

Pires Investments plc

(Incorporated in England and Wales with registered number **02929801**)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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Company Information

Directors	John May (Non-Executive Director) Nicholas Lee (Non-Executive Director) David Palumbo (Non-Executive Director)
Secretary	Robert Porter
Registered office	9 th Floor, 107 Cheapside London EC2V 6DN
Independent Auditors	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Nominated adviser	Cairn Financial Advisers LLP 9 th Floor, 107 Cheapside London EC2V 6DN
Joint Brokers	Peterhouse Capital Limited 3 rd Floor 80 Cheapside London EC2V 6EE Tennyson Securities Limited 65 Petty France London SW1H 9EU
Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Company Registration number	02929801

Review of Activities

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Review of Activities

Highlights

Financial highlights

- Profit achieved of £1.49 million during the period (14 months ended 31 December 2020: loss before taxation of £687,000)
- Net asset value (“NAV”) of £7,223,000 as at the period end (31 December 2020: £2,926,000), an increase of 147% compared to the prior year figure, equating to an increase of circa 100% NAV per share to 4.57 pence since 31 December 2020
- NAV at the end of the period does not include the impact of the recent significant increase in valuation of Getvisibility which took place in 2022 and from which the Company benefits through both its direct and indirect holdings in this company

Portfolio highlights

- Effective interest in Sure Valley Ventures (“SVV”) increased to circa 20% through the purchase of a shareholding in Sure Ventures plc (“SV plc”)
- New investments made by SVV include Virtex, PreCog and Smarttech247
- Further successful funding rounds for portfolio companies include:
 - o Getvisibility- raised €1.1 million during 2021 and a further €10 million post period end
 - o VividQ – raised £11 million
 - o Ambisense – raised €3 million
 - o Admix – raised US\$25 million
 - o Cameramatics raised €4 million and then a further €3.9 million
- Significant increase in the valuation of a number of portfolio companies based on new funding rounds involving third party investors
- Portfolio companies, both direct or via SVV, continue to attract international investors such as EQT, University of Tokyo, Foresight Williams Technology (a joint collaboration between Foresight Group and Williams Advanced Engineering), Business Growth Fund, Puma Investments, Japanese Miyako Capital, Austrian APEX Ventures, Silicon Valley’s R42 Group, Northwell Holdings & Ventures and Alpha Intelligence Capital
- Balance of proceeds received from the sale of Artomatix
- Smarttech247, a recent portfolio investment, is actively pursuing an IPO
- New direct investment made in PreCog and follow-on investments in Getvisibility, combined with a significant increase in the valuation of Getvisibility
- Investment made in the digital assets technology sector and ultimately Pluto Digital plc

Post-period end highlights

- Commitment to invest £5 million in the New SVV Fund alongside £50 million from the British Business Bank with scope to achieve enhanced returns compared to industry standard
- Further significant €10 million fund raise and revaluation for Getvisibility

Review of activities

The Company has had a very busy and successful 2021 with multiple new investments being made and excellent results from a number of the Company’s investments resulting in a significant profit for the year and an uplift in the Company’s NAV which, as previously discussed, always lags the value of the Company’s investment portfolio.

Review of Activities (continued)

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Investment overview

The Company's principal investment portfolio categories are summarised below:

Category	Cost or valuation at 31 December 2021 £000's	Cost or valuation at 31 December 2020 £000's
Sure Valley Ventures/SV plc	4,146	1,507
Direct investments	884	419
Digital assets sector	1,951	-
Cash/other listed securities	409	1,122
Total	7,390	3,048

Investment in SVV and SV plc

In February 2021, the Company increased its exposure to SVV through the purchase of 1.5 million shares in SV plc, a listed specialist fund, from existing SV plc shareholders using new Pires shares priced at 13.6 pence as consideration. SV plc's principal investments include a 25.9% interest in SVV and a direct investment in VividQ, one of the SVV portfolio companies. As a result of this transaction, Pires achieved an aggregate (direct and indirect) interest in SVV of around 20%, which comprises its original direct 13% interest in SVV and an indirect interest of 6.5%, through its 25% shareholding in SV plc.

Within the SVV portfolio, new investments have been made in:

- Virtex, a company building a platform for the next-generation of live, immersive entertainment within the virtual reality gaming and e sports industries;
- PreCog, a security solution platform company that provides data intelligence to combat crime, terrorism and protect vulnerable people; and
- Smarttech247, a global artificial intelligence based cyber security cloud business that protects enterprises as they migrate to cloud-based IT operations. Smarttech247 is profitable with high forecast revenue growth and has over 100 technology partners, including Tanium and CrowdStrike, and 50 clients based in Europe and the US. Smarttech247 is currently pursuing a stock market listing by way of a reverse takeover transaction which is expected to complete later in the year.

Additionally, during the period, a number of the portfolio companies have been revalued upwards based on new funding rounds which have taken place at higher valuations compared to the valuation at the time of the initial investment. These companies include:

- CameraMatics raised €4 million in January 2021 in additional funding at a valuation that represents over 300% of the CameraMatics' valuation as at the time of SVV's initial investment in November 2017. The round was led by Puma Investments, a leading provider of growth capital. CameraMatics also announced a major partnership with UK transport and logistics operator Maritime Transport Ltd. The company then raised a further €3.9 million in December 2021, again on the basis of an increased valuation thereby demonstrating this company's rapid growth in value.
- Getvisibility completed a €1.1 million funding round in June 2021 at a significant premium to its previous round. This was led by Herb Hribar who was formerly CEO of Eircom, the largest telecoms group in Ireland and is currently a director of ScienceLogic, Inc, a leading provider of AI-based operations technology. Then post period end in March 2022, the company raised €10 million from new investors including Alpha Intelligence Capital, a global venture capital firm which invests in deep artificial intelligence/machine learning technology-based companies and Fortino Capital Partners, a leading B2B software venture capital and growth equity firm.
- VividQ raised new funds of £11 million in July 2021 at a significant premium to previous valuations. This funding was led by a consortium of new international investors including the University of Tokyo, Foresight Williams Technology (a joint collaboration between Foresight Group and Williams Advanced Engineering), Japanese Miyako Capital, Austrian APEX Ventures and Silicon Valley's R42 Group, with follow-on investments from SVV, University of Tokyo Edge Capital (UTEC) and Essex Innovation. SV plc has a significant direct investment in VividQ thereby providing Pires with an increased interest in VividQ through its shareholding in SV plc.

Review of Activities (continued)

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- Engage XR (previously VR Education Holdings before its name change in October 2021), one of the portfolio companies which is already listed on AIM, and from which funds have already been returned to Pires, has also made significant progress during the period with increasing revenues. In addition, it raised £7.7 million before expenses at a price of £0.16 per share by way of an oversubscribed placing, announced in June 2021.
- Ambisense successfully raised €3 million in August 2021 from the Business Growth Fund and existing investors, including SVV.
- In October 2021, Admix raised US\$25 million in a series B round to scale up its In-Play solution worldwide and establish it as the content monetisation layer for gaming worlds and the formative metaverse. SVV participated in the Series B round alongside renowned VCs Elefund, Force Over Mass, DIP Capital, Notion Capital, Speedinvest, Rocket Capital, Colopl Next and Sidedoor Ventures, as well as growth investor Kuvi Capital and angels from the gaming industry. This new funding was raised at a valuation that represents around 1,500% of the company's valuation at which SVV initially invested in the business in 2018. This clearly reflects the significant progress that Admix has made.
- In December 2021, Nova Leah announced the closing of its seed investment round led by Northwell Holdings & Ventures, the for-profit venture investment arm of Northwell Health, New York State's largest healthcare provider. The investment includes additional funding from existing investors Kernel Capital and SVV. Nova Leah plans to use the funds to significantly expand its market opportunity and global reach.

