# GREENCARE CAPITAL PLC
# ANNUAL REPORT AND FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 31 OCTOBER 2021

## Contents

### Company number
12237710 (England and Wales)

### Directors
Richard Tonthat, Chief Executive Officer
Monica Formenti, Independent Non-Executive Director
Guy Winterflood, Independent Non-Executive Director

### Company secretary
MSP Secretaries Limited
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London W1W 8DH

### Registered office
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### AQUIS stock exchange corporate adviser
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### Legal advisers to the company
Charles Russell Speechlys
5 Fleet Place
London EC4M 7RD

### Independent Auditor
Jeffreys Henry LLP
Statutory Auditor
5 – 7 Cranwood Street
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### Registrars
Share Registrars Limited
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17 West Street
Farnham GU9 7DR

**Introduction**
Greencare Capital plc (the “Company” or “Greencare”) is an enterprise company quoted on the Aquis Stock Exchange Growth Market (“AQSE”). The Company was incorporated on 1 October 2019 and its shares were admitted to trading on 30 December 2019.

The Company’s investment strategy is to focus on the changing regulatory environment surrounding legal medicinal cannabis within countries that have well-developed and reputable laws and regulations for its production, research and distribution as well as investment opportunities within the hemp and CBD wellness sectors and other plant-based medicines. The law and regulation surrounding the cannabis sector, however, is constantly evolving. The Company’s investments, where applicable, will only focus on companies and businesses with activities that are lawful in the jurisdiction in which they take place and are either already lawful or are capable of being lawful in the UK. The Directors therefore believe that such activities should not amount to any offences under the POCA 2002 in the UK.

The Company invests directly or indirectly in public or private companies, in supply and distribution chains, or other businesses associated with the sector. Investments may take the form of debt or equity and it is expected that investment will ordinarily seek capital growth in the medium term in preference to income generating opportunities.

The Company identifies investment opportunities in the cannabis sector predominantly in Europe. The Directors believe that there are numerous investment opportunities within the wellness industry as well as fast-growing production, distribution and other associated businesses that will be of interest to the Company. The Directors will not invest in the recreational cannabis sector, or in entities or activities supported by the recreational sector, or any other related activities which would be deemed illegal under UK legislation.

**Investments during the year**
During the period under review, the Company has continued to review various investment opportunities and, on 31 March 2021 it announced that it had agreed to invest £100,000 in Clearly Supplements Limited (“Clearly”), as part of a £500,000 fund raising. The investment is by way of a convertible loan note (“CLN”) with a 5 per cent coupon and a 12-month duration. The CLN is expected to convert at the time of a public listing at a 30 per cent discount to the placing price at that time, subject to a maximum price of £157.50.

Clearly has developed a full range of products under the Clearly CBD brand. It is also establishing a number of distribution channels which include direct sales channels, and the Board is pleased to note that Clearly now has approximately 80 direct sellers, who are being trained and supported. Clearly intends to increase this number significantly during 2022. It is also focused on certain other key market segments such as the fitness sector and, at the same time, will be looking to build a retail presence and to operate online. Clearly has also entered into a supply agreement with Hempflax International, Europe’s largest independent hemp grower and processor.

Clearly is planning its own stock market listing in the short term.

On 23 April 2021, the Company agreed to make another equity investment of £100,000 in Voyager Life Limited (“Voyager”), as part of a £671,000 fund raising by Voyager.

Voyager, a health and wellness business focused on CBD and hemp seed oil, has developed a range of products under the Voyager and Voyager Life brands, including oils, gummies, bath and skincare products and is already generating revenues. It is currently developing a number of distribution channels which include direct sales, drop shipping, specialist retailers and online marketplaces.

On 30 June 2021, Voyager announced that it had completed its own IPO and admission to trading on The AQSE Growth Market, with Greencare holding approximately 2.8% of the enlarged issued share capital of Voyager at the time of flotation. Voyager now has approximately 32 formulated products, approximately 90 total stock keeping units available across its website and three retail stores in Scotland. With sales increasing, a strong product portfolio, broad distribution strategy and the company well capitalised, we look forward to further positive trading updates from Voyager.

