



Braveheart Investment Group plc
Half-Yearly Report
2020

HIGHLIGHTS

- Revenue of £895,000 in the six months ended 30 September 2020 (2019: £250,000);
- Profit of £402,000 in the six months ended 30 September 2020 (2019: £122,000 loss);
- Profit per share of 1.21p in the six months ended 30 September 2020 (2019: Loss - 0.48p);
- Conditional sale of Pharm 2 Farm Limited, completed post period end
- Acquisition of a further stake in Phase Focus Limited bringing the total shareholding to 42%
- Proof of concept achieved in COVID-19 project at Paraytec Limited
- Funds raised in the period totalling £675,000

Post Period End

- Sale of entire holding in Remote Monitored Systems plc for £17.4 million
- Group Cash held as at 30 November 2020 increased to £18.15 million
- Special Dividend declared of 42.75 pence per share

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Disclaimer

This half-yearly report contains certain forward-looking statements, which reflect the knowledge of, and information available to, the directors at the date of preparation of this half-yearly report. By their nature, these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and there are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

We are pleased to report to shareholders the results for the six months ended 30 September 2020. Progress has continued in all Group activities and detailed operational summaries follow later in this report. We are particularly pleased that as a consequence of the successful outcome generated from investments made over the last few years we are able to declare a special dividend to shareholders of 42.75 pence per share, which is expected to be paid on 10 January 2021 and the details of which are provided in a separate announcement published today, 3 December 2020.

Financial Review

We have undertaken an unaudited interim review of the valuations of the Group's investments and have concluded that, as at 30 September 2020, the fair value of the Group's investments was as follows:

- Valuation of Portfolio Investments: £295,000 (31 March 2020: £295,000)*
- Valuation of unconsolidated Strategic Investments: £1,907,000 (31 March 2020: £414,000)**
- Valuation of consolidated Strategic Investments: £399,677 (31 March 2020: £399,677)***

* these are the historic investments made by Braveheart up to 2015

** these are the new investments made by Braveheart since 2015

*** this is the goodwill value of these investments which have been made since 2015

Therefore, the total value of our investment portfolio as at 30 September 2020 was £2,601,677 (31 March 2020: £1,108,677). As at 30 September 2019 the comparable total valuation of our investments was £1,072,900.

We report a profit before tax for the period under review of £402,000 (2019: loss of £122,000). This equates to profit per share of 1.21 pence.

We did not dispose of any holdings in investee companies during the period under review. However, since the period end the valuation of our Strategic Investment portfolio materially increased as a result of the completion of the sale of Pharm 2 Farm Limited ("P2F") to Remote Monitored Systems plc ("RMS") and then our assets held as cash increased materially as a consequence of realising our entire holding in RMS at share prices that exceeded the Directors' expectations. P2F is included in our balance sheet at the period end with a valuation of £131,359 as an 'asset held for sale', with this designation and its valuation being determined by relevant accounting standards. Once the sale was completed on 5 November 2020 our holding in P2F was replaced by a larger shareholding in AIM quoted Remote Monitored Systems plc ("RMS"). The share price of RMS at the close of business on 20 August 2020, the day before we entered into a conditional agreement with RMS, was 0.4p per share. However, at the close of business on 4 November 2020, when the sale process was completed, the RMS share price had risen to 2.95 pence per share, which meant that our holding of 509,992,405 shares in RMS was valued at £13.51 million. This shareholding was comprised of the existing holding in RMS of 199,637,590 shares at the period end and the additional shares which formed the consideration for P2F of 310,354,815 shares. Since 5 November 2020 we have exercised all our warrants which totalled an additional 10 million shares and have also sold our entire holding of shares in RMS, which generated gross cash from our holding in RMS of approximately £17.35 million. We have separately today announced that the bulk of this cash will be distributed to shareholders in the form of a special dividend.

We believe that our Strategic Investments continue to be the most likely drivers of growth in shareholder value over the remainder of the current year and so have concentrated the remainder of this CEO Statement on their operations and prospects.

Gyrometric Systems Limited (*Braveheart owned 19.95% of the company at the period end*)

Gyrometric has developed a patent protected system of hardware and software to accurately monitor the critical parameters in rotating shafts.

