advisory services	360	<i>(124)</i>

Segmentation by geographical area:

	2022	<i>2021</i>
	£000	<i>£000</i>
Revenue from external customers		
United Kingdom	858	<i>105</i>
Italy	41	<i>339</i>
Other	(4)	<i>-</i>
	895	<i>444</i>
Profit / (Loss) before income tax		
United Kingdom	4,637	<i>(11,706)</i>
Italy	1	<i>162</i>
	4,638	<i>(11,544)</i>
Net assets / (liabilities)		
United Kingdom	25,227	<i>(11,356)</i>
Italy	56	<i>(65)</i>

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Revenue

	2022	<i>2021</i>
	£000	<i>£000</i>
Group		
Revenue from external customers	895	<i>444</i>
	895	<i>444</i>

Revenue represents the consultancy fees for investment advisory services provided to clients.

5. Administrative expenses

	2022	<i>2021</i>
	£000	<i>£000</i>
Group		
Legal, professional fees	420	<i>193</i>
Share based payment expense	-	<i>4</i>
Staff costs	493	<i>241</i>
Other costs	198	<i>296</i>
	1,111	<i>734</i>

6. Other income

	2022	<i>2021</i>
	£000	<i>£000</i>
Group		
Other income	84	<i>128</i>
	84	<i>128</i>

Other income comprises fees for management services provided to third party investees.

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Auditor remuneration

	2022	<i>2021</i>
	£000	<i>£000</i>
Group		
Auditors remuneration:		
- Audit fees	45	45
- Non-audit services	-	25
	45	<i>70</i>

Fees for non-audit services totalling £25,000 were incurred during the prior year relating to the reporting accountant role undertaken by PKF Littlejohn LLP.

8. Staff costs

	2022	<i>2021</i>
Group		
The average number of persons (including executive directors) employed by the Group during the year	6	6
	2022	<i>2021</i>
	£000	<i>£000</i>
Wages and salaries	173	68
Directors' fees	333	172
Social security costs	6	1
Other	2	-
	514	<i>241</i>
Company		
Directors' remuneration		
Salaries and fees	230	172
Social security	18	-
Other	22	-
	270	<i>172</i>

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. Interest income and expense

	2022	<i>2021</i>
	£000	<i>£000</i>
Group		
Interest income		
Interest income on 1AF2 Bond	<u>876</u>	<u>418</u>
	876	<i>418</i>
Finance costs		
Other finance expenses	(677)	<i>(275)</i>
Debt modification (loss) / reversal	<u>1,780</u>	<u>(1,876)</u>
	1,103	<i>(2,151)</i>

Other finance expenses and the debt modification (loss) / reversal relate to the net interest burden and modification adjustment on restructuring to the Company of the 7% and the 4.8% bonds issued by the Company on the Vienna Stock exchange during 2019, 2021 and 2022 respectively and described more fully in Note 19 below.

10. Income tax

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	<i>2021</i>
	£000	<i>£000</i>
Loss before income tax	<u>4,638</u>	<u>(11,544)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	881	<i>(2,193)</i>
Effects of:	-	-
Unrealised gains on investments	(533)	<i>4</i>
Tax credit re prior period	-	<i>182</i>
Disallowed expenses	40	<i>(79)</i>
Losses carried forward for year	(388)	<i>2,086</i>
	<u>-</u>	<u>-</u>

The Company has tax losses of approximately £2,490,367 (2021: £2,102,367) to carry forward against future profits. The Directors have not recognised a deferred tax asset on the losses to date due to the uncertainty of recovery.

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. Income tax (continued)

Factors that may affect future tax charges

The UK corporation tax at the standard rate for the year is 19.0% (2021: 19.0%).

On 1 April 2023 the corporation tax rate increased to 25% for companies with profits of over £250,000. A small profits rate was introduced for companies with profits of £50,000 or less who will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

11. Earnings per share

(17)(i) Basic earnings per share

	2022	<i>2021</i>
	Pence	<i>Pence</i>
From continuing operations attributable to the ordinary equity holders of the Company	0.02	<i>(0.78)</i>
Total basic earnings per share attributable to the ordinary equity holders of the Company	0.02	<i>(0.78)</i>

(ii) Weighted average number of shares used as the denominator

	2022	<i>2021</i>
	Number	<i>Number</i>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	19,290,857,985	<i>1,479,362,244</i>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	19,290,857,985	<i>1,479,362,244</i>

12. Investments in subsidiaries

Company

	Shares in group undertakings
Cost	£000
At 1 January 2021	-
Acquisition of Epsion Capital Limited (Note 12.1)	100
Acquisition of Innovative Finance S.r.l (Note 12.2)	3,710
At 31 December 2021	3,810
Impairment of Innovative Finance S.r.l in year	(1,151)
At 31 December 2022	2,659

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Investments in subsidiaries (continued)

At 31 December 2022, the Group consisted of a parent company, Eight Capital Partners plc, registered in England and Wales and its two wholly owned subsidiaries.

Subsidiaries

Epsilon Capital Limited

Registered Office: 8-10 Hill Street, London, United Kingdom, W1J 5NG

Nature of business: Financial intermediation.

