



Braveheart Investment Group plc
Half-Yearly Report
2021

HIGHLIGHTS

- Income of £3,364,000 in the six months ended 30 September 2021 (H1 2020: £895,000);
- Profit of £2,533,000 in the six months ended 30 September 2021 (H1 2020: £402,000);
- Earnings per share of 4.85p in the six months ended 30 September 2021 (H1 2020: 1.21p);
- Uplift in valuation of PhaseFocus Holdings
- Investments into Autins Group Plc and Velocity Composites Plc
- Funds raised in the period totalling £2,500,000

Post Period End

- Autins Group plc shareholding increased to 11.995%

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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 2021. Progress has continued in all the Group's activities and detailed operational summaries follow later in this report.

Financial Review

The Directors have undertaken an unaudited interim review of the valuations of the Group's investments and have concluded that, as at 30 September 2021, the fair value of the Group's investments were as follows:

- Valuation of Portfolio Investments: £177,000 (31 March 2021: £224,000)*
- Valuation of unconsolidated Strategic Investments: £4,248,000 (31 March 2021: £596,000)**

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

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

Therefore, the total unaudited value of our unconsolidated investment portfolio as at 30 September 2021 is £4,425,000 (31 March 2021: £820,000). This uplift is largely due to the increase in the investment value of PhaseFocus Holdings Limited. As at 30 September 2020, the comparable total valuation of our investments was £2,396,000.

The Group reports a profit before tax for the period under review of £2,533,000 (2020: profit of £402,000). This equates to earnings per share of 4.85 pence (2020: 1.21 pence).

The Group made two new strategic investments during the period; Autins Group Plc and Velocity Composites Plc. The Directors believe that the 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.

Dividend

Whilst we are not paying an interim dividend this year, the Directors will give consideration to the payment of a final dividend when the full year financial results are known.

Strategic Investments Overview

Paraytec Limited (Braveheart owns 100% per cent of the company)

Paraytec Limited ("Paraytec") develops high performance specialist detectors for the analytical and life sciences instrumentation markets. In addition, the company has undertaken a programme with the University of Sheffield to develop a rapid test for identifying cancer and pathogens, including viruses.

As reported on 30 September 2021, Paraytec has continued to refine the platform technology that underpins its proposed fast, sensitive COVID-19 test. The platform technology (product reference "CX300") comprises a low-cost instrument that utilises intense fluorescent light to detect small specific viruses or cells in a biological sample.

The Directors believe that encouraging results have been derived from testing of clinical specimens.

The Paraytec team has engaged Sagentia International, a UK company who specialise in taking diagnostic instruments and disposables from laboratory prototypes through to final prototype verification, ready for transfer to the Contract Manufacturing Organisation (CMO) or commercial manufacturing partner. During this development, Paraytec will continue to test clinical specimens and is preparing for a prospective clinical study to test subject specimens in the latest available prototypes.

Paraytec's corporate finance adviser has engaged with over 70 companies from a wide spectrum of global markets. Meetings are ongoing with potential partners for licensing and/or co-development of the technology, some of which are potential acquirers of the company. In these discussions, it is clear that potential partners believe a low cost, rapid and accurate test for COVID-19 will be needed for many years to come. They also like the fact that Paraytec's technology can be potentially used as a platform for other diseases and cancer detection.

In parallel with the COVID-19 project, Paraytec is working with Professor Carl Smythe's team at the University of Sheffield to restart development of the bladder cancer test, based on the CX300 technology platform. The team has already identified the scientific and engineering teams needed to produce a test for the bacteraemia that causes sepsis and has prepared a detailed plan to produce a prototype instrument.

As reported on 30 September 2021, Paraytec's 30-month grant funded Eurostars project with a pan-European consortium in the field of Alzheimer's disease (AD) detection ended on 31 August 2021. A prototype instrument was tested by Vrije University Medical Centre Amsterdam (VUMC), a target user of the AD Scanner, using AD patient samples. VUMC reported that the instrument performed capillary isoelectric focusing (cIEF) in a highly stable manner and showed excellent repeatability of results. However, the analysis of test results failed to reliably discriminate between patients with Alzheimer's disease and healthy controls. As a result, Paraytec is exploring other applications, for example in the biopharmaceutical industry for quality control in manufacturing therapeutic antibodies and the Group is seeking opportunities to explore this.