As at the period end, SVV had a portfolio of 14 investee companies at different stages of development spanning a range of sectors. The portfolio provides Pires with exposure to a number of key, cutting-edge and rapidly growing technology sectors. Further details of the portfolio companies and recent developments are set out below:

Artificial intelligence	
Ambisense (Ambisense Limited)	Provides an Artificial Intelligence platform to deliver environmental risk assessment to allow real-time gas and environmental monitoring using both IoT and sensor solutions. The company has already been awarded a number of major contracts and has a substantial pipeline of opportunities.
Buymie (Buymie Technologies)	An artificial intelligence-based same day grocery delivery company operating in both the UK and Ireland working with companies such as Tesco, Lidl, Asda and the Co-op. Also recently announced a partnership with Asda in Leeds and Bristol.
Security	
Nova Leah (Nova Leah Limited)	An artificial intelligence cyber-security assessment and protection platform for connected medical devices.
Getvisibility (Visibility Blockchain Limited)	An artificial intelligence security company addressing the substantial problem faced by corporations in storing, sorting, accessing and protecting data. Recently raised additional funds at a significant premium and has been voted as one of Ireland's top 18 start-ups.
PreCog (Polience Limited)	A security solution platform company that provides data intelligence to combat crime, terrorism and protect vulnerable people. The company completed a £1 million fundraising round in March 2021. Customers include leading law enforcement and security agencies, and transport infrastructure groups.
Smarttech247 (Zefone Limited)	A global artificial intelligence based cyber security cloud business that protects enterprises as they migrate to cloud-based IT operations. The company has recently won a major new contract with a Fortune Global-1000 company employing over 100,000 staff and already has a purchase order under this contract for €6 million. It is also currently pursuing a listing via an RTO process.

Review of Activities (continued)

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Immersive Technologies	
Engage XR (Engage XR Holdings plc)	A developer of virtual reality and immersive experiences with a specific focus on education and enterprise learning and development. The company is listed on AIM, has over 100 commercial customers and is rapidly growing revenue and margins. It recently raised €9 million in new funds.
Admix (WAM Group Limited)	A platform enabling the monetisation of interactive programmatic brand placements in, for example, video games and other AR/VR applications. The company is rapidly growing revenues and numbers of active users.
Warducks (Warducks Limited)	A game development studio known for the production of leading games and is soon to launch an AR game that could be the next Pokémon Go.
VividQ (VividQ Limited)	A deep tech software company which has developed a framework for real-time 3D holographic displays for use in heads-up displays and AR headsets and glasses. The company recently completed an £11 million funding round at a significant premium.
Volograms (Volograms Limited)	A deep learning company that uses AI to create 3D Augmented Reality from 2D photos and videos. The company has launched a consumer AR Camera app called Volu and has pro-user and enterprise versions in development.
Virtex (Virtex Limited)	A company building a platform for the next-generation of live, immersive entertainment within the virtual reality (“VR”) gaming and e-sports industries. It is actively developing its new Stadium app.
Internet of things	
CameraMatics (MySafe Drive Limited)	Platform enabling transport fleet managers to reduce risk, increase driver safety and comply with growing industry governance and compliance. It recently raised €4 million at a 300% uplift in valuation. The company is growing revenues considerably and building its presence in the very significant US market where it has already won a number of new contracts.
Wia (WIA Technologies Limited)	Provides a platform solution for smart buildings. Its platform provides full device and application management, security, data capture and storage, analysis and control.

The investment in SVV has already proven successful for Pires with a realisation and a cash distribution being achieved soon after the investment, as a result of the sale of one of the portfolio companies, Artomatix. In 2019, Artomatix was sold at a valuation some 500% of the price of the original investment in the company. Following the progress made by Engage XR, which is listed on AIM, in 2020, SVV also realised the value of its original investment through the partial disposal of its holding. This was the second cash realisation to be made from the Company’s investment in SVV.

The success of the direct SVV investment provided the rationale to increase the Company’s exposure to this portfolio by acquiring a shareholding in SV plc in February 2021, particularly when it was possible to do so on attractive terms.

The first SVV fund has now substantially completed its deployment phase and is moving more towards a realisation phase which should lead to further returns to the Company and its shareholders.

Furthermore, post the period end, the Company invested in a second SVV fund, the Sure Valley Ventures UK Software Technology Fund (the “New SVV Fund”). The principal investor in the New SVV Fund is the British Business Bank (“BBB”), an investment arm of the UK Government. The first close of this fund amounted to £85 million, with the BBB investing up to £50 million and other investors (“Private Investors”), including Pires, investing up to £35 million over the 10-year life of the fund.

Pires has initially invested circa £90,000, in the New SVV Fund and expects to invest up to £5 million in total over the life of the New SVV Fund which would provide it with a circa 5.9% interest. The New SVV Fund will invest in a range of private UK software companies with a focus on companies in the Metaverse, Artificial Intelligence and Cybersecurity sectors.

Review of Activities (continued)

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The New SVV Fund will be managed by the same SVV team which, to date, has been highly successful in achieving a number of cash realisations from, and upward revaluations of, companies in the SVV portfolio. The profit share arrangements within the New SVV Fund are designed to encourage the involvement of the Private Investors alongside the BBB, meaning that Pires and the other Private Investors would expect to receive a significantly enhanced share of the total return generated by the fund compared to industry standard.

Direct investments

During the period, Low6 has continued to grow and develop its business raising additional funding both during the period and post the period end. Low6 is a leader in sports gaming technology that powers franchises with their own branded gaming experiences to engage and monetise their digital fanbases. In February 2022, the company announced that is planning to achieve a list by way of a reverse takeover of a company listed on the TSX Venture Exchange.

The Company made a new investment of £250,000 in PreCog, a security solution platform company that provides data intelligence to combat crime, terrorism and protect vulnerable people, as part of its £1 million fundraising round. Its customers include leading law enforcement and security agencies, and transport infrastructure groups.

Getvisibility, is a leader in data visibility and control, using state-of-the-art artificial intelligence (“AI”) to classify and secure unstructured information. Getvisibility also provides risk and compliance assessments as well as enforcing protection on sensitive data. The company operates across the US, Europe, the Middle East and North Africa with a presence in several industry sectors including banking, healthcare and the public sector. Getvisibility’s clients include a leading global producer of energy and chemicals, a major airport group, one of the largest financial institutions in the Middle East as well as US government entities in the pharmaceutical and manufacturing sectors.

Pires made a follow-on investment in Getvisibility in June 2021, as part of a €1.1 million funding round led by a new lead investor Herb Hribar, who has also become Chairman of the company. This new funding took place at a significant premium to the valuation at which Pires made its original investment in March 2020.

In March 2022, Getvisibility then raised a further €10 million. Pires made its original investment of €250,000 in March 2020, with a follow-on investment of €62,000 in June 2021. Since then, Getvisibility has made significant progress such that, based on the post funding round valuation, Pires’ direct stake in Getvisibility (including its additional investment) is now valued at circa €1,500,000 or over 4 times its total investment cost to date since it made its first investment two years ago. In addition, Pires has a further interest in Getvisibility via its 13% interest in SVV and an indirect interest through its holding in Sure Ventures plc, which together are now valued at circa €1,330,000. Pires’ effective interest in Getvisibility, in aggregate, is therefore now valued at circa €2,830,000.

Digital assets sector

The Company completed its first investment in the digital assets sector through an investment in De Tech Studio Limited, which was developing a decentralised finance technology platform (“YOP”), and YOP tokens. Certain YOP tokens were sold to realise a cash profit and the balance of the investment was used to subscribe for shares in Pluto Digital plc (“Pluto”).

Pluto is a crypto technology and operations company with a focus on Decentralised Finance (DeFi) and the Metaverse (blockchain gaming and NFTs).

During the period, Pluto has invested in Maze Theory Limited (“Maze Theory”), a London-based digital entertainment studio, with a view to developing high quality games that incorporate token economics. As part of this arrangement, Pluto and Maze Theory formed a new gaming blockchain and metaverse studio joint venture called Emergent Games. Given the experience of the team at Maze Theory and the work that they have done, Pluto is planning to extend its relationship with Maze Theory as it believes that this is a sector that provides an exciting growth opportunity. Also, during 2021 Pluto fully acquired the YOP platform and has been actively developing this platform to help enable users to operate in and navigate the DeFi space, which has been growing rapidly.

As at 31 December 2021, the Company’s equity holding in Pluto was valued at almost £2 million based on a price of 6 pence per share, which is the price at which the company’s most recent funding raising took place. This represents a very significant uplift on the Company’s initial investment in this sector.

Pires currently holds 32,518,876 shares in Pluto and warrants over 24 million new ordinary shares in Pluto, subject to certain vesting conditions, 6 million of which have already vested.