Class of shares	% holding	
Ordinary shares	100 (2021:100)	
	2022	<i>2021</i>
	£000	<i>£000</i>
Aggregate capital and reserves	246	<i>241</i>

The Company has guaranteed all outstanding liabilities of the subsidiary company as at 31 December 2022, this provides the subsidiary company with an exemption from audit under Section 479A of the Companies Act 2006.

Innovative Finance S.r.l

Registered Office: Via Turati 26 20121 Milano Italy

Nature of business: Financial Advisory

Class of shares	% holding	
Ordinary shares	100 (2021: 100)	
	2022	<i>2021</i>
	£000	<i>£000</i>
Aggregate capital and reserves	68	<i>(63)</i>

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12. Investments in subsidiaries (continued)

12.1 Acquisition of Epsion Capital Limited

On 4 November 2019, the Company acquired 100% of Epsion Capital Limited (Epsion) for a consideration of £100,000. The Company was classified as an investment vehicle until 1 July 2021 and in the previous financial year Epsion was therefore treated as an investment in a third party and not consolidated.

In accordance with IFRS 3 'Business Combinations', this transaction has been accounted for using the acquisition method of accounting. The consolidated income statement for the year ended 31 December 2021 includes the results of Epsion Capital Limited from 1 July 2021, the effective date of consolidation upon the change in nature of the group to an operating group. The assets and liabilities of Epsion Capital Limited have been consolidated from the effective date of consolidation using the fair value of their assets and liabilities at that date.

The details of the business combination are as follows:

	£000
Fair value of consideration transferred	
Amount paid in cash	100
Total consideration	100
Recognised amounts of identifiable net assets	
Investments	53
Cash and cash equivalents	120
Trade and other receivables	42
Trade and other payables	(174)
Total identifiable net assets	41
Goodwill (note 15)	59
Total	100

Goodwill of £59,000 recognised is primarily the future earnings potential of existing engagements.

12.2 Acquisition of Innovative Finance S.r.l

On 10 May 2021, the Company acquired 100% of Innovative Finance S.r.l.

In accordance with IFRS 3 'Business Combinations', this transaction has been accounted for using the acquisition method of accounting. The consolidated income statement for the year ended 31 December 2021 includes the results of Innovative Finance S.r.l from 1 July 2021, the effective date of consolidation upon the change in nature of the group to an operating group. The assets and liabilities of Innovative Finance S.r.l have been consolidated from the effective date of consolidation using the fair value of their assets and liabilities at that date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. Investments in subsidiaries (continued)

The details of the Innovative Finance S.r.l. business combination are as follows:

	£000
Fair value of consideration transferred	
Amount paid in cash	858
Issue of shares in the Company	62
Issue of bonds	600
Vendor loan awarded	281
Offset of loan owed to the Company	300
Fair value of contingent consideration	1,611
Foreign exchange variance	(2)
Total consideration	3,710
Recognised amounts of identifiable net assets	
Property, plant and equipment (Note 14)	13
Intangible assets (Note 15)	11
Cash and cash equivalents	45
Trade and other receivables	63
Loans	(156)
Trade and other payables	(74)
Total identifiable net liabilities	(98)
Goodwill on acquisition (Note 15)	3,808
Total	3,710

The acquisition of Innovative Finance S.r.l. was settled in cash amounting to €1,000,000, and by the issue of 155,388,471 new ordinary shares in Eight Capital Partners plc for €71,300, by awarding a vendor loan of €328,700, by waiving the loan owed to the Company of €350,000 and by the issue of bonds held by the Company of €700,000. The total consideration for the purchase at acquisition date was €2,450,000.

The purchase agreement included an additional consideration of £1,609,000 payable only if the target EBITDA at least equals the actual EBITDA of the Company in each of the three years following the acquisition of Innovative Finance S.r.l. The Company will pay 33.3% of the potential earnout of €2,450,000 in each year where the target has been met.

Goodwill of £3,808,000 recognised on acquisition related to the future earnings potential acquired based on the status of the investment market at the time of the transaction.

As at 31 December 2022, the Board has assessed the probability of paying the additional consideration based on current projections and took the decision to impair the value of the investment by £1.15m (see note 13) and the full related contingent liability was released to the Income Statement (note 20).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Goodwill

Group

Cost	Shares in group
	£
At 1 January 2021	-
Recognition on acquisition of subsidiary - Epsilon Capital Limited (Note 12.1)	59
Recognition on acquisition of subsidiary - Innovative Finance S.r.l (Note 12.2)	<u>3,808</u>
At 31 December 2021	<u>3,867</u>
Impairment of goodwill in relation to Innovative Finance S.r.l	<u>(1,150)</u>
At 31 December 2022	<u><u>2,717</u></u>

The goodwill at 31 December 2022 represents the goodwill recognised at 1 July 2021, being the purchase of the Company's subsidiary companies Epsilon Capital Limited and Innovative Finance srl.

The goodwill is not amortised but is reviewed on an annual basis for impairment, or more frequently if there are indications that goodwill might be impaired. The impairment review comprises a comparison of the carrying amount of the goodwill with its recoverable amount (the higher of fair value less costs to sell and value in use).

