



Credebt Exchange Limited

15A Baggotrath Place, 15 - 16 Lower
Baggot Street, Dublin D02 NX49

Phone: +353 (1) 685-3600

Email: finance@credebt.com

Website: www.credebt.com



Credebt Exchange Limited

DIRECTORS REPORT & FINANCIAL STATEMENTS

For the Financial Year Ended 2021-12-31

**Credebt Exchange Limited**

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Baggot Street, Dublin D02 NX49
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Credebt Exchange Limited
DIRECTORS REPORT & FINANCIAL STATEMENTS

For the Financial Year Ended 2021-12-31

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1 Directors & Other Information

Directors	Michael Keegan Stephen Mackarel Patrick Reynolds
Secretary	Gerard Hughes
Company Number	501210
Registered Office	15A Baggotrath Place, 15 - 16 Lower Baggot Street, Dublin D02 NX49, Ireland
Business Address	15A Baggotrath Place, 15 - 16 Lower Baggot Street, Dublin D02 NX49, Ireland
Bankers	Barclays Bank Ireland Plc, Barclays Bank, 2 Molesworth Place, 36-38 Park Royal Road, Dublin D02 RF29, London NW10 7SA, Ireland United Kingdom
	AIB Bank Plc, Bankcentre Branch, PO Box 1121, Dublin D04 AP02, Ireland
Auditors	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm, Deloitte & Touche House, 29 Earlsfort Terrace, Dublin D02 AY28, Ireland
Legal Advisors	Arthur Cox Solicitors Ten, Earlsfort Terrace, Dublin D02 T380, Ireland



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2 Directors Report

For the Financial Year Ended 2021-12-31

The directors present their report and the audited Financial Statements for the financial year ended 2021-12-31.

2.1 Principal Activity & Business Review

The Credebt Exchange® marketplace provides trade and asset finance to organisations that want to take a smarter approach to financing their business growth. Its finance products are marketed to business Originators using the Convertibill® & Trade Credebt® brand names. The Exchange also provides Investors with a smart way to get a fixed income yield on cash deposits or pensions. Investors on the Exchange buy leases, monetary obligations or Bills issued under Contract that are called Exchange Traded Receivables [ETR]. As market makers on the Exchange, Credebt Exchange® selects, prices and markets ETR to Investors as Investabill ETR® or Leasabill ETR®.

The Convertibill® & Trade Credebt® unique purchasing and trading models provide businesses with the trade and asset finance they need, quickly and easily. Using these trade and asset finance products enables companies to control how they fund and grow their business. It competes with, or complements, traditional bank finance lending and leasing alternatives.

Investabill ETR® enables Investors to buy an attractive, on-demand, fixed income return. The yield is generated by micro-to-medium sized business Originators selling their investment quality† ETR at a nominal discount to their Face Value. Investabill ETR® compete against bank deposits where Investors can lodge and withdraw 'on-demand'. Leasabill ETR® offer a higher annual return for a longer and committed investment period.

2021 saw the completion of the Credebt® Group's transformation to a mature business. Each activity and department was again reviewed internally and significantly changed to enable sustained and stable growth for the coming decade. During the final phase of this transformation, Exchange trading volumes increased by c.30.00% and the Company has projected that this sustained and stable growth will be maintained in the short to medium term.

Trade Credebt Limited began trading on 2021-01-01 to extend the Credebt Exchange® direct market model internationally. Trade Credebt Limited is a subsidiary of Credebt Holdings Limited, which is a non-trading company, and Consolidated Financial Statements have been prepared.

Restructured legal activities comply with current and pending laws. Ongoing development of IT systems; and staff restructuring, reduction, recruitment, and outsourcing; have all strengthened the business in key areas of marketing, trade, asset, risk, collections and reserves. As a mature business, Credebt Exchange® has forecast significant gains for 2022 and beyond.

† Investment quality is a combination of Investment Grade [IG] organisations & other credit worthy organisations, as determined by AIG and other credit rating agencies, from time to time



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2.1 Principal Activity & Business Review (continued)

The board is provided with regular information on Key Performance Indicators [KPI] for all areas of the business that includes financial indicators for revenue, risk, collections and legal matters. Non-financial KPIs report on Company staff and their performance and ability to support its activities. Reports and papers are circulated to the directors in preparation for board meetings.

