

Company Number 05123368

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021
FOR
CRAVEN HOUSE CAPITAL PLC**

CRAVEN HOUSE CAPITAL PLC

**CONTENTS OF THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MAY 2021**

| | Page |
|--|-------------|
| Company Information | 1 |
| Chairman's Statement | 2 |
| Investment Manager's Report | 3 |
| Strategic Report | 5 |
| Report of the Directors | 6 |
| Independent Auditor's Report | 8 |
| Statement of Comprehensive Income | 13 |
| Statement of Financial Position | 14 |
| Statement of Changes in Equity | 15 |
| Statement of Cash Flows | 16 |
| Notes to the Financial Statements | 17 |

CRAVEN HOUSE CAPITAL PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2021**

| | |
|---------------------------|--|
| DIRECTORS: | Mr M J Pajak Mr B S Bindra Mr C P Morrison |
| SECRETARY: | Ms T Spink |
| REGISTERED OFFICE: | 776-778 Barking Road London E13 9PJ |
| REGISTERED NUMBER: | 05123368 (England and Wales) |
| AUDITOR: | Edwards Veeder (UK) Limited Chartered Accountants & Business Advisors Ground Floor 4 Broadgate Broadway Business Park Chadderton Greater Manchester OL9 9XA |
| BANKERS: | Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB |
| NOMINATED ADVISER: | Spark Advisory Partners Ltd 5 St John's Lane London EC1M 48H |
| SOLICITORS | Marriott Harrison LLP 11 Staple Inn London WC1V 7QH |

CRAVEN HOUSE CAPITAL PLC

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MAY 2021**

Dear Shareholder

I am pleased to provide an introduction to the annual report and financial statements for Craven House Capital Plc for the year ending 31 May 2021.

Activity during the year was subdued as portfolio companies continued to navigate the impact of COVID-19 on their respective strategic plans. Despite this, positive progress was demonstrated by four out of the five portfolio companies whose respective valuations remain unchanged. The valuation of shares in OneBase.com Ltd, which operates in a very competitive market sector, was fully impaired.

Mark Pajak
Acting Chairman

CRAVEN HOUSE CAPITAL PLC

INVESTMENT MANAGER'S REPORT FOR THE YEAR ENDED 31 MAY 2021

Statement by the Investment Manager

The Company's investment portfolio is significantly simplified and comprises minority shareholdings in five Swedish-managed eCommerce businesses.

The Company's investments are held at fair value in accordance with the IPEVC guidelines. The original acquisition price of "Price of Recent Investment" has been applied as the valuation methodology. A summary of the Company's investments is as follows with further information provided in notes 9 and 15 below;

| Investment | Value at 31 May 2021 | Value at 31 May 2020 |
|---|-------------------------|-------------------------|
| Comprising: | | |
| Shares in Garimon Limited | \$1,600,000 | \$1,600,000 |
| Shares in Rosedog Limited | \$1,600,000 | \$1,600,000 |
| Shares in OneBas.com Limited | - | \$1,600,000 |
| Shares in Honeydog Limited (formerly IZYRadio Limited) | \$1,600,000 | \$1,600,000 |
| Shares in Bio Vitos Medical Limited (formerly YRRO Limited) | \$1,600,000 | \$1,600,000 |

IPEVCV guidelines state; "At subsequent Measurement Dates, the Price of a Recent Investment may be an appropriate starting point for estimating Fair Value. However, adequate consideration must be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the Investee Company."

We have therefore used the prior-year valuation as a starting point for estimation of fair value and have applied adequate consideration to 'current facts and circumstances' in reviewing the respective valuations.

Four of the five investee companies demonstrated positive progress during the financial year, however remain at an early stage of business development. Updated information on each entity is below. As of May 2021, Craven maintained a c.30% shareholding in each of the following entities:

Garimon Limited

Garimon Limited is the owner of the domain www.magazines.com which is a world leader in content in the category of digital magazine distribution, with over 10,000 magazines freely available for readers. Magazines' competitor, "Readly.com" has a current market capitalization of c.\$115m.

The development of Magazines has progressed during the year to May 2021 with expansion of the range of titles it offers and considerable 'back-end' development. The company remains pre-revenue and is not yet suitable for floatation however Readly provides an indication of prospective valuations achievable in the public market for business operating in this sector. Garimon Limited is planning a round of fundraising in early 2022, the proceeds of which will be utilised to market the company in an effort to increase subscriber / user numbers ahead of a prospective public listing.