The key assumptions used by management for the discounted cashflow analysis undertaken on the Innovative Finance srl forecasts used for the impairment review for the year ended 31 December 2022 were as follows:

- Terminal growth rate 3%
- Cost of capital 15%
- Two year forecast period
- 25% downturn in forecast revenue

Management used its knowledge of Innovative Finance srl's business model and industry to make an assessment of the key inputs used in the impairment review. When assessing this years projections management also took into account the current economic environment and the future global outlook which is very different to the position on acquisition primarily due to the status of the investment market and the future outlook. Investment capital has become harder to source which has had a braking effect on the completion rate of deals and therefore on the number of flotations and other financing deals that Innovative Finance S.r.l. had in its business plan on acquisition. Managements assumptions and forecasts have been impacted by the current global economic climate which has deteriorated.

An impairment of £1.15m was assessed for the year ended 31 December 2022 (2021: £nil) in relation to the forecast performance of Innovative Finance srl which was categorised at Level 3 of the IFRS 13 Fair Value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Property, plant and equipment

Group

	Furniture and Equipment £000
Cost or valuation	
Additions	12
Acquisition of subsidiary	13
At 31 December 2021	25
Additions	(1)
At 31 December 2022	24
Accumulated depreciation and impairment	
Charge owned for the year	2
At 31 December 2021	2
At 31 December 2022	2
Net book value	
At 31 December 2021	23
At 31 December 2022	22

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Property, plant and equipment (continued)

Company

	Plant and machinery £000
Cost or valuation	
At 1 January 2021	3
At 31 December 2021	3
At 31 December 2022	3
Accumulated depreciation and impairment	
Net book value	
At 31 December 2021	3
At 31 December 2022	3

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. Intangible assets

Group

	Goodwill £000	Computer software £000	Total £000
Cost			
At 1 January 2021	-	13	13
On acquisition of subsidiaries	3,867	-	3,867
At 31 December 2021	3,867	13	3,880
At 31 December 2022	3,867	13	3,880
Accumulated amortisation and impairment			
Charge for the year - owned	-	2	2
Impairment charge	1,150	-	1,150
At 31 December 2022	1,150	2	1,152
Net book value			
At 1 January 2021	-	13	13
At 31 December 2021	3,867	13	3,880
At 31 December 2022	2,717	11	2,728

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. Current asset investments

The table below sets out the fair value measurements. Categorisation has been determined on the basis of listed or unlisted investments as follows:

Group	Unlisted Investments £000	Listed Investments £000	Total £000
Fair value at 1 January 2021	2,004	1,175	3,179
Investment disposals	(1,701)	-	(1,701)
Investment in subsidiaries	(413)	-	(413)
Investment additions: 1AF2 bond	-	33,620	33,620
Fair value (loss) on listed investments	130	(9,952)	(9,822)
Foreign exchange adjustment	(20)	(109)	(129)
Fair value at 31 December 2021	<u>-</u>	<u>24,734</u>	<u>24,734</u>
Fair value adjustment on investments	-	2,672	2,672
Foreign exchange adjustment	-	1,379	1,379
Fair value at 31 December 2022	<u>-</u>	<u>28,785</u>	<u>28,785</u>
Gains / (losses) on investments held at fair value through profit or loss			
Year end 31 December 2021			
Fair value adjustment on listed investments	-	(9,952)	(9,952)
Realised gain on disposal of investments	130	-	130
Net gain / (loss) on investments held at fair value through profit or loss	<u>130</u>	<u>(9,952)</u>	<u>(9,822)</u>
Year end 31 December 2022			
Fair value adjustment on listed investments	-	2,672	2,672
Fair value adjustment on unlisted investments	(33)	-	(33)
Net gain / (loss) on investments held at fair value through profit or loss	<u>(33)</u>	<u>2,672</u>	<u>2,639</u>

Fair value measurement

The table below sets out the fair value measurements using the fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between categories during the period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Current asset investments (continued)

	2022	<i>2021</i>
	£000	<i>£000</i>
Categorised as		
Level 1 - quoted investments	778	<i>949</i>
Level 2 - unquoted investments valued using quoted prices	-	-
Level 3 - unquoted investments and illiquid quoted investments	28,007	<i>23,785</i>
	28,785	<i>24,734</i>

Further Information on each investment can be found in the Chairman's Statement on pages 3-7.

Level 3 Valuation Methodology

Underlying securities valuation methodology

Quoted shares of £778k (2021: £949k) were priced by the mid-point of the reporting date.

Unquoted investments of £28,007k (2021: £23,785k), were valued based on an average of four scenarios which included a three and five-year financial plan discounted using a Weighted Average Cost of Capital ('WACC'). The unquoted investments of are part of a bond issuance of €73,050k. Securities Pledged for the bond issuance is a mixture of quoted and unquoted shares and these were valued at €78,307k (2021: €87,788k). The securities pledged are capped at €61,000k, of which €33,402k relates the Company. The securities pledged can be called upon in the event of failure of the Listed Investment performing. In this context performing means paying interest within a period of when it falls due and repaying the principal at maturity. The securities pledged for the total security package include unquoted shares valued at €73,347k (2021: €62,000). There was no effect on the value of the investments due to the cap on the securities pledged.

