

**09301329 (England and Wales)**

**EIGHT CAPITAL PARTNERS PLC**  
**REVISED ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

## **Revision of Financial Statements by Replacement**

**The following Annual Report and Financial Statements replaces the original reports filed with the Registrar of Companies on 22 July 2022. These are now the statutory accounts of the Company for the year ended 31 December 2021. This replacement Annual Report and Financial Statements has been prepared at the date of the original accounts and not as at the date of this revision and accordingly does not deal with events between those dates.**

### **Financial Reporting Council (FRC)**

The Company was notified by the FRC that the Company's original FY 2021 Audited Annual Report and Financial Statements had been subject to a limited scope review in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. A full review of the original FY 2021 Annual Report and Financial Statements was not undertaken and the review was subject to the following scope and limitations of the FRC review.

The FRC also provides no assurance that the revised annual report and accounts are correct in all material respects, including (but not limited to) the carrying amounts of the assets and liabilities affected by the revisions described below. The FRC has not verified the assumptions made by management or the information provided.

#### *Scope and limitations of the FRC review*

The FRC review is based on a review of the annual report and accounts and does not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. It was however conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The FRC provides no assurance that the annual report and accounts are correct in all material respects, the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

### **Amendments to 2021 Audited Annual Report and Financial Statements arising from FRC review and additional review by the Company and its Auditor.**

As a result of the FRC review and additional review carried out by the Company and its Auditor, several amendments have been agreed by the Board to be made to the Annual Audited Report and Financial Statements.

#### *Amendments arising from FRC review where the original Annual Audited Report and Financial Statements did not meet the requirements of the Companies Act 2006*

1. Correction of 2021 entries in the cash flow statement relating to the issue and redemption of loan liabilities, where the transactions were non-cash exchanges of bonds.

The consolidated and company cash flow statements reported an investing cash outflow of £33,620,000 and financing cash inflows of £20,969,000 and £13,185,000. These non-cash transactions should have been excluded from cash inflows and outflows presented in the statements of cash flows.

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2. Correction of the hierarchy level in which the fair value measurement of the investment in bonds issued by 1AF2 Limited ('1AF2 Bonds') belongs, and additional disclosures required for Level 3 measurement in accordance with paragraphs 93(d), (e), (f), (g) and (h) of IFRS 13; correction of 2021 entries relating to the carrying amount of the 1AF2 Bonds at 31 December 2021 and recognition of fair value movements on the 1AF2 Bonds in the income statement.

The Directors had previously reviewed the 1AF2 Bonds and concluded that whilst the bonds benefitted from an exit fee based on the performance of the underlying securitised assets in a listed entity, they considered the likelihood of achieving the exit fee to be remote, and as such did not take it into account as part of the assessment of the bonds. The Directors took the view that the Bonds should have been held at amortised cost, whereas the FRC's view upon review is that they should have been held at fair value based on an appropriate valuation method.

Following a review with its Auditor, the Directors now consider that the fair value measurement of the 1AF2 Bonds should have been categorised within Level 3. As part of the Level 3 disclosure it should have set out that there were no suitable quoted prices for trading in the 1AF2 Bonds. The valuation method disclosed should then have explained the methodologies used to value the bonds based on 1) a valuation of the underlying securities and 2) a discounted cash flow analysis, which involve the use of significant unobservable inputs.

### Underlying securities valuation methodology

Quoted shares were priced by the mid-point of the reporting date.

Unquoted shares, the valuation was based on an average of 4 scenarios which included a 3 and 5 year financial plan discounted using a Weighted Average Cost of Capital ('WACC').

The WACC included the following elements:

Risk-free rate – calculated as the 12 months weighted average value of the 10Y 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 entities used in the management assessment of WACC. Execution risk premium – in order to reflect the risk related to the projections

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

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.

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Tax rate – equal to the Italian corporate tax rate of 24%

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 16.6%.

Long Term Growth Rate ('LTGR') was prudently set at 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 for the Company's share of the underlying security package were between €40m and €63m. The mid-range was taken as the average.

### Weighted Average Cost of Capital

A summary of the unobservable inputs used in the WACC calculation is set out below:

	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%

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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%

### 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. We used the Base scenario WACC of 14.5% which prudently includes an equity return as well as debt return. When discounting the cashflows a value of €28.3m was computed (the element held by the Company). The valuation did not include any upside that may be due as part of the Exit Fee.

The board acknowledged that a valuation of the security and a DCF valuation of the bond would meet the requirements of IFRS 13 and note this to be included in the 2022 accounts.

As a result of the change in valuation methodology, an additional loss of £9.8m was reported in the Consolidated Income Statement.

### 3. Recognition of a loss on modification of the loan liabilities

During the year under review the Company undertook a restructuring of its debt liabilities to restructure a €40m 1.5% interest vendor loan issued by IWEP into €15m 4.8% five-year bonds and to modify the terms of the remaining €25m to remove the interest charge. The Company had treated this transaction as part of the same facility as it was with the same lender and only arose due to a delay in the creation of the bond instrument. Despite this, the FRC’s view was that, while not a substantial modification in accordance with paragraph 3.3.2 of IFRS 9, ‘Financial Instruments’, the restructuring gave rise to a modification loss owing to an increase in the liability measured by discounting revised future cash flows at the original effective interest rate.

The Board has accepted the FRC’s view and has calculated a €2.2m modification loss (£1.88m) that has been reported in the Consolidated Income Statement. The modification loss was calculated by comparing the amortised cost value of the original loan with the discounted net present value of the new structure.

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4. Commentary in the Strategic Reports, reflecting the revised performance and position as at 31 December 2021, so as to provide a fair, balanced and comprehensive review of each period.

The Board considers that the summary of results in the year in the Chairman's Statement that is referenced in the Strategic Report is the only commentary in the Strategic Reports that is required in conjunction with this new section that sets out the amendments required to the Accounts.

The updated commentary is as follows:

### **Results**

Through its two subsidiaries, the Group recorded revenues for the year under review of £444,000 with a gross margin of over 70%. This income was further supplemented by ECP itself providing management services to certain investees and thereby recovering £128,000 of overhead costs. Interest income less finance expense was a net deficit of £1.7m and the net movement in fair value of both realised and unrealised gains and losses on investments at fair value (explained further below) was a loss of £9.5m. Overheads were relatively high, at £0.7 million; partly a reflection of the substantial professional support for the change in status outlined in the September update, and the Group result for the year was a loss before tax of £11.5m.

Additional narrative has also been added to the Chairman's statement in relation to the Fair Value Adjustment on the 1AF2 bond, as follows:

### **Fair value adjustment on 1AF2 Bond**

The valuation exercise undertaken on the 1AF2 Bond based on a valuation of the underlying securities and a discounted cash flow valuation assessed the value of the bond at €28.3m (£23.8m), resulting in a fair value loss in the accounts of £9.8m.

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5. Revision of the Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement to correct the incorrect reporting of trading results for the period.

During the Company's and its Auditor's review of the 2021 Financial Statements following the FRC enquiries, it became apparent that the Consolidated Income Statement incorrectly included 12 months of trading for the two subsidiaries, when the effective date of consolidation upon the change in nature of the group from an investment group to an operating group was 1 July 2021, a shorter period. For the period from 1 January 2021 to 30 June 2021, the Company was an investment vehicle and none of its investment met the requirement of IFRS 10 for an investment company. On 1 July 2021, the Company changed its status from an investment vehicle to an operating company, and as a result, the Company's investments in its subsidiaries have been consolidated from 1 July 2021. The net effect was a reduction in the net loss before tax of £165,000.

The opening retained losses shown within the Consolidated Statement of Changes in Equity needed to be revised to £3,493,000 to align with the Company's 2020 retained losses.

This report was approved by the Board of Directors on 18 August 2023 and signed on behalf of the board by:



**Dominic White**  
Chairman

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## **EIGHT CAPITAL PARTNERS PLC**

### **Corporate Information**

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#### **Company number**

09301329 (England and Wales)

#### **Directors**

Dominic White, *Chairman*

David Bull, *Chief Executive Officer*

Martin Groak, *Independent Non-Executive Director*

#### **Company secretary**

Martin Groak

#### **Registered office**

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160 City Road  
London EC1V 2NX

#### **AQUIS stock exchange corporate adviser**

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62-63 Cheapside  
London EC2V 6AX

#### **Legal advisers to the company**

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London EC4M 7RD

#### **Independent Auditor**

PKF Littlejohn LLP  
Statutory Auditor  
15 Westferry Circus  
Canary Wharf  
London E14 4HD

#### **Principal bankers**

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Liverpool Street Stn.  
London EC2M 4QB

#### **Registrars**

SLC Registrars Limited  
Highdown House  
Yeoman Way  
Worthing  
BN99 3HH

**Chairman's Statement**

Dear Shareholder,

I am pleased to report on the Company's financial results for the year ended 31 December 2021 and on a number of far-reaching corporate developments that have occurred during the year, particularly during the second half and which have continued into the first half of 2022.