Review of Activities (continued)

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Financial

For the year under review, the Company reported a profit before taxation of £1,491,000 (for the 14-month period ended 31 December 2020: loss of £687,000). The profit or loss for the Company includes unrealised gains/losses in the portfolio of quoted equity investments which are marked to market, plus any return from and adjustment to the carrying value of our unlisted investments in the technology sector.

NAV as at the end of the period amounted to £7,223,000 (31 December 2020: £2,926,000). Whilst the Company's net assets have increased by 147% over the period and NAV per share is up circa 100%, we continue to believe that absolute NAV does not fairly represent the Company's financial potential, given the scope for significant valuation uplift of the companies within the portfolio. This is clearly demonstrated by the gains, both realised and unrealised, that are regularly being achieved to date from the investment portfolio. Furthermore, it is worth reiterating that realisations that are achieved within the SVV portfolio result in cash distributions to the Company and are not retained within the fund. Furthermore, the period end NAV figures do not take into account the significant increase in value of the Company's holding in Getvisibility which occurred post period end.

During the period, the holders of warrants over 21,656,579 ordinary shares in the Company exercised their warrants at 4 pence per share with total net proceeds to the Company of £866,000. As at the period end there were unexercised warrants over 28,618,403 new ordinary shares in the Company, although this figure has now reduced to 25,468,421. These warrants will expire at the end of June 2022.

Other

In February 2021, the Company was delighted to welcome a new director, David Palumbo, to the Board. David is currently CEO of EQTEC plc and brings a wealth of experience in the venture capital and technology sectors. Also, at the AGM, Peter Redmond retired from the Board. We would therefore like to thank Peter for his time at Pires and his valuable contribution to the progress that the Company has made over recent years. We all wish Peter the very best in his future endeavours.

Post the period end

In March 2022, the Company agreed to invest in a second SVV fund, the New SVV Fund, alongside the British Business Bank which is investing up to £50 million. This fund has already made its first investment in RETİNİZE Limited ("RETİNİZE"), a technology company based in Belfast, Northern Ireland which is developing an innovative software product called Animotive that is harnessing the latest VR technologies to transform the 3D animation production process.

As previously mentioned, Getvisibility, which the Company holds directly, and through SVV and its holding in SV plc completed a €10 million fund raise in March 2022, generating a significant uplift in the value of Getvisibility and therefore the Company's investment portfolio both from its direct shareholdings and indirect interests from its holdings in SVV and SV plc.

Since 1 January 2022, the holders of 3,149,982 warrants over ordinary shares in the Company have exercised their warrants at 4 pence per share for a total consideration of £126,000. The total number of ordinary shares of the Company in issue are following recent allotments will be 161,395,191. Unexercised warrants currently total 25,468,421 and these warrants expire at the end of June 2022.

On 1 June 2022, Tern plc ("Tern") announced a recommended share offer for the issued and to be issued share capital of the Company on the basis of 0.51613 Tern shares for each share in the Company. This valued each share in the Company at 8 pence based on the closing price of Tern shares on 31 May 2022 and represented a premium of 53.8% to the closing price of the Company's shares on 31 May 2022.

Outlook

As set out at the beginning of this statement, 2021 has been extremely busy for Pires and this has continued into 2022. A number of exciting new investments have been made, both directly and through the Company's investment in SVV, and the investment portfolio has achieved significant growth in value. In particular, this has continued into 2022 with Getvisibility.

Our investment strategy is focused on next generation technology businesses with significant potential for accelerated growth across sectors such as AI, IoT and Immersive Technologies, as well as the digital assets sector. We remain encouraged by the progress made to date by our investments and the outlook for the respective sectors in which they operate.

Review of Activities (continued)

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We expect that in the coming months we will see some additional realisations or liquidity events from the investment portfolio. Furthermore, it is important to note that, as previously mentioned, the first SVV fund has now substantially completed its deployment phase with potentially one more new investment and some small follow-on investments to come and so is moving towards a realisation phase which is expected to generate further cash inflows for the Company.

In summary, we believe that our investment strategy in the technology sector has already proven to have been successful. Going forward, the Company is very well positioned to become a leading next generation technology investment company with an exciting portfolio of technology companies held either directly or indirectly through its interests in SVV that have the potential for significant growth and the ability to deliver real returns for shareholders.

Nicholas Lee

Director

14 June 2022

Strategic Report

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Business review and future developments

The Company is an investment company listed on AIM focused on investment in next generation technology.

Investment portfolio

During the year ended 31 December 2021, the Company made a number of new and follow-on investments both in SVV and directly. Further details regarding these investments and the year's activities are set out in the Review of Activities statement on page 2.

As at 31 December 2021, the Company's investment portfolio comprised:

Investment portfolio	Value (£000's)
Investment in Sure Valley Ventures/SV plc	4,146
Direct investments	884
Investment in digital assets sector	1,951
Cash and other listed securities	409
Total	7,390

The portfolio valuations are based on the market valuation where the investments are listed or at cost or fund valuation where they are unlisted.

Going concern

During the period under review, the Company achieved a profit of £1.49 million (14 months ended 31 December 2020: loss of £687,000).

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

In reaching this conclusion, the Directors have considered the financial position of the Group, together with its forecasts and projections for the 12-month period from the signing of these financial statements, taking into account reasonably possible changes in trading performance and the environment for investment. Furthermore, the Company has several sources available to provide funding over the coming years. These would include, inter alia, realisations from the SVV fund, the exercise of outstanding in-the-money warrants and previously announced upcoming liquidity events for a number of its other investments, as well as access to debt and equity capital markets.

Investing policy

The Company's revised investing policy was approved by shareholders on 3 October 2019 and has been implemented in accordance with the requirements of Rule 15 of the AIM Rules (as in force at that time) on that date. A copy of the investing policy is available on the website (www.piresinvestments.com).

Financial risk management objectives and policies

Details of the Company's financial instruments and financial risk management policies can be found in notes 11 and 12 to the financial statements.

Key performance indicators

As an investment company at this stage of its development, the key performance indicators principally comprise growth in net asset value and share price appreciation. It is also important to have sufficient cash or liquid assets in order to be able to take advantage of investment opportunities as they arise.

Strategic Report (continued)Annual Report and Financial Statements
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The key performance indicators are set out below:

	31 December 2021	31 December 2020	
	£	£	Change %
Share price – pence	0.0750	0.0625	20%
Net asset value	7,223,000	2,926,000	147%
Net asset value – pence per share	0.0457	0.027	100%
Cash and cash equivalents	409,000	1,122,000	(64%)

The Company's net asset value whilst being used as a performance indicator is not a true measure of the Company's underlying value due to the conservative nature of the Company's basis of valuation of its investment portfolio and the lagging nature of this indicator. This can clearly be demonstrated by the regular upward revaluations of the companies within the Company's investment portfolio from the previous carrying values as a result of subsequent rounds of investment by third party investors into those companies.

In terms of availability of cash, the Company has several sources available to fund its operations and investments over the coming years. These would include, inter alia, realisations from the SVV fund, the exercise of outstanding in-the-money warrants and previously announced upcoming liquidity events for a number of its other investments, as well as access to debt and equity capital markets.

Principal business risks and uncertainties*Dependence on key executives and personnel*

The Company's future development and prospects are substantially dependent on the continuing services and performance of the Directors. The Directors cannot give assurances that they will remain with the Company, although the Directors believe that the Company's culture and remuneration packages are attractive. If key members of the Company's management team depart, or are affected by illness, such as COVID-19, and the Company is not able to find effective replacements in a timely manner or at all, its business may be disrupted or damaged.

Identifying suitable targets

The Company is dependent upon the ability of the Directors to identify suitable investment opportunities in accordance with its Investing Policy. There is no guarantee that the Company will be able to source further opportunities, or complete investments, at an appropriate price, or at all, as a consequence of which resources may be expended on investigative work and due diligence without achieving a return.

Market conditions

Market conditions may have a negative impact on the Company's ability to make investments in suitable entities which generate acceptable returns. There is no guarantee that the Company will be successful in sourcing suitable investments.

Costs associated with potential investments

The Company may incur certain third-party costs associated with the sourcing of suitable investments. The Company can give no assurance as to the level of such costs, and given that there can be no guarantee that negotiations to acquire any given investment will be successful, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's performance, financial condition and business prospects.

