**12 September 2023**

**EIGHT CAPITAL PARTNERS PLC**
**("Eight Capital", "ECP" or "the Company")**

**Annual Report and Financial Statements**
**For the year ended 31 December 2021**

Eight Capital (AQSE: ECP), the investing company whose investment strategy focuses on technology, media, telecoms and financial services businesses, including listed investing companies, announced, further to its announcement of 3 July 2023, its reissued final results for the year ended 31 December 2021.

As announced on 3 July 2023, a delay in the audit process for the financial year to 31 December 2022 arose as a result of the directors' decision, in consultation with its auditors and the Financial Reporting Council (FRC), to reclassify the accounting treatment of its 1AF2 Ltd Sec. Bonds 21-24 fixed rate bonds. The reclassification has resulted in the issue of these revised audited accounts for the year to 31 December 2021.

The delayed final results to 31 December 2022 will also be released shortly.

For further information, please visit www.eight.capital or contact:


| | |
|---|---|
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**About Eight Capital Partners:**

Eight Capital partners plc is a financial services operating company that aims to grow revenue through businesses engaged in "Fintech" operations including in the digital banking and lending sectors.

ECP seeks to grow its group revenue in these high growth fintech sub-sectors, which it expects to also increase in value, such that they generate an attractive rate of return for shareholders, predominantly through capital appreciation.
www.eight.capital

**Eight Capital Partners operates two subsidiary businesses:**

***Epsion Capital:***
Epsion Capital is an independent corporate advisory firm based in London with an extensive experience in UK and European capital markets. The team of senior and experienced ECM and M&A professionals is specialised across multiple markets, sectors and geographies and it prides itself on a commercial approach that allows the clients to achieve their growth ambitions. www.epsioncapital.com

***Innovative Finance:***
Innovative Finance is a corporate finance advisory business that develops mergers and acquisitions and financing solutions across multiple sectors, primarily in Europe, with access to international transactions. It focuses on investments in Europe which are linked to technological developments in the financial services industry. www.innovfinance.com

**Extract from the audited reissued report and accounts 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.

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.

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% |
| 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.

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.

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 30 June 2022 and signed on behalf of the board by:

**Dominic White**
**Chairman**

**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, Epsion Capital Limited ("Epsion"), 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 Epsion 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**

Epsion, 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. Infin 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 (Epsion and InnFin).

<u>Finance Partners Group ("FPG")</u>: 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.

<u>Supply@ME Capital Plc ("SYME</u>): 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.

<u>Evrima Plc ("EVA")</u>: 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.

<u>Greencare Capital Plc ("GRE"):</u> 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-valuing 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 IWEP 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 IWEP. In that announcement, ECP also reinforced its commitment to a transformational strengthening of the Company's balance sheet through IWEP 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 Epsion 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 Epsion, 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, Epsion 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.

**Dominic White**
**Chairman**

**Consolidated Statement of Comprehensive Income**
For the year ended 31 December 2021

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

**Consolidated Statement Of Financial Position**

As At 31 December 2021

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

**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 |
| **As at 31 December 2020** | **1,431** | **2,001** | **11** | **84** | **-** | **(3,493)** | **34** |
| Loss for the year | - | - | - | - | | (11,544) | (11,544) |
| Other comprehensive income for the year | - | - | - | - | - | - | - |
| **Total Comprehensive Income** | **-** | **-** | **-** | **-** | **-** | **(11,544)** | **(11,544)** |
| Movement in reserves | **-** | **-** | **-** | **-** | (4) | **-** | (4) |
| Share based payment | - | - | 4 | - | - | - | 4 |
| Issue of shares | 22 | 67 | - | - | - | - | 89 |
| **Total Transactions with Owners** | **22** | **67** | **4** | **-** | **(4)** | **-** | **89** |
| **As at 31 December 2021** | **1,453** | **2,068** | **15** | **84** | **(4)** | **(15,037)** | **(11,421)** |

**Consolidated Statement of Cash Flows**
For the year ended 31 December 2021

| | GROUP 2021 £'000 |
|---|---|
| **Cash from operating activities** | |
| 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 |
| **Net cash used in operating activities** | **(754)** |
| | |
| **Cash flow from investing activities** | |
| 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 |
| **Net cash from investing activities** | **1,017** |
| | |
| **Cash flows from financing activities** | |
| Loans received | 1,097 |
| Proceeds from bond issue | 43 |
| Repayment of loans | (949) |
| Finance charges | (455) |
| **Net cash from financing activities** | **(264)** |
| **Net cash flow for the year** | **(1)** |

| | |
|---|---|
| Cash and cash equivalents at beginning of year | 203 |
| **Cash and cash equivalents at end of year** | **202** |
| **Net change in cash and cash equivalents** | **(1)** |

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.

**Notes to the consolidated financial statements**
For the year ended 31 December 2021

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

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

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

| | |
|---|---|
| Eight Capital Partners plc | UK registered company |
| Epsion Capital Limited | UK registered company |
| Innovative Finance srl ("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.

The information contained in this announcement has been extracted from the reissued report and accounts for the year to 31 December 2021. Therefore certain events may now be superseded and references, notes and page numbers may be incorrect. Shareholders are encouraged to read the full reissued report and accounts, a copy of which is available on the Company's website..

**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.

The Company was classified as an investment vehicle in the prior years ending 31 December 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, some of the Company's investments 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 Epsion 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 of the full report and accounts.

***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.

**3. 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.

**4. Earnings per share**

| | 2021 |
|---|---|

| | |
|---|---|
| **Earnings (£)** | |
| Loss used in calculating basic and diluted earnings: | |
| Loss for the year | (£11,544,000) |
| | |
| **Number of shares** | |
| 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.

**8. 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.

**9. 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 IWEP. In that announcement, ECP also reinforced its commitment to a transformational strengthening of the Company's balance sheet through IWEP 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.