Bio Vitos Medical Limited

Bio Vitos Medical Limited has made considerable progress during the course of the year to May 2021. It is now the owner of all Omega-3 brands previously owned by Rosedog Limited in addition to its range of collagen products marketed under the "Ocean Skin Lab" brand.

CRAVEN HOUSE CAPITAL PLC

INVESTMENT MANAGER'S REPORT - continued FOR THE YEAR ENDED 31 MAY 2021

During the course of 2021, it has expanded its product offering considerably; it now has a portfolio of over 40 different Omega-3 supplements, a number of which have recently been approved for sale on Amazon.

Post-year end, Bio Vitos Medical Limited entered into an agreement with Double Bond Pharmaceuticals to acquire its license to market its patented drug 'Inofer' which is used in the treatment of heart disease (as announced on 26 October 2021)

Rosedog Limited is now the owner of TV Zinos (www.tvzinos.com), a website which offers a number of free-to-view television channels. The operating model for this venture is similar to that of Magazinos. The business has been successful during the year to May 2021 in developing its 'back-end' and product offering.

IZYRadio Limited has changed its name to Honeydog Limited and, post year-end, became the 25% owner of the entity which owns the licence to manufacture and distribute the chemotherapy drug, Temodex, which is used in the treatment of brain tumours.

Despite the significant progress demonstrated by Garimon Limited and Bio Vitos Medical Limited during the course of the year, the Investment Manager has chosen not to increase the carrying value of these investments. This approach is consistent with the historic conservative approach applied by the Investment Manager

The performance of Rosedog Limited remains in line with that at the time of investment in March 2020 and its valuation has therefore been maintained at prior year level.

Despite its shift in strategy, Honeydog Limited's recent acquisition provides considerable confidence in maintaining the prior-years' valuation for this entity.

As recently announced, we have determined that, whilst there is the prospect of future value in the domain www.onebas.com, the lack of progress in delivering development and growth of this domain and the highly competitive sector in which it operates (the aggregation of freely available music content), the valuation of this investment should be fully impaired. This investment was previously valued at \$1.6m.

Desmond Holdings Ltd
Investment Manager to Craven House Capital Plc

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2021

The directors present the Strategic Report of Craven House Capital plc for the year ended 31 May 2021.

Principal activity

The Investing Policy is primarily to invest in or acquire a portfolio of companies, partnerships, joint ventures, businesses or other assets participating in the e-Commerce sector. The investments or acquisitions may be funded wholly by cash, the issue of new shares or debt, or a mix thereof, as the Board deems appropriate. The Company's equity interest in a proposed investment may range from a minority position to 100% ownership; the proposed investments may be either quoted or unquoted, although will likely be unquoted in the majority of cases. The Company will specifically target investments which the Board believes offer high growth opportunities or steady cash flows and where the exit will be a liquidity event, such as a trade sale or IPO.

Review of the Business in the year

A comprehensive review of the Company's performance and business activities is included in the Investment Manager's Report above. The Company's portfolio comprises minority stakes in five e-commerce businesses which were acquired in March 2020. The status of the underlying investments is disclosed in further detail in notes 9 and 15 below. The only two material movements in the Company's balance sheet during the year are the reduction in the carrying value of investments as a result in the impairment applied to the valuation of OneBas.com Ltd and the increase in amounts owing to Craven Industrial Holdings Plc in order to satisfy working capital requirements and exceptional costs.

Position of the Company's business at the end of the year

Sufficient cash remains available to the Company from its subsidiaries and via external loan facilities to ensure it is able to meet its liabilities as they fall due. Other than directors, the Company has no employees and the majority of overhead expenditure continues to comprise regulatory, accounting and audit costs.

Principal risks and uncertainties facing the business

The principal risks to the business include the ability of the Company to successfully execute its Investing Policy and the early / pre-revenue stage of the development of the current portfolio of investments. Description of these risks are further detailed in note 15 below.

Corporate governance

The directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained and have therefore chosen to apply the framework as provided by the Quoted Companies Alliance Corporate Governance Code for small and medium size companies (2018) (the 'QCA Code').