Valuation error

The Company may miscalculate the realisable value of an investment in a project. A lack of reliable information, errors in assumptions or forecasts and/or inability to successfully implement an investment, among other factors, could all result in the project having a lower realisable value than anticipated. If the Company is not able to realise an investment at its anticipated levels of profitability, projected investment returns could be adversely affected.

Strategic Report (continued)

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Funding

If the Company identifies and wishes to pursue an investment opportunity, it is likely to need to raise further funds for further working or development capital. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to invest on a basis which is acceptable to shareholders.

Assessment of Business Risk

The Board regularly reviews operating and strategic risks and considers in such reviews financial and non-financial information including:

- a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- the performance of investments; and
- selection criteria of new investments; and
- reports prepared by third parties.

Section s172 Statement – Promotion of the Company for the benefit of 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; and

The application of s172 requirements can be demonstrated in relation to some of the following:

- The Directors are committed to developing and applying high standards of corporate governance. The Board of Directors has applied the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance;
- Raising of additional funds, as required, for the Company for investment purposes; and
- The making of investments that have generated significant returns for the Company and its shareholders.

Nicholas Lee

Director

14 June 2022

Directors' Report

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The Directors present their annual report and the audited Company financial statements of Pires Investments plc for the year ended 31 December 2021. The Company extended the accounting reference date to 31 December during 2020 and therefore the prior year annual report covered a 14-month period and therefore certain amounts presented in the profit and loss account are not entirely comparable to the prior year ended 31 December 2020 which covered a 14-month period.

The Company's Ordinary Shares are traded on the AIM market of the London Stock Exchange under the ticker PIRI.

Results and dividends

The Company's profit from continuing activities for the year was £1,491,000 (2020 loss for the period: £687,000). The Directors are not recommending the payment of a dividend (2020: nil).

Principal activities and review of business

The principal activity of the Company throughout the period under review and since has been as an investment company involved in the seeking, investigation, making of and sale of investments.

The review of the business is contained within the Review of activities on page 2.

Events after the Reporting Period

In March 2022, the Company agreed to invest in a second SVV fund, the New SVV Fund, alongside the British Business Bank who is investing up to £50 million. This fund has already made its first investment in RETİNİZE Limited ("RETİNİZE"), a technology company based in Belfast, Northern Ireland which is developing an innovative software product called Animotive that is harnessing the latest VR technologies to transform the 3D animation production process.

Getvisibility, which the Company holds directly, and through SVV and its holding in SV plc completed a €10 million fund raise in March 2022, generating a significant uplift in the value of Getvisibility and therefore the Company's investment portfolio both from its direct shareholding and indirect interests from its holdings in SVV and SV plc.

Since 1 January 2022, the holders of 3,149,982 warrants over ordinary shares in the Company have exercised their warrants at 4 pence per share for a total consideration of £126,000. Unexercised warrants currently total 25,468,421 and the total number of ordinary shares of the Company in issue is currently 161,395,191.

On 1 June 2022, Tern plc ("Tern") announced a recommended share offer for the issued and to be issued share capital of the Company on the basis of 0.51613 Tern shares for each share in the Company. This valued each share in the Company at 8 pence based on the closing price of Tern shares on 31 May 2022 and represented a premium of 53.8% to the closing price of the Company's shares on 31 May 2022.

Directors

The following Directors have held office since 1 January 2021:

John May

Nicholas Lee

David Palumbo (appointed 1 February 2021)

Peter Redmond (resigned 27 August 2021)

Charitable and political donations

No charitable or political donations were made during the period (2020: nil).

Directors' Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

Substantial shareholders

As at 13 June 2022, this shareholder information is based on the Pires Investments plc share register and disclosures made by shareholders:

	Ordinary shares of 0.25p each Number	% of the issued ordinary share capital
RiverFort Global Opportunities plc	30,914,193	19.15%
Christopher Akers	25,150,000	15.58%

Nicholas Lee, a director of the Company, is also the Investment Director of RiverFort Global Opportunities plc.

The Directors had no beneficial interests in the share capital of the Company as at 31 December 2021 and 31 December 2020, or throughout these respective periods.

Auditor

PKF Littlejohn LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Nicholas Lee
Director
14 June 2022

Report on Remuneration

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

Policy on Directors' remuneration

The policy of the Board is to provide remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position. The remuneration will reflect the Directors' responsibilities and time commitment.

Remuneration of the Directors

During the period, the following remuneration and other benefits were charged to the Company; the amounts noted for 2020 are for a period of 14 months in comparison to the 12 months for 2021:

	Salary 2021 £	Bonus 2021 £	Fees 2021 £	Total 2021 £	Total 2020 £
Peter Redmond (resigned 27 Aug 2021)	42,000	-	-	42,000	64,000
John May	36,000	12,500	-	48,500	64,000
Nicholas Lee	54,000	25,000		79,000	83,000
David Palumbo	11,000	12,500	22,000	45,500	-
	143,000	50,000	22,000	215,000	211,000

As at 31 December 2021, £nil Directors fees (2020: £nil) have been deferred for payment. All remuneration is considered to relate to short term benefits.

The salary paid to Peter Redmond during 2021 incorporates a payment for his 6 month contractual termination notice period.

Directors' interests

The Directors' had no beneficial interests in the share capital of the Company as at 31 December 2021 and 31 December 2020.

John May
Director
14 June 2022

Statement of Directors' Responsibilities

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

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 UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS (UK)). Under Company Law the Directors must not approve the financial statements unless they give a true and fair view of the state of affairs and profit or loss of the Company for that period

In preparing those financial statements, International Accounting Standard 1 requires the Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

Disclosure of information

In the case of each of the persons who are acting as Directors of the Company at the date when this report was approved:-

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of the which the Company's auditor is not aware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

The Directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Publication of Accounts on the Company Website

Financial statements are published on the Company's website: www.piresinvestments.com. The maintenance and integrity of the website is the responsibility of the Directors. The Directors responsibility also extends to the financial statements contained therein.

By order of the Board

John May

Director

14 June 2022

Corporate Governance Report

Annual Report and Financial Statements
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The Company's shares are traded on AIM and on 28 August 2018, the Company formally adopted the QCA Corporate Governance Code and this is reproduced below. The Board is accountable to the Company's shareholders for good corporate governance. This report and the Remuneration Report describe how the Company applies the provisions of good corporate governance.

Directors

The Board currently consists of three non-executive Directors whilst it is seeking investment opportunities. It is responsible for approving Company policy and strategy and for implementing it with support from consultants. The Directors will review the composition of the Board on a regular basis. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance. The Annual General Meeting is used to communicate with investors and they are encouraged to participate and the Directors are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration.

Audit Committee

During the year the Audit Committee comprised John May and David Palumbo. The Committee has met with the auditor and considered the results and the audit process, and has satisfied itself as to the auditor's independence during the year.

Remuneration Committee

During the year the Remuneration Committee comprised John May and David Palumbo. The policy of the Company on remuneration is to reward individual performance so as to promote the best interests of the Company and enhance shareholder value. The remuneration of Directors is approved by the Board. Individual Directors do not participate in decisions concerning their own remuneration.

Internal control

The Board is committed to the maintenance of effective internal controls. The Board recognises its responsibility for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has determined that there is currently no requirement for an internal audit function whilst it is undertaking its current activities. However, the Directors will continue to review the requirement for an internal audit function on a regular basis.

Compliance with Governance Code

Following a consultation by the London Stock Exchange, new AIM Rules were published in March 2018. One of the key amendments is in respect of AIM Rule 26 (as set out in AIM Notice 50), which now requires AIM companies to state on their website which recognised corporate governance code they apply and how they have applied that code.

The Board of Directors of Pires Investments PLC ("Pires" or "the Company") is committed to developing and applying high standards of corporate governance. The Board of Directors has applied the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies.

A revised version of the QCA Code (the "Revised Code") was published in April 2018, based on the 'comply or explain' principle.

The QCA Code is constructed around ten broad principles (accompanied by an explanation of what these principles entail, under 'application') and a set of disclosures. The Code states what is considered to be appropriate arrangements for growing companies, and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The table below sets out the principles, the application recommended by the QCA code. It then sets out how the Company complies with these requirements and departures from code, and provides links to appropriate disclosures. These are based upon the recommended disclosures provided in the QCA code.

