

**Report of the Directors and
Unaudited
Consolidated Financial Statements
for the Year Ended 31 December 2021
for
Inclusive Finance Limited**

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for the year ended 31 December 2021**

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Inclusive Finance Limited
Company Information
for the year ended 31 December 2021

DIRECTORS:

N Kadagathur
J Dunn

REGISTERED OFFICE:

Studio 4:18
Grand Union Studios
332 Ladbroke Grove
London
W10 5AD

REGISTERED NUMBER:

10522518 (England and Wales)

ACCOUNTANTS:

Bennett Brooks & Co Limited
Chartered Accountants
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

**Report of the Directors
for the year ended 31 December 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

N Kadagathur
J Dunn

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

J Dunn - Director

28 June 2022

**Consolidated
Income Statement
for the year ended 31 December 2021**

	Notes	2021 £	2020 £
TURNOVER		2,314,993	594,294
Cost of sales		<u>(2,785,907)</u>	<u>(490,504)</u>
GROSS (LOSS)/PROFIT		(470,914)	103,790
Administrative expenses		<u>(5,192,799)</u>	<u>(2,276,067)</u>
		(5,663,713)	(2,172,277)
Other operating income		<u>521</u>	<u>729</u>
OPERATING LOSS		(5,663,192)	(2,171,548)
Interest receivable and similar income		<u>29</u>	<u>326</u>
		(5,663,163)	(2,171,222)
Interest payable and similar expenses		<u>(824,754)</u>	<u>(302,958)</u>
LOSS BEFORE TAXATION		(6,487,917)	(2,474,180)
Tax on loss	4	<u>6,252</u>	<u>8,317</u>
LOSS FOR THE FINANCIAL YEAR		<u>(6,481,665)</u>	<u>(2,465,863)</u>
Loss attributable to: Owners of the parent		<u>(6,481,665)</u>	<u>(2,465,863)</u>

Consolidated Balance Sheet
31 December 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	6	9,639	11,128
Tangible assets	7	35,316	11,419
Investments	8	-	-
		<u>44,955</u>	<u>22,547</u>
CURRENT ASSETS			
Debtors	9	10,026,309	1,551,686
Cash at bank		<u>2,321,554</u>	<u>4,077,902</u>
		12,347,863	5,629,588
CREDITORS			
Amounts falling due within one year	10	<u>(15,001,083)</u>	<u>(2,300,543)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,653,220)</u>	<u>3,329,045</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,608,265)	3,351,592
CREDITORS			
Amounts falling due after more than one year	11	<u>(7,739,141)</u>	<u>(7,217,343)</u>
NET LIABILITIES		<u>(10,347,406)</u>	<u>(3,865,751)</u>
CAPITAL AND RESERVES			
Called up share capital	14	133	123
Share premium	15	2,592,002	2,592,002
Retained earnings	15	<u>(12,939,541)</u>	<u>(6,457,876)</u>
SHAREHOLDERS' FUNDS		<u>(10,347,406)</u>	<u>(3,865,751)</u>

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company and the group to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2022 and were signed on its behalf by:

J Dunn - Director

Company Balance Sheet
31 December 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	6	9,639	11,128
Tangible assets	7	35,316	11,419
Investments	8	<u>2</u>	<u>2</u>
		<u>44,957</u>	<u>22,549</u>
CURRENT ASSETS			
Debtors	9	1,697,736	232,165
Cash at bank		<u>912,663</u>	<u>3,888,070</u>
		<u>2,610,399</u>	<u>4,120,235</u>
CREDITORS			
Amounts falling due within one year	10	<u>(4,854,358)</u>	<u>(863,935)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,243,959)</u>	<u>3,256,300</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,199,002)	3,278,849
CREDITORS			
Amounts falling due after more than one year	11	<u>(7,739,141)</u>	<u>(7,217,343)</u>
NET LIABILITIES		<u>(9,938,143)</u>	<u>(3,938,494)</u>
CAPITAL AND RESERVES			
Called up share capital	14	133	123
Share premium		2,592,002	2,592,002
Retained earnings		<u>(12,530,278)</u>	<u>(6,530,619)</u>
SHAREHOLDERS' FUNDS		<u>(9,938,143)</u>	<u>(3,938,494)</u>
Company's loss for the financial year		<u>(5,999,659)</u>	<u>(2,562,935)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Company Balance Sheet - continued
31 December 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2022 and were signed on its behalf by:

J Dunn - Director

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2021**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2020	98	(3,992,013)	5,033	1,412,531	(2,574,351)
Changes in equity					
Issue of share capital	25	-	2,586,969	-	2,586,994
Total comprehensive income	-	(2,465,863)	-	(1,412,531)	(3,878,394)
Balance at 31 December 2020	123	(6,457,876)	2,592,002	-	(3,865,751)
Changes in equity					
Issue of share capital	10	-	-	-	10
Total comprehensive income	-	(6,481,665)	-	-	(6,481,665)
Balance at 31 December 2021	133	(12,939,541)	2,592,002	-	(10,347,406)