Section 172(1) statement

The directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its member as a whole and this section forms our section 172 disclosure, describing how, in doing so, the directors considered the matters set out in section 172(1)(a) to (l) of the Companies Act 2006. The directors also took into account the views and interests of a wider set of stakeholders, including the UK Government and non-governmental organisations.

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its member as a whole, and in doing so had regard, amongst other matters, to:

- the documents governing the Company is party have been formulated with the aim of achieving the Company's purpose and business objectives, safeguarding the assets of the Company and promoting the success of the Company;
- the Company has no employees;
- the Company has appointed various third parties to perform certain roles;
- as an Investment Company, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment.

Mr M J Pajak – Director of behalf of the Board

Date

CRAVEN HOUSE CAPITAL PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2021

The directors present their annual report with the audited financial statements of the Company for the year ended 31 May 2021.

DIVIDENDS

On 22 May 2020 at a General Meeting of the Company, shareholders approved the payment of a special dividend in specie to Ordinary Shareholders comprising shares in the Company's subsidiary and principal holding company, Craven Industrial Holdings Plc. Payment of this dividend was completed on 29 May 2020. A fair review of the business and disclosure of the Company's activities and principal risks and uncertainties are included in the Investment Manager's Report and the Strategic Report.

No dividends have been declared for the year ended 31 May 2021.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the note 18 to the financial statements.

DIRECTORS

The directors who held office during the year were:

Mr M J Pajak;
Mr B S Bindra; and
Mr C P Morrison.

Directors' remuneration and details of service contracts are given in note 3 to the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No charitable or political donations were made during the year.

FINANCIAL RISK MANAGEMENT POLICIES

Information on the use of financial instruments by the Company and its management of financial risk is disclosed in note 15 to the financial statements.

FUTURE DEVELOPMENTS

In the coming year the Company will continue to execute its investment strategy. Details of post year end transactions are disclosed in note 18.

SIGNIFICANT SHAREHOLDERS

Shareholders with holdings of more than 3% of the Company as of the date of this report are as follows;

Jim Nominees Ltd – 19.0%
Vidacos Nominees Ltd – 12.4%
Interactive Brokers LLC – 10.8%
Lynchwood Nominees Ltd – 10.2%
WB Nominees Ltd – 6.5%
PWB Enterprises Inc – 4.7%

DIRECTOR SHAREHOLDINGS

Shareholdings in the Company by directors as of the date of this report are as follows;

Mr M J Pajak indirect holdings (via Desmond Holdings Ltd) – 272,705 ordinary shares of \$1.00
Mr B S Bindra – 14,440 ordinary shares of \$1.00
Mr C P Morrison – 7,356 ordinary shares of \$1.00

CRAVEN HOUSE CAPITAL PLC

REPORT OF THE DIRECTORS - continued FOR THE YEAR ENDED 31 MAY 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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

The Company is compliant with AIM Rule 26 regarding the Company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITOR

A resolution for the re-appointment of Edwards Veeder (UK) Limited, Chartered Accountants & Business Advisors will be proposed in accordance with Section 489 of the Companies Act 2006 at the forthcoming Annual General Meeting.

Mr M J Pajak – Director of behalf of the Board

Date

Opinion

We have audited the financial statements of Craven House Capital Plc (the 'company') for the year ended 31 May 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related 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 Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

| <i>Key audit matters</i> | <i>Description of risk</i> | <i>How the scope of our audit addressed the risk</i> |
|--|--|--|
| <p>Investment valuation</p> <p>For the financial year ended 31 May 2021, investments measured at fair value amounted to \$6,400,000 which represents 99% of total assets.</p> | <p>The company's assessment of the valuation of investments measured at fair value requires significant judgement.</p> | <p>Our audit work included but was not restricted to:</p> <ul style="list-style-type: none"> • We reviewed the high level controls in operation in relation to investment valuations; |