During the period, Gyrometric Systems successfully demonstrated proof of concept for a new single sensor torsional vibration monitor ("TVM"). TVM is an important new application of the Gyrometric technology, demonstrating the capability to detect torsional vibrations quickly from an easy to use portable device. Torsional vibrations can indicate changes within a drive train which could lead to expensive down-time or catastrophic failure

Gyrometric continues to be in detailed technical discussions with one of the world's largest manufacturers of offshore wind turbines about the installation and testing of this Gyrometric technology on a large wind turbine early in 2021.

The testing aims to prove the Gyrometric designed laser system, a relatively light touch installation, and will provide monitoring of important parameters not previously measurable on a rotating turbine or indeed in the field on an extremely large and powerful wind turbine.

Gyrometric continues to work with Tarmac Limited, a major sustainable manufacturer of cement, in a programme to install and test its equipment on a cement production plant in the UK.

Pharm2Farm Limited (*Braveheart owned 52% of the company at the period end*)

We sold our 52% holding in this company to AIM quoted Remote Monitored Systems plc ("RMS") for a total of 310,354,815 new ordinary shares of 0.2 pence each in RMS. The conditional sale was announced to the market on 21 August 2020 and, following approval of a waiver to make a mandatory offer under the City Code by the Panel on Takeovers and Mergers and by RMS shareholders, the transaction was completed on 5 November 2020.

Remote Monitored Systems plc (*Braveheart owned 25% of the company at the period end*)

On 30 June 2020 the Company announced that it had acquired a total of 119,637,590 ordinary shares of 0.2 pence each in Remote Monitoring Systems plc ("RMS") at a price of 0.275 pence per share for a total consideration of £329,003 from me. In addition, certain of the shares acquired had warrants over new ordinary shares in RMS attached which were exercisable at a price of 0.5 pence per share totalling 10,000,000 warrants. On 13 July 2020 we announced that we subscribed for an additional 80,000,000 new ordinary shares of 0.2p nominal value each in RMS at a price of 0.25p per share in a placing which completed on 17 July 2020. As a result, Braveheart's holding in RMS increased to 199,637,590 shares, represented approximately 25.79% of the enlarged issued share capital (excluding the warrants over 10 million shares also held by Braveheart).

On 21 August 2020 we announced that we had agreed the conditional sale of our 51.72% holding in Pharm 2 Farm Limited ("P2F") to RMS for a consideration of 310,354,815 new Ordinary Shares of 0.2p each in RMS. Completion of this transaction was subject to a variety of conditions including the shareholders of RMS approving the transaction and the Takeover Panel granting a waiver of the Rule 9 obligations arising. All the conditions were duly satisfied and the sale completed on 5 November 2020. This sale resulted in Braveheart's holding in RMS Shares being increased to 509,990,405 RMS Shares, representing 37.12 per cent of the enlarged share capital of RMS.

Phasefocus Holdings Limited (*Braveheart owned 42.67% of the company at the period end*)

As announced on 21 May 2020 Braveheart acquired an additional 22,145 shares in Phasefocus from another shareholder, increasing our holding to 42.67% of the capital of the company. This acquisition of shares completed on 5 June 2020 and was paid for by the issue of 700,000 new shares in Braveheart at a price of 29 pence per share.

Phasefocus the computational imaging technology company has developed the Virtual Lens™, a novel method for high fidelity quantitative phase imaging and microscopy that has a wide range of applications including live cell imaging, engineering metrology and electron microscope.

It's LiveCyte™ cell imaging system, with associated microscope and high-power computers can now be delivered in a self-contained 'trolley' format. The system can then be wheeled into any laboratory and installed by the researcher without specialist handling. With plug-and-play setup, this means that on-site visits by Phasefocus staff are no longer necessary, which is a great advantage to research institutions in the current restrictions on staff movement.

The switch to online sales meetings and virtual demonstrations for its high value instrument is proving successful. With life science research laboratories working hard throughout the pandemic the Company continues to have a strong sales pipeline for LiveCyte2™ instruments and received orders from customers in Italy, Israel and China, as well as software and hardware upgrades to existing LiveCyte™ users at York, Manchester and Hull Universities, the Francis Crick Institute, and others.

As well as original equipment sales to customers, the Company is seeing a growing demand long term for service contracts. Phasefocus sees this as an excellent opportunity to increase guaranteed revenues, whilst providing users with certainty that they continue to operate at the forefront of the scientific capability, through regular system updates and servicing.

Using LiveCyte, researchers can track every cell in a cell colony and monitor changes to their morphology over time, even over many days. This is proving to be vital information for researchers in drug development. When conducting perfusion experiments, they can now see and quantify any changes to cell morphology as a drug takes effect on the colony.