2.2 Principal Risks & Uncertainties

The following are the risks and uncertainties that could impact the Company's future performance:

2.2.1 Market Conditions

Credebt Exchange® is not subject to regulation by the Central Bank in Ireland but circumstances may change in the future. Credebt Exchange® will act accordingly in the event that the regulatory environment changes. Currently, trading ETR does not result in any additional taxation costs.

2.2.2 Liquidity Risk

In 2021, Credebt Exchange® completed its eighth full financial year and continues to generate significant funding from Investors that provide it with sufficient cash flow to continue to trade. The Company continually reviews its cost base and financing requirements. It also continues to develop new business, and maintain existing business, in order to ensure the Company is adequately funded. Continued availability of funding is a risk to the business and access to the capital, or other funding markets as an alternative funding source would mitigate this risk, should it present itself. In 2021, the board of Credebt Exchange® approved the initial investigation into alternative funding using securities. 2022 will determine if this option is suitable for the Company.

2.2.3 Trade Risk & Reserves

The Company's trade risk is primarily attributable to transactional risk that may result in ETR distress or default. The amounts presented in the Statement of Financial Position are net of the total Reserves allowances for specific ETR considered to be at risk.

Included in 'Current Liabilities Creditors: due within one year', are Trade and Asset provisions of EUR 14.13m that relate to provisions for amounts due to Originators as at the Statement of Financial Position date that are either unreconciled or outstanding. It also contains provisions for ETR that may become distressed or at risk of default at a future date. Should trades not be settled, this may result in an increase in the allowances for recoverability with a decrease in the Reserve provisions amount due. The allowances are the directors' best estimates of the amortised cost less impairment of ETR and trading provisions as at the Statement of Financial Position date.

As at 2021-12-31, the total Trade Reserves was EUR 8.74m and Asset Reserves was EUR 5.39m (see note 9.13). The total cash Reserves was EUR 7.31m, with a decrease in Discretionary Reserves to EUR 4.94m of loss absorbing cash for bad and doubtful debts. The Loss & Default Control [LDC] balance increased to EUR 2.37m (see note 9.12).



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2.2.4 Operational Risk

Systems related failures and/or security breaches, including without limitation, any security breach that results in the theft, transfer or unauthorised disclosure of customer information; bank information; settlement reconciliations; and data centre environment changes could have a significant impact on the business. However, the Company takes comprehensive steps to ensure that its systems are secure and these security arrangements are regularly reviewed.

Fraud across multiple personnel roles and delegation levels or collective collusion is a potential operational risk facing the Company. The Company has many management policies in place that mitigate against these risks. Furthermore, the Company engages external advisors to monitor and assist it with the prevention and detection of fraud.

The Company faces the following process and business risks:

- ✦ Know Your Customer [KYC] and Anti-Money Laundering [AML];
- ✦ ETR validation and legal assignment; and
- ✦ Debtor or creditor distress and/or default where ETR Off-Set and Loss & Default Control [LDC] Reserves are inadequate and credit insurance execution fails.

Credebt Exchange® has treasury procedures and other insurance to mitigate against these risks.

2.2.5 Going Concern

The directors regularly consider, and assess, the economic conditions in which the Company is operating and the risks that the business faces, including the viability of the Company's business model. In the current coronavirus pandemic environment, the Company continued to perform strongly in the financial year 2021 and was ahead of prior year comparatives. The Company continues to have strong cash balances on hand. The Company continues to monitor exposure to sectors that are experiencing challenges to their business and ensures that adequate Reserves are maintained for potential exposures. Additionally, the Company has focussed on developing business in sectors that are performing well in this environment, specifically trade and shipping. The directors review the operating performance results, changing economic conditions, current trading conditions and trading opportunities. How these opportunities are assessed, and all known trading risks, are identified on a monthly basis. Based on their assessment of these factors, together with the trading performance and significant cash on hand, the directors believe that the Company has sufficient resources to enable it to carry on its business as a going concern.