| <i>Key audit matters</i> | <i>Description of risk</i> | <i>How the scope of our audit addressed the risk</i> |
|---|--|--|
| <p>Investment valuation (continued)</p> <p>The valuation of investments is considered a key audit matter as investments represent significant balances on the statement of financial position.</p> | <p>There is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate assumptions could result in the valuation of investments being materially misstated as at 31 May 2021.</p> | <ul style="list-style-type: none"> • We considered if the company's valuation policy is in line with The International Private Equity and Venture Capital Valuation (IPEV) guidelines and IFRS; • We reviewed and assessed the reasonableness of the assumptions applied in the investment managers' valuation memo for the financial year ended 31 May 2021; |
| <p>Investment ownership and existence</p> <p>The ownership and existence of investments are considered a key audit matter as investments represent 99% of total assets on the statement of financial position.</p> | <p>There is a risk that the company does not own the rights to the investments or that the investments do not exist at the year ended 31 May 2021.</p> | <p>Our audit work included but was not restricted to:</p> <ul style="list-style-type: none"> • Shareholder registers were reviewed to confirm the shares were held by the company; • Shareholder and purchase agreements were reviewed to establish ownership; • Certificates of incorporation were reviewed for investments acquired during the financial year; • Checked the ownership title of investments held in the associate companies. |
| <p>Management override of controls</p> <p>We are required to consider how management biases could affect the results of the company.</p> | <p>There is a risk that management may override the controls to suit their objectives.</p> | <p>Our audit work included but was not restricted to</p> <ul style="list-style-type: none"> • We have considered the controls in place, remained alert for material and unusual items and tested a sample of journals to assess the risk. |

This is not a complete list of all risks identified by our audit.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as material, as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined the materiality for the financial statements as a whole to be \$97,000 which is based on 1.5% of total assets. We considered this as an appropriate benchmark.

We set performance materiality as 80% of the overall Financial Statement materiality.

We report to the Audit Committee all identified unadjusted errors in excess of \$4,850 which is set at 5% of planning materiality. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the company and its environment, including controls and assessing the risks of material misstatements.

We carried out a full scope audit of the company's financial statements. This included specific audit procedures where the extent of our audit work was based on our assessment of the risks of material misstatement.

All audit work to respond to the risks of material misstatement were performed directly by the audit engagement team. We set out the key audit matters that had the greatest impact on our audit strategy and scope within the key audit matters section.

Other information

The other information comprises the information included in the Chairman's Statement, the Investment Manager's Report, the Strategic Report and the Report of the Directors. 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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 set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud.
- Auditing the risk of management of override controls, including through testing journal entries and other adjustments for appropriateness.
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular in relation to provisions and future performance in light of the impact of COVID-19.

Because of the field in which the client operates, we identified that employment law, LSE listing rules and compliance with the Companies Act 2006 are most likely to have a material impact on the financial statements.

The company is subject to many other laws and regulations where consequences of non-compliance could have material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as most likely to have such an effect: The Listing Rules in certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit required audit procedure to identify non-compliance with these laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of actual or suspected non-compliance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAVEN HOUSE CAPITAL PLC - continued

Owing to the inherent limitations of an audit, there's an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). For instance, the further removed non-compliances from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

Lee Lederberg

**Senior Statutory Auditor
for and on behalf of Edwards Veeder (UK) Limited
Chartered Accountants & Statutory Audit Firm**

Ground Floor, 4 Broadgate,
Broadway Business Park,
Chadderton,
Greater Manchester,
United Kingdom,
OL9 9XA

Date:

CRAVEN HOUSE CAPITAL PLC**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2021**

| | | 2021 | 2020 |
|---|-------|-----------------------|-----------------|
| | Notes | \$'000 | \$'000 |
| CONTINUING OPERATIONS | | | |
| Changes in fair value | | (1,600) | (6,892) |
| Other income | 4 | - | 144 |
| Intercompany loans written off | | - | (7,158) |
| Management fee accrual waived | | - | 1,446 |
| Administrative expenses | | (208) | (727) |
| Exceptional costs | 5 | <u>(623)</u> | <u>-</u> |
| OPERATING LOSS AND LOSS BEFORE INCOME TAX | | (2,431) | (13,187) |
| Income tax | 7 | <u>-</u> | <u>-</u> |
| LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME | | <u>(2,431)</u> | <u>(13,187)</u> |
| Loss per share expressed in cents per share: | | | |
| Basic and diluted | 8 | <u>(62.92)</u> | <u>(456.52)</u> |