The Board continues to believe the CBD sector has significant potential, with the UK being one of the world's largest and fastest growing markets for CBD products. The Board, however, is also cognisant that the CBD sector has not performed well recently and the latest developments with novel foods legislation in the UK, whilst providing clarity, is likely to cause short to medium term turbulence as companies are required to adapt. Within Europe, novel foods legislation is still to be agreed and has been much slower than initially anticipated. This makes cannabis and CBD investments within Europe very difficult.

As such, the Board considers it will continue to explore further investments in CBD and cannabis cautiously, as well as looking at related health, wellness and plant based medicine investments.

**Board Changes**

Since publication of the Company’s 2020 Final Results in April 2021, Fabio Carretta and Nicholas Lee have both stepped down from the board to focus on their other business interests. Both departed the Company with the Board’s thanks and best wishes. I was appointed to the board in May 2021 as CEO, and Monica Formenti was appointed as a non-executive director in September 2021.
The Board intends to align itself with the activities of the Company and its chosen investment areas and therefore may look to make further directorate changes as opportunities present themselves.

**Outlook**

Greencare continues to actively pursue additional investment and acquisition opportunities of varying sizes in the cannabis and CBD space, however, it does so cautiously. It also anticipates it will take a broader view in the medium term, or until such time as the sector shows stability, than it has been doing to include related health, wellness and plant based medicine investments as per its strategy.

The Directors believe that Greencare is well placed to deploy funds in line with the Company's stated investment strategy and looks forward to updating the market further in the near future.

**Richard Tonthat**
**Chief Executive Officer**
**25 April 2022**

The Directors present their strategic report on Greencare Capital plc (the "Company") for the year ended 31 October 2021.

**Principal Activity**
Greencare Capital plc is an investment company quoted on the Aquis Stock Exchange Growth Market ("AQSE"). Its shares were admitted to trading on AQSE on 30 December 2019.

The Company's principal activity is focussed investment in cannabis sectors within countries that have well-developed and reputable laws and regulations for its production, research and distribution; and the CBD and Hemp sectors.

**Business Review**
The Statement of Comprehensive Income and Statement of Financial Position for the year are set out on pages 16 and 17 respectively. A review of developments affecting the Company during the year and of its prospects for the future appear in the CEO's Statement on page 2.

**Key Performance Indicators**
The Key Performance Indicators ("KPIs") for the Company are listed as follows:

| | **2021** | **2020** |
|---|---|---|
| Earnings/(loss) per share (pence) | (£0.03) | (£0.04) |
| Cash and cash equivalents | £878,000 | £1,463,000 |

**Future developments**
The CEO's Statement on page 2 provides information on the outlook for the Company.

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

***Business and investment performance risk***
Business performance risk is the risk that the Company may not perform as expected either due to internal factors or due to competitive pressures in the markets in which they operate. The Company seeks investments in companies with growth potential. The Directors identify suitable investment opportunities in accordance with the investment strategy.

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

**Principal risks and uncertainty (continued)**

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

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

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

***Market conditions***
Market conditions, especially in the context of the COVID-19 pandemic, prevailing throughout the year under review, may have a negative impact on the Company's ability to make investments in suitable entities which generate acceptable returns, or to disinvest in a timely manner such that acceptable returns can be realised.

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

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

***Financial sanctions on Russia***
Worldwide financial sanctions on Russia are likely to lead to increased market volatility and could make it more difficult to do business in Europe. However, the likely future impact is difficult to assess at this stage but the Company will continue to monitor the situation closely.

***COVID-19***
It is clear that the spread of the COVID-19 coronavirus has had and will have a material impact on many economies globally, both through the effects of the virus itself and the measures taken by governments to restrict its spread.

The principal impact of COVID-19 on the Company's operations, however, is limited such that it has only slowed down the speed with which the Company can make investments, due to travel restrictions or similar. The Company has not suffered any significant impact from COVID-19 on any investments and so the measurement of assets and liabilities in the accounts has not been adjusted for its potential impact. Further information about the impact of COVID-19 on a going concern basis is set out in the relevant section in the Directors' Report.