The WACC included the following elements:

Risk-free rate– calculated as the 12 months weighted average value of the 10 Year US Government Bond.

Equity risk premium- sourced from Ashwath Damodaran, a Professor of Finance at the Stern School of Business at New York University who is recognised as a provider of comprehensive data for valuation purposes.

Beta– calculated as the median of the betas (2 years, weekly) observed in a panel of comparable listed companies operating in the regulatory and ICT industry

Small size premium– in order to take into account the different size of the Company compared to the Comparable

Execution risk premium– in order to reflect the risk related to the projections

Country risk premium– reflecting the risk related to the main regional areas where the company operates in each scenario

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16. **Current asset investments (continued)**

Cost of debt – equal to the sum of risk-free rate, the spread resulting from the S&P credit spreads of the comparable and the Italian default spread.

Underlying securities valuation methodology (continued)

Tax rate – equal to the Italian corporate tax rate of 15.9% (2021:24%)

Inflation rate - WACC was converted from USD to EUR by using the inflation rates in both jurisdictions.

Each scenario produced a different WACC, ranging from 14.5% to 16.8% (2021: 14.5% to 16.6%).

Long Term Growth Rate ('LTGR') was prudently set at 1.5% (2021: 1.9%).

Using the Financial plans for each scenario applying the DCF method using the associated WACC and terminal value based on the LTGR, the valuations given were between €40m and €65m (2021: €40m and €63m). The mid-range was taken as the average.

A summary of the unobservable inputs used in the WACC calculations and sensitivity analysis for 2022 and 2021 are set out on the following pages.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. Current asset investments (continued)

<u>2022</u>	Scenario			
	Base	1	2	3
Risk Free Rate	3.4%	3.4%	3.4%	3.4%
Market Risk Premium	5.9%	5.9%	5.9%	5.9%
Beta Unlevered	1.06	1.06	1.06	1.06
D/E Target	1.0%	1.0%	1.0%	1.0%
Tax Rate	15.9%	15.9%	15.9%	15.9%
Relevered Beta	1.07	1.07	1.07	1.07
Additional Risk Premium	5.2%	6.2%	6.6%	7.5%
Cost of Equity (Ke)	14.9%	15.9%	16.3%	17.1%
Base rate	3.4%	3.4%	3.4%	3.4%
Default spread	1.5%	1.5%	1.5%	1.5%
Spread	3.8%	3.8%	3.8%	3.8%
Gross cost of Debt	8.7%	8.7%	8.7%	8.7%
Tax rate	15.9%	15.9%	15.9%	15.9%
Net cost of Debt (Kd)	7.3%	7.3%	7.3%	7.3%
E/(E+D)	98.6%	98.6%	98.6%	98.6%
D/(E+D)	1.4%	1.4%	1.4%	1.4%
WACC (USD)	14.7%	15.7%	16.0%	16.9%
US inflation	2.0%	2.0%	2.0%	2.0%
WACC Real	14.7%	15.7%	16.0%	16.9%
EU inflation	1.9%	1.9%	1.9%	1.9%
WACC (EUR)	14.5%	15.5%	15.9%	16.8%

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Current asset investments (continued)

<u>2021</u>	Scenario			
	Base	1	2	3
Risk Free Rate	0.9%	0.9%	0.9%	0.9%
Market Risk Premium	4.7%	4.7%	4.7%	4.7%
Beta Unlevered	0.8	0.8	0.8	0.8
D/E Target	8.8%	8.8%	8.8%	8.8%
Tax Rate	24.0%	24.0%	24.0%	24.0%
Relevered Beta	0.9	0.9	0.9	0.9
Additional Risk Premium	11.1%	12.1%	12.5%	13.4%
Cost of Equity (Ke)	16.3%	17.3%	17.7%	18.5%
Base rate	0.9%	0.9%	0.9%	0.9%
Default spread	1.9%	1.9%	1.9%	1.9%
Spread	2.0%	2.0%	2.0%	2.0%
Gross cost of Debt	4.8%	4.8%	4.8%	4.8%
Tax rate	24.0%	24.0%	24.0%	24.0%
Net cost of Debt (Kd)	3.7%	3.7%	3.7%	3.7%
E/(E+D)	91.9%	91.9%	91.9%	91.9%
D/(E+D)	8.1%	8.1%	8.1%	8.1%
WACC (USD)	15.2%	16.2%	16.6%	17.3%
US inflation	2.4%	2.4%	2.4%	2.4%
WACC Real	12.6%	13.5%	13.6%	14.6%
EU inflation	1.8%	1.8%	1.8%	1.8%
WACC (EUR)	14.5%	15.5%	15.9%	16.6%

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Current asset investments (continued)

Bond Discounted Cash Flow valuation Methodology (“DCF”)

A DCF valuation on the bond incorporating the four monthly interest payments and repayment of the bond principal at 30 June 2024 was also carried out. Using the Base scenario WACC of 14.5% (2021: 14.5%) which prudently included an equity return as well as debt return. When discounting the cashflows a value of €31.6m (2021: €28.3m) was computed for bonds with a nominal value of €40m held by the Company.