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

These disclosures were last reviewed on the 24 April 2022.

Principles:	Application:
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>The Company is an Investing Company and the Board has adopted a strategy appropriate for its status. The Company's Investing Policy is to invest principally, but not exclusively, in the natural resources, and technology sectors. The Company will consider investments in the United Kingdom, Ireland and mainland Europe more generally but will also consider investments in wider geographical regions. The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings. Once a target has been identified, additional funds may need to be raised by the Company to complete a transaction.</p> <p>The proposed investments to be made by the Company may be in either quoted or unquoted securities made by direct acquisition and may be in companies, partnerships or joint ventures; or direct interests in projects and can be at any stage of development. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership.</p> <p>The Company will identify and assess potential investment targets and where it believes further specialist investigation is required, it intends to appoint appropriately qualified advisers to assist.</p> <p>The Company proposes to carry out a comprehensive and thorough project review process in which all material aspects of any potential investment will be subject to rigorous due diligences, as appropriate. It is likely that the Company's financial resources will be invested in a small number of projects or investments or potentially in an investment which may be deemed to be a reverse takeover under the AIM Rules. Where this is the case, it is intended to mitigate risk by undertaking an appropriate due diligence process. Any transaction constituting a reverse takeover under the AIM Rules will require shareholder approval. The possibility of building a broader portfolio of investment assets will also be considered.</p> <p>The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends. Given the nature of the Company's Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of net asset value.</p> <p>The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.</p> <p>The objective of the Directors is to generate capital appreciation and any income generated by the Company will in the first instance be applied to cover costs or will be added to the funds available to further implement the Investment Policy. However, they may recommend or declare dividends at some future date depending on the financial position of the Company.</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.</p> <p>In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.</p> <p>Investors also have access to current information on the Company through its website, www.piresinvestments.com.</p>

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

<p>3. Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>The Board recognises that the long-term success of the Group is reliant upon the efforts of its directors. The Company does not currently have any other employees, and upon its contractors, suppliers and regulators.</p> <p>The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.</p> <p>For example, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the directors or the Company's accountant.</p>																				
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>In addition to its other roles and responsibilities the Audit and Compliance Committee (see composition details in Corporate Governance section of website) is responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Company.</p> <p>The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place.</p> <p>This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis.</p> <p>The following principal risks, and controls to mitigate them, have been identified:</p> <table border="1" data-bbox="507 1043 1469 1682"> <thead> <tr> <th>Activity</th> <th>Risk</th> <th>Impact</th> <th>Control(s)</th> </tr> </thead> <tbody> <tr> <td>Management</td> <td>Recruitment and retention of key staff</td> <td>Reduction in operating capability</td> <td>Stimulating and safe working environment. Balancing salary with longer term incentive plans.</td> </tr> <tr> <td>Regulatory adherence</td> <td>Breach of rules or product requirements</td> <td>Censure or withdrawal of authorization</td> <td>Strong compliance regime</td> </tr> <tr> <td>Strategic</td> <td>Damage to reputation Inadequate disaster recovery procedures</td> <td>Inability to secure new customers. Loss of key operational and financial data.</td> <td>Effective communications with shareholders. Secure off-site storage of data.</td> </tr> <tr> <td>Financial</td> <td>Liquidity, market and credit risk.</td> <td>Inability to continue as going concern.</td> <td>Robust financial controls and procedures in place.</td> </tr> </tbody> </table> <p>The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. In addition there are a range of Company policies that are reviewed at least annually by the Board. These policies cover matters such as share dealing and insider legislation. The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Company and due to the close day to day monitoring control exercised by the Directors. However, the Board will continue to monitor the need for an internal audit function.</p> <p>The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function. It was concluded,</p>	Activity	Risk	Impact	Control(s)	Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment. Balancing salary with longer term incentive plans.	Regulatory adherence	Breach of rules or product requirements	Censure or withdrawal of authorization	Strong compliance regime	Strategic	Damage to reputation Inadequate disaster recovery procedures	Inability to secure new customers. Loss of key operational and financial data.	Effective communications with shareholders. Secure off-site storage of data.	Financial	Liquidity, market and credit risk.	Inability to continue as going concern.	Robust financial controls and procedures in place.
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Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

	<p>given the current size and transparency of the operations of the Company, that an internal audit function was not required.</p> <p>As noted in the Strategic Report in the Annual Report, the Board regularly reviews operating and strategic risks and considers in such reviews financial and non-financial information including:</p> <ul style="list-style-type: none"> • a review of the business at each Board meeting, focusing on any new decisions/risks arising; • the performance of investments; • selection criteria of new investments; and • reports prepared by third parties.
<p>5. Maintain the board as a well-functioning, balanced team led by the chair</p>	<p>The Board comprises, Nicholas Lee, who has key responsibility for the day to day management of the Company and two other Directors, John May and David Palumbo.</p> <p>The Board is assisted by Robert Porter with respect to financial accounting and as Company Secretary.</p> <p>The time commitment formally required by the Company is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. Biographical details of the current directors are set out within Principle Six below.</p> <p>Directors are subject to re-election intervals as prescribed in the Company's Articles of Association.</p> <p>At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.</p> <p>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.</p> <p>They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.</p> <p>The Board meets as regularly as necessary given its AIM status. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.</p> <p>Board Meetings</p> <p>The Board retains full control of the Company with day-to-day operational control delegated to Directors. The full Board meets on occasions it considers necessary.</p> <p>The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.</p> <p>During 2021 there have been 14 board meetings and the Audit and Remuneration Committee has met on 2 occasions respectively.</p>

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

	<p>Attendance at the board meetings is set out below:</p> <p>David Palumbo 10/14 John May 14/14 Nicholas Lee 14/14</p>
<p>6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The Board currently consists of three directors and, in addition, the Company uses the services of Robert Porter for ad hoc financial accounting and advisory services and also to act as Company Secretary.</p> <p>Nicholas Lee, although a non-executive director, is not considered independent as he is a director of Riverfort Global Opportunities plc that has a Substantial Shareholding (19.15%) in Pires.</p> <p>John May and David Palumbo are currently the Company's independent non-executive directors.</p> <p>John May – Director</p> <p>John is a Fellow of the Institute of Chartered Accountants in England and Wales. He is the Managing Partner of City & Westminster Corporate Finance LLP, an FCA registered partnership. He is chairman of the Small Business Bureau Limited and The Genesis Initiative Limited, lobbying groups for small business to the UK Parliament. Mr May has been the principal of his own chartered accountancy practice since 1994. From 1977 to 1994, Mr May was a senior partner with what is now Crowe UK, where he served for eight years on the managing board and for nine years as chairman of its Thames Valley offices. In his capacity as UK national marketing partner and head of its property consultancy division, he was a director of its UK and international associations. Mr May was finance director of AIM listed Security Research Group plc, until December 2005 and Tomco Energy Plc until July 2011 and a non-executive director of AIM listed Petrolatina Energy plc until March 2012. He is the executive chairman of Red Leopard Holdings plc and was non-executive chairman of Hayward Tyler Group Plc until August 2017 which were both listed on AIM.</p> <p>Nicholas Lee – Director</p> <p>Nicholas has more than 25 years of experience in international investment banking and working as a company director. Nicholas was with Dresdner Kleinwort and its antecedent firms from 1988 to 2009, starting at Kleinwort Benson Group plc and rising to Managing Director, Head of Banking, Hedge Fund Solutions Group. Previously as a Managing Director in mergers and acquisitions at Dresdner Kleinwort Wasserstein, Nicholas advised leading companies from a number of different industries, including the natural resources, financial services, consumer and retail sectors. Nicholas is currently a director of a number of listed companies. Nicholas qualified as a chartered accountant with Coopers & Lybrand and has an MA in engineering from St John's College, Cambridge.</p> <p>David Palumbo – Director</p> <p>David is currently the Chief Executive Officer of AIM-listed EQTEC plc ("EQTEC"), a leading gasification technology solutions company for sustainable waste-to-energy projects, having joined EQTEC's board in August 2019. Since becoming Chief Executive Officer, EQTEC's valuation has increased significantly, and the company now has a market capitalisation of over £160 million. David is an experienced entrepreneur with over 20 years of experience in private equity, venture capital and asset management. Since 2006, he has founded and co-founded a number of companies in various industries such as cleantech, digital technology, and real estate. David is also the Founding and Managing Partner of Origen Capital LLP, a private investment firm representing family offices and private consortia in Europe, CIS and Latin America. He holds a BSc and an MSc in electrical engineering.</p>