**Change of status to an Operating Group**

The most important development during the period under review, and announced in an extensive market update on 27 September 2021, was the change in status from being an investing company to becoming an operating Group with an effective date of 1 July 2021. This Report, therefore, for the first time, presents Eight Capital Partners Plc's ("ECP" or "Eight Capital") financial statements under IFRS reporting standards, consolidating the results and balance sheets of its wholly owned subsidiaries, Epsilon Capital Limited ("Epsilon"), and Innovative Finance Srl ("InnFin"), the latter acquired in May 2021 (together "the operating subsidiaries"), from the effective date of 1 July 2021 onwards.

ECP has therefore evolved into an international financial services operating Group, whereby Epsilon and InnFin source, advise on, finance, and deliver transactions, primarily involving SME businesses within the technology, media, telecoms and financial services sectors and in which ECP itself will potentially invest.

**Results**

Through its two subsidiaries, the Group recorded revenues for the year under review of £444,000 with a gross margin of over 70%. This income was further supplemented by ECP itself providing management services to certain investees and thereby recovering £128,000 of overhead costs. Interest income less expense was a net deficit of £1.7m and the net movement in fair value of both realised and unrealised gains and losses on investments at fair value (explained further below) was a loss of £9.5m. Overheads were relatively high, at £0.7 million; partly a reflection of the substantial professional support for the change in status outlined in the September update, and the Group result for the year was a loss before tax of £11.5m.

**Subsidiary activities**

Epsilon, our wholly owned UK Corporate Finance subsidiary, concentrated on two related companies, providing advice ahead of potential standard listings, during the period since its results were consolidated upon the group becoming an operating group (1 July 2021 onwards). If these companies are listed, there will be commensurate fee earnings derived from these clients.

Innovative Finance S.r.l ("InnFin") our wholly owned unregulated Italian Corporate Finance subsidiary, was acquired in May 2021 and has been consolidated since 1 July 2021, the effective date when the group became an operating group. InnFin concentrated in the period since consolidation on providing advice to investors and companies ahead of listing on the Standard List of the LSE. Approximately €350,000 of the fees are from advising investors and the remaining €50,000 are fees for initial consulting work for companies considering a listing. If these companies are listed InnFin will earn appropriate fees.

### **Eight Capital: update on prior year's investments**

ECP's investment portfolio now and as at 31 December 2021 is comprised exclusively of quoted companies. The private investments included in last year's report have either been sold (FPG – see below) or integrated into the Group (Epsilon and InnFin).

#### Finance Partners Group ("FPG"): Financial Services

This investment was disposed of during the year, originally consisting of a receivable of €2 million with an ability to convert into equity acquired for €1.9 million. The ability to convert was exercised and the resultant holding in FPG of 28.7% was sold for €2.15 million (equivalent to £1.83 million), of which €1.57 million (£1.34 million) was paid on closing and the balance of €580,000 (£487,000) payable in 2022. The gain on disposal figure included in these accounts is £130,000

*Retained investments:* combined loss in value recorded in these accounts: £116,000.

#### 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 and ECP's £250,000 investment, acquired at a share price of £0.11 has seen a drop to £0.0017 at the year-end, with a total fall in value of over £200,000 since purchase. The movement during the year under review, included in the income statement, is a loss of £90,000. 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 was formerly Sports Capital Group ("SCG") and ECP invested in a football related project from which SCG withdrew. They reverted to their previous sector of investment: mining and associated exploration and changed their name. The Company's investment was approximately £140,000 and is currently £131,000, based on its quote on AQSE Growth Market. We will dispose of this investment in due course.

#### Greencare Capital Plc ("GRE"): Investment in Cannabis health products and general wellness.

The Company invested both prior to and at IPO when GRE listed on the AQSE Growth Market in December 2019. The total investment was £280,000 and the average price paid per share was 10.9p. The shares at the year-end – and currently – were quoted at 30.5p, having fallen slightly since the end of 2020. It was recently announced that Dominic White, Chairman of ECP, has become chairman of GRE. We await positive developments.

### **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 2021. The fair-valuation of this liability at 31 December 2021 has resulted in a positive adjustment in the income statement of £300,000.

### **Fair value adjustment on 1AF2 Bond**

The valuation exercise undertaken on the 1AF2 Bond based on a valuation of the underlying securities and a discounted cash flow valuation assessed the value of the bond at €28.3m, resulting in a fair value loss in the accounts of £9.8m.

### **Refined Growth Strategy**

As part of its transformation into an operating group, ECP has recently refined its growth strategy to focus increasingly on those businesses engaged in “Fintech” operations, including the digitisation of banking services and blockchain-backed decentralised finance and other disruptive financial services technologies, all of which seek to improve and automate the delivery and use of financial services. Your Board also considers there to be many value creation opportunities for shareholders from the further aligning and expansion of the activities of Epsion and InnFin.

By combining their advisory and transactional expertise with the strategic utilisation of ECP’s growing in-house capital resources, ECP is 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.

The competitive advantage of ECP’s new operating structure is its flexibility in terms of where it invests in the “capital stack” pyramid, 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 having access to in-house capital lines with a less flexible mandate.

### **Corporate Transactions during the year**

Eight Capital successfully completed a number of corporate transactions during the year, each one forming part of its strategic objective to grow the market capitalisation of the Company towards and beyond £50 million, and establishing a strong balance sheet base from which to significantly expand its operations and its own equity valuation.

To this end, in May 2021, the Company acquired InnFin, based in Milan, which develops mergers and acquisitions and financing solutions across multiple sectors, primarily in Europe.

In August, ECP disposed of its investment in Finance Partners Group SPA (“FPG”), an Italian-based financial services business, realising €2.15million. The profitable sale of this minority stake has provided ECP with a better strategic alignment between the Company’s two remaining wholly owned subsidiaries and its other activities with a primary focus on technological developments within the financial services industry, such as fintech SME funding solutions and digitisation of banking including decentralised finance technology, to be key growth areas.

As announced on 4 August 2021 the purchaser agreed to pay ECP a total of €2.15 million for the acquisition of FPG. The cash element of €1.57 million was paid immediately. Discussions are ongoing relating to the final part of the settlement €0.58 million, which remains due, and against which an extra amount of Euros 10,000 has been paid to ECP plus further asset security backing provided to support the receivable, to the benefit of the Company. The agreed repayment is for 20 equal payments from 15 June 2023.

In addition to these corporate transactions, and as part of the Board's key strategic objective to build scale to the business by further strengthening the Balance Sheet, in August the Company purchased €40m 2.5% Fixed Rate Secured Bonds at Par from IWEF Limited, a company controlled by Dominic White, ECP's chairman and ECP's major shareholder, which significantly increased ECP's gross assets. Consideration for the acquisition of the Bonds was settled by a one-year vendor loan which was subsequently restructured into a €15 million 4.8% Bond described below and a €25 million interest-free vendor loan ("Vendor Loan").

In September, the Company launched a €25million 4.8% Fixed Rate five-year Bond Programme, with an initial tranche, placed at launch and listed on The Vienna Stock Exchange. This Bond programme also provided a logical next step towards the continuing expansion of the Balance Sheet, whilst also providing better medium-term visibility for the refinancing of ECP's existing 7% listed bonds which mature in July of this year.

#### **Corporate Transactions after the year end**

On 23 May 2022, the Company announced that it had issued a further €5 million tranche of its 7% Bond to a third party that had acquired €5 million of the Vendor Loan from IWEF. In that announcement, ECP also reinforced its commitment to a transformational strengthening of the Company's balance sheet through IWEF seeking to convert, subject to regulatory and shareholder consent, as much as possible of its debt with the Company into equity.

These current and proposed balance sheet transactions are intended to consolidate and expand the Company's service offering as well as helping it to develop a platform from which it can develop as a multi-faceted financial services company, whilst also providing a stronger base from which it can raise third party capital.

#### **Planned Placing and Open Offer**

As announced in the Corporate Update in September 2021, it is the Company's intention to raise new equity capital via a placing once the restructuring of debt is completed. Your Board recognises that those who have already invested in the Company may wish to increase their investment and it is therefore anticipated that current shareholders will be invited to participate in the fundraise on the same terms as the debt conversions and equity placing. Further information will be given in due course.

The Company also intends to provide an opportunity for all debt investors to convert debt to equity on the same terms, including the current outstanding 7% Bonds.