With increasing demand for its instruments, the Company is recruiting a further Application Scientist, with a PhD in cell biology, to join its team.

In addition, Phasefocus' measurement service for the optical accuracy of contact lenses is being provided to two of the leading producers of bifocal and trifocal lenses.

Paraytec Limited (*Braveheart owned 100% of the company at the period end*)

Paraytec develops high performance specialist detectors for the analytical and life sciences instrumentation market. In addition, the company has undertaken a programme with University of Sheffield to develop a rapid test for identifying cancer and viruses. Initially work was focused on the identification of bladder cancer in urine but this focus was changed in April 2020 to the identification of the pandemic pathogen, COVID-19. The development of a sensitive, specific and fast test for COVID-19 is progressing well and on schedule and the following update was reported on 10 November 2020. We also believe that the platform that has been created for the fast, sensitive and specific test for COVID-19 can be easily and quickly adapted to be a test for a variety of other virus and bacterial infections.

Scientific

Work to ensure that Paraytec has an integrated technology proposition combining the proprietary biochemistry, hardware and software that has been developed is making good progress. Paraytec is working to optimise the speed and accuracy of the test because these are the features most important for commercial success. This work includes speeding up the capture of virus particles from a swab or saliva sample using a

laser diode to make detection faster and more accurate and using a mobile phone camera to analyse the test. Paraytec is also investigating approaches for inactivation of virus particles prior to testing, so that sample handling will be safer and disposal will be made easier.

Regulatory Pathway

A key part of the pathway for the commercial launch of Paraytec's fast and sensitive COVID-19 test concerns the standards that regulators around the world require to be met prior to launch. Paraytec is focusing its efforts on meeting the requirements of major markets (and in particular the UK, EU and the US). Paraytec has engaged with the regulatory agency processes to ensure that the trials and specifications of its test will meet or exceed the requirements that the relevant regulatory agency has set out and to ensure that the regulatory approval process is fast-tracked wherever this is possible.

Funding

Braveheart has been working through the funding requirements of this project with the management of Paraytec and ensuring that all the funding required will be in place. Braveheart's financial resources has increased following the cash raised from the sale of its entire holding in Remote Monitored Systems plc. Consequently, Braveheart now expects that the forecast cash costs of this project can now be met in full by Braveheart without the requirement to raise any funding from other sources. The cash now allocated to this project is expected to be sufficient to take the project through to a point where the product is ready for commercial launch in the UK within the first half of 2021.

In addition, other non-financial support has been applied for from governmental organisations that provide assistance for the accelerated development of diagnostic devices in selected companies.

IP and Know How protection

The development of Paraytec's fast and sensitive COVID-19 test project uses a combination of existing intellectual property previously developed by Paraytec and also the creation of a wide range of new intellectual property within the fields of biochemistry, equipment hardware and software. Paraytec has employed specialist patent lawyers to assist with developing a pathway for the protection of the intellectual property and know how that has been developed during the creation of our COVID-19 test and to ensure that all novel intellectual property is protected by patents. Paraytec currently has a suite of five core patents granted and a further two patent applications submitted. Paraytec expects to be filing further additional patent applications over the next few weeks as it develops the intellectual property around the COVID-19 test project.

The NEXUS project concluded that Paraytec's technology could be used to characterise the therapeutic proteins and 'virus like particles' (VLPs) that are used to deliver new gene therapy drugs. Paraytec worked with a number of major biopharmaceutical companies, GSK, Medimmune and Fujifilm Diosynth Biotechnologies, in this project. The Company is in discussions with them to assess the applicability of its instrumentation across wider aspects of quality control in their production processes.

Paraytec's grant funded project to deploy its Actipix technology in the field of Alzheimer's disease (AD) diagnosis, working with a pan-European consortium of Karolinska Institute, Biomotif, Amsterdam University and MS Vision is continuing and following recent delays due to the COVID-19 restrictions to lab work, funders have granted a 6 month's extension to the project.

The project aims to develop a prototype instrument to test blood and cerebrospinal fluid for protein biomarkers. By measuring and monitoring these proteins, clinicians aim to more accurately diagnose patients and monitor their treatment. As previously reported, the ability to forecast the likely rate of mental decline for a given AD patient will be a major advance.