***Promotion of the Company for the benefit of the members as a whole***

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

The requirements of s172 are for the Directors to:

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

The Directors believe that the application of S172 requirements can be demonstrated in relation to some of the key decisions made and actions taken during 2021.

| **Category** | **How the directors have engaged** | **Impact of action** |
|---|---|---|
| Shareholders and investors | The Directors have communicated regularly with shareholders and investors via public announcements, its Annual General Meeting held in June 2021 and the publication of an interim statement. | The Company's share price has been maintained and it is in excellent financial position. |
| Suppliers | The Company has focused on developing long term and mutually beneficial relationships with its suppliers. | Relationships have been maintained with all suppliers in place at the beginning of the period. |
| Employees | Whilst the Company is small, it makes sure that it works closely with its employees and directors, keeping them all closely and regularly informed of all developments at the Company. | Employees and directors are committed to the Company's mission and objectives. |

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

This strategic report was approved by the board of directors on 25 April 2022 and signed on its behalf by:

**Richard Tonthat**
**Chief Executive Officer**

The Directors present their report and the audited financial statements of the Company for the year to 31 October 2021.

**Directors**
The Directors of the Company during the year were:

| | |
|---|---|
| Richard Tonthat | CEO (appointed 12 May 2021) |
| Fabio Carretta | CEO (resigned 11 May 2021) |
| Nicholas Lee | Independent Non-Executive Chairman (retired 29 June 2021) |
| Guy Winterflood | Independent Non-Executive Director |
| Monica Formenti | Independent Non-Executive Director (appointed 20 September 2021) |

The Directors' biographies can be found on page 10.

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

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

| | Fees/ Basic Salary £ |
|---|---|
| Richard Tonthat | 30,874 |
| Nicholas Lee | 31,600 |
| Guy Winterflood | 24,500 |
| Monica Formenti | 3,545 |
| Fabio Carretta | 6,109 |
| | **96,928** |

**Pensions**
The Company had no pension schemes in place during the period under review.

**Directors' interests**
The Directors had no interests in the shares of the Company at the end of the year.

**Option scheme**
The Company operates an unapproved share option scheme and has granted options to its directors. A summary of the option granted to each director is shown below. See note 12 for further details on the options.

| | Number of options granted |
|---|---|
| Richard Tonthat | 360,000 |
| Nicholas Lee | 174,545 |
| Guy Winterflood | 174,545 |
| Fabio Carretta | 218,182 |
| | 927,272 |

**Events post- balance sheet date**
Details of significant events since the balance sheet date are contained in Note 16 to the financial statements and covered in the outlook section of the CEO's Statement.

**Future developments**
The CEO's Statement on page 2 provides information on the outlook of the Company.

**Substantial shareholdings**
As far as the Directors are aware, as at 25 April 2022 , the following shareholders are interested in 3% or more of issued share capital of the Company.

| Shareholder | Number of Ordinary Shares of 1p each | % of Issued Share Capital |
|---|---:|---:|
| E Value One Limited | 8,000,000 | 54.1% |
| Eight Capital Partners plc | 2,944,000 | 23.8% |
| Carolina Filippini | 500,000 | 3.9% |

**Going concern**
As at 31 October 2021, the Company had cash of £0.88 million. As an investment business, the Company has limited operating cash flow and is dependent on the performance of its investments and its cash balances for its working capital requirements. The Company has full discretion over the deployment of capital for new investments as long as it is in line with its stated investment policy, and also closely manages legal fees and due diligence costs of all potential investments. Annualised normal running costs of the Company are circa £0.3m. As at the date of this report, the Company had approximately £0.74 million of cash at bank.

The Directors are therefore of the opinion that the Company 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.

The Company's employees carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with U.K. Adopted International Accounting Standard (IFRS and applicable law).

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

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

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

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

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

**Statement of disclosure of information to auditors**
Each Director in office at the date of approval of this Directors' report confirms that:

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

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

This report was approved by the Board of Directors on 25 April 2022 and signed on behalf of the board by.

**Richard Tonthat**
**Chief Executive Officer**

**Board of Directors**

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

**Richard Tonthat**
*CEO (appointed 12 May 2021)*
Richard qualified as a Chartered Accountant with PricewaterhouseCoopers and is an experienced corporate financier and investment adviser with recent experience in the cannabis sector. Prior to joining Greencare, he was an independent consultant advising on M&A, debt financing and equity investments. During this time, he worked with British American Tobacco plc on a number of transactions, including a C$221million equity investment into a listed Canadian cannabis licensed producer. Previously he was a Director in the Corporate Finance team at Grant Thornton where he managed a portfolio of public company clients and had a proven track record of delivering multiple M&A, IPO, debt and private equity fundraising projects.