The increase in fair value in the year resulted from a partial unwinding of the loss recognised in the prior year. The valuation did not include any upside that may be due as part of the Exit Fee.

Sensitivities based on WACC rates between 13.5% and 17.5% were computed for the DCF which gave a fair value of the investment in bonds ranging between €32.2m (£28.5m) to €30.0m (£26.5m). The below table shows the impact of the change in WACC:

Change in WACC	Change in unrealised gain on investment in bonds in P&L	Fair value impact on investment in bonds in balance sheet
Increase by 1% (from 14.5% to 15.5%)	Decrease by £0.5m	Decrease by £0.5m
Decrease by 1% (from 14.5% to 13.5%)	Increase by £0.5m	Increase by £0.5m

17. Trade and other receivables

	2022 £000 GROUP	2022 £000 COMPANY	2021 £000 GROUP	2021 £000 COMPANY
Non-current				
Other receivables	311	311	-	-
	<u>311</u>	<u>311</u>	<u>-</u>	<u>-</u>
Current				
Trade receivables	336	11	355	48
Other receivables	722	674	818	709
Prepayments	4	4	97	97
Intercompany	-	380	-	253
	<u>1,062</u>	<u>1,069</u>	<u>1,270</u>	<u>1,107</u>

The directors consider that the carrying amount of receivables is not materially different to their fair value.

EIGHT CAPITAL PARTNERS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Trade and other payables

	2022 £000	2022 £000	2021 £000	2021 £000
Current	GROUP	COMPANY	GROUP	COMPANY
Trade payables	209	165	211	57
Taxation and social security	41	1	44	8
Accruals and other payables	218	126	75	72
Intercompany	-	444	-	-
	<u>468</u>	<u>736</u>	<u>330</u>	<u>137</u>

19. Long-term Bonds

Group and Company	2022 £000	2021 £000
Opening balance at 1 January	17,866	2,945
4.8% bonds issued	4,274	12,646
7% bonds issued	-	600
4.8% bonds converted to share capital	(11,566)	-
7% bonds converted to share capital	(3,197)	-
Interest modification adjustment	(1,780)	1,876
Foreign exchange adjustment	210	(201)
Closing balance at 31 December	<u>5,807</u>	<u>17,866</u>

The Company launched 5,000 bonds of €1,000 each (the "7% Bonds") to raise up to €5 million on the Vienna Stock Exchange's multilateral trading facility ("MTF") on 26 July 2019. The principal terms of the Bonds are as follows: Issue price and redemption at par; Interest of 7% per annum paid semi-annually in arrears; Issue date of 26 July 2019 with a redemption date of 26 July 2022 (extended to 2026 in the year under review).

On 19 May 2022, the Company issued 5,000 7% Bonds of €1,000 (New 7% Bonds) each to various Bondholders, within the same issuing structure and on the same terms as the original 7% Bonds, bringing the total issuance to €10 million. In June 2022, the Bondholders approved the realignment of all the 7% bonds with the 4.8% bonds, whereby the maturity date was extended to 26 July 2026 and the coupon became 4.8% per annum, payable quarterly in arrears.

As part of the 1AF2 Bond vendor loan restructuring exercise in 2021 a discounted cash flow analysis was undertaken against the debt facility. As a result of the review, a modification loss was recognised in the Consolidated Income Statement of £1.88m. £1.35m of this loss reversed during the 2022 financial year when the debt facility was converted to share capital. This occurred in November 2022, when bonds with a total value of €13.37m were converted to share capital. A further discounted cashflow analysis was undertaken in 2022 in relation to the modification of the bonds in the year. As part of this analysis a modification gain of £0.65m was recognised in 2022. £0.22m of this gain reversed during the

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19. Long-term Bonds (continued)

2022 financial year when the debt facility was converted to share capital. This occurred in October and November 2022, when bonds with a total value of €3.7m were converted to share capital. A total modification gain of £1.78m was recognised in 2022 (2021: £1.88m loss).

Bonds that are not issued to third parties remain as issued to the Company for future trading and only those that are issued to third parties are recognised as liabilities. At 31 December 2022 a total of 6,975 (2021: 3,990) bonds representing a liability of €6,975,000 (2021: €3,990,000) had been issued to third parties and 1,010 (2021: 1,010) Bonds with a par value of €1,010,000 (2021: €1,010,000) were issued to the Company and available to be traded.

20. Liability for Contingent Consideration

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
At 1 January	1,311	-	1,311	-
On acquisition of Innovative Finance Srl	-	1,611	-	1,611
Fair value adjustment	(1,311)	<i>(300)</i>	(1,311)	<i>(300)</i>
	<u>-</u>	<u>1,311</u>	<u>-</u>	<u>1,311</u>

A provision for contingent consideration pursuant to the acquisition of Innovative Finance Srl (InnFin) was established whereby if InnFin achieved certain annual levels of EBITDA over the three financial years ending post the acquisition date, further consideration for the acquisition would become due. After reviewing the forecasts for InnFin (see note 13), the Directors assessed that the likelihood of any further consideration becoming payable were remote and accordingly the remaining provision was released to profit or loss during the 2022 financial year.