PhaseFocus Holdings Limited (Braveheart owns 42.67 per cent of the company)

PhaseFocus Holdings Limited ("PhaseFocus"), a spin-out from the University of Sheffield, has developed a series of patented computational imaging techniques that have a wide range of applications including live cell imaging, engineering metrology and electron microscopy.

As reported on 30 September 2021, PhaseFocus continues to make positive progress, achieving its highest number of sales in a six month period in H1 2021. With much of the world starting to reopen again after the COVID pandemic, Phasefocus and its global distribution partners have seen a substantial increase in demand for customer demonstrations of Liveocyte.

The company's distributors, Nakayama in Japan and Sinsi Technology in China, are now able to make onsite demonstrations of Liveocyte™ to a strong pipeline of prospective buyers. CELLINK AB, recently renamed BICO Group AB, PhaseFocus's EU and US distribution partner, also has a strong pipeline and a series of Liveocyte™ demonstrations are planned for these territories.

The number of demonstrations now taking place suggests a pipeline of prospective customers that could drive sales in 2022. In order to meet the expected demand for Liveocyte™ systems, the company has opened a new manufacturing facility at the Nottingham Science Park and further expansion is planned to ensure capacity is available in 2022.

Braveheart is pleased to see the growth in sales of PhaseFocus's market leading Liveocyte™ instruments to leading cell biology research institutions across the globe. The Directors believe the company has a strong future and Braveheart is working to seek an exit in the next 12 months. In recognition of this Braveheart has increased its book value for its holding in PhaseFocus from £437,000 to £3,628,000.

Sentinel Medical Limited (Braveheart owns 38.38% of the company)

Sentinel Medical ("Sentinel") was formed to exploit Paraytec's measurement techniques in the detection and monitoring of bladder cancer from urine samples. In collaboration with the University of Sheffield, 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.

Paraytec's work associated with the COVID-19 project has demonstrated techniques which, subject to the necessary licence agreements, can now be applied to Sentinel's bladder cancer product. The team has prepared a project plan and is negotiating with potential partners to enable Sentinel (or Paraytec) to develop a point-of-care instrument for the diagnosis and monitoring of bladder cancer from urine samples.

Kirkstall Limited (Braveheart owns 80.28% of the company)

Kirkstall Limited ("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. Its patented technology is used by researchers in the growing 'organ-on-a-chip' market, where academia and drug development companies need to maintain living cells in a nutrient flow.

With most of Europe's university research labs operating fully again, following relaxation of restrictions on non-COVID related research, Kirkstall has seen a steady upturn in sales enquiries and orders for its Quasi Vivo™ products.

The second instalment of Kirkstall's conference, Advances in Cell and Tissue Culture ("ACTC") 2021 ran 'virtually' on 3 November 2021, with great success. Over 20 speakers presented the latest 'organ-on-a-chip' research and developments from the from leading institutions in Europe, USA and Asia. The conference had over 180 delegates from countries across the globe and the programme included training workshops, product exhibitions and round-table discussions with world leading experts.

The Directors of the Group believe that 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. In October 2021, the CyGenTiG team organised an international symposium on Optogenetics in Complex Systems. This three-day conference attracted over 20 speakers who presented and discussed their research in optogenetics, with delegates from leading universities in the EU and the USA.

Autins Group plc (Braveheart owns 11.995% of the company)

During the period Braveheart invested in Autins Group plc ("Autins") (AIM: AUTG) through market purchases of shares, the total consideration of which was £203,000. After the period, further shares were acquired at a cost of £845,000 to bring the Group's shareholding in Autins Group plc to 11.995% of its issued shares. Autins specialises in solving acoustic and thermal problems in the automotive industry and other specialist applications. In particular, the company's leading product Neptune, a nonwoven microfibre web, is produced by a mixture of engineered polyester fibre and melt-blown polypropylene. This material outperforms traditional automotive insulation and is gaining traction in office and flooring acoustics applications.

Braveheart will seek to identify opportunities with Autins that will benefit both companies.