**Guy Winterflood**
*Independent Non-Executive Director*
Guy has had a 30 year career with extensive experience in financial markets, management, operations, strategy, marketing and technology in sectors as diverse as share trading and executive jets. A significant part of his career was spent at Monument Securities (which was acquired by Insinger de Beaufort) trading in options and leveraged products. Guy is currently Chairman of Hempflax, one of Europe's largest growers of hemp for industrial use which cultivated 2,500 hectares in 2017, and expects to cultivate more than 3,500 hectares by 2020. There is a huge demand for high- quality professional hemp products in industry and for the fast developing CBD and cannabis sectors globally.

**Monica Formenti**
*Non-Executive Director*
Monica qualified as a Lawyer in 2009 in Milan, Italy, and has practiced corporate and commercial law for a number of multi-national organisations since then. She is currently a director of an international corporate advisory firm in Milan, providing wide-ranging advice on all legal matters relating to corporate and civil law, including corporate governance, commercial agreements, M&A and corporate finance. Previously she worked for 11 years at PPG Industries Inc based in Milan, part of a multinational organisation operating in the chemicals industry as Head of its Legal Department. This included dealing with all legal and corporate/compliance issues, commercial contracts and other regulatory matters including the management of shareholder meetings.

**Opinion**
We have audited the financial statements of Greencare Capital Plc (the "Company") for the period ended 31 October 2021 which comprise the statement of comprehensive income, the company statements of financial position, the company statements of changes in equity, the company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 October 2021 and of the Company's loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006;

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included, as part of our risk assessment, review of the nature of the business of the Company, its business model and related risks including where relevant the impact of the COVID-19 pandemic, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

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.

**Summary of our audit approach**
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

*Audit scope*
Our audit scope covered 100% of loss before tax and 100% of net assets of the Company.

*Significant changes in our approach*
No significant changes have been made to our audit approach.

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

- Accounting treatment of share-based payments

These are explained in more detail below.

| **Key audit matter** | **How the scope of our audit addressed the key audit matter** |
|---|---|
| **Valuation of unquoted investments**<br><br>Investments are the most significant balance on the balance sheet with carrying value of £164k as at period end and the value for unquoted investments (£100k) is reliant on third party financial information and projections. Due to the nature of the unquoted investments, there is a lack of observable inputs and therefore the key risk is considered to be the fair value of investments. We therefore identify the valuation of unquoted investments held for trading as high risk. Quoted investments (£64k) were valued using observable inputs and therefore are a lower risk item The company's accounting policy on investments and critical accounting estimates is shown in note 2 to the financial statements | Our audit procedures included, amongst others:<br><br>We obtained an understanding of the methodologies used by management to determine the fair value of unquoted investments. This was then compared to recognized valuation standards, such as the International Private Equity and Venture Capital Valuation Guidelines to establish the validity of the methodologies used. We tested the key inputs to the valuation model, and considered the sensitivity of the valuations to changes in key assumptions. We assessed the mathematical accuracy of the valuation calculations, and corroborated ownership of all investments held. The adequacy of disclosures in the financial statements in respect of the methodologies, assumptions and fair value hierarchy was reviewed. |

**Our application of materiality**
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| Overall materiality | £29k |
| How we determined it | Based on 2.5% gross assets |
| Rationale for benchmark applied | We believe that gross assets are a primary measure used by shareholders in assessing the financial strength of the Company and is a generally accepted auditing benchmark. |

*Performance materiality*

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of the overall materiality.

We determined performance materiality with reference to factors such as our understanding of the Company and its complexity, the quality of the control environment and ability to rely on controls.

*Error reporting threshold*
We agreed with the Board that we would report to them misstatements identified during our audit above £1.5k as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**An overview of the scope of our audit**
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

*How we tailored the audit scope*
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which they operate.