Sentinel Medical Limited (Braveheart owned 38.40% of the company at the period end)

Sentinel was formed to exploit Paraytec's measurement techniques in the detection and monitoring of bladder cancer from urine samples. This work has been carried out in collaboration with Professor Carl Smythe at Sheffield University.

A prototype instrument was tested with 'live' samples, provided by bladder cancer patients undergoing treatment for their condition, and it was concluded that further enhancements to the sensitivity of the test method were needed.

Due to the urgency of Paraytec's work associated with the COVID-19 project, described above, this project has been on hold for the past few months.

It is planned that, the techniques developed in the COVID-19 project will be also applied to Sentinel's bladder cancer product, enabling the Company to develop a point-of-care instrument for the diagnosis and monitoring of bladder cancer from urine samples.

Kirkstall Limited (Braveheart owned 80% of the company at the period end)

Kirkstall operates in the market known as 'organ-on-a-chip', where it has developed Quasi Vivo™, a system of chambers for cell and tissue culture in laboratories.

Kirkstall's annual conference, Advances in Cell and Tissue Culture ("ACTC") 2020, was successfully delivered online at the end of September. The two-day virtual conference saw 60 delegates attend from leading research institutions and industry. They heard over 20 presenters report on their latest research in cell culture and 'organ-on-a chip' development. ACTC is a flagship event for Kirkstall and a great opportunity for Quasi Vivo™ users to come together, meet their peers and learn from each other's work. We are in the process of planning future conferences in Europe, USA and Asia.

The €4.7m EU grant funded project, CyGenTiG, where Kirkstall is part of a European consortium to develop new techniques for the production of engineered tissues by optogenetics, is progressing well. The project aims to build replacement human organs, by controlling individual cell growth and differentiation. Kirkstall is working with a team of five universities to design, manufacture and test of new cell culture chambers, which may ultimately become a new product range.

Outlook

We are delighted with the achievements so far made in the current financial year and are working towards being able to continue this progress in generating further value for our shareholders. The ability for us to have been able to announce a special dividend of 42.75 pence per share is regarded by the Directors as very satisfactory and continues our policy of returning any excess cash back to shareholders as soon as practicable.

We continue to work closely with our Strategic Investments and expect to be able to announce further progress for a number of our investee companies in the near future.

Trevor E Brown
Chief Executive Officer

07 | INTERIM FINANCIAL STATEMENTS AND NOTES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 September 2020

| | | Six months ended 30 September 2020 (unaudited) £ | Six months ended 30 September 2019 (unaudited) £ | Year ended 31 March 2020 (audited) £ |
|--|------|---|---|--|
| Continuing operations | Note | | | |
| Revenue | | 148,430 | 254,067 | 431,570 |
| Change in fair value of investments | 5 | 746,837 | (6,111) | (139,859) |
| Finance revenue | | 147 | 2,102 | 3,278 |
| Total income | | 895,414 | 250,058 | 294,989 |
| Employee benefits expense | | (194,943) | (203,306) | (342,016) |
| Impairment of goodwill | | - | 16,327 | (72,108) |
| Bargain purchase | | - | - | 34,892 |
| Other operating costs | | (249,799) | (183,288) | (487,892) |
| Finance costs | | (1,515) | (2,113) | (3,352) |
| Total costs | | (446,257) | (372,380) | (870,476) |
| Profit/ (loss) before tax | | 449,157 | (122,322) | (575,487) |
| Tax | | - | 115 | 10,869 |
| (Loss)/ profit from discontinued operations | 3 | (47,185) | - | 803 |
| Profit/ (loss) after tax for the period and total comprehensive income for the period | | 401,972 | (122,207) | (563,815) |
| Profit/ (loss) attributable to: | | | | |
| Equity holders of the parent | | 418,278 | (130,197) | (575,528) |
| Non-controlling interest | | (16,306) | 7,990 | 11,713 |
| | | 401,972 | (122,207) | (563,815) |
| Basic earnings/ (loss) per share | | Pence | Pence | Pence |
| - Basic | 2 | 1.21 | (0.48) | (2.01) |
| - Diluted | 2 | 1.10 | (0.48) | (2.01) |