Velocity Composites plc (Braveheart owns 4.13% of the company)

In September 2021, Braveheart acquired 4.13% of Velocity Composites plc (“Velocity”) (AIM: VEL) at a cost of £373,000. Velocity is a leading supplier of advanced composite material kits to the Aerospace sector. Velocity Composites' clients include multi-national manufacturers of composite parts and assemblies, who in turn deliver to the world's leading civil and military aircraft manufacturers. The Airbus A320, A330, A350, A380, Eurofighter Typhoon, F35 Joint Strike Fighter, Boeing 737, Boeing 787 and V22 Osprey are all constructed using parts manufactured from Velocity's kits.

The Board considers this an investment that fits well in its portfolio of advanced technology businesses.

Outlook

The Directors are excited by the future prospects of our businesses and the potential value realisation events which lie ahead. We hope a clearer picture will emerge over the remainder of the financial year and as always, we will update shareholders as events unfold.

Trevor E Brown
Chief Executive Officer

06 | INTERIM FINANCIAL STATEMENTS AND NOTES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2021

| | | Six months ended 30 September 2021 (unaudited) £ | Six months ended 30 September 2020 (unaudited) £ | Year ended 31 March 2021 (audited) £ |
|--|------|---|---|--|
| Continuing operations | Note | | | |
| Revenue | | 67,070 | 148,430 | 268,725 |
| Change in fair value of investments | 5 | 3,236,617 | 746,837 | (329,083) |
| Profit on disposal of investments | | 60,155 | - | 7,690,287 |
| Profit on sale of subsidiary | | - | - | 8,931,434 |
| Total income | | 3,363,842 | 895,267 | 16,561,363 |
| Employee benefits expense | | (195,899) | (194,943) | (1,340,954) |
| Impairment of goodwill | | - | - | (62,543) |
| Other operating costs | | (360,516) | (249,799) | (953,791) |
| Total operating costs | | (556,415) | (444,742) | (2,357,288) |
| Finance income | | 3 | 147 | 150 |
| Finance costs | | (819) | (1,515) | (1,745) |
| Total costs | | (557,231) | (446,110) | (2,358,883) |
| Profit before tax | | 2,806,611 | 449,157 | 14,202,480 |
| Tax | | (273,488) | - | (226,367) |
| Loss from discontinued operations | 3 | - | (47,185) | (69,350) |
| Profit after tax for the period and total comprehensive income for the period | | 2,533,123 | 401,972 | 13,906,763 |
| Profit attributable to: | | | | |
| Equity holders of the parent | | 2,538,765 | 418,278 | 13,936,436 |
| Non-controlling interest | | (5,642) | (16,306) | (29,673) |
| | | 2,533,123 | 401,972 | 13,906,763 |
| Basic earnings per share | | Pence | Pence | Pence |
| - Basic | 2 | 4.85 | 1.21 | 36.30 |
| - Diluted | 2 | 4.75 | 1.10 | 35.25 |

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

INTERIM FINANCIAL STATEMENTS AND NOTES | 07
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

| | Note | 30 September 2021 (unaudited) £ | 30 September 2020 (unaudited) £ | 31 March 2021 (audited) £ |
|--|------|--|--|------------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 2,347 | 809 | 2,166 |
| Intangible assets | | 30,649 | 33,248 | 28,152 |
| Goodwill | 4 | 205,775 | 268,318 | 205,775 |
| Investments at fair value through profit or loss | 5 | 4,424,959 | 2,202,452 | 613,847 |
| | | 4,663,730 | 2,504,827 | 849,940 |
| Current assets | | | | |
| Inventory | | 93,720 | 106,098 | 98,441 |
| Trade and other receivables | | 106,094 | 56,822 | 105,772 |
| Assets held for sale | 3 | - | 305,321 | - |
| Cash and cash equivalents | | 3,460,760 | 659,662 | 2,142,866 |
| | | 3,660,574 | 1,127,903 | 2,347,079 |
| Total assets | | 8,324,304 | 3,632,730 | 3,197,019 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | (409,197) | (176,427) | (591,079) |
| Held for sale liabilities | 3 | - | (38,359) | - |
| Deferred income | | (36,918) | (66,606) | (41,843) |
| | | (446,115) | (281,392) | (632,922) |
| Non-current liabilities | | | | |
| Deferred taxation | | (273,488) | - | - |
| | | (273,488) | - | - |
| Total liabilities | | (719,603) | (281,392) | (632,922) |
| Net assets | | 7,604,701 | 3,351,338 | 2,564,097 |
| EQUITY | | | | |
| Called up share capital | 6 | 1,044,807 | 693,970 | 766,148 |
| Share premium | | 4,455,493 | 1,131,869 | 2,226,671 |
| Share based payment reserve | | 131,905 | - | 137,200 |
| Retained earnings | | 1,984,163 | 1,462,233 | (559,897) |
| Equity attributable to owners of the parent | | 7,616,368 | 3,288,072 | 2,570,122 |
| Non-controlling interest | | (11,667) | 63,266 | (6,025) |
| Total equity | | 7,604,701 | 3,351,338 | 2,564,097 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2021