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

<p>7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>Evaluation of Board Performance:</p> <p>Internal evaluation of the Board, the Committees and individual directors is important and will develop as the status of the Company changes in the future. The expectation is that board reviews will be undertaken on annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas. The Company currently has Nicholas Lee in an executive capacity.</p> <p>Nicholas Lee is currently the person responsible for guiding the business of the Board and ensuring long-term strategic focus and investments. The QCA Code recommends that this role should be undertaken as a non-executive role.</p> <p>As the Company develops and grows, it is committed to strengthen and reorganise the Board with the appointment of further experienced directors in order to maintain appropriate balance.</p>
<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>Corporate Culture:</p> <p>The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company.</p> <p>The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. The Company does not currently have any other employees.</p> <p>Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives.</p> <p>The Board places great importance on this aspect of corporate life and seeks to ensure, through regular discussions between all directors, that this flows through all that the Company does.</p> <p>The Board assessment of the culture within the Company at the present time is one where there is respect for all individuals, there is open dialogue within the Company and there is a commitment to best practice operations.</p> <p>The Board is able to ensure ethical behaviour and values are recognised and respected through its due diligence process when directing the investing strategies of the Company. All investment decisions are made in furtherance of the Company's strategy and business model.</p>
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p>	<p>Maintain Appropriate Governance Structures and Processes:</p> <p>The Board schedule provides for quarterly meetings and, in addition, meets ad-hoc as required. Similarly for the Audit and Remuneration Committees.</p> <p>Notwithstanding the above the Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion.</p> <p>Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.</p>

Corporate Governance Report (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

<p>10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders.</p> <p>A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website, www.piresinvestments.com.</p>
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John May
Director
14 June 2022

Independent auditor's report to the members of Pires Investments Plc

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Pires Investments Plc (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement 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 their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act; 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 company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's forecast cash flows covering the period for the twelve month period through until June 2023
- We assessed the assumptions within the forecast with regards to income generation, capital funding and cash flows based on our knowledge gained during the audit
- A comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management.
- Assessing the adequacy of going concern disclosures within the Annual Report and Accounts.

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.

Our application of materiality

Materiality for the company financial statements as a whole was set at £360,000 (2020: £154,000).

This has been calculated at 5% of the benchmark of Net Assets (2020: 5% of the benchmark of the Net Assets), which we have determined in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the company in assessing financial performance. We consider the Net Assets of the company to be the performance measure used by the shareholders as Pires Investments Plc is an investment company in the early stages of its development and therefore the key performance indicators are principally comprised of growth in net asset value and share price appreciation.

We set performance materiality at 75% (2020: 75%) of overall financial statements materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements. No significant changes have come to light through the fieldwork which has caused us to revise our materiality figure.

Independent auditor's report to the members of Pires Investments Plc (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

We report to the directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of £18,000 (2020: £7,700), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

As part of designing the audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements, in particular, we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We addressed the risk that the investments are not correctly valued by confirming ownership, external share prices, reviewing disclosures and whether management's assumptions were reasonable, considering both listed and unlisted investments.

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.

Key audit matter

Investments

The company holds assets at fair value through the profit and loss of £7,016,474 2020: £2,028,786 (see note 10). Unquoted investments now account for a significant portion of the total assets of the company. There is a risk that investments are not valued correctly in accordance with International Financial Standard (IFRS) 9 "Financial Instruments" and IFRS 13 "Fair Value Measurement." This is a key audit matter due to the material nature of the balance, as well as being the key source of the revenue of the company.

The fair value of the Level 2 investments, being the investments within a fund, in accordance with the fair value hierarchy is based on the fund valuation which references valuation techniques using observable inputs other than quoted prices, and therefore involves some management estimation and judgement. The fair value of the unquoted investments is determined based on Level 3 of the fair value hierarchy which involves significant management judgement. The risk of material error in valuations is greater for those investments which do not have readily available quoted prices.

How the scope of our audit responded to the key audit matter

Our procedures included, but were not limited to the following:

- Obtaining an understanding of management's processes for determining the fair value of unquoted investments. This included discussing methodology with management and enquiring as to their oversight of the valuation process.
- Comparing period end prices of investments from external sources to those used by management where applicable.
- Comparing management's valuation methodology to recognised valuation standards and guidelines, and the appropriateness of valuation methods used.
- Carrying out an assessment of the appropriateness of management's assumptions and obtaining explanations from management where there were significant judgements applied in determining the investment valuations.
- Ensuring that the company has full title to the investments held.
- Reviewing the adequacy of the disclosures in the financial statements, including in respect of the valuation methodology, assumptions and fair value hierarchy used.

Independent auditor's report to the members of Pires Investments Plc (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

Other information

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

Independent auditor's report to the members of Pires Investments Plc (continued)

Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021

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:

- We obtained an understanding of the company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from: AIM Rules, Companies Act and employment laws.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - o Enquiries of management
 - o Review of board minutes
 - o Review of RNS announcements
- We identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management identified in relation to the valuation of unlisted investments and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our 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.

Timothy Herbert (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
London, United Kingdom

15 Westferry Circus
Canary Wharf
London E14 4HD

14 June 2022

Statement of Comprehensive Income

FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	Year Ended December 2021 £000's	14 month period ended 31 December 2020 £000's
CONTINUING ACTIVITIES			
Income			
Other Income	5	-	1
Total income		-	1
Gain/(loss) on investments held at fair value through profit or loss	10	2,081	(149)
Operating expenses		(590)	(539)
Operating profit/(loss) from continuing activities		1,491	(687)
Profit/(loss) before taxation from continuing activities		1,491	(687)
Taxation	7	-	-
Profit/(loss) for the year from continuing activities		1,491	(687)
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to equity holders of the Company		1,491	(687)
Basic profit/(loss) per share			
Equity holders			
Basic	8	1.00p	(0.64p)
Fully diluted		0.8p	(0.64p)

The accounting policies and notes are an integral part of these financial statements.

Statement of Changes in Equity

FOR THE PERIOD ENDED 31 DECEMBER 2021

	Share Capital £000's	Share Premium £000's	Capital Redemption Reserve £000's	Retained Earnings £000's	Total £000's
Balance at 1 November 2019	11,996	4,249	165	(13,845)	2,565
Profit and total comprehensive profit for the period	-	-	-	(687)	(687)
Issue of shares (net of costs)	139	909			1,048
As at 31 December 2020	12,135	5,158	165	(14,533)	2,926
Profit and total comprehensive profit for the period				1,491	1,491
Issue of shares (net of costs)	90	2,716			2,806
Cancellation of deferred shares	(11,830)		11,830		-
As at 31 December 2021	396	7,874	11,995	(13,042)	7,223

Share Capital – amount subscribed for share capital at the nominal amount

Share Premium – amount subscribed for share capital above the nominal amount

Capital Redemption Reserve – own shares purchased by the Company

Retained earnings – cumulative gains and losses recognised

The accounting policies and notes are an integral part of these financial statements

*(Incorporated in England and Wales with registered number 02929801)***Statement of Financial Position**

AT 31 DECEMBER 2021

	Notes	31 December 2021 £000's	31 December 2020 £000's
Current assets			
Investments	10	7,016	2,029
Trade and other receivables	14	8	15
Cash and cash equivalents		374	1,019
Total current assets		7,398	3,063
Total assets		7,398	3,063
Equity			
Issued share capital	15	396	12,135
Share premium	15	7,874	5,158
Retained earnings		(13,042)	(14,532)
Capital redemption reserve	15	11,995	165
Total equity		7,223	2,926
Liabilities			
Current liabilities			
Trade and other payables	16	175	137
Total liabilities and current liabilities		175	137
Total equity and liabilities		7,398	3,063

These financial statements were approved and authorised for issue by the Board of Directors on 14 June 2022 and were signed on its behalf by:

Nicholas Lee
Director

John May
Director

The accounting policies and notes are an integral part of these financial statements.