The above condensed consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

INTERIM FINANCIAL STATEMENTS AND NOTES | 08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2020

| | | 30 September 2020 (unaudited) £ | 30 September 2019 (unaudited) £ | 31 March 2020 (audited) £ |
|--|------|--|--|------------------------------------|
| | Note | | | |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 809 | 171 | 1,498 |
| Intangible assets | | 33,248 | 40,970 | 33,902 |
| Goodwill | 4 | 268,318 | 356,753 | 268,318 |
| Investments at fair value through profit or loss | 5 | 2,202,452 | 716,147 | 724,402 |
| | | 2,504,827 | 1,114,041 | 1,028,120 |
| Current assets | | | | |
| Inventory | | 106,098 | 97,748 | 116,031 |
| Trade and other receivables | | 56,822 | 237,948 | 87,512 |
| Assets held for sale | 3 | 305,321 | - | 325,771 |
| Cash and cash equivalents | | 659,662 | 1,054,788 | 522,002 |
| | | 1,127,903 | 1,390,484 | 1,051,316 |
| Total assets | | 3,632,730 | 2,504,525 | 2,079,436 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | (176,427) | (271,058) | (223,972) |
| Held for sale liabilities | 3 | (38,359) | - | (12,119) |
| Deferred income | | (66,606) | (74,224) | (66,606) |
| | | (281,392) | (345,282) | (302,697) |
| Total liabilities | | (281,392) | (345,282) | (302,697) |
| Net assets | | 3,351,338 | 2,159,243 | 1,776,739 |
| EQUITY | | | | |
| Called up share capital | 6 | 693,970 | 541,650 | 561,555 |
| Share premium | | 1,131,869 | - | 91,657 |
| Retained earnings | | 1,462,233 | 1,599,645 | 1,043,955 |
| Equity attributable to owners of the parent | | 3,288,072 | 2,141,295 | 1,697,167 |
| Non-controlling interest | | 63,266 | 17,948 | 79,572 |
| Total equity | | 3,351,338 | 2,159,243 | 1,776,739 |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM FINANCIAL STATEMENTS AND NOTES | 09

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2020

| | Six months ended 30 September 2020 (unaudited) £ | 30 September 2019 (unaudited) £ | 31 March 2020 (audited) £ |
|--|---|--|------------------------------------|
| Operating activities | | | |
| Profit/ (loss) before tax | 401,972 | (122,207) | (563,815) |
| Adjustments to reconcile profit/(loss) before tax to net cash flows from operating activities | | | |
| (Increase) / decrease in the fair value movements of investments | (746,837) | 6,111 | 139,859 |
| Investment movement owed to British Business Bank | 790 | - | - |
| Taxation | - | (115) | - |
| Depreciation | 8,053 | 6,711 | 14,187 |
| Impairment of goodwill | - | (16,327) | 72,108 |
| Interest income | (147) | (2,102) | (3,278) |
| Decrease / (Increase) in inventory | 20,510 | 18,545 | (21,401) |
| (Increase) / Decrease in trade and other receivables | (77,872) | 100,825 | 121,673 |
| Decrease in trade and other payables | (19,414) | (96,687) | (111,531) |
| Net cash flow used in operating activities | (412,945) | (105,246) | (352,198) |
| Investing activities | | | |
| Proceeds from sale of subsidiary | - | - | 105,000 |
| Increase in investments | (200,000) | (34,200) | (126,056) |
| Acquisition of intangible assets | (4,733) | (15,263) | (15,338) |
| Acquisition of tangible assets | (25,911) | - | (1,660) |
| Taxation | - | 115 | - |
| Interest received | 147 | 2,102 | 3,278 |
| Net cash flow used in investing activities | (230,497) | (47,246) | (34,776) |
| Financing activities | | | |
| Dividends paid | - | - | (135,413) |
| Funds raised, net of share issue costs | 640,623 | - | - |
| Net cash flow from financing activities | 640,623 | - | (135,413) |
| Net decrease/in cash and cash equivalents | (2,819) | (152,490) | (522,387) |
| Cash and cash equivalents at the start of the period | 684,891 | 1,207,278 | 1,207,278 |
| Cash and cash equivalents at the end of the period | 682,072 | 1,054,788 | 684,891 |