21. Share capital

Authorised

	2022 Number	2022 £000	<i>2021 Number</i>	<i>2021 £000</i>
Shares treated as equity				
Ordinary Shares of £0.0001 each	161,873,969,648	16,187	1,564,315,462	156
Deferred Shares of £0.0024 each	540,166,760	1,296	540,166,760	1,296
	<u>162,414,136,408</u>	<u>17,483</u>	<u>2,104,482,222</u>	<u>1,452</u>

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21. Share capital (continued)

Issued and fully paid

	2022 Number	2022 £000	<i>2021 Number</i>	<i>2021 £000</i>
Ordinary Shares of £0.0001 each				
At 1 January	1,564,315,462	156	1,341,257,818	134
Shares issued	160,309,654,186	16,031	223,057,644	22
	<u>161,873,969,648</u>	<u>16,187</u>	<u>1,564,315,462</u>	<u>156</u>

At 31 December

On 18 October 2022, the Company issued 14,081,196,580 ordinary shares to IWEP Ltd (subsequently transferred to Trumar LLC) in conversion of £2,816,239 of debt and bonds into equity.

On 24 November 2022, the Company issued 146,228,457,606 ordinary shares to Trumar LLC on conversion of £29,245,692 of debt and bonds.

	2022 Number	2022 £000	<i>2021 Number</i>	<i>2021 £000</i>
Deferred Shares of £0.0024 each				
At 1 January	540,166,760	1,296	540,166,760	1,296
	<u>540,166,760</u>	<u>1,296</u>	<u>540,166,760</u>	<u>1,296</u>

At 31 December

The deferred shares do not entitle their holders to receive notice of or to attend or vote at any general meeting of the Company, or to receive any dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the holders of the deferred shares shall be entitled to receive an amount equal to the nominal amount paid up thereon, but only after the holders of new ordinary shares have received £100,000 per new ordinary share.

The holders of deferred shares are not entitled to any further right of participation in the assets of the Company. The Company shall have the right to purchase the deferred shares in issue at any time for no consideration. As such, the deferred shares effectively have no value. Share certificates were not issued in respect of the deferred shares, and they have not been admitted to trading on the Aquis Stock Exchange Growth Market.

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22. Reserves

The Company's reserves are as follows:

Share premium

Represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Convertible debt option reserve

Represents the equity component of convertible bonds issued by the Company.

Foreign exchange reserve

Reserve arising from the translation of foreign subsidiaries at consolidation.

Other reserves

The share option and warrant reserve arise from the requirement to value share options and warrants in existence at the grant date (see Note 26).

Retained earnings

Include all current and prior period results as disclosed in the statement of comprehensive income.

23. Share option and warrant reserve

The share option and warrant reserve are made up as follows:

Warrants

On 26 October 2018 warrants for 52,627,560 shares were issued, which expired on 26 October 2021. The total expense for the year in respect of the warrants issued was £nil (2021: £nil).

Warrants outstanding and their weighted average exercise price are as follows:

	Number	Weighted average exercise price (pence)
Outstanding at 1 January 2021	52,627,760	0.03p
Expired	(52,627,760)	0.03p
Outstanding at 31 December 2021 and 2022	-	0.03p

The fair value is estimated as at the issue date using a Black-Scholes model, considering the terms and conditions upon which the warrants were granted. The following table lists the inputs to the model.

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23. Share option and warrant reserve (continued)

	2018
Exercise price (pence)	0.03p
Number of warrants	52,627,760
Risk free interest (%)	1.5%
Dividend yield	0.0%
Time to expiration at date of grant (i.e. life of warrants) in years	3

On 21 May 2020 the Company granted 134,000,000 share options to the Company's Directors; 80,000,000 share options were issued to Dominic White and 54,000,000 share options to Martin Groak.

The total expense for the year in respect of the share options issued was £nil (2021: £4,000).

Share options outstanding and their weighted average exercise price are as follows:

	Number	Weighted average exercise price (pence)
Outstanding 1 January 2021 and 31 December 2021	134,000,000	0.025p
Expired	(134,000,000)	0.025p
Outstanding at 31 December 2022	-	-

The fair value is estimated as at the issue date using a Black-Scholes model, considering the terms and conditions upon which the options were granted. The following table lists the inputs to the model.

	2020
Exercise price	0.025p
Number of options	134,000,000
Volatility	50%
Risk free interest (%)	0.5%
Dividend yield	0.0%
Time to expiration at date of grant (i.e. life of options) in years	2

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24. Convertible Loan Notes

On 25 October 2018 the Company entered into an agreement which provide a facility for the Company to issue up to £2.5m of Convertible Bonds (the "Bonds") to Cosmos SICAV plc Value Added Fund (the "Investor").