#### **Strengthening of the Management Team**

Integral to the success of the Company's transition to an operating business has been the strengthening of its senior management team, with the appointment to the Board in June 2021 of former Bank of England Chief Accountant, David Bull, who joined initially as a Non-Executive Director and then, following the Company's successful transition to operating group status, was appointed full-time Chief Executive Officer.

David has responsibility for leading the further development of ECP's financial services business, both organically and through acquisition, all within the context of fintech services. His knowledge and experience of technology and the way it relates to asset and commercial finance, international banking and the digitisation of banking services, combined with his strong risk management skills and proven business leadership qualities are already proving invaluable as we move towards more advanced technologies in the financial services sector. He will also be strengthening the operational management team with further additions in financial management and compliance, which will be at the heart of the Company's operating activities.

The Group is also delighted to have announced on 13 May 2022, the appointment of Richard Day to the Board of Epsilon as its Non-Executive Chairman. Richard was co-founder of institutional stockbroker Arden Partners plc, where, from 2002 to when he left in 2015, he was head of corporate finance for much of that time, whilst playing an important role in building its sectoral and geographical presence. He currently holds chairmanships of two quoted companies: Pelatro plc, a "Big Data" analytics company on AIM and The British Honey Company plc, the premium British honey and craft spirits producer. He also chairs Eden Geothermal Limited, a private company drilling its first of two geothermal wells, adjacent to the Eden Project in Cornwall in the south-west of England. Richard's broad experience of public markets, corporate finance and corporate governance across diverse business sectors is already having a significant influence and will without doubt be a huge asset not only to Epsilon, but to the Group as a whole.

### **Outlook**

2021 was a watershed year for Eight Capital. It successfully transitioned into a financial service operating group, completing a number of complementary corporate and financial transactions, strengthening both the Company's operational capabilities and putting in place actions to radically strengthen its Balance Sheet. 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 and through our wholly-owned subsidiaries, Epsilon and InnFin.

The Board's strategy is to grow the business both organically through the development of new financial, "fintech-led" services and by selective acquisitions to boost revenue and market presence, thereby significantly increasing shareholder returns.

The Group has made a good start to the current financial year. We are nurturing earnings potential and structuring the business and the Balance Sheet for future sustained growth, while building value for shareholders. We have a strong and growing pipeline of opportunities that we intend to deliver through our business model and the management team in place to deliver significant growth over the next two years. The Board views the future with increasing confidence.

A handwritten signature in blue ink, appearing to read 'D. White'.

**Dominic White**  
**Chairman**

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 2021.

### Principal Activity

Eight Capital Partners Plc is 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 2021, 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 financial services and investment funds to quoted 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 new “fintech” businesses from the digitisation of banking services to blockchain backed disruptive finance companies in wealth/asset management and trade receivables/inventory securitisation.

The closing price of the Company’s shares at 31 December 2021 was 0.049 pence per share (2020: 0.025 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 and 26 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 page 2.

### Key Performance Indicators

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

	2021	2020	% change
Earnings/(loss) per share (pence)	(0.78p)	(0.04p)	(1,950%)

During the year the Company transformed from being an investment company to being an operating financial services group, providing international advisory services through its two wholly owned subsidiaries

From a KPI perspective, the Group, which has only been recognised as an operating entity in this financial period, will be re-setting its performance criteria going forward to include fee income growth and acquisition of new mandates as well as the performance of its investments.

### Future developments

The Chairman’s Statement on page 2 provides information on the outlook of the Group.

### Principal risks and uncertainty

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.

## **Principal risks and uncertainty (continued)**

### ***Business and investment performance risk (continued)***

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.

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 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.

### ***Political and Country Risk – Departure of the UK from the European Union***

The Group is quoted in the United Kingdom (UK) and has made investments in entities that operate in the UK and European Union. The Group's Euro investments may be subject to the impact of the UK leaving the European Union in terms of their share price and in turn the value of the Group's investments. As a result, given the ongoing uncertainty surrounding the situation the Group is monitoring matters and will be seeking advice as to how to mitigate the risks arising if and when they may occur.

### **Promotion of the Group for the benefit of the members as a whole**

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.



**Promotion of the Group for the benefit of the members as a whole (continued)**

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.

The application of the s172 requirements can be demonstrated in relation to the unwinding of the FIT acquisition at no loss to the Group, including the option to acquire a *quid pro quo* shareholding in Innovative Finance S.r.l to compensate for the cash element of the original FIT acquisition that would otherwise have been lost. This was considered to be the best route to enhanced longer term shareholder value for existing members.

This strategic report was approved by the board of directors on 18 August 2023 and signed on its behalf:

A handwritten signature in blue ink, appearing to read 'D. White', written over a light blue horizontal line.

**Dominic White**  
Chairman

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2021.

### Directors

The Directors of the Company during the year were:

Dominic White	Chairman
David Bull	Chief Executive Officer (appointed 24 June 2021)
Martin Groak	Independent Non-Executive Director

The Directors' biographies can be found on page 14.

### Dividends

The Directors do not recommend payment of a dividend for the year ended 31 December 2021 (2020: £nil).

### Directors' remuneration

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

	Fees/ Basic Salary £'000	Paid in Ordinary Shares £'000	Total 2021 £'000	Total 2020 £'000
Dominic White <sup>note 1</sup>	90	-	90	90
Martin Groak	*27	-	*27	*43
David Bull	55	-	55	-
	<b>172</b>	<b>-</b>	<b>172</b>	<b>133</b>

\*Included in the above are £15,000 in 2021 and £31,400 in 2020, relating to fees incurred by Marker Management Services Limited, a company controlled by Martin Groak.

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 2021, no provision was recognised (2020: £nil), as disclosed in Note 23.

### Directors' interests

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

	Total 2021 No. of ordinary shares of 0.01p	Total 2020 No. of ordinary shares of 0.01p
Martin Groak	60,143,000	60,143,000
Dominic White <sup>note 1</sup>	467,669,173	400,000,000

note 1 *Held through IWEP Ltd, a company controlled by Dominic White*

### Option scheme

At 31 December 2021, there were 134,000,000 share options issued to the Directors (2020: 134,000,000), see Note 27.

### Events after balance sheet date

Details of significant events since the balance sheet date are contained in Note 32 to the financial statements.

### Financial instruments

Details of the use of financial instruments by the Company are contained in Note 29 to the financial statements.

### Substantial shareholdings

As far as the Directors are aware, as at 23 June 2022 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 0.25p each	% of Issued Share Capital
Dominic White*	467,669,173	29.90%
Concreta S.r.l	155,388,471	9.94%
Bank of New York Nominees	80,984,210	5.18%
Peel Hunt Holdings	77,453,348	4.95%
Martin Groak	60,143,000	3.84%
JIM Nominees	57,703,012	3.69%
Rajesh Unnikandeth	52,000,000	3.32%
Fabio Carretta	50,000,000	3.20%

\*Held through IWEP Ltd, a company controlled by Dominic White

### 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 25. 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 2021 (2020: £nil).

**Board diversity**

Although the Board consisted of three male Directors, the Board supports diversity in the boardroom. Aside from the Directors, there are no employees in the Company. The Board will pursue an equal opportunity policy and seek to employ those persons most suitable to delivering value for the Company.

**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 31 December 2021, the Group had cash of £183,000 and current investments of £24,734,000.

As an operating business, the Group has fee income from its corporate finance activities and the performance and income from its investments, supported by aggregate bond facilities of up to €35 million (of which €24 million has been utilised to date). Annualised normal running costs of the Company are circa £1.5 million including debt service, reduced by rebilling of shared services of approximately £120,000 and interest income of £860,000. As at the date of this report, the Company had approximately £100,000 cash at bank and anticipated near-term divesting revenues of up to £650,000, of which £500,000 is contractual for delivery in September 2022, and with a further £750,000 of investment assets at current market value earmarked for disinvestment in the second half of 2022. At Group level additional fee income of circa £1.2 million is expected.

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.

### **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.

This report was approved by the Board of Directors on 18 August 2023 and signed on its behalf by:



**Dominic White - Chairman**

**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.

David Bull

Chief Executive Officer

- Chartered Accountant
- Over 20 years' experience in financial services
- Technology driven with hands-on FinTech / digital "Challenger" bank background
- Senior board roles in banking, asset finance, treasury and credit management
- Managing Director of Epsilon Capital Ltd., the Group's regulated broking subsidiary

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.

## **Independent auditor's report to the members of Eight Capital Partners plc**

### **For the year ended 31 December 2021**

#### **Opinion**

We have audited the revised financial statements of Eight Capital Partners Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the revised 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. The revised financial statements replace the original financial statements approved by the Directors on 30 June 2022. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take into account of events which have taken place after the date of the original financial statements were approved.