INTERIM FINANCIAL STATEMENTS AND NOTES | 10

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2020

| | Attributable to owners of the Parent | | | | | Non-controlling Interest | Total Equity |
|--|--------------------------------------|--------------------|---------------------|------------------------|------------------|--------------------------|------------------|
| | Share Capital £ | Share Premium £ | Merger Reserve £ | Retained Earnings £ | Total £ | £ | £ |
| At 1 April 2019 (audited) | 541,650 | - | - | 1,754,896 | 2,296,546 | (15,096) | 2,281,450 |
| Total comprehensive loss for the period | - | - | - | (130,197) | (130,197) | 7,990 | (122,207) |
| <i>Transactions with owners recorded directly in equity:</i> | | | | | | | |
| Transfer of minority interest | - | - | - | (25,054) | (25,054) | 25,054 | - |
| At 30 September 2019 (unaudited) | 541,650 | - | - | 1,599,645 | 2,141,295 | 17,948 | 2,159,243 |
| Total comprehensive loss for the period | - | - | - | (420,277) | (420,277) | (21,331) | (441,608) |
| <i>Transactions with owners recorded directly in equity:</i> | | | | | | | |
| Allotment of shares | 19,905 | 91,657 | - | - | 111,562 | - | 111,562 |
| Dividends paid | - | - | - | (135,413) | (135,413) | - | (135,413) |
| Non-controlling interest on acquisition | - | - | - | - | - | 82,955 | 82,955 |
| At 1 April 2020 (audited) | 561,555 | 91,657 | - | 1,043,955 | 1,697,167 | 79,572 | 1,776,739 |
| Total comprehensive income for the period | - | - | - | 418,278 | 418,278 | (16,306) | 401,972 |
| <i>Transactions with owners recorded directly in equity:</i> | | | | | | | |
| Issue of equity shares | 132,415 | 1,040,212 | - | - | 1,172,627 | - | 1,172,627 |
| At 30 September 2020 (unaudited) | 693,970 | 1,131,869 | - | 1,462,233 | 3,288,072 | 63,266 | 3,351,338 |

1 Basis of preparation

The financial information presented in this half-yearly report constitutes the condensed consolidated financial statements (the interim financial statements) of Braveheart Investment Group plc (“Braveheart” or “the Company”), a company incorporated in the United Kingdom and registered in Scotland, and its subsidiaries (together, “the Group”) for the six months ended 30 September 2020. The interim financial statements should be read in conjunction with the Annual Report and Accounts for the year ended 31 March 2020 which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. The financial information in this half-yearly report, which was approved by the Board and authorised for issue on 3 December 2020 is unaudited.

The interim financial statements do not constitute statutory accounts for the purpose of sections 434 and 435 of the Companies Act 2006. The comparative financial information presented herein for the year ended 31 March 2020 has been extracted from the Group’s Annual Report and Accounts for the year ended 31 March 2020 which have been delivered to the Registrar of Companies. The Group’s independent auditor’s report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The preparation of the half-yearly report requires management to make judgements, estimates and assumptions that affect the policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this half-yearly report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended 31 March 2020.

The interim financial statements have been prepared using the same accounting policies as those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2020 and which will form the basis of the 2021 Annual Report and Accounts. The interim financial statements have been prepared on the same basis as the financial statements for year ended 31 March 2020 which is on the assumption that the Company is a going concern.

Going Concern

The directors have reviewed the Group’s and the Company’s budgets and plans, taking account of reasonably possible changes in trading performance and have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. These new/amended standards do not have a material impact on the Group, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

b) New accounting policies adopted by the Group

There were no new accounting policies adopted by the Group during the period, nor any amendments to existing accounting policies.

2 Earnings/ (Loss) per share

The basic (loss)/earnings per share has been calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

The calculation of earnings per share is based on the following profit and number of shares in issue:

| | Six months ended 30 Sept 2020 (unaudited) £ | Six months ended 30 Sept 2019 (unaudited) £ | Year ended 31 Mar 2020 (audited) £ |
|---|--|--|---|
| Profit / (loss) for the period attributable to equity holders of the parent | 401,972 | (122,207) | (563,815) |
| Weighted average number of ordinary shares in issue: | | | |
| - For basic profit per ordinary share | 34,698,547 | 27,082,565 | 28,077,751 |
| - Potentially dilutive ordinary shares | 1,709,248 | 75,675 | 32,431 |
| - For diluted profit per ordinary share | 36,407,795 | 27,158,240 | 28,110,182 |

Dilutive earnings per share adjusts for share options granted where the exercise price is less than the average price of the ordinary shares during the period. At the end of the current period there were 75,675 potentially dilutive ordinary shares.

3 Assets Held for Sale

During the period under review, the Group announced its intention to sell the entire issued ordinary share capital of its subsidiary company, Pharm 2 Farm Limited. The associated assets and liabilities are consequently presented as held for sale within these financial statements. The carrying value was not impaired as the sales value was expected to exceed the carrying value.