Statement of Cash Flows

FOR THE PERIOD ENDED 31 DECEMBER 2021

	2021	2020
	£000's	£000's
<i>Cash flows from operating activities</i>		
Profit/(loss)	1,491	(687)
Realised (gain) on disposal of investments	(61)	(128)
Fair value movements in investments	(2,020)	277
Finance income	-	(1)
Decrease/(increase) in receivables	7	(4)
Increase in payables	38	98
Net cash used in operating activities	(545)	(445)
<i>Cash flows from investing activities</i>		
Payments to acquire investments	(1,066)	(2,217)
Proceeds of disposal of investments	111	1,205
Finance income received net	-	1
Net cash (used) in investing activities	(955)	(1,011)
<i>Cash flows from financing activities</i>		
Net proceeds from share issues	855	1,048
Net cash from financing activities	855	1,048
Net (decrease) in cash and cash equivalents during the period	(645)	(408)
Cash and cash equivalents at beginning of period	1,019	1,427
Cash and cash equivalents at end of period	374	1,019

The accounting policies and notes are integral to these financial statements.

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

General Information

Pires Investments plc (“the Company”) was throughout the period an investing Company with an investing policy adopted on 16 April 2012 and revised on 3 October 2019.

The Company changed its accounting period end to 31 December in 2020 and therefore the comparable period within these Financial Statements cover a 14 month period to 31 December 2020.

The Company is a limited liability company incorporated and domiciled in England.

The address of the registered office is 9th Floor, 107 Cheapside, London, EC2V 6DN.

These financial statements are prepared in round £000’s, because that is the currency of the primary economic environment in which the Company operates.

Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with applicable law and UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with applicable law requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in these accounting policies.

Going Concern

The financial statements have been prepared on the going concern basis.

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Company to carry out its planned business objectives is dependent on its continuing ability to raise adequate capital from equity investors and/or the realisation of quoted investments.

At the time of approving these financial statements and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company’s financial statements.

Statement of compliance

(a) New standards, amendments and interpretations adopted by the Company

No new standards were adopted during the year.

(b) New standards, amendments and interpretations not yet adopted by the Company

New and amended standards and interpretations issued but not yet effective or not yet endorsed for the financial year beginning 1 January 2020 and not yet early adopted.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

At the date of authorisation of these financial statements, the Group and Company have not applied the following new and revised IFRSs that have been issued but are not yet effective. The Group and Company intend to adopt these standards, if applicable, when they become effective.

Standard	Description	Effective date for annual periods beginning on or after
IAS 1	Amendments – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies.	1 January 2023
IAS 8	Amendments – Accounting policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates	1 January 2023
IFRS 16	Amendments- Leases – COVID-19- Related Rent Concessions beyond 30 June 2021	1 April 2021
IAS 12	Amendments – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Amendments – Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Competitive Information	1 January 2023

The Company has not early adopted any of the above standards.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income is recognised at the time any market share price is adjusted to exclude the right to receive such dividend or, if there is no such adjustment, when received.

Income tax

Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax is calculated on the results shown in the Financial Statements and according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable 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, and 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in 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.

1. ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any attributable impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Details of these assets and their fair value is included in note 11.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'other receivables and prepayments' and 'cash and cash equivalents' in the Statement of Financial Position.

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value with transaction costs expensed for all financial assets. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within Gain on investments held at fair value through profit or loss in the period in which they arise.

(c) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of equity investments and securities below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Cash and cash equivalents Cash and cash equivalents comprise cash in hand and bank balances.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (continued)

Financial liabilities

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise trade and other payables.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account 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.

Share capital account represents the nominal value of the shares issued.

Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income.

The Capital Redemption Reserve includes the nominal value of the Deferred Shares cancelled in 2021.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In certain circumstances, where fair value of investments cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

Any estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period.

3. BUSINESS AND GEOGRAPHICAL REPORTING

An operating segment is a component of the Company that engages in business from which it may earn revenues and incur expenses. The Company has only one operating segment, being the investment in companies or assets. Therefore, the financial information of the single segment is the same as that set out in the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows.

4. AUDITORS REMUNERATION

During the period the Company obtained the following services from the Company's auditor (in respect of continuing and discontinuing activities):

	2021	2020
	£000's	£000's
Fees payable to auditors for the audit of the Company's financial statements	21	19
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation	-	3
All other services	-	-
	21	22

5. OTHER INCOME

The Company's other income was:

	2021	2020
	£000's	£000's
Interest receivable	-	1
	-	1

6. REMUNERATION

The Company's employee emoluments expense was:

	2021	2020
	£000's	£000's
Emoluments	215	194
	215	194

The average monthly number of persons employed by the Company, including Directors, during the period was as follows:

	2021	2020
	No	No
	4	3

Details of Directors' emoluments, are given in the Report on Remuneration. These disclosures form part of the audited financial statements of the Company. The Directors of the Company are considered to represent key management of the Company as defined by IFRS. The Directors are the only employees of the Company.

7. TAX EXPENSE

Both current and deferred tax are nil in the period and therefore there is nil tax recoverable/payable.

	2021	2020
	£000's	£000's
Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before taxation	1,491	(687)
Profit (loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19.0% (2020: 19.0%)	283	(131)
Effects of:		
Expenses not deductible for tax purposes net of income not subject to corporation tax	1	1
Income not taxable for tax purposes	(395)	-
Chargeable gains/(losses)	3	-
Remeasurement in deferred tax for changes in tax rates	(484)	(140)
Movement in deferred tax not recognised	592	268
Tax charge	-	-

The Company has tax losses available to carry forward against relevant future taxable income and profits of approximately £6.4 million (2020: £6.4 million) in respect of which no deferred tax asset has been recognised due to the uncertainty as to when profits will be generated against which to relieve said asset.

Where it is anticipated that future taxable profits will be available against which these losses will be utilised a deferred tax asset is recognised.

No deferred tax has been recognised in the period (2020: nil) and the tax charge for the period was nil (2020: nil).

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2021

8. EARNINGS PER SHARE

	2021	2020
	£000's	£000's
Profit/(loss) attributable to the owners of the Company		
Continuing Operations	1,491	(687)
	2021	2020
	No. of	No. of
	Shares	shares
Weighted average number of shares for calculating basic profit per share	149,021,386	107,298,817
Weighted average number of shares for calculating the fully diluted profit per share	177,639,789	107,298,817
	2021	2020
	Pence	Pence
Basic and diluted profit/(loss)per share		
Continuing Operations – basic	1.00	(0.64)
– diluted	0.80	(0.64)

9. FAIR VALUE MEASUREMENT

The table below sets out the fair value measurements using the fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset 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.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between categories during the period.

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	£000's	£000's
Investments at fair value brought forward	2,029	1,165
Purchase of investments	3,016	2,217
Investment disposals	(49)	(1,076)
Movement in investment holding	2,020	(277)
Balance	7,016	2,029
<i>Categorised as</i>		
Level 1 – quoted prices	1,482	103
Level 2 – SVV (based on fund valuation)	2,699	1,507
Level 3 – Unquoted investments	2,835	419
	7,016	2,029
Gains/(losses) on investments held at fair value through profit or loss		
Movement in investment holding gains / (losses)	2,020	(277)
Realised gain on disposal of investments	61	129
Net profit/(loss) on investments held at fair value through profit or loss	2,081	(149)

Quoted Investments level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily LSE/AIM equity investments, however, in 2021 includes Sure Ventures plc which is a listed specialist fund.

Unquoted investments (Level 2)

The value of Level 2 unquoted investments as at 31 December was £2,699,000 (2020 – £1,507,000) and comprised the holding in Sure Valley Ventures ("SVV"), an Irish collective asset-management vehicle with variable capital and limited liability which has been authorised by the Central Bank as a Qualifying Investor Alternative Investment Fund ("QIAIF"). The fair value of the holding in SVV is the value indicated in the capital summary provided by the SVV as at 31 December 2021 and 2020.

Unquoted investments (Level 3)

The value of the Level 3 unquoted investments as at 31 December was £2,835,000 (2020 – £419,000) and comprised holdings in Pluto, Getvisibility, PreCog and Low6 which are unquoted public companies. All holdings are valued at cost or directors' valuation based on recent funding rounds involving independent third party investors or other clear metrics.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2021

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk and market price risk.

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit risk

The Company's financial instruments, which are subject to credit risk, are cash and cash equivalents. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The Company's maximum exposure to credit risk is £374,000 (2020: £1,019,000) comprising cash and cash equivalents.