The notes on pages 17 to 34 form part of the financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021**

| | Notes | 2021 \$'000 | 2020 \$'000 |
|--|-------|---------------------|---------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Investments at fair value through profit or loss | 9 | 6,400 | 8,000 |
| | | <u>6,400</u> | <u>8,000</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 10 | 38 | 46 |
| Cash and cash equivalents | 11 | 5 | 6 |
| | | <u>43</u> | <u>52</u> |
| TOTAL ASSETS | | <u>6,443</u> | <u>8,052</u> |
| EQUITY | | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 12 | 3,802 | 3,802 |
| Share premium | | 11,153 | 11,153 |
| Accumulated deficit | | (9,588) | (7,157) |
| TOTAL EQUITY | | <u>5,367</u> | <u>7,798</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 87 | 254 |
| NON-CURRENT LIABILITES | | | |
| Other payables | 14 | 989 | - |
| TOTAL LIABILITIES | | <u>1,076</u> | <u>254</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>6,443</u> | <u>8,052</u> |

Approved and authorised for issue by the Board on2021 and signed on its behalf by:

.....
Mr M J Pajak - Director

The notes on pages 17 to 34 form part of the financial statements.

CRAVEN HOUSE CAPITAL PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021**

| | Called up share capital \$'000 | Share premium \$'000 | Accumulated deficit \$'000 | Total \$'000 |
|---------------------------------|---|-------------------------------------|---|-------------------------|
| Balance at 1 June 2019 | 12,594 | 25,128 | (14,666) | 23,056 |
| Changes in equity | | | | |
| Issue of share capital | 1,365 | 11,025 | - | 12,390 |
| Cancellation of deferred shares | (10,157) | - | 10,157 | - |
| Reduction in share premium | - | (25,000) | 25,000 | - |
| Dividend in specie | - | - | (14,461) | (14,461) |
| Transactions with owners | 3,802 | 11,153 | 6,030 | 20,985 |
| Loss for the year | - | - | (13,187) | (13,187) |
| Balance at 31 May 2020 | 3,802 | 11,153 | (7,157) | 7,798 |
| Changes in equity | | | | |
| Issue of share capital | - | - | - | - |
| Transactions with owners | 3,802 | 11,153 | (7,157) | 7,798 |
| Loss for the year | - | - | (2,431) | (2,431) |
| Balance at 31 May 2021 | 3,802 | 11,153 | (9,588) | 5,367 |

The notes on pages 17 to 34 form part of the financial statements.

CRAVEN HOUSE CAPITAL PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2021**

| | Notes | 2021 \$'000 | 2020 \$'000 |
|---|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Loss before income tax | | (2,431) | (13,187) |
| Adjustments for non-cash items | | | |
| Fair value movement arising on investments | | 1,600 | 6,892 |
| Intercompany loans written off | | - | 7,158 |
| Management fee accrual waived | | - | (1,657) |
| Costs paid by shares | | - | 190 |
| Repairs | | - | 5 |
| Dividend income | | - | (144) |
| Decrease/(increase) in trade and other receivables | | 8 | (3,394) |
| (Decrease)/increase in trade and other payables | | (167) | 103 |
| Net cash outflow from operating activities | | (990) | (4,034) |
| Cash flows from investing activities | | | |
| Dividends received from joint ventures | | - | 144 |
| Net cash inflow from investing activities | | - | 144 |
| Cash flows from financing activities | | | |
| Loans received | | 989 | - |
| Proceeds from issue of shares | | - | 3,900 |
| Repayment of loan | | - | (50) |
| Net cash inflow from financing activities | | 989 | 3,850 |
| Net decrease in cash and cash equivalents | | (1) | (40) |
| Cash and cash equivalents at the beginning of the year | 11 | 6 | 46 |
| Cash and cash equivalents at the end of the year | 11 | 5 | 6 |

The notes on pages 17 to 34 form part of the financial statements.

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted by the EU.

Craven House Capital plc is a public company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the company information page. The Company is listed on the AIM Market of the London Stock Exchange (ticker: CRV).

The directors have considered the definition of an investment entity in IFRS 10 as well as the associated application guidance. The directors consider that the Company has met the definition of an investment entity. The significant judgments and assumptions made by the directors in determining that the Company is an investment entity are that; it has obtained funds from investors (its shareholders) and is providing those investors with investment management services; it commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and it measures and evaluates the performance of substantially all of its investments on a fair value basis.