The related financial information is set out below:

a) Results of disposal group

| | Six months ended 30 September 2020 (unaudited) £ | Six months ended 30 September 2019 (unaudited) £ | Year ended 31 March 2020 (audited) £ |
|--|---|---|--|
| Note | | | |
| Revenue | 110,063 | - | 11,978 |
| Expenses | (157,248) | - | (11,175) |
| (Loss)/ profit before tax | (47,185) | - | 803 |
| (Loss)/ profit after tax for the period and total comprehensive income for the period | (47,185) | - | 803 |

b) Cash flows of disposal Group

| | | | |
|---------------------------------------|-----------|---|----------|
| Operating activities | (114,568) | - | (36,616) |
| Investing activities | (25,911) | - | (495) |
| Financing activities | - | - | 200,000 |
| Net cash from discontinued operations | (140,479) | - | 162,889 |

c) Assets and liabilities of disposal group

| | | | |
|--|----------------|----------|----------------|
| Assets classified as held for sale | | | |
| Goodwill | 131,359 | - | 131,359 |
| Property, plant and equipment | 23,934 | - | 495 |
| Inventory | 11,086 | | 21,663 |
| Trade and other receivables | 116,532 | - | 9,365 |
| Cash at bank | 22,410 | - | 162,889 |
| Total assets of disposal group | 305,321 | - | 325,771 |
| Liabilities directly associated with assets classified as held for sale | | | |
| Trade and other payables | 38,359 | - | 12,119 |
| Total liabilities of disposal group | 38,359 | - | 12,119 |

4 Goodwill

| | Paraytec £ | Kirkstall £ | Pharm2Farm £ | Total £ |
|---|----------------|----------------|------------------|------------------|
| At 1 April 2019 (audited) | 277,883 | 62,543 | - | 340,426 |
| At 30 September 2019 (unaudited) | 277,883 | 78,870 | - | 356,753 |
| Goodwill on acquisition | - | - | 131,359 | 131,359 |
| Transfer to assets held for sale | - | - | (131,359) | (131,359) |
| At 31 March 2020 | 205,775 | 62,543 | - | 268,318 |
| At 30 September 2020 (unaudited) | 205,775 | 62,543 | - | 268,318 |

The income approach was not deemed a reliable method for valuing the goodwill of Paraytec and Kirkstall. Therefore, the market value method was used in order to ascertain the value of goodwill at the period end.

5 Investments at fair value through profit or loss

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | | |
|---|--|--|--|--|--|
| | Equity investments in quoted companies £ | Equity investments in unquoted companies £ | Debt investments in unquoted companies £ | Equity investments in unquoted companies £ | Debt investments in unquoted companies £ |
| At 1 April 2019 (audited) | - | - | - | 688,058 | - |
| Additions at cost | - | - | - | 34,200 | - |
| Change in Fair Value | - | - | - | (6,111) | - |
| At 30 September 2019 (unaudited) | - | - | - | 716,147 | - |
| Additions at cost | - | - | - | 91,856 | - |
| Acquisition of REGIC investments | - | - | - | 62,264 | - |
| Transfer to investment in subsidiary | - | - | - | (25,000) | - |
| Amount owed to creditors | - | - | - | 12,883 | - |
| Change in Fair Value | - | - | - | (133,748) | - |
| At 1 April 2020 (audited) | - | - | - | 724,402 | - |
| Additions at cost | - | - | - | 732,003 | - |
| Change in Fair Value | - | - | - | 746,837 | - |
| Increase in amount owed to creditors | - | - | - | (790) | - |
| At 30 September 2020 (unaudited) | - | - | - | 2,202,452 | - |

The accounting policies in regards to valuations in these half-yearly results are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 March 2020 and which will form the basis of the 2021 Annual Report and Accounts. Investments are designated as fair value through profit or loss and are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in profit or loss in the statement of comprehensive income in the period in which they arise.

Investments at fair value through profit or loss (continued)

The Group classifies its investments using a fair value hierarchy. Classification within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant investment as follows:

- Level 1 - valued using quoted prices in active markets for identical assets;
- Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1; and
- Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

The fair values of quoted investments are based on bid prices in an active market at the reporting date. All unquoted investments have been classified as Level 3 within the fair value hierarchy, their respective valuations having been calculated using a number of valuation techniques and assumptions, notwithstanding that the basis of the valuation methodology used most commonly by the Group is 'price of most recent investment'. The use of reasonably possible alternative assumptions has no material effect on the fair valuation of the related investments. The impact on the fair value of investments if the discount rate and provision shift by 1% is £22,024 (2019: £7,160).