2.3 Compliance Statement

As required by Section 225 of the Companies Act 2014 ("the Act"), we, the directors of Credebt Exchange Limited, acknowledge our responsibility for securing compliance with the relevant obligations of Credebt Exchange Limited as defined by Section 225 of the Act. We have documented and approved a compliance policy which, in our opinion, is appropriate to Credebt Exchange Limited with respect to our compliance with relevant obligations as set out in the Act.

We have put in place arrangements and structures that are, in the opinion of the directors of



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Credebt Exchange Limited, sufficient to secure material compliance with the relevant obligations of Credebt Exchange Limited.

During the financial year-ended 2021-12-31, management conducted separate reviews of the arrangements and structures which we have put in place to secure material compliance with the relevant obligations of Credebt Exchange Limited. We acknowledge that the arrangements and structures, that the directors of Credebt Exchange Limited have put in place, can only provide reasonable assurance of compliance in all material respects with those obligations. The reviews conducted by management did not identify any material matters of non-compliance.

2.4 Results & Dividends

The results for the financial year are set out on page 13. The directors do not recommend a dividend payment for 2021 (2020: nil).

2.5 Future Developments

The directors continue to seek to grow the current revenue streams, and explore other related revenue generating activities, while continuing to invest in the development of the Exchange to deliver additional functionality to its Members.

2.6 Political Donations

The directors have satisfied themselves that there were no political contributions during the year that require disclosure under the Electoral Act 1997.

2.7 Statement of Relevant Auditor Information

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

2.8 Directors & Secretary

The directors of the Company that were in office during the year and up to the date of signing the Financial Statements were:

Directors	Appointment	Resignation
Michael Keegan	2019-09-01	
Stephen Mackarel	2018-06-28	
Patrick Reynolds	2011-07-15	



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The secretary of the Company who was in office during the year and up to the date of signing the Financial Statements was:

Secretary

Gerard Hughes

2.9 Directors & Their Interests in the Company Shares

The directors of the Company during the financial year and their interests in the Group are as stated below:

Shareholders	Ordinary Shares	
	2021-12-31	2020-12-31
Credebt Holdings Limited	100	100

2.10 Accounting Records

The measures that the directors have taken to comply with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at 15A Baggotrath Place, 15 - 16 Lower Baggot Street, Dublin D02 NX49, Ireland.

2.11 Auditor

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

In so far as the directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware and the directors have taken all relevant steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

2.11.1 Audit Committee

S167(3) CA 2014 provides guidelines for the establishment of an Audit Committee. Such guidelines include the appointment of Non-Executive Director(s) with competency in Accountancy or Auditing. The Company's Board is comprised of a majority of Non-Executive Directors and includes the aforementioned competency therein. The Board meets monthly and during such meetings regularly addresses all matters normally considered the responsibility of an Audit Committee. Accordingly, the establishment of a separate Audit Committee is not considered necessary at this point.



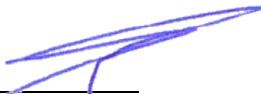
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2.12 Date of Authorisation & Issue

The Financial Statements were authorised for issue by the board of directors on 2022-05-27.

Approved by the Board and signed on its behalf by:



Patrick Reynolds

Director
2022-05-27



Stephen Mackarel

Director
2022-05-27



Michael Keegan

Director
2022-05-27



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3 Directors' Responsibilities Statement

The directors are responsible for preparing the Directors Report and the Financial Statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare Financial Statements for each financial year. Under the law, the directors have elected to prepare the Financial Statements in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("relevant financial reporting framework"). 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 assets, liabilities, and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those Financial Statements, the directors are required to:

- ✦ select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- ✦ make judgements and estimates that are reasonable and prudent;
- ✦ state whether the Financial Statements have been prepared in accordance with the applicable accounting standards, identify those standards and note the effect, and the reasons, for any material departure from those standards; and
- ✦ prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps, or causes to be kept, adequate accounting records that correctly explain and record the transactions of the Company; enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; enable them to ensure that the Financial Statements and Directors Report comply with the Companies Act 2014; and enable the Financial Statements to be audited.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:

Patrick Reynolds

Director

2022-05-27

Stephen Mackarel

Director

2022-05-27

Michael Keegan

Director

2022-05-27

4 Independent Auditor's Report To The Members Of Credebt Exchange Limited

Report on the audit of the financial statements

Opinion on the Financial Statements of Credebt Exchange Limited (the 'company')

In our opinion the company Financial Statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2021 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The Financial Statements we have audited comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 9 to 9.19, including a summary of significant accounting policies as set out in note 9.1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Independent Auditor's Report To The Members Of Credebt Exchange Limited

Report on the audit of the Financial Statements

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the Financial Statements to be readily and properly audited.