In our opinion:

- the revised 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 2021 and of the group's loss for the year then ended;
- the group revised financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company revised 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 revised financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

#### **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.

#### **Emphasis of matter - revision of the original financial statements**

We draw attention to pages 1 to 5 to these revised financial statements which describes the need for revision due to the correction in the cash flow statement, fair value measurement of the investment in bonds, recognition of a loss on modification of the loan liabilities, and restatement of the primary statements due to incorrect reporting of the trading results for the period. The original financial statements were approved on 30 June 2022 and our previous audit report was signed on 30 June 2022. We have not performed a subsequent event review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

**Independent auditor’s report to the members of Eight Capital Partners plc (continued)**  
**For the year ended 31 December 2021**

**Conclusions relating to going concern**

In auditing the revised financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the revised 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 financial information prepared by management, including challenges made to the underlying assumptions and stress-testing these, a review of management’s assessment of going concern including an evaluation of the forecasts revenue streams, and post year end information impacting going concern.

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 original 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 £298,000. There is no comparative as the group was an investment company in the prior year and was not consolidated. 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.

<b>Materiality</b>	<b>Basis for materiality and rationale for the benchmark applied</b>
<b>Group Materiality £298,000</b>  <b>Performance materiality £208,600</b>  <b>Parent Company</b>  <b>Materiality £297,000 (£70,000)</b>  <b>Performance materiality £207,900 (£49,000)</b>	<i>0.75% of gross assets was used, which is considered to be the most appropriate benchmark for an entity that buys and sells investments, and due to the change to an operating group, the two subsidiaries are in their start-up phase and therefore a generating low levels of income in the group. The Gross asset value is also identified by Management as a key performance indicator.</i>  <i>70% of Group materiality to ensure sufficient coverage for Group and Parent Company reporting purposes.</i>



**Independent auditor's report to the members of Eight Capital Partners plc (*continued*)**  
**For the year ended 31 December 2021**

The group audit team performed a full scope audit of one of the trading components and the parent company. The remaining trading component was audited by a PKF network firm. 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% 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 £14,900 for the group and £14,850 for the parent entity, 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 recoverability of intangible assets 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 2 components of the group, a full scope audit was performed on the complete financial information of both.

Of the 2 reporting components of the group, 1 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.

**Independent auditor’s report to the members of Eight Capital Partners plc (*continued*)**  
**For the year ended 31 December 2021**

<b>Key Audit Matter</b>	<b>How our scope addressed this matter</b>
<p><b>Acquisition of Innovative Finance Srl (Note 14.2)</b></p> <p>On 10 Mar 2021, the Group announced that it had executed an agreement to increase its ownership in Innovative Finance Srl from 59.9% to 100%.</p> <p>Due to the complexity and estimation uncertainty there is therefore a risk of material misstatement as the step acquisition may not have been correctly accounted for in accordance with IFRS 3.</p> <p>See Note 14.2 for the disclosure note addressing the acquisition.</p>	<p>Our work included, but was not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining and reviewing the share purchase agreement to ascertain whether the control was obtained and if the acquisition falls within the scope of IFRS 3;</li> <li>• Obtaining assurance over the accuracy of the acquisition trial balance;</li> <li>• Reviewing the step-acquisition accounting and considering whether the gain or change of ownership and goodwill arising from the acquisition were correctly calculated and accounted for.</li> <li>• Reviewing management’s assumptions around the recognition of the contingent consideration and whether this had been correctly reassessed at the year end, as required by IFRS 3.</li> </ul> <p>The acquisition was found to have given the Group control over the entity and to be reasonable.</p>
<p><b>Recognition of the bonds acquired and issued (Notes 2, 18 and 21)</b></p> <p>During the year, the Group have acquired and issued bonds, representing a significant value of £33,619k and £13,675k respectively.</p> <p>Due to the complex nature of bonds, there is a risk that the recognition of bonds may be incorrect and the value may be misstated. The value of the bonds is highly material so if this value is misstated this could lead to a material misstatement.</p>	<p>Our work included, but was not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewing the bond agreement for each bond and ensuring that the liability or asset has been accounted for correctly and is supported by sufficient and appropriate audit evidence;</li> <li>• Obtained confirmation from the bond issuer to confirm balances;</li> <li>• Ensured that all bonds issued are disclosed and valued in line with IFRS 9; and</li> </ul>

**Independent auditor’s report to the members of Eight Capital Partners plc (continued)**  
**For the year ended 31 December 2021**

<p>See notes 2, 18 and 21 for the disclosure of bonds held.</p>	<ul style="list-style-type: none"> <li>• Considered whether the transactions have been accounted for correctly within the financial statements.</li> </ul> <p>We have concluded that the bonds are fairly stated within the financial statements.</p>
<p><b>Valuation of the parent Company’s investments in the subsidiaries (Note 14)</b></p>	
<p>The parent Company owns a significant investment in the subsidiaries of £3,810k.</p> <p>The value of the investments is linked to the underlying performance of the subsidiaries.</p> <p>Due to the complexity and critical management judgements applied to this valuation, there is a risk that the overall value is below the carrying value and thus amounts are materially misstated. Most of the investments are at their early stage and therefore the valuation is linked to future performance.</p> <p>See Note 14 for the disclosure notes addressing this.</p>	<p>Our work included, but was not limited to:</p> <ul style="list-style-type: none"> <li>• obtaining and reviewing the directors’ impairment review of the carrying value of the parent company’s investment its subsidiaries.</li> <li>• Discussing with management the basis for impairment or non-impairment, including consideration of business strategy for the subsidiaries, and reviewing future revenue streams;</li> <li>• obtaining and reviewing the third party valuations;</li> <li>• Ensuring the parent Company has full title to the investments held;</li> <li>• Ensuring that appropriate disclosures surrounding the estimates, including a review of how these estimates were arrived at, are made in respect of any valuations and included in the financial statements.</li> </ul> <p>The carrying value of the investments was found to have been appropriately accounted for and be reasonable.</p>

**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

**Independent auditor's report to the members of Eight Capital Partners plc (continued)**  
**For the year ended 31 December 2021**

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.

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 directors' responsibilities statement, 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

**Independent auditor's report to the members of Eight Capital Partners plc (*continued*)**  
**For the year ended 31 December 2021**

directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

- 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 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

**Independent auditor's report to the members of Eight Capital Partners plc (continued)**  
**For the year ended 31 December 2021**

to country 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



**Zahir Khaki (Senior Statutory Auditor)**

15 Westferry Circus

**For and on behalf of PKF Littlejohn LLP**

Canary Wharf

**Statutory Auditor**

London E14 4HD

*18 August 2023*

**EIGHT CAPITAL PARTNERS PLC**  
**Consolidated Statement of Comprehensive Income**  
For the year ended 31 December 2021



	<b>Note</b>	<b>2021 £'000</b>
Revenue	6	444
Cost of Sales		(127)
<b>Gross Profit</b>		<b>317</b>
Administrative expenses	7	(734)
Net change in unrealised/realised gains and losses on investments at fair value through profit or loss	18	(9,822)
Net gains and losses on fair value through profit or loss		300
Other income	8	128
<b>Operating loss</b>		<b>(9,811)</b>
Interest income	11	418
Finance expense	11	(2,151)
<b>Loss before tax</b>		<b>(11,544)</b>
Taxation	12	-
<b>Loss for the financial year</b>		<b>(11,544)</b>
<b>Total comprehensive income attributable to the owners of the Parent</b>		<b>(11,544)</b>
<b>Earnings per share (pence) from continuing operations attributable to owners of the Company – Basic &amp; Diluted</b>	13	(0.78)

The notes on pages 30 to 64 form part of these financial statements.