6 Share capital

| | 30 Sept 2020 (unaudited) | 30 Sept 2019 (unaudited) | 31 Mar 2020 (audited) |
|--|-------------------------------------|-----------------------------|--------------------------|
| | £ | £ | £ |
| Authorised | | | |
| 48,577,965 ordinary shares of 2 pence each | | | |
| (30 September 2019: 33,645,000, | | | |
| 31 March 2020: 37,915,565) | 971,559 | 672,900 | 758,311 |
| Allotted, called up and fully paid | | | |
| 34,698,547 ordinary shares of 2 pence each | | | |
| (30 September 2019: 27,082,565, | | | |
| 31 March 2020: 28,077,751) | 693,970 | 541,650 | 561,555 |

The Company has one class of ordinary shares. All shares carry equal voting rights, equal rights to income and distribution of assets on liquidation or otherwise, and no right to fixed income.

7 Related Party Transactions

Within accruals and other creditors, there is an amount owing to a director (Mr T E Brown) of £17,579 (2019: £Nil).

8 Subsequent Events

On 21 August 2020, Braveheart announced the conditional sale its 51.72% holding in Pharm 2 Farm Limited ("P2F") to Remote Monitored Systems plc ("RMS") for a consideration of 310,354,815 new Ordinary Shares of 0.2p each in RMS ("RMS Shares") ("Consideration Shares") ("P2F Sale").

The P2F sale was conditional, among other things, on the Takeover Panel granting a waiver of the Rule 9 obligations arising out of the P2F Sale and the independent shareholders of RMS approving the whitewash of Braveheart's Rule 9 obligations at a general meeting.

Since the period end the valuation of our Strategic Investment portfolio materially increased as a result of the completion of the sale of Pharm 2 Farm Limited ("P2F") to Remote Monitored Systems plc ("RMS") and then our assets held as cash increased materially as a consequence of us being able to realise all our holding in RMS. P2F is included in our balance sheet at the period end with a valuation of £131,359 as an 'asset held for sale', with this designation and its 'value' being determined by relevant accounting standards. Once the sale was completed after the end of the period under review, on 5 November 2020, our holding in P2F was replaced by an increased shareholding in AIM quoted Remote Monitored Systems plc ("RMS"). The share price of RMS at the close of business on 4 November 2020, the last business day before the sale process was completed, was 2.95 pence per share which meant that our holding of 509,992,405 shares in RMS was valued at £15.04 million. This shareholding was comprised of the existing holding in RMS of 199,637,590 shares and the additional shares which formed the consideration for P2F of 310,354,815 shares. Since 5 November 2020 we have exercised all our warrants which totalled an additional 10 million shares and have also sold our entire holding of shares in RMS which generated gross cash from our holding in RMS of approximately £17.35 million. We have separately today announced that the bulk of this cash will be distributed to shareholders in the form of a special dividend.

9 Availability of Interim Results

Shareholder communications

A copy of this report is available on request from the Company's registered office: 1 George Square, Glasgow, G2 1AL. A copy has also been posted on the Company's website:

www.braveheartinvestmentgroup.co.uk.

Directors, Secretary, Registered Office and Advisers

| | | |
|----------------------------|--|---|
| Directors | Trevor E Brown, <i>Chief Executive Officer</i> Jonathan D Freeman BA Hons MBA, <i>Non-executive Director</i> Vivian Hallam BSc, CEng, MBA, <i>Director</i> | |
| Secretary | GBAC Limited | |
| Registration number | SC247376 | |
| Registered office | 1 George Square Glasgow G2 1AL Telephone +44 (0) 1738 587555 | |
| Website | www.braveheartgroup.co.uk | |
| Advisers | Registrar | Solicitors |
| | Link Asset Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU | Maclay Murray & Spens LLP Quatermile One 15 Lauriston Place Edinburgh EH3 9EP |
| | Principal Bankers | Auditor |
| | HSBC Bank plc 76 Hanover Street Edinburgh EH2 1HQ | PKF Littlejohn LLP 15 Westferry Circus London E14 4HD |
| | Nominated Adviser and Broker | Bankers |
| | Allenby Capital Limited 5 St Helen's Place London EC3A 6AB | HSBC Bank plc 76 Hanover Street Edinburgh EH2 1HQ |



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