The Bonds will each be valid for twenty-four (24) months (the "Maturity Date") from the date of their issue and will be freely transferrable. The key terms of the Bonds are:

- they will be issued at 95% of their nominal value;
- they can be issued at the Company's election in 50 tranches of £50,000 up to a maximum commitment of £2.5million;
- to the extent issued, each Bond shall carry a coupon of 5%;
- interest is payable at six-monthly intervals, but the Company may, subject to certain conditions, elect to convert any interest due to the Investor into ordinary shares of 0.01 pence each in the Company ("Ordinary Shares") at an issue price of 10 per cent. below the 20 Trading Day average mid-price of the Ordinary Shares (the "Conversion Price")

On the Maturity Date, any Loan Notes issued but not converted, together with any accrued interest, will be mandatorily converted into Ordinary Shares at the Conversion Price. It is a condition of the Bonds that such a conversion will only be valid if it will not result in a Bondholder, or any person acting in concert with such Bondholder holding Ordinary Shares representing voting rights in excess of 29.9 per cent of the Company's entire issued share capital or which would otherwise give rise to the Bondholder being required to make a mandatory offer for the remaining ordinary share capital of the Company pursuant to Rule 9 of the Takeover Code.

On 6 June 2019, the Company converted £13,155.83 of the drawn down convertible bond facility into 93,091,058 ordinary shares. As at the 31 December 2022, the principal outstanding on the issued bonds was £84,332 (2021: £84,332).

The facility can only be converted to equity at the end of the term or earlier. More specifically, there is no contractual obligation to pay cash, no obligation to issue a variable number of shares, or a fixed number of shares to settle an instrument whose book value is variable. It has therefore been recognised in equity only, with no liability component. It is expected that these outstanding bonds will be converted to equity following the reorganization of the Company's balance sheet.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. Financial Instruments

The Board of Directors attribute great importance to professional risk management, proper understanding and negotiation of appropriate terms and conditions and active monitoring, including a thorough analysis of reports and financial statements and ongoing review of investments made.

The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control the economic impact of these risks. The Board of Directors review and agrees policies for managing the risks as summarised below.

The Group has exposures to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
 - Interest rate risk
 - Currency risk
 - Price risk

The Group's overall risk management process focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group has no interest rate derivative financial instruments (2021: none).

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Financial assets				
<i>Measured at fair value through profit and loss</i>				
Current asset investments (see Note 16)	28,785	24,734	28,785	24,734
Other receivables	<u>1,373</u>	<u>1,270</u>	<u>1,000</u>	<u>1,107</u>
Financial liabilities				
<i>Measured at amortised cost</i>				
Loans and borrowings	1,372	22,023	1,366	21,820
Trade payables	209	211	609	57
Other payables	<u>259</u>	<u>119</u>	<u>128</u>	<u>80</u>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

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25. Financial Instruments (continued)

	Note	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Interest expense					
Total interest expense for financial liabilities	9	677	275	677	275
Modification loss	9	<u>(1,780)</u>	<u>1,876</u>	<u>(1,780)</u>	<u>1,876</u>
		<u>(1,103)</u>	<u>2,151</u>	<u>(1,103)</u>	<u>2,151</u>
Net change in unrealised/realised gains and losses on investments at fair value through profit or loss					
On listed investments measured at fair value through profit and loss	16	2,672	(9,952)	2,672	(9,952)
On unlisted investments measured at fair value through profit and loss	16	(33)	130	(9)	130
Impairment of goodwill	13	<u>(1,151)</u>	<u>314</u>	<u>(1,151)</u>	<u>314</u>
		<u>1,488</u>	<u>(9,508)</u>	<u>1,512</u>	<u>(9,508)</u>
Net gains on fair value through profit and loss					
On contingent liabilities	20	1,311	300	1,311	300
		<u>1,311</u>	<u>300</u>	<u>1,311</u>	<u>300</u>

Securities pledged

Included in investments (note 16) are unquoted investments of £28,007k (2021: £23,785k) and these are part of a bond issuance of €73,050k. Securities pledged for the bond issuance are a mixture of quoted and unquoted shares and these were valued at €78,307k (2021: €87,788k). The securities pledged can be called upon in the event of failure of the Listed Investment performing. In this context performing means paying interest within a period of when it falls due and repaying the principal at maturity. The securities pledged include unquoted shares valued at €73,347k (2021: €62,000k). The valuation methodology is explained in note 16.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Financial Instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on its investments and cash. In accordance with the Company's policy, the Board of Directors monitors the Company's exposure to credit risk on an ongoing basis. The credit quality of the underlying securities pledged are monitored regularly and the trustee (IWEP Ltd) has the right to request a valuation on an annual basis or at such times that maybe necessary.

The Company only deposits its cash with major banking institutions. The risk is therefore considered to be limited.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days. The majority of the investments held by the Company are quoted and not subject to specific restrictions on transferability or disposal. However, the risk exists that the Company might not be able to readily dispose of its holdings in such markets at the time of its choosing and also that the price attained on a disposal may be below the amount at which such investments were included in the Company's balance sheet.

Underlying price risk of securities pledged arises primarily from quoted and unquoted equity.