| | Six months ended 30 September 2021 (unaudited) £ | 30 September 2020 (unaudited) £ | 31 March 2021 (audited) £ |
|---|--|--|------------------------------------|
| Operating activities | | | |
| Profit before tax | 2,806,611 | 401,972 | 14,133,130 |
| Adjustments to reconcile profit before tax to net cash flows from operating activities | | | |
| (Increase) / decrease in the fair value movements of investments | (3,236,617) | (746,837) | 329,083 |
| Share based payment | - | - | 400,148 |
| Profit on disposal of subsidiary | - | - | (8,931,434) |
| Profit on disposal of equity investments | (60,155) | - | (7,690,287) |
| Fees taken from investment proceeds | 84,150 | - | 78,419 |
| Bonus in lieu of cash | - | - | 300,000 |
| Non-controlling interest on disposal | - | - | (92,673) |
| Movement in liabilities due to Viking fund | 33,565 | 790 | (15,528) |
| Taxation | - | - | (4,136) |
| Depreciation and amortisation | 6,111 | 8,053 | 11,755 |
| Impairment of goodwill | - | - | 62,543 |
| Interest income | (3) | (147) | (150) |
| Decrease in inventory | 4,721 | 20,510 | 39,253 |
| Increase in trade and other receivables | (322) | (77,872) | (8,400) |
| (Decrease) / increase in trade and other payables | (186,807) | (19,414) | 103,858 |
| Net cash flow used in operating activities | (548,746) | (412,945) | (1,284,419) |
| Investing activities | | | |
| Proceeds from sale of investments | 74,865 | - | 17,346,338 |
| Acquisition of investments | (622,769) | (200,000) | (250,000) |
| Acquisition of intangible assets | (7,987) | (4,733) | (5,549) |
| Acquisition of tangible assets | (802) | (25,911) | (1,124) |
| Taxation | - | - | 4,136 |
| Interest received | 3 | 147 | 150 |
| Net cash flow used in investing activities | (556,690) | (230,497) | 17,093,951 |
| Financing activities | | | |
| Dividends paid | - | - | (15,859,160) |
| Warrants and share options exercised | 7,480 | - | 866,980 |
| Funds raised, net of share issue costs | 2,415,850 | 640,623 | 640,623 |
| Net cash flow from financing activities | 2,423,330 | 640,623 | (14,351,557) |
| Net increase / (decrease) in cash and cash equivalents | 1,317,894 | (2,819) | 1,457,975 |
| Cash and cash equivalents at the start of the period | 2,142,866 | 684,891 | 684,891 |
| Cash and cash equivalents at the end of the period | 3,460,760 | 682,072 | 2,142,866 |

INTERIM FINANCIAL STATEMENTS AND NOTES | 09
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2021