The notes form part of these financial statements

**Company Statement of Changes in Equity
for the year ended 31 December 2021**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2020	98	(3,967,684)	5,033	1,412,531	(2,550,022)
Changes in equity					
Issue of share capital	25	-	2,586,969	-	2,586,994
Total comprehensive income	-	(2,562,935)	-	(1,412,531)	(3,975,466)
Balance at 31 December 2020	123	(6,530,619)	2,592,002	-	(3,938,494)
Changes in equity					
Issue of share capital	10	-	-	-	10
Total comprehensive income	-	(5,999,659)	-	-	(5,999,659)
Balance at 31 December 2021	133	(12,530,278)	2,592,002	-	(9,938,143)

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2021**

1. STATUTORY INFORMATION

Inclusive Finance Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. Having reviewed the future cash flows of the business, the directors are satisfied that the company will have adequate resources to meet its liabilities as they fall due. On this assumption, the directors believe it appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The group's revenues substantially comprise lending revenue together with a small element of what can be termed platform revenue.

Lending revenues represent charges for credit; these fees are recognised on the basis of fees receivable from borrowing customers during the period under consideration (after due regard for the recoverability of earned but not collected fees).

Platform revenue represents income earned by the company for enabling certain service providers to advertise their services to the Company's prospective customers via its website. Fees generated from this activity (determined on the basis of the number of website visitors entering into contracts with such service providers) are recognised (net of applicable VAT) in the time periods in which the underlying contracts between third party service providers and visitors to the company's website are concluded.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Website development are being amortised evenly over their estimated useful life of ten years.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures and fittings - 5 years straight line

Computer equipment - 3 years straight line

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Short term debtors and creditors

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares and growth shares are classed as equity share capital.

Distributions to equity holders

Dividends are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Trade receivables

Trade receivables relate to customer loans outstanding. Customer loans represent amounts due from customers resulting from financing provided by the company's parent entity (Inclusive Finance Limited, which is authorised by the FCA for the provision of consumer credit) and purchased from the parent entity on the day of their origination in accordance with the collateral requirements specified under the senior debt facility described below in notes 10, 13 and 16. These loans are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market and are not classified as available for sale.

The carrying value of customer loans represents the principal amounts due from customers: they are measured on initial recognition at the fair value of the sums advanced to customers with these balances subsequently adjusted by (i) the accumulated repayments made by customers and (ii) accumulated charges for expected credit losses.

Where loans show no objective signs of credit deterioration, an "expected credit loss" is calculated as the product of the assessed Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), where PD is a forward-looking parameter to account for the probability of a default event occurring in the future. Impairment charges are recognised on an incurred loss basis (applying PD, EAD and LGD as above) once loans show objective signs deterioration as a result of customers not keeping to the repayment schedules provided for in customer credit agreements or when customer accounts are reclassified as defaulted on the basis of further evidence of loss of creditworthiness. When a customer's loan balance is recognised as clearly irrecoverable any residual carrying value is regarded as permanently impaired with the associated expense being recognised in the income statement in the relevant period.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Current asset investments

Current asset investments relate to customer loans outstanding. Customer loans are recognised at the original transaction price less any accumulated repayments and provision for impairment. A provision is recognised where the likelihood of recovery is in jeopardy. Where the loan is clearly irrecoverable, the amount outstanding is written off to the income statement.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 21 (2020 - 13) .

4. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	£	£	31.12.21	31.12.20
Current tax:				
Tax credit on qualifying R&D activity			(6,252)	(8,317)
Tax on loss			(6,252)	(8,317)

The Company and its subsidiary had aggregated tax losses carried forward at the year end of £11,092,731 (2020: £5,439,790) to be utilised against future trading profits.

5. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

6. INTANGIBLE FIXED ASSETS

Group

	Patents and licences £	Website development £	Totals £
COST			
At 1 January 2021 and 31 December 2021	8,432	6,455	14,887
AMORTISATION			
At 1 January 2021	2,038	1,721	3,759
Amortisation for year	843	646	1,489
At 31 December 2021	2,881	2,367	5,248
NET BOOK VALUE			
At 31 December 2021	5,551	4,088	9,639
At 31 December 2020	6,394	4,734	11,128