**Other information**
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**
As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

***The extent to which the audit was considered capable of detecting irregularities including fraud***
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of investment companies.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 of the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisor.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**Use of this report**

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

Sanjay Parmar (Senior Statutory Auditor)
For and on behalf of Jeffreys Henry LLP, Statutory Auditor
Finsgate
5-7 Cranwood Street
London EC1V 9EE
25 April 2022

**Greencare Capital plc**
**Statement of Comprehensive Income**
For the year ended 31 October 2021

| | Note | 2021<br>£'000 | *13-month period ended 31 October*<br>2020<br>£'000 |
|---|---|---|---|
| Administrative expenses | | (376) | (427) |
| **Operating loss** | 4 | **(376)** | **(427)** |
| Interest income | | 3 | - |
| **Loss before tax** | | **(373)** | **(427)** |
| Taxation | 6 | - | - |
| **Loss for the financial year** | | **(373)** | **(427)** |
| **Other comprehensive income for the year** | | - | - |
| **Total comprehensive loss** | | **(373)** | **(427)** |
| **Earnings/(loss) per share (pence) from continuing operations attributable to owners of the Company – Basic & Diluted** | 7 | (0.03) | (0.04) |

The notes on pages 20 to 33 form part of these financial statements.

**Greencare Capital plc**
**Statement of Financial Position**
As at 31 October 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Financial assets | 13 | 164 | - |
| | | **164** | **-** |
| **Current assets** | | | |
| Trade and other receivables | 8 | 62 | 38 |
| Cash and cash equivalents | | 878 | 1,463 |
| **Total current assets** | | **940** | **1,501** |
| **Total assets** | | **1,104** | **1,501** |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 54 | 80 |
| **Total current liabilities** | | **54** | **80** |
| **Net assets** | | **1,050** | **1,421** |
| **Capital and reserves** | | | |
| Share capital | 10 | 148 | 148 |
| Share premium | | 1,587 | 1,587 |
| Share based payment reserve | 11 | 115 | 113 |
| Retained earnings | | (800) | (427) |
| **Total equity** | | **1,050** | **1,421** |

The financial statements were approved by the Board of Directors on 25 April 2022 and signed on its behalf by:

**Richard Tonthat**
**CEO**

Company number 12237710

The notes on pages 20 to 33 form part of these financial statements.

**Greencare Capital plc**
**Statement of Changes in Equity**
For the year ended 31 October 2021

| | Share capital | Share premium | Share based payment reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| **As at 1 October 2019** | **-** | **-** | **-** | **-** | |
| Loss for the year | - | - | - | (427) | (427) |
| **Total Comprehensive Income** | **-** | **-** | **-** | **(427)** | **(427)** |
| Issue of shares | 148 | 1,834 | - | - | 1,982 |
| Share issue costs | - | (138) | - | - | (138) |
| Share based payments | - | (109) | 113 | - | 4 |
| **Total Transactions with Owners** | **148** | **1,587** | **113** | **-** | **1,848** |
| **As at 31 October 2020** | **148** | **1,587** | **113** | **(427)** | **1,421** |
| Loss for the year | - | - | - | (373) | (373) |
| **Total Comprehensive Income** | **-** | **-** | **-** | **(373)** | **(373)** |
| Share based payments | - | - | 2 | - | 2 |
| **Total Transactions with Owners** | - | - | 2 | - | 2 |
| **As at 31 October 2021** | **148** | **1,587** | **115** | **(800)** | **1,050** |

The notes on pages 20 to 33 form part of these financial statements.

**Greencare Capital plc**
**Statement of Cash Flows**
For the year ended 31 October 2021

| | 2021 £'000 £'000 | *13-month period ended 31 October* 2020 £'000 £'000 |
|---|---|---|
| **Cash from operating activities** | | |
| Loss before tax | (373) | (427) |
| Adjustments for: | | |
| Interest income | (3) | - |
| Share based payment charge | 2 | 4 |
| Change in value of financial assets | 39 | - |
| (Increase)/decrease in trade and other receivables | (24) | (38) |
| Increase/(decrease) in trade and other payables | (26) | 80 |
| **Net cash used in operating activities** | **(385)** | **(381)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares (net of issue costs) | - | 1,844 |
| **Net cash from financing activities** | **-** | **1,844** |
| **Cash flows from investing activities** | | |
| Purchase of investments | (200) | - |
| **Net cash from investing activities** | **(200)** | **-** |
| **Net cash flow for the year** | **(585)** | **1,463** |
| Cash and cash equivalents at beginning of year | 1,463 | - |
| **Cash and cash equivalents at end of year** | **878** | **1,463** |
| **Net change in cash and cash equivalents** | **(585)** | **1,463** |

The notes on pages 20 to 33 form part of these financial statements.