**EIGHT CAPITAL PARTNERS PLC**  
**Consolidated Statement of Financial Position**

At 31 December 2021



<b>GROUP</b>	<b>Note</b>	<b>2021</b> <b>£'000</b>
<b>Non-current assets</b>		
Goodwill	15	3,867
Intangible Assets	17	13
Property, plant & equipment	16	23
<b>Total non-current assets</b>		<b>3,903</b>
<b>Current assets</b>		
Investments	18	24,734
Trade and other receivables	19	1,270
Cash and cash equivalents		202
<b>Total current assets</b>		<b>26,206</b>
<b>Current liabilities</b>		
Trade and other payables	20	330
Borrowings	22	21,380
<b>Total current liabilities</b>		<b>21,710</b>
<b>Non-current liabilities</b>		
Long term bond	21	17,866
Liability for contingent consideration	24	1,311
Borrowings	22	643
<b>Total non-current liabilities</b>		<b>19,820</b>
<b>Net liabilities</b>		<b>(11,421)</b>
<b>Capital and reserves</b>		
Share capital	25	1,453
Share premium		2,068
Share option & warrant reserve	27	15
Convertible loan note	28	84
Currency translation reserve		(4)
Retained earnings		(15,037)
<b>Total equity</b>		<b>(11,421)</b>

The financial statements were approved by the Board of Directors on 18 August 2023 and signed on its behalf by:

Dominic White - Executive Chairman

**Company number: 09301329**

The notes on pages 30 to 64 form part of these financial statements



**EIGHT CAPITAL PARTNERS PLC**  
**Company Statement of Financial Position**

At 31 December 2021



<b>COMPANY</b>	<b>Note</b>	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Non-current assets</b>				
Investment in subsidiaries	14	3,810	-	-
Property, plant & equipment	16	3	-	-
<b>Total non-current assets</b>		<b>3,813</b>	<b>-</b>	<b>-</b>
<b>Current assets</b>				
Investments	18	24,734	3,179	3,790
Trade and other receivables	19	1,107	153	73
Cash and cash equivalents		183	203	420
<b>Total current assets</b>		<b>26,024</b>	<b>3,535</b>	<b>4,283</b>
<b>Current liabilities</b>				
Trade and other payables	20	137	120	135
Borrowings	22	21,380	436	338
Provisions	23	-	-	11
<b>Total current liabilities</b>		<b>21,517</b>	<b>556</b>	<b>484</b>
<b>Non-current liabilities</b>				
Long term bond	21	17,866	2,945	3,005
Liability for contingent consideration	24	1,311	-	-
Borrowings	22	440	-	508
<b>Total non-current liabilities</b>		<b>19,617</b>	<b>2,945</b>	<b>3,513</b>
<b>Net assets / (liabilities)</b>		<b>(11,297)</b>	<b>34</b>	<b>286</b>
<b>Capital and reserves</b>				
Share capital	25	1,453	1,431	1,360
Share premium		2,068	2,001	1,895
Share option & warrant reserve	27	15	11	8
Convertible loan note	28	84	84	84
Retained earnings		(14,917)	(3,493)	(3,061)
<b>Total equity</b>		<b>(11,297)</b>	<b>34</b>	<b>286</b>

The Company's loss for the year was £11.4m (2020: £0.4m).

The financial statements were approved by the Board of Directors on 18 August 2023 and signed on its behalf by:

Dominic White  
 Executive Chairman

**Company number: 09301329**

The notes on pages 30 to 64 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	Share option & warrant reserve	Convertible loan note reserve	Currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 31 December 2020</b>	<b>1,431</b>	<b>2,001</b>	<b>11</b>	<b>84</b>	<b>-</b>	<b>(3,493)</b>	<b>34</b>
Loss for the year	-	-	-	-	-	(11,544)	(11,544)
Other comprehensive income for the year	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,544)</b>	<b>(11,544)</b>
Movement in reserves	-	-	-	-	(4)	-	(4)
Share based payment	-	-	4	-	-	-	4
Issue of shares	22	67	-	-	-	-	89
<b>Total Transactions with Owners</b>	<b>22</b>	<b>67</b>	<b>4</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>89</b>
<b>As at 31 December 2021</b>	<b>1,453</b>	<b>2,068</b>	<b>15</b>	<b>84</b>	<b>(4)</b>	<b>(15,037)</b>	<b>(11,421)</b>

The notes on pages 30 to 64 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	Share option & warrant reserve	Convertible loan note reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>As at 1 January 2020</b>	<b>1,360</b>	<b>1,895</b>	<b>8</b>	<b>84</b>	<b>(3,061)</b>	<b>286</b>
Loss for the year	-	-	-	-	(432)	(432)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(432)</b>	<b>(432)</b>
Share based payment	-	-	3	-	-	3
Issue of shares	71	106	-	-	-	177
<b>Total Transactions with Owners</b>	<b>71</b>	<b>106</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>180</b>
<b>As at 31 December 2020</b>	<b>1,431</b>	<b>2,001</b>	<b>11</b>	<b>84</b>	<b>(3,493)</b>	<b>34</b>
Loss for the year	-	-	-	-	(11,424)	(11,424)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,424)</b>	<b>(11,424)</b>
Share based payment	-	-	4	-	-	4
Issue of shares	22	67	-	-	-	89
<b>Total Transactions with Owners</b>	<b>22</b>	<b>67</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>93</b>
<b>As at 31 December 2021</b>	<b>1,453</b>	<b>2,068</b>	<b>15</b>	<b>84</b>	<b>(14,917)</b>	<b>(11,297)</b>

The notes on pages 30 to 64 form part of these financial statements.

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
<b>Cash from operating activities</b>	
Loss before tax	(11,544)
Adjustments for:	
Net interest expense /(income)	1,733
Net change in unrealised gains on investments at fair value through profit and loss	9,822
Net gains and losses on fair value through profit or loss	(300)
Share based payment expense	4
Provisions	-
Foreign exchange	97
Increase in trade and other receivables	(685)
Increase/(decrease) in trade and other payables	119
<b>Net cash used in operating activities</b>	<b>(754)</b>
<b>Cash flow from investing activities</b>	
Proceeds on disposal of investments	1,343
Acquisition of subsidiary, net of cash acquired (InnFin)	(814)
Acquisition of subsidiary, net of cash acquired (Epsion)	120
Purchase of property, plant and equipment	(10)
Purchase of intangible assets	(2)
Interest income	380
<b>Net cash from investing activities</b>	<b>1,017</b>
<b>Cash flows from financing activities</b>	
Loans received	1,097
Proceeds from bond issue	43
Repayment of loans	(949)
Finance charges	(455)
<b>Net cash from financing activities</b>	<b>(264)</b>
<b>Net cash flow for the year</b>	<b>(1)</b>

Cash and cash equivalents at beginning of year	203
<b>Cash and cash equivalents at end of year</b>	<b>202</b>
<b>Net change in cash and cash equivalents</b>	<b>(1)</b>

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 £32.8m (at cost value);
- Additions included within non-current assets relating to goodwill on the acquisition of subsidiaries amounting to £3.0m; and
- Bond, loan and equity funding amounting to £37.7m.

The notes on pages 30 to 64 form part of these financial statements.

	<b>COMPANY</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash from operating activities</b>		
Loss before tax	(11,424)	(432)
Adjustments for:		
Net interest expense /(income)	1,733	236
Net change in unrealised gains on investments at fair value through profit and loss	9,822	(240)
Net gains and losses on fair value through profit or loss	(300)	-
Share based payment expense	4	3
Provisions	-	(11)
Foreign exchange	98	165
Increase in trade and other receivables	(496)	(81)
Increase/(decrease) in trade and other payables	118	(15)
<b>Net cash used in operating activities</b>	<b>(445)</b>	<b>(375)</b>
<b>Cash flow from investing activities</b>		
Proceeds on disposal of investments	1,343	854
Acquisition of subsidiary, net of cash acquired (InnFin)	(859)	-
Purchase of property, plant and equipment	(3)	-
Interest income	380	22
<b>Net cash from investing activities</b>	<b>861</b>	<b>876</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net of issue costs)	-	177
Loans received/(cancelled)	1,097	(410)
Loans to subsidiary companies	(172)	-
Repayment of loans	(949)	(227)
Proceeds from bond issue	43	-
Finance charges	(455)	(258)
<b>Net cash from financing activities</b>	<b>(436)</b>	<b>(718)</b>
<b>Net cash flow for the year</b>	<b>(20)</b>	<b>(217)</b>
Cash and cash equivalents at beginning of year	203	420
<b>Cash and cash equivalents at end of year</b>	<b>183</b>	<b>203</b>
<b>Net change in cash and cash equivalents</b>	<b>(20)</b>	<b>(217)</b>

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 £32.8m (at cost value);
- Additions included within non-current assets relating to the acquisition of subsidiaries amounting to £2.9m; and
- Bond, loan and equity funding amounting to £37.7m.

The notes on pages 30 to 64 form part of these financial statements.

## **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, consolidated from 1 July 2021, in line with the group becoming an operating group, 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 an 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.

## **2. Accounting policies**

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

### ***Basis of preparation***

These consolidated financial statements have been prepared and approved by the Directors in accordance with the UK-adopted international accounting standards. These are the Group’s first financial statements prepared in accordance with the UK-adopted international accounting standards. (see note 4).

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. No consolidated comparative information has been disclosed as the Company was an investment vehicle and none of its investments met the requirements of IFRS 10 for an investment company.

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 3.

## 2. Accounting policies (continued)

### ***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.

### ***Going concern***

As at 31 December 2021, the Group had cash of £183,000 and current investments of £24,734,000.