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

6. INTANGIBLE FIXED ASSETS - continued

Company

	Patents and licences £	Website development £	Totals £
COST			
At 1 January 2021 and 31 December 2021	<u>8,432</u>	<u>6,455</u>	<u>14,887</u>
AMORTISATION			
At 1 January 2021	2,038	1,721	3,759
Amortisation for year	<u>843</u>	<u>646</u>	<u>1,489</u>
At 31 December 2021	<u>2,881</u>	<u>2,367</u>	<u>5,248</u>
NET BOOK VALUE			
At 31 December 2021	<u>5,551</u>	<u>4,088</u>	<u>9,639</u>
At 31 December 2020	<u>6,394</u>	<u>4,734</u>	<u>11,128</u>

7. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2021	5,279	19,046	24,325
Additions	<u>1,854</u>	<u>34,024</u>	<u>35,878</u>
At 31 December 2021	<u>7,133</u>	<u>53,070</u>	<u>60,203</u>
DEPRECIATION			
At 1 January 2021	2,941	9,965	12,906
Charge for year	<u>1,340</u>	<u>10,641</u>	<u>11,981</u>
At 31 December 2021	<u>4,281</u>	<u>20,606</u>	<u>24,887</u>
NET BOOK VALUE			
At 31 December 2021	<u>2,852</u>	<u>32,464</u>	<u>35,316</u>
At 31 December 2020	<u>2,338</u>	<u>9,081</u>	<u>11,419</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

7. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2021	5,279	19,046	24,325
Additions	<u>1,854</u>	<u>34,024</u>	<u>35,878</u>
At 31 December 2021	<u>7,133</u>	<u>53,070</u>	<u>60,203</u>
DEPRECIATION			
At 1 January 2021	2,941	9,965	12,906
Charge for year	<u>1,340</u>	<u>10,641</u>	<u>11,981</u>
At 31 December 2021	<u>4,281</u>	<u>20,606</u>	<u>24,887</u>
NET BOOK VALUE			
At 31 December 2021	<u>2,852</u>	<u>32,464</u>	<u>35,316</u>
At 31 December 2020	<u>2,338</u>	<u>9,081</u>	<u>11,419</u>

8. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2021 and 31 December 2021	<u>2</u>
NET BOOK VALUE	
At 31 December 2021	<u>2</u>
At 31 December 2020	<u>2</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Inclusive Finance Growth Limited

Registered office: Studio 4:18 Grand Union Studios, 332 Ladbroke Grove, London, England, W10 5AD

Nature of business: Debt facility facilitation

Class of shares:	%
Ordinary	holding 100.00

Creditspring Limited

Registered office: Studio 4:18 Grand Union Studios, 332 Ladbroke Grove, London, England, W10 5AD

Nature of business: Dormant company

Class of shares:	%
Ordinary	holding 100.00

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

8. **FIXED ASSET INVESTMENTS - continued**

Creditspring, Inc.

Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County 19801.

Nature of business: Dormant company

Class of shares:	%
Common stock	holding 100.00

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	9,833,804	1,486,686	-	-
Amounts owed by group undertakings	-	-	1,656,166	203,440
Other debtors	192,505	65,000	41,570	28,725
	<u>10,026,309</u>	<u>1,551,686</u>	<u>1,697,736</u>	<u>232,165</u>

Trade receivables comprises net carrying value of customer loans.

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	8,999	6,201	8,999	6,201
Trade creditors	404,151	-	404,151	-
Amounts owed to group undertakings	1	-	-	-
Taxation and social security	71,905	107,595	71,905	107,595
Other creditors	14,516,027	2,186,747	4,369,303	750,139
	<u>15,001,083</u>	<u>2,300,543</u>	<u>4,854,358</u>	<u>863,935</u>

At the end of 2021 the principal components of "Other creditors" falling due within one year comprised at a Company level:

- £3.000 million of short-dated shareholder loans (prior year: £0.430 million); and
- £1.116 million of convertible loan notes (prior year: £0.291 million).

At the level of the Group the principal incremental element of "other creditors" represented a £10.017 million senior loan extended to the Company's subsidiary Inclusive Finance Growth Limited (prior year: £1.404 million) as described further in notes 13 and 16.

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	35,168	43,799	35,168	43,799
Other creditors	<u>7,703,973</u>	<u>7,173,544</u>	<u>7,703,973</u>	<u>7,173,544</u>
	<u>7,739,141</u>	<u>7,217,343</u>	<u>7,739,141</u>	<u>7,217,343</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued**

At the end of 2021 "Other creditors" falling due after more than one year represented the following loans extended to the Company:

- £2.423 million due under a subordinated loan extended by Director James Dunn (prior year: £2.423 million). The loan was extended (on a commercial, arm's length basis) in July 2017 with a 10-year scheduled maturity; and

- £5.281 million due under a convertible loan note (prior year: £4.422 million). This loan was extended in November 2020 under the British Business Bank's "Future Fund" convertible loan scheme with a 3-year scheduled maturity and is described further in Note 16.

12. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	2021	Non-cancellable operating leases 2020
	£	£
Within one year	<u>27,542</u>	<u>15,001</u>

Company

	2021	Non-cancellable operating leases 2020
	£	£
Within one year	<u>27,542</u>	<u>15,001</u>

13. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2021	2020
	£	£
Senior debt facility	<u>10,016,963</u>	<u>1,403,850</u>

The senior debt facility outstanding at the end of 2020 was funded by a panel of senior lenders led by AVCAP SPECIALTY FINANCE SPV II LTD. Assets of the company (principally the customer loans acquired from its parent entity and cash balances held by the company or by its parent in trust for the company) were pledged as collateral in relation to the debt facility. The loan was secured on these assets by way of a fixed and floating charge registered by the company which was created on the date the senior debt facility agreement was concluded (12 December 2019).

On 10 December 2021, Pier Special opportunities Fund LP entered into a deed of assignment, novation and amendment, whereby it acquired the entire loan exposure of the creditors in the above described senior debt facility (together with those creditors' associated security rights) and extended the maturity of this debt facility until 15 February 2022. Details of the subsequent refinancing of this facility are included in note 16.

14. **CALLED UP SHARE CAPITAL**

Allocated, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
1,229,720	Ordinary	£0.0001	123	123
104,755	Growth shares	£0.0001	<u>10</u>	<u>123</u>
			<u>133</u>	<u>123</u>

On 15 July 2021, 104,755 Growth shares of £0.0001 each were issued at nominal value.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

15. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	(6,457,876)	2,592,002	(3,865,874)
Deficit for the year	(6,481,665)		(6,481,665)
At 31 December 2021	<u>(12,939,541)</u>	<u>2,592,002</u>	<u>(10,347,539)</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	(6,530,619)	2,592,002	(3,938,617)
Deficit for the year	(5,999,659)		(5,999,659)
At 31 December 2021	<u>(12,530,278)</u>	<u>2,592,002</u>	<u>(9,938,276)</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021**

16. POST BALANCE SHEET EVENTS

Covid-19 aftermath

The macroeconomic disruption caused by, and the UK government's response to, the COVID 19 pandemic continues to have consequences for the broader economy and companies operating in most sectors. The Company continues to closely monitor the impact of the aftermath to the COVID 19 pandemic and the government's response to it (specifically in relation to the discontinuation of certain support programmes) on its customers, operating performance and fundraising activities.

Due to the short-term nature of the Company's loan book (the longest-term loans having 6 months duration), Management have assessed the tail impacts of the COVID 19 pandemic as having had a minimal impact on the carrying values of the assets and liabilities of the Company as at 31 December 2021 as stated in the foregoing balance sheet and notes to the accounts.

Conversion of loan notes

On 14 April 2022, the Company allotted ordinary shares in relation to conversion of the following loans:

- Advance subscription agreements/convertible loan notes which provided for conversion to ordinary shares at a share price of £56.28. The balance of these loan notes stood at £781,350 on 31 December 2021 and £8,035,271 on 14 April 2022
- The outstanding principal balance, together with accumulated interest to 14 April 2022, of the Future Fund Convertible Loan Agreement described in note 11 above. The amount outstanding on these loans together with accumulated interest stood at £5,281,444 on 31 December 2021 and £5,393,477 on 14 April 2022; and
- The maturing balances of convertible loan notes issued in February 2020 which provided for conversion at a share price determined on the basis that the Company was valued at a maximum of £16,000,000 (on a fully diluted basis). The amount outstanding on these loans together with accumulated interest stood at £393,681 on 31 December 2021 and £399,640 on 14 April 2022.

As at 31 December 2021, the Company was not sufficiently advanced in its discussions with prospective investors to make it reasonably certain that conversion of the above loan notes would subsequently occur.

Refinancing of Inclusive Finance Growth Limited ("IFGL") senior debt facility

On 10 December 2021, Pier Special opportunities Fund LP entered into a deed of assignment, novation and amendment, whereby it acquired the exposure of Avellinia Capital Limited in the prior senior debt facility of IFGL (entered into on 12 December 2019 with a maturity of 12 December 2021) and extended the maturity of this debt facility until 15 February 2022 (the contractual maturity of the debt facility referred to in note 13 above).

On 10 February 2022, Series 6 of Pier Active Transactions LLP (an entity owned by Pier Special Opportunities Fund LP) entered into a new senior debt facility with IFGL whereby it refinanced the positions of Pier Special Opportunities Fund LP in the prior facility and redeemed amounts owing to other senior lenders who were participants in the facility. The Scheduled Maturity Date of this new senior debt facility is 10 February 2024.

Each of the above post balance sheet events are considered non adjusting in relation to relevant balance sheet carrying values as at 31 December 2021.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.