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Independent Auditor's Report To The Members Of Credebt Exchange Limited

Report on the audit of the Financial Statements

- The Financial Statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the Financial Statements and the directors' report has been prepared in accordance with the Companies Act 2014.

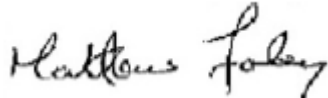
Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.



Matthew Foley
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

31 May, 2022

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INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 2021-12-31

	Notes	Continuing Operations	
		2021 EUR	2020 EUR
TURNOVER	9.3	207,600,110	158,332,600
Cost of Sales		(205,723,020)	(154,879,447)
GROSS PROFIT		1,877,090	3,453,153
Selling & Distribution Expenses		(662,577)	(928,769)
ADMIN EXPENSES			
General Expenses		(740,801)	(1,153,807)
Professional Fees		-	(515,038)
Depreciation & Amortisation		(115,891)	(226,626)
		(1,519,269)	(2,824,241)
OPERATING PROFIT		357,821	628,913
Other Operating Income		162,800	144,899
Interest Received		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9.5	520,621	773,812
Tax on profit	9.6	(58,558)	(102,081)
PROFIT FOR THE YEAR		462,063	671,731

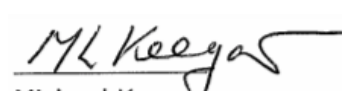
The notes on pages 17 to 27 form an integral part of these Financial Statements. All amounts reflected in the Income Statement relate to continuing operations.



Patrick Reynolds
Director
2022-05-27



Stephen Mackarel
Director
2022-05-27



Michael Keegan
Director
2022-05-27



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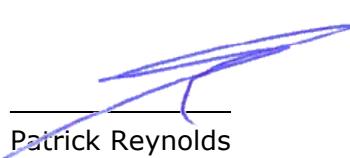
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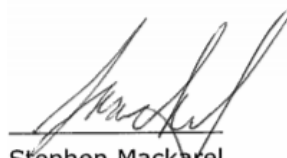
6 Statement of Financial Position

STATEMENT OF FINANCIAL POSITION AS AT 2021-12-31

	Notes	2021 EUR	2020 EUR
FIXED ASSETS			
Tangible Fixed Assets	9.7	81,824	89,833
Intangible Fixed Assets	9.8	487,751	635,393
Leasabill® Fixed Assets	9.9	2,565,758	5,201,307
	9.10	<u>3,135,332</u>	<u>5,926,533</u>
CURRENT ASSETS			
Debtors	9.11	37,723,851	27,844,457
Cash and Cash Equivalents and Loss Absorbing Cash	9.12	27,625,593	26,994,504
		<u>65,349,444</u>	<u>54,838,961</u>
NON-CURRENT ASSETS			
Leasabill® Debtors	9.10	17,301,626	-
CURRENT LIABILITIES			
CREDITORS: due within one Year	9.13	(68,943,628)	(51,673,781)
Reserves		(14,133,727)	(6,844,730)
		<u>(17,727,911)</u>	<u>(3,679,550)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES	9.14	2,709,047	2,246,984
CREDITORS: due after one Year		(375,000)	(375,000)
		<u>2,334,047</u>	<u>1,871,984</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called Up Share Capital presented as equity	9.15	100	100
Retained Profit		2,333,947	1,871,884
		<u>2,334,047</u>	<u>1,871,984</u>
EQUITY SHAREHOLDERS' FUNDS			

The notes on pages 17 to 27 form an integral part of these Financial Statements. The Financial Statements were approved by the Board on 2022-05-27 and signed on its behalf by:


Patrick Reynolds
Director
2022-05-27


Stephen Mackarel
Director
2022-05-27


Michael Keegan
Director
2022-05-27

**Credebt Exchange Limited**15A Baggotrath Place, 15 - 16 Lower
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Email: finance@credebt.comWebsite: www.credebt.com**7 Statement of Changes in Equity**