**1. General information**

Greencare Capital plc is a public limited company limited by shares and was incorporated in England on 1 October 2019 with company number 12237710. Its registered office is 5 Fleet Place, London, EC4M 7RD.

The Company's shares are traded on the Aquis Stock Exchange Growth Market under ticker ECP and ISIN number GB00BJBYK814.

The Company's investment strategy is to focus on investments in Cannabis sectors within countries that have well-developed and reputable laws and regulations for its production, research and distribution; and the CBD and Hemp sectors.

The financial statements present the year to 31 October 2021. The comparatives present the 13 month period from 1 October 2019 to 31 October 2020.

**2. Accounting policies**

*Basis of preparation*
The financial statements of Greencare Capital plc have been prepared in accordance with U.K. Adopted International Financial Reporting Standards in conformity with the Companies Act 2006 ('Adopted IFRS').

These 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.

The financial statements are presented in Pounds Sterling, which is the Company's presentation and functional currency, and are presented in £'000 unless otherwise stated.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

*First time adoption of IFRS*
The Company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently applied IFRS 1. The transition to Adopted IFRS has not affected the reported financial position, financial performance and cashflows of the Company. As such, the Company has not had to adjust amounts previously reported in the financial statements prepared in accordance with its old basis of accounting (UK GAAP).

The Company's financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (31 October 2021).

The accounting policies have been used throughout all periods presented in the financial statements. IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. No exemptions have been taken in these financial statements.

**2. Accounting policies (continued)**

*New and amended standards adopted by the Company*
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Company.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 November 2020 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact on the financial statements of the Company.

The new standards include:

| | |
|---|---|
| IFRS 3 | Business Combinations (amendments) |
| IAS 1 | Presentation of Financial Statements (amendments) |
| IAS 37 | Provisions, contingent liabilities and contingent assets (amendments) |
| IAS 16 | Property, plant and equipment (amendments) |

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the Company.

*Going concern*
As at 31 October 2021, the Company had cash of £0.88 million. As an investment business, the Company has limited operating cash flow and is dependent on the performance of its investments and its cash balances for its working capital requirements. Annualised normal running costs of the Company are circa £0.3 million. As at the date of this report, the Company had approximately £0.74 million of cash at bank.

The Directors are therefore of the opinion that the Company 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.

The Company's employees can carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

*Income tax*
Income tax expense represents the sum of the tax currently payable and deferred tax. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Company operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**2. Accounting policies (continued)**

*Income tax (continued)*
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*Provisions*
A provision is recognised when the Company has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*Financial instruments*
A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Companies contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Companies obligations specified in the contract expire or are discharged or cancelled.

**2. Accounting policies (continued)**

*Financial instruments (continued)*

*Financial liabilities*
*Initial recognition and measurement*
Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the balance sheet date, the Company did not have any financial liabilities in the category of financial liabilities at fair value through profit or loss.

*Subsequent measurement*
Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

*Derecognition*
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

*Investments and other financial assets*
The Company measures its equity investments as financial assets at fair value though the profit or loss.

*Fair value measurement*
The Company measures financial instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**2. Accounting policies (continued)**

*Fair value measurement (continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

*Impairment of non-financial assets*
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2. Accounting policies (continued)**

*Share Capital*
Share Capital consists of one class of ordinary shares.
Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares bestow full rights on shareholders.

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

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

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

*Cash and cash equivalents*
Cash and cash equivalents comprise cash at hand and current balances at banks.

*Foreign currencies*
*Functional and presentation currency*
The financial statements are presented in Pounds Sterling, which is the Company's presentation and functional currency.

*Transactions and balances*
Transactions in foreign currencies are converted into the functional currency on initial recognition, using the exchange rates approximating to those ruling at the transaction dates. At each period end foreign currency monetary items are translated using the rates ruling as of that date. Non-monetary assets and liabilities are not retranslated. All exchange differences are recognised in profit or loss.

## 3. Critical accounting estimates and judgements

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

*Critical judgements in applying the entity's accounting policies*

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

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

Further details relating to management's assessment of the carrying value of unlisted investments can be found in the Strategic Report. Management have concluded that there are no indications of impairment to the value to the unlisted investments following this assessment.