As an operating business, the Group has fee income from its corporate finance activities and the performance and income from its investments, supported by aggregate bond facilities of up to €35 million (of which €24 million has been utilised to date). Annualised normal running costs of the Company are circa £1.5 million including debt service, reduced by rebilling of shared services of approximately £120,000 and interest income of £860,000. As at the date of this report, the Company had approximately £100,000 cash at bank and anticipated near-term divesting revenues of up to £650,000, of which £500,000 is contractual for delivery in September 2022, and with a further £750,000 of investment assets at current market value earmarked for disinvestment in the second half of 2022. At Group level additional fee income of circa £1.2 million is expected.

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.

### ***New standards, amendments and interpretations adopted by the Group and Company***

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2021.:

<b>Standards /interpretations</b>	<b>Application</b>
IAS 1 & IAS 8 amendments	Definition of Material
IFRS 3 amendments	Business Combinations
IFRS 16	Amendments to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification

## 2. Accounting policies (continued)

### *New standards, amendments and interpretations not yet adopted*

<b>Standards /interpretations</b>	<b>Application</b>
IAS 1 amendments	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. Effective: Annual periods beginning on or after 1 January 2023
IFRS 3 amendments	Business Combinations – Reference to the Conceptual Framework. Effective: Annual periods beginning on or after 1 January 2022
IFRS 7, IFRS 9, IFRS 16	Amendments regarding replacement issues in the contract of IBOR reform. Effective: Annual periods beginning on or after 1 January 2021
IFRS 16	Amended by Covid-19 Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16) Effective: Annual periods beginning on or after 1 April 2021
IAS 1 amendments	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current. Effective: Annual periods beginning on or after 1 January 2023

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

### *Investments in subsidiaries*

Investments in subsidiaries are held at cost less any impairment.

### *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.



## 2. Accounting policies (continued)

### *Impairment test of goodwill (continued)*

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.

### **Foreign currency translation**

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.

### **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 17.

The following useful lives are applied:

*Software: 3 - 5 years*

## **2. Accounting policies (continued)**

### ***Intangible assets (continued)***

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.

### ***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.

### ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### ***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.

## **2. Accounting policies (continued)**

### ***Financial assets (continued)***

#### ***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.

#### ***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 18. 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

## **2. Accounting policies (continued)**

### ***Loans and receivables***

Trade receivables are amounts due from customers for merchandise sold or 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.

A financial asset is assessed at each reporting date to determine whether there is any evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the consolidated income statement.

### ***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.

### ***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 2021, there were €1,010,000 bonds by value held in Treasury. Only those bonds that are issued to third parties are recognised as liabilities.

## **2. Accounting policies (continued)**

### ***Long-term bonds (continued)***

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

#### ***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 2021, a total of €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 loss owing to an increase 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 loss was assessed at £1.88m 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 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.

## 2. Accounting policies (continued)

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.

### **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.

### **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.

### **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.

### **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.

## **2. Accounting policies (continued)**

### ***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.

### ***Segment 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.

## **3. 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 previous impairment.

Further details relating to management's assessment of the carrying value of unlisted investments can be found in the Strategic Report and Note 18. 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 loss of £9.8m was reported in the Consolidated Statement of Comprehensive Income in relation to the 1AF2 Bonds.

As at 31 December 2021, the Company had either disposed of its unlisted investments or had consolidated them as subsidiaries.

**3. Critical accounting estimates and judgements (continued)***(b) Carrying value of bonds*

During the year the Company carried out a restructuring of its bond liabilities (See Note 21). 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 loss was recognised in the Consolidated Income Statement of £1.88m which increased the value of the bond liability by the same amount.

**4. First-time adoption of IFRS**

These financial statements, for the year ended 31 December 2021, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the Parent Company prepared its financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”).

Accordingly, the Group has prepared financial statements that comply with UK-adopted international accounting standards as at 31 December 2021, as described in the summary of significant accounting policies. In preparing the financial statements, the Group’s opening statement of financial position was prepared as at 1 January 2020, the Group’s date of transition to IFRS.

There were no material adjustments applied to the Group financial statements during the transition to IFRS.



## 5. Segmental analysis

The Directors are of the opinion that under IFRS 8 – “Segmental Information” the Group operated in two primary business segments in 2021: 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 businesses:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>
<b>Profit/ (Loss) before income tax</b>			
Holding company	(11,425)	(432)	(432)
Corporate advisory services	(119)	-	-
	<b>(11,544)</b>	<b>(432)</b>	<b>(432)</b>
<b>Net assets/(liabilities)</b>			
Holding company	(11,297)	34	286
Corporate advisory services	(124)	-	-

### Segmentation by geographical area:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>
<b>Revenue to external customers</b>			
United Kingdom	105	-	-
Italy	339	-	-
	<b>444</b>	<b>-</b>	<b>-</b>
<b>Profit/ (Loss) before income tax</b>			
United Kingdom	(11,706)	(432)	(432)
Italy	162	-	-
	<b>(11,544)</b>	<b>(432)</b>	<b>(432)</b>

**5. Segmental analysis (continued)**

**Segmentation by geographical area (continued):**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net assets/(liabilities)</b>			
United Kingdom	(11,356)	34	286
Italy	(65)	-	-

**6. Revenue**

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
Revenue from external customers	444
	<b>444</b>

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

**7. Administrative expenses**

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
Legal, professional fees	193
Share based payment expense	4
Staff costs	241
Other costs/(gain)	296
<b>Total administrative expenses</b>	<b>734</b>

**8. Other income**

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
Other income	128

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

**9. Auditor Remuneration**

Services provided by the Company's auditor and its associates

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor:

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
Auditors' remuneration:	
- Audit fees	45
- Other taxation services	-
- Non-audit services	25
Total auditors' remuneration	<b>70</b>

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

**10. Staff costs**

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
The average number of persons (including executive directors) employed by the Group during the year:	6
Wages and salaries	68
Directors' fees	172
Social security costs	1
	<b>241</b>

**Director's remuneration**

	<b>COMPANY</b>
	<b>2021</b>
	<b>£'000</b>
Salaries and fees	172
	<b>172</b>

**11. Interest income and expense**

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
<b>Interest income</b>	
Interest income	418
	<b>418</b>
<b>Finance costs</b>	
Other finance expenses	(2,151)
	<b>(2,151)</b>

Other finance expenses relate to the net interest burden to the Company of the 7% and the 4.8% bonds issued by the Company on the Vienna Stock exchange during 2019 and 2021 respectively and described more fully in Note 21 below.

**12. Taxation**

	<b>GROUP</b>
	<b>2021</b>
	<b>£'000</b>
<b>Analysis of tax charge/(credit) for the period</b>	
<i>Current tax</i>	
UK corporation tax at 19.00%	-
<i>Deferred tax</i>	
Origination and reversal of timing differences	-
	-
<b>Tax on profit on ordinary activities</b>	-
<b>Reconciliation of tax charge</b>	
Loss on ordinary activities before taxation	(11,544)
Current tax on loss of the year at standard rate of UK corporation tax of 19% (2020 – 19%)	<b>(2,193)</b>
Expenses not deductible for tax purposes	(79)
Unrealised gains on investments	4
Tax credit in respect of prior periods	182
Losses carried forward	2,086
Tax in the income statement	-

The Company has tax losses of approximately £2,102,367 (2020: £165,287) 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. On 10 June 2021, the UK Government's proposal to increase the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted into UK law.

### 13. Earnings per share

	<u>2021</u>
<b>Earnings (£)</b>	
Loss used in calculating basic and diluted earnings:	
Loss for the year	(£11,544,000)
<b>Number of shares</b>	
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,479,362,244
Loss per share (pence)	(0.78)

The calculation of basic earnings per share of (0.78) pence is based on the loss attributable to equity owners of the Company of £11,544,000 and on the weighted average number of ordinary shares of 1,479,362,244 in issue during the period. Dilutive instruments are ignored when the overall result is a loss.

### 14. Investments in subsidiaries

<b>Company</b>	<b>Shares in group undertakings £'000</b>
<b>Cost</b>	
<b>At 1 January 2021</b>	-
Acquisition of Epsilon Capital Limited (Note 14.1)	100
Acquisition of Innovative Finance S.r.l (Note 14.2)	3,710
<b>At 31 December 2021</b>	<u><b>3,810</b></u>

At 31 December 2021, 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.

<i>Class of share</i>	<i>% Holding</i>
Ordinary shares	100

The Company has guaranteed all outstanding liabilities of the subsidiary company as at 31 December 2021, 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

<i>Class of share</i>	<i>% Holding</i>
Ordinary shares	100

#### 14. 1 Acquisition of Epsilon Capital Limited

On 4 November 2019, the Company acquired 100% of Epsilon Capital Limited (Epsilon) for a consideration of £100,000. The Company was classified as an investment vehicle until 1 July 2021 and in the previous financial year Epsilon 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 Epsilon Capital Limited from 1 July 2021, the effective date of consolidation upon the change in nature of group to an operating group. The assets and liabilities of Epsilon 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
<b>Fair value of consideration transferred</b>	
Amount paid in cash	100
<b>Total consideration</b>	<b>100</b>
<b>Recognised amounts of identifiable net assets</b>	
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
<b>Total</b>	<b>100</b>

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

#### 14.2 Acquisition of Innovative Finance S.r.l

On 10 May 2022, 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 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.