STATEMENT OF CHANGES IN EQUITY AS AT 2021-12-31

EUR	SHARE CAPITAL	RETAINED EARNINGS	OTHER RESERVES	TOTAL
OPENING POSITION	100	1,871,884	-	1,871,984
PROFIT FOR THE PERIOD		462,063	-	462,063
CLOSING POSITION	100	2,333,947	-	2,334,047



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8 Statement of Cash Flows

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 2021-12-31

	Notes	2021 EUR	2020 EUR
NET CASH FLOWS FROM OPERATING ACTIVITIES	0	18,041,792	11,332,497
Corporation tax	9.6	(58,558)	(102,081)
		<u>17,983,234</u>	<u>11,230,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other Operating Income and Interest		162,800	144,899
Purchase of Tangible Fixed Assets		(12,050)	(9,514)
Purchase of Intangible Fixed Assets		(56,399)	(214,504)
Purchase of Leasabill® Fixed Assets	9.9	(144,871)	(4,956,808)
Purchase of Leasabill® Debtors	9.10	(17,301,626)	-
		<u>631,088</u>	<u>6,194,489</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		631,088	6,194,489
Cash and cash equivalents at the beginning of year		26,994,504	20,800,015
		<u>27,625,592</u>	<u>26,994,504</u>
Cash and cash equivalents at end of year		<u>27,625,592</u>	<u>26,994,504</u>



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9 Notes to Financial Statements

Notes to the Financial Statements for the financial year ended 2021-12-31.

9.1 Statement of Accounting Policies

The principal accounting policies are summarised below and have been applied consistently throughout the year and to the preceding year.

9.1.1 General Information & Basis of accounting

Credebt Exchange Limited is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is given above. The nature of the Company's operation and its principal activities are set out in the Directors Report on pages 3 to 8. The Financial Statements are prepared under the historical cost convention and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 [FRS 102] issued by the Financial Reporting Council and promulgated for use in Ireland by Chartered Accountants Ireland.

The functional currency of Credebt Exchange® is considered to be Euro because that is the currency of the primary economic environment in which the Company operates.

9.1.2 Going Concern

These Financial Statements have been prepared on a going concern basis. As set out in the Directors' Responsibilities Statement on page 9. In preparing these Financial Statements the directors are required to prepare the Financial Statements on a going concern basis unless it is inappropriate to do so. The directors have considered the Company's forecast as well as its capital and liquidity resources, it has net assets of EUR 2,334,047 and made an operating profit of EUR 462,063 in the financial year. Notwithstanding the continued coronavirus event, the directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Hence, the directors have adopted the going concern basis in preparing these Financial Statements.

9.1.3 Turnover

Turnover is recognised in the income statement at the time that the ETR are sold, this is when the significant risks and rewards are considered to have been transferred to the Investor. Commissions are recognised in the income statement when the ETR are settled and earned.

9.1.4 Exchange Traded Receivables [ETR]

Exchange Traded Receivables [ETR] relate to unsettled trades purchased and is recorded net of provision for ETR which may not be settled.

9.1.5 Statement of Cash Flows

The Company has prepared a Statement of Cash Flows and it is set out on page 16.



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9.1.6 Intangible Fixed Assets

Trademarks are included at cost and amortised in equal annual instalments over the expected useful life. Development expenditure in relation to internally generated intangible assets is capitalised when all of the following have been demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use; the intention to complete the project to which the intangible asset relates; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development in order to use the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially capitalised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred. Development expenditure will be amortised over the expected life of the asset of five years once it becomes operational.

9.1.7 Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Tangible assets	20% straight line
-----------------	-------------------

9.1.8 Leasabill® Fixed Assets

Credebt Exchange® markets its asset product offerings as Leasabill ETR® for Investors. These products are offered to leasees as Convertibill® or Trade Credebt® Asset Finance and are Operating Lease agreements, whereby Credebt Exchange® acts as the Lessor. The assets purchased by Credebt Exchange® are depreciated by applying the reducing balance method of depreciation as follows:

Leasabill® Assets	1 - 5 Years reducing balance
-------------------	------------------------------

9.1.9 Leasabill® Debtors

Credebt Exchange® also markets its shipping asset product offerings as Leasabill ETR® for Investors. These products are offered to leasees as Credebt Shipping® Asset Finance. Credebt Exchange® lends money to its wholly owned subsidiary Special Purpose Vehicle [SPV] companies that purchase each vessel. The amounts of the loans and interest are represented as 'Leasabill® Debtors'.