## 4. Operating loss

The operating loss is stated after charging/(crediting):

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Auditors' remuneration: | | |
| Audit fees | 12 | 10 |
| Other taxation services | 2 | - |
| Share based payments | 2 | 13 |

### 5. Staff costs

| | 2021 | 2020 |
|---|---|---|
| The average number of persons (including executive directors) employed by the Company during the year: | 3 | 3 |

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Wages and salaries (including directors) | 84 | 77 |
| Social security costs | 9 | 4 |
| | **93** | **81** |

**Director's remuneration**

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Salaries and fees | 97 | 81 |

### 6. Taxation

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Taxation | - | - |
| **Reconciliation of tax charge** | | |
| Loss on ordinary activities before taxation | (373) | (427) |
| Current tax on loss of the year at standard rate of UK corporation tax of 19% | (71) | (81) |
| Expenses not deductible for tax purposes | - | - |
| Losses carried forward | 71 | 81 |
| Tax in the income statement | - | - |

The Company has tax losses of approximately £0.80m to carry forward against future profits. The Directors have not recognised a deferred tax asset on the losses to date due to the uncertainty of recovery.

### 7. Earnings per share

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Earnings** | | |
| Loss for the period | (373) | (427) |
| **Number of shares** | | |
| Weighted average number of shares for the purposes of basic and diluted earnings per share | 14,792,374 | 10,714,296 |
| Earnings per share (pence) | (0.03) | (0.04) |

## 8. Trade and other receivables

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Other receivables | 59 | 35 |
| Prepayments | 3 | 3 |
| | **62** | **38** |

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

## 9. Trade and other payables

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Trade payables | 32 | 52 |
| Taxation and social security | 3 | 11 |
| Accruals and other payables | 19 | 17 |
| | **54** | **80** |

## 10. Share capital

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| 14,792,374 Allotted, issued and fully paid Ordinary shares | 148 | 148 |

## 11. Reserves

The Company's reserves are as follows:

- The share capital comprises the issued ordinary shares of the company at par.
- The share premium represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.
- The share option and warrant reserve arise from the requirement to value share options and warrants in existence at the grant date (see Note 12).
- Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

### 12. Share option and warrant reserve

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

**Share options**
During the year, the Company issued a total of 360,000 options to acquire shares to one of its directors.

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

| | Number | Weighted average exercise price (pence) |
|---|---|---|
| **Outstanding at 1 November 2020** | 567,272 | 27.5p |
| Issued | 360,000 | 30.5p |
| Lapsed | (218,182) | 27.5p |
| **Outstanding at 31 October 2021** | **709,090** | **29.0p** |

Vesting criteria for options granted under the Scheme are as follows:

| Amount vesting | Time conditions | Performance criteria |
|---|---|---|
| 50% (“Tranche one”) | On the business day following the first calendar year following the date of grant | the NAV on the Tranche One Vesting Date not being less than the NAV on the Grant Date |
| 50% (“Tranche two”) | On the business day following the second calendar year following the date of grant | the NAV on the Tranche Two Vesting Date being a minimum of 10% higher than the NAV on the Grant Date |

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

| | **2020** | **2021** |
|---|---|---|
| Exercise price (pence) | 27.5p | 30.5p |
| Number of warrants | 567,272 | 360,000 |
| Expected volatility | 30% | 30% |
| Risk free interest (%) | (0.430%) | 0.59% |
| Time to expiration at date of grant (i.e. life of options) in years | 2 | 2 |

The total expense for the year in respect of the share options issued was £6,248.

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

**Warrants**
The Company has in issue 1,808,606 investor warrants which expire December 2024.

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

| | Number | Weighted average exercise price (pence) |
|---|---|---|
| **Outstanding at 1 November 2020** | 1,808,606 | 25p |
| Issued | - | - |
| **Outstanding at 31 October 2021** | **1,808,606** | **25p** |

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

| | 2020 |
|---|---|
| Exercise price (pence) | 25p |
| Number of warrants | 1,808,606 |
| Expected volatility | 30% |
| Risk free interest (%) | 0.568% |
| Time to expiration at date of grant (i.e. life of warrants) in years | 5 |

### 13. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised below:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Carrying amount of financial assets** | | |
| *Measured at amortised cost* | | |
| Cash and bank balances | 878 | 1,463 |
| *Measured at fair value through profit and loss* | | |
| Financial assets | 164 | - |
| **Carrying amount of financial liabilities** | | |
| *Measured at amortised cost* | | |
| Trade payables | 54 | 52 |