## 14.2 Acquisition of Innovative Finance S.r.l (continued)

The details of the business combination are as follows:

	<b>£'000</b>
<b>Fair value of consideration transferred</b>	
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	<b>(2)</b>
<b>Total consideration</b>	<b>3,710</b>
<b>Recognised amounts of identifiable net assets</b>	
Property, plant and equipment (Note 16)	13
Intangible assets (Note 17)	11
Cash and cash equivalents	45
Trade and other receivables	63
Loans	(156)
Trade and other payables	(74)
<b>Total identifiable net assets</b>	<b>(98)</b>
Goodwill on acquisition (Note 15)	3,808
<b>Total</b>	<b>3,710</b>

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.

The £1,609,000 of contingent consideration liability recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's estimate probability that the targets will be achieved and is discounted using an interest rate of 5%. As at 31 December 2021, there have been no changes in the estimate of the probable cash outflow.

Goodwill of £3,808,000 recognised relates to the future earnings potential acquired.

**15. Goodwill**

<b>Group</b>	<b>2021</b>
<b>Cost</b>	<b>£'000</b>
<b>At 1 January 2021</b>	-
Recognition on acquisition of subsidiary – Epsilon Capital Limited (Note 14.1)	59
Recognition on acquisition of subsidiary – Innovative Finance S.r.l (Note 14.2)	3,808
<b>At 31 December 2021</b>	<b>3,867</b>

The goodwill at 31 December 2021 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). No impairment was deemed necessary for the year ended 31 December 2021.

**16. Property, plant and equipment**

<b>Group</b>	<b>Furniture &amp; Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 January 2021</b>	-	-
Acquisition through business combination	13	13
Exchange differences	-	-
Additions	12	12
<b>At 31 December 2021</b>	<b>25</b>	<b>25</b>
<b>Depreciation</b>		
<b>At 1 January 2021</b>	-	-
Charge for the year	2	2
Exchange differences	-	-
<b>At 31 December 2021</b>	<b>2</b>	<b>2</b>
<b>Carrying amount</b>		
<b>At 31 December 2021</b>	<b>23</b>	<b>23</b>
At 31 December 2020	-	-



**17. Intangible assets**

<b>Group</b>	Software £'000	<b>Total £'000</b>
<b>Cost</b>		
<b>At 1 January 2021</b>	-	-
Acquisition through business combination	13	<b>13</b>
Exchange differences	-	-
Additions	-	-
<b>At 31 December 2021</b>	<b>13</b>	<b>13</b>
<b>Amortisation</b>		
<b>At 1 January 2021</b>	-	-
Charge for the year	-	-
Exchange differences	-	-
<b>At 31 December 2021</b>	-	-
<b>Carrying amount</b>		
<b>At 31 December 2021</b>	<b>13</b>	<b>13</b>
At 31 December 2020	-	-

The intangible assets comprise computer software acquired by the Group.

**18. 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
<b>Fair value at 1 January 2020</b>	<b>2,817</b>	<b>973</b>	<b>3,790</b>
Investment disposals	(854)	-	(854)
Fair value gain on investment	-	202	202
Effects of foreign exchange	41	-	41
<b>Fair value at 31 December 2020</b>	<b>2,004</b>	<b>1,175</b>	<b>3,179</b>
Investment disposals	(1,701)		(1,701)
Investment in subsidiaries	(413)		(413)
Investment additions: 1AF2 bond	-	33,620	33,620
Fair value gain / (loss) on investments	130	(9,952)	(9,822)
Foreign exchange adjustment	(20)	(109)	(129)
<b>Fair value at 31 December 2021</b>	<b>-</b>	<b>24,734</b>	<b>24,734</b>
<b>Losses on investments held at fair value through profit or loss</b>			
Fair value (loss) on listed investments		(9,952)	(9,952)
Realised gain on disposal of investments	130	-	130
<b>Net loss on investments held at fair value through profit or loss</b>	<b>130</b>	<b>(9,952)</b>	<b>(9,822)</b>

**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 (see further narrative below)

There were no transfers between categories during the period.

<i>Categorised as</i>	2021 £'000	2020 £'000
Level 1 – quoted investments	949	1,175
Level 2 – unquoted investments valued using quoted prices	-	-
Level 3 – unquoted investments	23,785	2,004

Further Information on each investment can be found in the Chairman's Statement on page 2.

There was no impact to the fair value of the investments held by the Group due to the transition from FRS 102 to IFRS.

## **18. Investments (continued)**

### **Level 3 Valuation Methodology**

#### Underlying securities valuation methodology

Quoted shares of £949k (2020: £1,175k) were priced by the mid-point of the reporting date.

Unquoted investments of £23,785k (2020: £2,004k), 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 £23,785k 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 €87,788k (2020: €0). 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 €62,000k. 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 entities used in the management assessment of WACC.

**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.

**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.

**Tax rate** – equal to the Italian corporate tax rate of 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 16.6%.

**Long Term Growth Rate ('LTGR')** was prudently set at 1.9%.

**18. Investments (continued)****Level 3 Valuation Methodology (Continued)**

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 for the Company's share of the underlying security package were between €40m and €63m. The mid-range was taken as the average.

A summary of the unobservable inputs used in the WACC calculation and sensitivity analysis is set out below:

	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%

### Bond Discounted Cash Flow valuation Methodology (“DCF”)

A DCF valuation on the 1AF2 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% which prudently included an equity return as well as debt return. When discounting the cashflows a value of €28.3m was computed for bonds with a nominal value of €40m held by the Company. 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 €29.1m (£24.5m) to €26.2m (£22.0m). The below table shows the impact of the change in WACC:

Change in WACC	Change in unrealised loss 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%)	Increase by £0.6m	Decrease by £0.6m
Decrease by 1% (from 14.5% to 13.5%)	Decrease by £0.7m	Increase by £0.7m

### 19. Trade and other receivables

	<b>2021</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
	<b>GROUP</b>	<b>COMPANY</b>		
Trade receivables	355	48	142	59
Other receivables	818	962	3	7
Prepayments	97	97	8	7
	<b>1,270</b>	<b>1,107</b>	<b>153</b>	<b>73</b>

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

## 20. Trade and other payables

	2021 £'000	2021 £'000	2020 £'000	2019 £'000
	<i>GROUP</i>	<i>COMPANY</i>		
Trade payables	211	57	7	75
Taxation and social security	44	8	16	-
Accruals and other payables	75	72	97	60
	<b>330</b>	<b>137</b>	<b>120</b>	<b>135</b>

## 21. Long-term bonds

GROUP & COMPANY	2021 £'000	2020 £'000
<b>Opening balance at 1 January</b>	2,945	3,005
4.8% bonds issued	12,646	176
7% Bonds issued	600	
Bonds returned	-	(403)
Interest modification adjustment	1,876	-
Foreign exchange adjustment	(201)	167
<b>Closing balance at 31 December</b>	<b>17,866</b>	<b>2,945</b>

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.

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. During the year €700,000 7% bonds were issued as part of the acquisition of Innovative Finance S.r.l (Note 14.2) At 31 December 2021 a total of 3,990 (2020: 3,290) 7% bonds representing a liability of €3,990,000 (2020: €3,290,000) had been issued to third parties and 1,010 (2020: 1,710) Bonds with a par value of €1,010,000 (2019: €1,710,000) were issued to the Company and available to be traded.

In September 2021, the Company launched a €25million 4.8% Fixed Rate five-year Bond Programme, with two initial tranches, totalling €15,050,000 (equivalent to £12,650,000 at the yearend exchange rate) placed at and shortly after launch and listed on The Vienna Stock Exchange.

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 loss was recognised in the Consolidated Income Statement of £1.88m which increased the value of the bond liability by the same amount.

**22. Borrowings**

	2021 £'000	2021 £'000	2020 £'000	2019 £'000
At amortised cost:	<i>GROUP</i>	<i>COMPANY</i>		
<b>Non-current</b>				
Long-term loans	643	440	-	508
<b>Current</b>				
Short-term loans	21,380	21,380	436	338
<b>Fair value:</b>				
<b>Non-current</b>				
Long-term loans	643	440	-	508
<b>Current</b>				
Short-term loans	21,380	21,380	436	338

At 31 December 2021, borrowings comprised of long-term advances from Dominic White and Maximum Return Systems Limited with no repayment date of £643,000, loans received from IWEP Ltd, net of conversions to equity and other offsets for €437,000 and an interest-free vendor loan, also from IWEP of €25 million as part settlement for the sale to the Company of a bond of €40 million yielding 2.5% per annum. from 1AF2.