9.1.10 Taxation

Current tax, including Irish Corporation tax, is provided, if applicable, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. The Corporation tax payable in 2021 is EUR 58,558.



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9.1.11 Foreign Exchange

Any assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

All expenses are recorded on an accruals basis, based on the period to which they relate to.

9.1.12 Investor Funds

Investor funds that are classified as payable within one year on initial recognition, and which meet the above conditions, are measured at the amount of the cash or other consideration expected to be paid, net of impairment.

9.1.13 Investors Yield

Investor yields are recorded on an accruals basis, based on the period in which they relate to.

9.2 Critical Accounting Judgements & Key Sources of Estimated Uncertainty

In the application of the Company's accounting policies that are described in note 9.1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgements and estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements:

9.2.1 Revenue Recognition

The Company enters into differing types of contracts, where the substance of the transaction can differ, resulting in a determination of whether gross or net presentation of revenue is appropriate. The Company assesses a number of indicators in determining the appropriate basis for revenue presentation. These indicators include the level of credit risk borne by the Company; discretion in establishing the price paid for the product; the fixed or variable nature of margin generated; and any responsibility for fulfilment or inventory risk.



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9.2.2 Trading Provisions

In assessing the recoverability of the ETR receivables balance in the Statement of Financial Position at the year end, which is contained within debtors, the directors have made the assumption that any impairment resulting from the non-recoverability of the debtors owed to the Company will not be in excess of the Reserves that have been put in place (see note 9.13).

9.3 Turnover

Turnover comprises of Exchange Traded Receivables [ETR] and commissions traded in the financial year net of value added tax.

An analysis of the Company's turnover is as follows:

	2021 EUR	2020 EUR
Sale of Exchange Traded Receivables [ETR]	204,242,467	153,667,767
Commissions	3,289,921	3,963,068
Other fees	-	851,058
Foreign exchange gains/(losses)	67,722	(149,293)
	<u>207,600,110</u>	<u>158,332,600</u>

9.4 Employees

The average number of persons employed by the Company during the financial year, analysed by category, was as follows:

	Number of Employees	
	2021	2020
Director, Treasury, Trade Desk, Collections, Accounts, Administration & Specialists	<u>12</u>	<u>17</u>

9.5 Profit on Ordinary Activities

	2021 EUR	2020 EUR
Profit on ordinary activities before taxation:	520,621	773,812
And is stated after charging/(crediting) the following:		
Staff salary costs	882,590	1,127,824
Social welfare costs	70,564	128,388
Aggregate emoluments paid to or receivable by		



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directors in respect of qualifying services	372,000	419,190
Depreciation of tangible fixed assets	20,059	47,027
Amortisation of intangible fixed assets	204,041	179,599
Depreciation of leased assets	2,780,420	1,437,518
Foreign exchange (gains)/losses	(67,721)	149,293

9.5.1 Auditors' Remuneration

Auditors' remuneration for work carried out for the Company in respect of the financial year is as follows:

	2021 EUR	2020 EUR
Audit of individual Company Financial Statements	45,000	45,000
Tax advisory services	2,500	1,500
Other non-audit services	-	-
	47,500	46,500
	47,500	46,500

9.6 Taxation on Profit on Ordinary Activities

	2021 EUR	2020 EUR
Charge for the financial year	(58,558)	(102,081)
Reconciliation of factors affecting tax charge for the year:		
Profit on ordinary activities before tax	520,621	773,812
Profit on ordinary activities before taxation by the average standard rate of taxation 12.5% (2020: 12.5%)	65,078	91,302
Effects of:		
Expenses disallowable for tax purposes	-	1,320
Excess of depreciation over allowances	(6,520)	4,363
Other timing differences	-	5,097
Higher tax on interest	-	-
	58,558	102,081
	58,558	102,081