**13. Financial instruments (continued)**

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Non-current assets** | | |
| **Investments held at fair value** | | |
| Listed investments | 64 | - |
| Unlisted investments | 100 | - |
| | **164** | **-** |
| **Categories of Financial assets at fair value** | | |
| **Financial assets at fair value** | | |
| Fair value through profit and loss (FVTPL) | | |
| - Listed investments | 64 | - |
| - Unlisted investments | 100 | - |
| | **164** | **-** |
| **Changes in value of financial instruments at fair value for the year** | | |
| Charge to the Statement of Comprehensive Income | 39 | - |

**Valuation techniques and assumptions applied for the purposes of measuring fair value**
The fair value of financial assets is determined using level 1 and level 2 of fair value hierarchy as outlined in the accounting policies note.

The Company raises finance through equity issues and places surplus cash on short term deposits, in addition to its principal activity. The Company has no borrowings facilities. The main risk associated with the company's financial instruments is market price risk. The polices for managing this risk are kept under review by the directors.

*Credit risk*
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on its investments and cash. In accordance with the Company's policy, the Board of Directors monitors the Company's exposure to credit risk on an ongoing basis.

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

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 90 days.

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

**13. Financial instruments (continued)**

*Interest rate risk*
The Company invests its surplus cash in a spread of fixed rate short term bank deposits to minimise risk and maximise flexibility. In doing so it limits its exposure to fluctuations in interest rate that re inherent in such markets. Overall, the risk is not considered to be significant.

*Currency risk*
The Company's holds Euro denominated currency to the total of €62,199, which expose the Company to the risk that the exchange rate of the Euro against the pound will change in a manner which adversely impacts the Company's net profit and net assets attributable to shareholders. A 10% increase in the Euro exchange rate against the pound would result in an increase in the Company's profit after tax of approximately £5.3k. A 10% decrease in exchange rates against the pound would have an equal and opposite effect.

*Price risk*
The Company currently does not currently hold external investments in equity securities and therefore not exposed to other price risk.

**14. Related party transactions**

**E Value One Limited**
*Shareholders in common*
E Value One Limited owns 54.1% of the Company and is ultimately controlled by Dominic White. During the prior period, the Company issued 1,079,426 warrants in favour of E Value One Limited with an exercise price of 25p and expiry date of December 2024. At the period end, the amounts due (to)/from E Value One Limited were nil.

**Eight Capital Partners plc**
*Shareholder in common*
Eight Capital Partners plc owns 17.3% of the Company. The CEO and controlling shareholder of Eight Capital Partners plc is Dominic White. During the prior year, the Company issued 384,000 warrants in favour of Eight Capital Partners plc with an exercise price of 25p and expiry date of December 2024. Eight Capital Partners plc charged the Company professional advisory fees of £nil (2020: £18,000) in relation to the Company's fund-raising activities. They also charged the Company support service fees of £29,500 (2020: £36,000). At the period end, the amounts due to Eight Capital Partners plc amounted to £11,208 (2020: £29,808).

**Epsion Capital Limited**
*Shareholders in common*
Eight Capital Partners plc owns the entire issued share capital of Epsion Capital Limited. During the year, Epsion Capital Limited charged the Company consultancy fees of £nil (2020: £96,274) in relation to the company's fund-raising activities. In the prior period, the Company issued 1,079,426 warrants with an exercise price of 25p each in favour of Epsion Capital Limited. The Company was charged £nil (2020: £375.43) in relation to bank fees incurred on its behalf and repaid £nil (2020: £416.40) to Epsion Capital Limited. At the period end, the amounts due (to)/from Epsion Capital Limited were £64.64 (2020: £40.97).

### 14. Related party transactions (continued)

**Innovative Finance SRL**
*Shareholders in common*
Eight Capital Partners plc owns the entire issued share capital of Innovative Finance SRL. During the year, Innovative Finance SRL charged the Company consultancy fees of £20,000 (2020: nil) in relation to M&A advice.

**Key management personnel compensation**
Key management are considered to be the directors of the Company. Details of their remuneration and equity holdings are disclosed in the Directors Report.

### 15. Ultimate controlling entity

E Value One Limited owns 54.1% of the issued share capital who is ultimately controlled by Dominic White.

### 16. Post balance sheet events

There were no reportable post balance-sheet events at the date of this report.