Attributable to owners of the Parent

| | Share Capital £ | Share Premium £ | Share based payment Reserve £ | Retained Earnings £ | Total £ | Non- controlling Interest £ | Total Equity £ |
|--|-----------------------|-----------------------|---|---------------------------|------------------|--------------------------------------|----------------------|
| At 31 March 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> | | | | | | | |
| Allotment of 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 |
| Total comprehensive income for the period | - | - | - | 13,518,158 | 13,518,158 | (13,367) | 13,504,791 |
| <i>Transactions with owners recorded directly in equity:</i> | | | | | | | |
| Allotment of shares | 72,178 | 1,094,802 | - | - | 1,166,980 | - | 1,166,980 |
| Dividends paid | - | - | - | (15,859,160) | (15,859,160) | - | (15,859,160) |
| Non-controlling interest on disposal | - | - | - | 55,924 | 55,924 | (55,924) | - |
| Share based payments | - | - | 400,148 | - | 400,148 | - | 400,148 |
| Transfer to retained earnings | - | - | (262,948) | 262,948 | - | - | - |
| At 31 March 2021 (audited) | 766,148 | 2,226,671 | 137,200 | (559,897) | 2,570,122 | (6,025) | 2,564,097 |
| Total comprehensive income for the period | - | - | - | 2,538,765 | 2,538,765 | (5,642) | 2,533,123 |
| <i>Transactions with owners recorded directly in equity:</i> | | | | | | | |
| Allotment of shares | 278,659 | 2,228,822 | - | - | 2,507,481 | - | 2,507,481 |
| Transfer to retained earnings | - | - | (5,295) | 5,295 | - | - | - |
| At 30 September 2021 (unaudited) | 1,044,807 | 4,455,493 | 131,905 | 1,984,163 | 7,616,368 | (11,667) | 7,604,701 |

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 2021. The interim financial statements should be read in conjunction with the Annual Report and Accounts for the year ended 31 March 2021 and have been prepared in accordance with UK-adopted international accounting standards in accordance with the requirements of the Companies Act 2006. The financial information in this half-yearly report, which was approved by the Board and authorised for issue on 15 November 2021 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 2021 has been extracted from the Group’s Annual Report and Accounts for the year ended 31 March 2021 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 2021.

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 2021 and which will form the basis of the 2022 Annual Report and Accounts. The interim financial statements have been prepared on the same basis as the financial statements for year ended 31 March 2021 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.

11 | INTERIM FINANCIAL STATEMENTS AND NOTES

NOTES TO THE INTERIM 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 per share

The basic 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 2021 (unaudited) £ | Six months ended 30 Sept 2020 (unaudited) £ | Year ended 31 Mar 2021 (audited) £ |
|--|--|--|---|
| Profit for the period attributable to equity holders of the parent | 2,533,123 | 401,972 | 13,906,763 |
| Weighted average number of ordinary shares in issue: | | | |
| - For basic earnings per ordinary share | 52,240,340 | 34,698,547 | 38,307,451 |
| - Potentially dilutive ordinary shares | 1,096,000 | 1,709,248 | 1,140,000 |
| - For diluted earnings per ordinary share | 53,336,340 | 36,407,795 | 39,447,451 |

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 1,096,000 potentially dilutive ordinary shares.

After the year end, a further 3,500,000 share options were issued to the Directors.

3 Assets Held for Sale

During the previous period, the Group announced its intention to sell the entire issued ordinary share capital of its subsidiary company, Pharm 2 Farm Limited. The sale of Pharm 2 Farm Limited completed on the 5th November 2020.

The related financial information is set out below:

a) Results of disposal

| Note | Six months ended 30 September 2021 (unaudited) £ | Six months ended 30 September 2020 (unaudited) £ | Year ended 31 March 2021 (audited) £ |
|--|---|---|--|
| Revenue | - | 110,063 | 118,481 |
| Expenses | - | (157,248) | (187,831) |
| Loss before tax | - | (47,185) | (69,350) |
| Loss after tax for the period and total comprehensive income for the period | - | (47,185) | (69,350) |

b) Cash flows of disposal Group

| | | | |
|---------------------------------------|---|-----------|----------|
| Operating activities | - | (114,568) | (18,601) |
| Investing activities | - | (25,911) | - |
| Financing activities | - | - | - |
| Net cash from discontinued operations | - | (140,479) | (18,601) |

c) Assets and liabilities of disposal group

Assets classified as held for sale

| | | | |
|--------------------------------|---|---------|---|
| Goodwill | - | 131,359 | - |
| Property, plant and equipment | - | 23,934 | - |
| Inventory | - | 11,086 | - |
| Trade and other receivables | - | 116,532 | - |
| Cash at bank | - | 22,410 | - |
| Total assets of disposal group | - | 305,321 | - |