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9.7 Tangible Fixed Assets

	2021 EUR	2020 EUR
<u>Cost</u>		
At 2021-01-01	365,499	355,985
Additions	12,050	9,514
At 2021-12-31	377,549	365,499
<u>Accumulated Depreciation</u>		
At 2021-01-01	(275,666)	(228,639)
Depreciation Charge For The Financial Year	(20,059)	(47,027)
At 2021-12-31	(295,725)	(275,666)
<u>Carrying Amount:</u>		
At 2021-01-01	89,833	127,346
At 2021-12-31	81,824	89,833

Tangible fixed assets primarily consist of office & IT equipment

9.8 Intangible Fixed Assets

	2021 EUR	2020 EUR
<u>Cost:</u>		
At 2021-01-01	1,551,657	1,337,153
Additions	56,399	214,504
At 2021-12-31	1,608,056	1,551,657
<u>Accumulated Amortisation:</u>		
At 2021-01-01	(916,264)	(736,664)
Amortisation Charge For The Financial Year	(204,041)	(179,599)
At 2021-12-31	(1,120,305)	(916,264)
<u>Carrying Amount:</u>		
At 2021-01-01	635,393	600,489
At 2021-12-31	487,751	635,393

The intangible fixed asset comprises of an online trading platform that is amortised at the rates noted in the accounting policy.



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9.9 Leasabill® Fixed Assets

	2021 EUR	2020 EUR
<u>Cost</u>		
At 2021-01-01	7,563,061	2,606,253
Additions	144,871	4,956,808
	<hr/>	<hr/>
At 2021-12-31	7,707,932	7,563,062
<u>Accumulated Depreciation</u>		
At 2021-01-01	(2,361,754)	(924,236)
Depreciation Charge For The Financial Year	(2,780,420)	(1,437,518)
	<hr/>	<hr/>
At 2021-12-31	(5,142,174)	(2,361,754)
<u>Carrying Amount:</u>		
At 2021-01-01	5,201,307	1,682,017
At 2021-12-31	2,565,758	5,201,307
	<hr/>	<hr/>

Leasabill® fixed assets comprises of the assets purchased by Credebt Exchange for entering into Operating Leases as the Lessor. The future minimum lease payments under non-cancellable operating leases are as follows:

	2021 EUR	2020 EUR
i. Not later than one year	95,531	120,310
ii. Later than one year and not later than five years	7,612,401	1,164,856
iii. Later than five years	-	4,567,103

9.10 Leasabill® Debtors

	2021 EUR	2020 EUR
At 2021-01-01	-	-
At 2021-12-31	17,301,626	-
	<hr/>	<hr/>

Leasabill® Debtors comprises of the asset loans by Credebt Exchange for shipping transactions. The future minimum income payments under non-cancellable repayments from related companies in the Group are as follows:



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	2021 EUR	2020 EUR
i. Not later than one year	-	-
ii. Later than one year and not later than five years	17,301,626	-
iii. Later than five years	-	-

9.11 Debtors: Amounts owed within 1 Year

	2021 EUR	2020 EUR
Exchange Traded Receivables [ETR]	37,676,223	27,844,457
Debtors and prepayments	47,628	-
	<u>37,723,851</u>	<u>27,844,457</u>

9.12 Cash and Cash Equivalents and Loss Absorbing Cash

The directors believe that the current trading provision represents an appropriate estimate and as a result no further provisioning is required. The provision is based on reviews of specific balances; including creditworthiness of the debtor companies; credit control performance of Originators as Collection Agents; historic collectability; and the aging of balances. At the year end the Discretionary Reserves plus the LDC balance was EUR 7,314,784 as shown below:

	2021 EUR	2020 EUR
Cash at bank and in hand	20,310,809	21,157,713
Cash balances held in relation to:		
Discretionary Reserves	4,943,689	5,747,732
Loss & Default Control [LDC]	2,371,096	89,059
	<u>27,625,593</u>	<u>26,994,504</u>

9.13 Creditors: Amounts due within 1 Year

Under Creditors the Company maintains certain provisions for bad and doubtful debts that may be distressed or delinquent. In addition, on certain transactions, the Company holds a deposit