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

Market price risk

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments.

The Company's exposure to price risk on investments is as follows:

Change in equity

	2021	2020
	£000's	£000's
Increase in investments by 10%	702	203
Decrease in investments by 10%	(702)	(203)

12. FINANCIAL INSTRUMENTS**Financial assets by category:**

	2021	2020
	£000's	£000's
Financial assets:		
Fair value through profit or loss investments	7,016	2,029
Cash and cash equivalents	374	1,019
Total	7,390	3,048

Financial liabilities by category:

	2021	2020
	£000's	£000's
Trade and other payables	175	130

13. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Subsidiary undertaking	Country of registration	Principal activity	Percentage holding
Renewable Energies (Investments) Limited	UK	Dormant	100%

Consolidated financial statements have not been prepared as they are exempt in accordance with section 402 of the Companies Act 2006.

14. TRADE AND OTHER RECEIVABLES

	2021	2020
	£000's	£000's
Prepayments	8	15
Total	8	15

As described in note 11, the Directors do not consider credit risk to be material to the Company's operations.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2021

15. ISSUED SHARE CAPITAL

	Ordinary shares		Deferred shares		Share Premium £000's
	Number of shares	Nominal value £000's	Number of shares	Nominal value £000's	
Issued and fully paid:					
At 1 November 2019	66,472,465	166		11,830	4,249
Ordinary shares of 0.25p each	53,000,000	133		-	927
Share issue costs					(121)
As a result of warrants exercised during the period	2,725,018	6		-	102
At 31 December 2020	122,197,483	305		11,830	5,158
Ordinary shares issued in the period:					
Ordinary shares of 0.25p each	14,391,147	36		-	1,914
Share issue costs					(10)
Cancellation of deferred shares				(11,830)	
As a result of warrants exercised during the period	21,656,579	54		-	812
At 31 December 2021	158,245,209	396		-	7,874

Share issues during the year:

Between 15 May and 30 June 2020, the Company placed 53,000,000 ordinary shares of 0.25p each at 2.0p per shares raising funds of £1,060,000 before expenses.

On 12 February 2021 the Company issued 14,391,144 ordinary shares of 0.25p each at 13.55p per share to acquire 1.5 million shares in SV PLC.

With respect to the issue of 53,000,000 ordinary shares in 2020 each placee also received one warrant for each ordinary share acquired with an exercise price of 4.0p per share. 2,725,018 warrants were exercised prior to 31 December 2020 and a further 21,656,579 were exercised during the year ended 31 December 2021. 28,618,403 warrants over shares remain unexercised as at 31 December 2021.

Rights of ordinary shareholders

The holders of the ordinary shares are entitled to one vote for each share held on a poll. They are also entitled to receive dividends declared in proportion to the number of shares held (subject to any right of another class, and none currently exists, to receive a preferred dividend) and, on a return of capital and subject to the limited participation rights of the holders of the two classes of deferred shares detailed below and any subsequently created class of shares with preferential rights, to participate in such return in proportion to the number of shares held.

Rights of deferred shareholders

The Company had the right to acquire for cancellation each entire class of deferred share for an aggregate consideration of 1p and the Company exercised it's right to cancel following approval at the AGM held on 30 July 2021. The nominal value of the Deferred Shares approved for cancellation has been credited to the Capital Redemption Reserve.

None of the classes of deferred shares had any voting or dividend rights and only have rights to a repayment of the nominal value of the shares and then only after a £100,000 per ordinary share has been returned to each holder of ordinary shares.

15. ISSUED SHARE CAPITAL (continued)**Options and Warrants**

There were no outstanding options.

Warrants over 53,000,000 ordinary shares of the Company with an exercise price of 4 pence per share were issued during the period ended 31 December 2020, in conjunction with the share issues set out in this note. 28,618,403 are outstanding as at 31 December 2021 as detailed below.

	Exercise price for the year ended 31 December 2021 £	Number of shares to be issued upon exercise for the period ended 31 December 2021	Exercise price for the year ended 31 December 2020 £	Number of shares to be issued upon exercise for the year ended 31 December 2020
Outstanding at beginning of period	0.04	50,274,982	-	-
Issued during the period	-	-	53,000,000	-
Exercised during the period	0.04	(21,656,579)	(2,725,018)	-
Exercisable at end of period	0.04	28,618,403	50,274,982	-

16. TRADE AND OTHER PAYABLES

	2021 £000's	2020 £000's
Trade payables	65	7
Accruals and deferred income	107	126
Taxation and social security	3	4
	175	137

The directors consider the carrying amounts of trade payables to be a reasonable approximation of their fair value.

At 31 December 2021 and 31 December 2020, the Company had no material contingent liabilities.

17. CAPITAL COMMITMENTS

The Company may invest in collective investment vehicles or funds, subscriptions to which are usually made on a commitment basis. In these circumstances, the Company may be expected to make a commitment to invest that may be drawn down, or called, from time to time, at the discretion of the manager of the fund or collective investment vehicle. The Company will usually be contractually obliged to make such capital call payments and failure to do so would usually result in the Company being treated as a defaulting investor by the fund or collective investment vehicle.

The Company expects to satisfy the cash calls on any such commitments through a combination of reserves and, where applicable, the use of its cash balances, realisation of its other investments, the use of borrowings or, potentially, through the further issue of shares in the Company.

On 2 September 2019, the Company entered into a commitment, which was approved by the shareholders on 3 October 2019, to invest up to €3.5 million in Sure Valley Ventures. Sure Valley Ventures is a venture capital fund focused on investing in the software technology sector with a specific focus on augmented and Immersive Technologies, artificial intelligence ("AI") and the internet of things ("IoT"). Sure Valley Ventures has a portfolio of 14 investee companies at different stages of development and the €3.5 million investment by the Company would be expected to be made over the life of the fund. As at 31 December 2021 the Company's remaining commitment was circa €890,000.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2021

18. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The Directors do not consider there to be a single ultimate controlling party.

Remuneration of key management personnel

The remuneration of the directors can be found in the Directors report on page 8 and in Note 7. The related party disclosures in respect of this remuneration represent the only related party disclosures requires and are disclosed below:

Fees:

	2021 £	2020 £
Fees for consultancy services supplied by Catalyst Corporate Consultants Limited, a company beneficially controlled by Peter Redmond and of which he is a director	-	4,500
Fees for consultancy services supplied by City and Westminster Corporate Finance LLP, an LLP controlled by John May as Managing Partner.	-	22,500
Fees for consultancy services supplied by Origen Capital Limited, a company of which David Palumbo is a director	32,500	-

Share placing

Between April – June 2020 the Company carried out share placings of which Riverfort Global Opportunities plc, a company in which Nicholas Lee is Investment Director, participated acquiring 10,364,200 new shares. The same number of warrants over shares were also acquired. 5,550,000 of these warrants were exercised during 2021 and 4,814,200 remain exercisable at the end of the period.

19. POST BALANCE SHEET EVENTS

In March 2022, the Company agreed to invest in a second SVV fund, the New SVV Fund, alongside the British Business Bank who is investing up to £50 million. This fund has already made its first investment in RETĪNĪZE Limited (“RETĪNĪZE”), a technology company based in Belfast, Northern Ireland which is developing an innovative software product called Animotive that is harnessing the latest VR technologies to transform the 3D animation production process.

Getvisibility, which the Company holds directly, and through SVV and its holding in SV plc completed a €10 million fund raise in March 2022, generating a significant uplift in the value of Getvisibility and therefore the Company’s investment portfolio both from its direct shareholding and indirect interests from its holdings in SVV and SV plc.

Since 1 January 2022, the holders of 3,149,982 warrants over ordinary shares in the Company have exercised their warrants at 4 pence per share for a total consideration of £126,000. Unexercised warrants currently total 25,468,421 and the total number of ordinary shares of the Company in issue is 161,395,191.

On 1 June 2022, Tern plc (“Tern”) announced a recommended share offer for the issued and to be issued share capital of the Company on the basis of 0.51613 Tern shares for each share in the Company. This valued each share in the Company at 8 pence based on the closing price of Tern shares on 31 May 2022 and represented a premium of 53.8% to the closing price of the Company’s shares on 31 May 2022.