Liabilities directly associated with assets classified as held for sale

| | | | |
|-------------------------------------|---|--------|---|
| Trade and other payables | - | 38,359 | - |
| Total liabilities of disposal group | - | 38,359 | - |

4 Goodwill

| | Paraytec £ | Kirkstall £ | Total £ |
|---|----------------|----------------|----------------|
| At 1 April 2020 (audited) | 205,775 | 62,543 | 268,318 |
| At 30 September 2020 (unaudited) | 205,775 | 62,543 | 268,318 |
| Impairment | - | (62,543) | (62,543) |
| At 31 March 2021 (audited) | 205,775 | - | 205,775 |
| At 30 September 2021 (unaudited) | 205,775 | - | 205,775 |

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> | | Total £ | |
|---|--|--|--|--|------------|--|
| | 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 31 March 2020 (audited) | - | - | - | 724,402 | - | 724,402 |
| Additions at cost | 529,003 | - | - | 203,000 | - | 732,003 |
| Change in Fair Value Increase in amount owed to creditors | 778,623 | - | - | (31,786) | - | 746,837 |
| | - | - | - | (790) | - | (790) |
| At 30 September 2020 (unaudited) | 1,307,626 | - | - | 894,826 | - | 2,202,452 |
| Additions at cost | 9,205,467 | - | - | - | - | 9,205,467 |
| Disposals | (10,513,093) | - | - | - | - | (10,513,093) |
| Amount owed to creditors | - | - | - | 16,318 | - | 16,318 |
| Change in Fair Value | - | - | - | (297,297) | - | (297,297) |
| At 31 March 2021 (audited) | - | - | - | 613,847 | - | 613,847 |
| Additions at cost | 575,834 | - | - | 46,935 | - | 622,769 |
| Disposals | - | - | - | (48,274) | - | (48,274) |
| Change in Fair Value | 43,385 | - | - | 3,193,232 | - | 3,236,617 |
| At 30 September 2021 (unaudited) | 619,219 | - | - | 3,805,740 | - | 4,424,959 |

5 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 a material effect on the fair valuation of PhaseFocus Holdings Limited in the period, as PhaseFocus Holdings Limited has been valued based a recent offer price which was made to the company for shares. This was in excess of the last round share price and so this offer price has been used as the basis for valuation. The impact on the fair value of investments if the discount rate and provision shift by 1% is £44,250 (2020: £22,024).

6 Share capital

| | 30 Sept 2021 (unaudited) | 30 Sept 2020 (unaudited) | 31 Mar 2021 (audited) |
|---|---|-----------------------------|--------------------------|
| | £ | £ | £ |
| Authorised | | | |
| 53,630,431 ordinary shares of 2 pence each (30 September 2020: 48,577,965, 31 March 2021: 48,577,965) | 1,072,609 | 971,559 | 971,559 |
| Allotted, called up and fully paid | | | |
| 52,240,340 ordinary shares of 2 pence each (30 September 2020: 34,698,547, 31 March 2021: 38,307,451) | 1,044,807 | 693,970 | 766,148 |

On 13 August 2021, the Company raised £2.5 million (before expenses of £84,150) through a placing of 13,888,889 new ordinary shares of 2 pence each in the Company at a price of 18 pence per share.

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 £Nil (31 March 2021: £13,184).

8 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, *Chief Executive Officer*
Vivian Hallam BSc, CEng, MBA, *Director*
Dr Qu Li, Non executive director
Dr Susan Hagan, Non executive director

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

Link Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Principal Bankers

HSBC Bank plc
76 Hanover Street
Edinburgh
EH2 1HQ

Nominated Adviser and Broker

Allenby Capital Limited
5 St Helen's Place
London
EC3A 6AB

Solicitors

Maclay Murray & Spens LLP
Quartermile One
15 Lauriston Place
Edinburgh
EH3 9EP

Auditor

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD

Bankers

HSBC Bank plc
76 Hanover Street
Edinburgh
EH2 1HQ



Stock code: BRH

1 George Square
Glasgow
G2 1AL
United Kingdom

mail@braveheartgroup.co.uk

T: +44 (0) 1738 587 555

F: +44 (0) 1738 587 666

www.braveheartgroup.co.uk