IWEP Ltd is classified as a related party due to sharing a common director, Dominic White.

**23. Provisions**

COMPANY	2021 £'000	2020 £'000	2019 £'000
<b>At 1 January</b>	-	11	3
(Credited)/Charged to profit and loss	-	(11)	8
<b>At 31 December</b>	-	-	11

The provision was created in 2019 for the potential contribution entitlement due to a Director, that may be payable, to a pension scheme of his choice, subject to the relevant conditions being met. The performance conditions were not met for the year ended 31 December 2020 and the provision was subsequently released.

**24. Liability for Contingent Consideration**

	2021 £'000	2021 £'000	2020 £'000	2019 £'000
Cost:	<i>GROUP</i>	<i>COMPANY</i>		
<b>At 1 January</b>	-	-	-	-
Provision on acquisition of Innovative Finance Srl (Note 14.2)	1,611	1,611	-	-
Fair value adjustment	(300)	(300)	-	-
<b>At 31 December</b>	1,311	1,311	-	-

**24. Liability for Contingent Consideration (continued)**

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, the Directors assessed that the fair value of the Liability Consideration should be reduced by £300,000 (2020: £nil) as at 31 December 2021.

**25. Share capital**

Movements in ordinary share capital are summarised below:

	Number of Ordinary Shares of 0.25p	Number of New Ordinary Shares of 0.01p	Nominal value £'000
<b>As at 1 January 2020</b>	-	633,257,818	63
Issue of equity		708,000,000	71
<b>As at 31 December 2020</b>	-	1,341,257,818	134
Issue of equity		223,057,644	22
<b>As at 31 December 2021</b>		1,564,315,462	157

On 14 May 2021, the Company issued new ordinary shares as follows:

- 67,669,173 new ordinary shares were issued to IWEP to convert £27,000 of the vendor loan;
- 155,388,471 new ordinary shares (Consideration shares) were issued to Concreta S.r.l in respect of the purchase of Innovative Finance S.r.l.

Movements in share capital in the year arose through non-cash movements in liabilities (see notes 21 and 22).

Movements in Deferred share capital are summarised below:

	Number of Deferred Shares of 0.24p	Nominal value £'000
<b>As at 1 January 2020</b>	540,166,760	1,296
Issue of equity upon conversion of loan note	-	-
<b>As at 31 December 2020</b>	540,166,760	1,296
Issue of equity upon conversion of loan note	-	-
<b>As at 31 December 2021</b>	540,166,760	1,296

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.



## 26. Reserves

The Company's reserves are as follows:

- The 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.
- The share option and warrant reserve arise from the requirement to value share options and warrants in existence at the grant date (see Note 27).
- Convertible loan note reserve represents the equity component of convertible bonds issued by the Company.
- Currency translation reserve: Reserve arising from the translation of foreign subsidiaries at consolidation.
- Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

## 27. 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 (2020: £nil).

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

	Number	Weighted average exercise price (pence)
<b>Outstanding at 1 January 2020</b>	<b>52,627,760</b>	<b>0.03p</b>
Issued	-	0.03p
<b>Outstanding at 31 December 2020</b>	<b>52,627,760</b>	<b>0.03p</b>
Issued	-	0.03p
<b>Outstanding at 31 December 2021</b>	<b>52,627,760</b>	<b>0.03p</b>

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.

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

## 27. Share option and warrant reserve (continued)

### Share options

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 £4,000 (2020: £3,000)

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

	Number	Weighted average exercise price (pence)
<b>Outstanding at 1 January 2020</b>	-	-
Issued	134,000,000	0.025p
<b>Outstanding at 31 December 2020</b>	<b>134,000,000</b>	<b>0.025p</b>
Issued	-	-
<b>Outstanding at 31 December 2021</b>	<b>134,000,000</b>	<b>0.025p</b>

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.

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

## 28. 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.

**28. Convertible Loan Notes (continued)**

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 2021, the principal outstanding on the issued bonds was £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.

**29. 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 (2020: none).

**29. Financial instruments (continued)**

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

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>GROUP</b>	<b>COMPANY</b>		
<b>Financial assets</b>				
<i>Measured at fair value through profit and loss</i>				
Current asset listed investments (see Note 18)	24,734	24,734	1,175	973
Other receivables	1,270	1,107	3	7
<i>Measured at cost less impairment</i>				
Current asset investments (see Note 18)	-	-	2,004	2,817
<b>Financial liabilities</b>				
<i>Measured at cost less impairment</i>				
Trade payables	211	57	7	75
Other payables	119	80	113	60

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

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>GROUP</b>	<b>COMPANY</b>		
<b>Interest expense</b>				
Total interest expense for financial liabilities	275	275	234	110
Modification loss	1,876	1,876	-	-
<b>Fair value gains and losses</b>				
On listed investments measured at fair value through profit and loss	(9,952)	(9,952)	228	162
On unlisted investments measured at fair value through profit and loss	130	130	-	-
On contingent liabilities	300	-	-	-

## **28. Financial instruments (continued)**

### *Securities pledged*

Included in investments (note 18) are unquoted investments of £23,785k (2020: £0) and these 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 €87,788k (2020: €0). 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 €62,000k. The valuation methodology is explained in note 18.

### *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 White Amba Limited 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 €1.9m (2020: €0).

**29. Financial instruments (continued)**

<b>GROUP</b>	<b>Less than 1 year £'000</b>	<b>Between 1 and 4 years £'000</b>	<b>5 years and greater £'000</b>
<b>At 31 December 2021</b>			
<i>Long-term</i>			
Borrowings	-	-	643
Long-term bond	-	-	17,866
<i>Short-term</i>			
Borrowings	21,380	-	-
Trade and other payables	428	-	-
<b>COMPANY</b>			
<b>At 31 December 2021</b>			
<i>Long-term</i>			
Borrowings	-	-	440
Long-term bond	-	-	17,866
<i>Short-term</i>			
Borrowings	21,380	-	-
Trade and other payables	238	-	-

*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.

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.

*b) Currency risk*

The Company's holds Euro denominated investments to the total of €3,990,000, 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 those bonds of approximately £370,000. A 10% decrease in exchange rates against the pound would have an equal and opposite effect.

## **29. Financial instruments (continued)**

### *c) 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 2021, the effect of such a change in market price would have been approximately £95,000 (2020: £120,000).

## **30. Related party transactions**

### *Administrative services*

During the year, the Company was invoiced £15,500 (2020: £31,400) for administrative services provided by Marker Management Services Ltd, a company controlled by Martin Groak, a director of Eight Capital.

### *Acquisition of a €2 million receivable from Finance Partners Group and conversion to equity*

On 7 August 2019 the Company announced the acquisition from IWEP Ltd. ("IWEP") of a €2 million convertible receivable (the "Receivable") from Finance Partners Group SpA ("FPG"), an Italian financial services company that invests in private companies seeking future listings on public markets and whose principal investment was in The AvantGarde Group.

On 14 May 2021, the Company converted £27,000 of the loan with IWEP Ltd into 67,699,173 new ordinary shares at a price of £0.00039 per share.

IWEP is a company connected to Eight Capital Partners' Chairman Dominic White. In August 2019 Dominic White agreed to become a non-executive board member of The Avantgarde Group to monitor the Company's and IWEP's interests.

### *Related party funding*

Included within current borrowing at year end was:

£367,138 shareholder loan from IWEP Ltd (2020: £435,911); and

£21,012,485 vendor loan in relation to the €40m IAF2 bond acquisition from IWEP Ltd

Included in non-current borrowing at year end was:

£184,910 (2020: £nil) loan from Maximum Return Systems Limited, an entity controlled by Eight Capital Partners' Chairman Dominic White;

£127,350 (2020: £nil) loan from Concreta Srl, a shareholder in the company; and

£318,297 (2020: £nil) vendor loan from DB Investor in connection to the acquisition of Innovative Finance S.r.l.

## **31. Ultimate controlling entity**

There was no single controlling party as at 31 December 2021.

**32. Post balance sheet events**

On 23 May 2022, the Company announced that it had issued a further €5 million tranche of its 7% Bond to a third party that had acquired €5 million of the Vendor Loan from IWEF. In that announcement, ECP also reinforced its commitment to a transformational strengthening of the Company's balance sheet through IWEF seeking to convert, subject to regulatory and shareholder consent, as much as possible of its debt with the Company into equity.

On 24 June 2022, the company announced that at a Bondholder meeting held on 23 June, an Extraordinary Resolution approved a proposal to modify the terms and conditions of the 7% Bond such that the terms align with the more recently issued €25m 4.8% Bond repayable on 3 September 2026.