A 10% change in the price of the underlying securities has no effect on the statement of comprehensive income and statement of financial position. A 20% change in the price would have an effect in the market price and would have been approximately €1.45m (2021: €1.9m).

Group	Less than 1 year £000	Between 1 and 4 years £000	5 years and greater £000
At 31 December 2022			
<u>Long term</u>			
Borrowings	-	-	402
Long term bond	-	5,807	-
<u>Short term</u>			
Borrowings	970	-	-
Trade and other payables	468	-	-
31 December 2021			
<u>Long term</u>			
Borrowings	-	-	643
Long term bond	-	-	17,866
<u>Short term</u>			
Borrowings	21,380	-	-
Trade and other payables	330	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. Financial Instruments (continued)

Company

At 31 December 2022

Long term

Borrowings	-	-	396
Long term bond	-	5,807	-

Short term

Borrowings	970	-	-
Trade and other payables	736	-	-

31 December 2021

Long term

Borrowings	-	-	440
Long term bond	-	-	17,866

Short term

Borrowings	21,380	-	-
Trade and other payables	137	-	-

Included in long term borrowings are amounts due to Dominic White of £105,000 (2021: £85,000).

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company's sensitivity to these items is set out below.

a) Interest rate risk

The Company holds quoted debt securities at fixed rates of interest and is therefore exposed to interest rate risk. The impact of an increase or decrease on interest rates of 100 basis points on cash and deposits, based on the closing balance sheet position over a 12-month period, is considered immaterial.

b) Interest rate risk (continued)

In addition, the Company has indirect exposure to interest rates through changes to the financial performance and valuation in equity investments in the companies that have issued debt caused by interest rate fluctuations. Short term receivables and payables are excluded as the risks due to fluctuation in the prevailing levels of market interest rates associated with these instruments are not significant and is limited to the Company's investments.

c) Currency risk

At year end the Company held Euro denominated investments to the total of €31.65m, and total Euro denominated liabilities of €8.40m, a net Euro asset position of €23.25m which expose the Company to the risk that the exchange rate of the Euro against the pound will change in a manner which adversely impacts the Company's net profit and net assets attributable to shareholders. A 10% increase in the Euro exchange rate against the pound would result in an increase in fair value of the net assets position of approximately £2.06m. A 10% decrease in exchange rates against the pound would have an equal and opposite effect.

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25. Financial Instruments (continued)

d) Price risk

The Company's management of price risk, which arises primarily from quoted and unquoted equity and debt instruments, is through the selection of financial assets within specified limits as approved by the Board of Directors.

For quoted equity securities, the market risk variable is deemed to be the market price itself. A 10% change in the price of those investments would have a direct impact on the statement of comprehensive income and statement of financial position. At 31 December 2022, the effect of such a change in market price would have been approximately £78,000 (2021: £95,000).

26. Related party transactions

Administrative services

During the year, the Company was invoiced £21,400 (2021: £15,500) for administrative services provided by Marker Management Services Ltd, a company controlled by Martin Groak, a director of Eight Capital.

Income

During the year, the Group received income from entities connected to the Company's Chairman, Dominic White. £580,000 was received from Zamaz Plc, £17,699 from Bella Dispensa SRL and £22,550 from Maximum Return Systems Ltd. No income was received from the entities in the prior period.

During the year, the Group received income from entities connected to the Company's former Director, David Bull. During the period David Bull was a director of the Company, the Company received £3,351 (2021: nil) from Supply@me Capital plc..

Related party funding

Included within current borrowing at year end was:

£582,666 shareholder loan from IWEPLtd (2021: £367,138); and
£387,102 vendor loan in relation to the €40m IAF2 bond acquisition from IWEPLtd (2021: £21,012,485).

Included in non-current borrowing at year end was:

£nil (2021: £184,910) loan from Maximum Return Systems Limited, an entity connected to Eight Capital Partners' Chairman Dominic White;
£6,074 (2021: £127,350) loan from Concreta Srl, a shareholder in the company; and
£290,885 (2021: £318,297) vendor loan from DB Investor in connection to the acquisition of Innovative Finance S.r.l.

27. Ultimate controlling entity

The Group's ultimate controlling party is Dominic White.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. Post balance sheet events

On 2 February 2023 the Company announced that Luciano Maranzana had been appointed as Group CEO (he was formerly a Non-Executive Director), and Gemma Godfrey was appointed as an independent Non-executive Director.

On 3 July 2023 the Company announced that it had to revise the 2021 Financial Statements by replacement. Commentary on the adjustments is set out in the Chairman's statement.

On 11 August 2023, the Company announced that at a meeting of the holders of the Company's €10,000,000 4.8% Bonds, with effect from 3 September 2023, all 4.8% Bonds, together with the interest payment due on 3 September 2023, will be converted into new ordinary shares in ECP.

On 8 September 2023 the Company announced that, further to the announcement on 11 August 2023, application had been made for 25,577,732,855 new ordinary shares at a price of 0.02525 pence per new ordinary share ("Conversion Shares") in lieu of the conversion of the Notes and accrued interest due to be paid on 3 September 2023.