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which, on completion of these trades, the deposit is returned to the Originator. All of these provisions are accounted for in the Trade Reserves shown below. Separately, when purchasing certain assets, Originators must provide deposits in the form of cash or additional assets. These provisions are accounted for in the Asset Reserves as shown below:

	2021 EUR	2020 EUR
Trade creditors	-	1,176,558
Trade accruals	487,321	487,321
Deferred Commissions	4,685,769	704,887
Investor funds	59,767,381	47,157,480
Investor yield and commission accrued	3,934,168	3,163,702
Total Trade Reserves	8,746,521	5,747,732
Total Asset Reserves	5,387,206	-
PAYE/PRSI	68,989	80,831
	<u>83,077,355</u>	<u>58,518,511</u>

9.14 Creditors: Amounts due after 1 Year

	2021 EUR	2020 EUR
Director's loan balance	375,000	375,000
	<u>375,000</u>	<u>375,000</u>

The loan balances above have a Nil interest rate and are payable in a period greater than 1 year.

9.15 Called Up Share Capital Presented as Equity

	2021 EUR	2020 EUR
Authorised:		
1,000,000 (2020: 1,000,000) Ordinary shares of EUR 1.00 each	1,000,000	1,000,000
Allotted, called up and fully paid:		
100 (2020: 100) Ordinary shares of EUR 1.00 each	100	100
Presented as follows:		
Called up share capital presented as equity	100	100

The Company has one class of ordinary shares which carry no right to fixed income.



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9.16 Related Party Transactions

Related parties in the entity include Key Management Personnel, subsidiary undertakings, associated undertakings, post-employment benefits and connected parties. There were no subsidiary undertakings during the period and no amounts owed or owing at 2021-12-31. The following disclosures are made in accordance with the provisions of FRS 102 Section 33 regarding Related Party Disclosures. Under FRS 102 Section 33, Key Management Personnel are defined as comprising Executive and Non-Executive Directors together with Senior Executive Officers, namely, the members of the Executive Committee. As at 2021-12-31, the entity had 4 Key Management Personnel.

Compensation of Key Management Personnel

	2021 EUR	2020 EUR
Related Parties, Key Management Personnel & Director's Remuneration	510,000	548,790

Transactions with Key Management Personnel

As at 31 December 2021 the aggregate amounts owed to and transacted with Key Management Personnel, together with members of their close families and entities controlled by them and are shown in the following table

	2021 EUR	2020 EUR
Directors Loan	375,000	375,000
ETR Investments	366,798	227,660
Accruals	238,719	251,722
ETR Revenue	-	6,518
ETR Receivable	38,669	19,183
Short-term compensation	-	40,000
Related Parties IT Services	5,040	15,486

9.17 Ultimate Controlling Party

The company's ultimate controlling party is Credebt Holdings Limited. Credebt Holdings Limited is the 100% beneficial owner of the company since 2018-12-11. There has, as a result of the creation of the holding company, not been any change in the ultimate controlling party or in the issued share capital of the company. The 99% controlling party, and registered ultimate beneficial owner of Credebt Holdings Limited, is Patrick Reynolds.



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9.18 Reconciliation of operating profit to cash generated from operations

	2021 EUR	2020 EUR
OPERATING PROFIT	357,821	628,913
Adjusted for:		
Depreciation of tangible fixed assets	20,059	47,027
Amortisation of intangible fixed assets	204,041	179,599
Depreciation of Leasabill® fixed assets	2,780,420	1,437,518
Operating cash flow before movement in working capital	3,362,342	2,293,057
Decrease/(Increase) in debtors	(47,628)	-
(Increase)/Decrease in Exchange Traded Receivables [ETR]	(9,831,766)	3,521,708
Decrease in creditors	11,948,943	516,106
Receipts from Investors	22,906,215	17,866,876
Repayments to Investors	(10,296,312)	(12,865,250)
NET CASH GENERATED FROM OPERATIONS	18,041,792	11,332,497

9.19 Subsequent Events

During 2021, the board decided to form Credebt Shipping, Inc. to extend the Credebt Exchange® asset market model specifically for all vessel assets. Credebt Shipping, Inc. did not trade in 2021 and began trading on 2022-01-01. It is a subsidiary of Credebt Holdings Limited.