The main accounting implications for the preparation of the accounts as an investment entity are that the accounts are not prepared on a consolidated basis. Instead the Company's investments in its subsidiaries are accounted for at fair value through its profit and loss account.

The financial statements have been prepared under the historical cost convention, except to the extent varied below for fair value adjustments required by accounting standards, and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use by the European Union. The principal accounting policies are set out below.

The financial statements are presented in US dollars which is the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Investment Manager's Report. The financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company maintains minimal cash reserves, however in addition to the cash on the Company's statement of financial position, sufficient cash is available to the Company via credit facilities to ensure it is able to meet its liabilities as they fall due and there is therefore no risk to the going concern status of the Company.

There are currently no commitments to provide support to any subsidiary, however the Company may elect to provide capital to its subsidiaries at any time to further its stated Investing Policy.

1. ACCOUNTING POLICIES – continued

The Company has applied for the first time certain amendments to the standards

Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020, endorsed by the European Union on 29 November 2019).

Amendments to IAS 1 and IAS 8: Definition of Material (effective for annual periods beginning on or after 1 January 2020, endorsed by the European Union 29 November 2019).

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020, endorsed by the European Union on 15 January 2020).

Amendments to IFRS 3: Business Combinations (effective for annual periods beginning on or after 1 January 2020, endorsed by the European Union on 21 April 2020).

Amendment to IFRS 16: Leases Covid 19 Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020, endorsed by the European Union on 9 October 2020).

None of these amendments have had an effect on the Company's financial position and performance.

The following new and revised standards and interpretations have not been adopted by the Company, whether endorsed by the European Union or not

Amendments to IFRS 4: Insurance Contracts – deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2021, endorsed by the European Union on 15 December 2020).

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021, endorsed by the European Union on 13 January 2021).

Amendments to IFRS 3: Business Combinations; IAS 16: Property, Plant and Equipment; IAS 37: Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022, endorsed by the European Union on 28 June 2021).

The Company has assessed the impact of the adoption of these standards and interpretations on its financial statements on initial adoption and do not expect these standards to have a material impact.

1. ACCOUNTING POLICIES - continued

Financial assets

Purchases or sales of financial assets are recognised at the date of the transaction. Where appropriate criteria are met, the Company makes use of the option of measuring non current investments upon initial recognition as financial assets at fair value through profit or loss. These criteria include that the fixed asset investment should meet the Company's published Investing Policy and form part of the Company's managed portfolio or similar investments. Such financial assets are carried at fair value and movements in fair value are recognised through profit and loss. For quoted securities, fair value is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Impairment of financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The new impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgment; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectation of future conditions.

The directors have determined that the application of IFRS 9's impairment requirements does not have a material impact on the financial statements.

1. ACCOUNTING POLICIES - continued

Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed through profit and loss. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value in accordance with International Private Equity and Venture Capital Valuation (“IPEVCV”) guidelines, as the Company’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the year in which they arise.

Valuation of investments

A number of the Company’s assets are measured at fair value for financial reporting purposes. The Investment Manager determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Investment Manager uses market-observable data to the extent it is available. The Investment Manager reports its findings to the Board of Directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 9 and 15.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements for those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and Level 3 fair value measurements are those derived from inputs that are not based on observable market data.

a) Quoted investments

Where investments are quoted on recognised stock markets and an active market in the shares exists, the company values those investments at closing mid-market price on the reporting date. Where an active market does not exist those quoted investments are valued by the application of an appropriate valuation methodology as if the relevant investment was unquoted.

b) Unquoted investments

In estimating the fair value for an unquoted investment, the Company applies a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio using reasonable data, market inputs, assumptions and estimates. Any changes in the above data, market inputs, assumptions and estimates will affect the fair value of an investment.

Financial liabilities and equity

Financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

In accordance with IFRIC 19, when a financial liability is extinguished by the issue of equity, the equity instrument issued is measured at fair value and any difference between the financial liability extinguished and the measurement of the equity instrument is recognised in profit and loss.

1. ACCOUNTING POLICIES – continued

Current and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences between the Company's taxable profits and its results as stated in the financial information that arises from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial information.

A deferred tax asset is only recognised for an unused tax loss carried forward if it is considered probable that there will be sufficient future taxable profits against which the loss can be utilised.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur; which form part of the net investment in a foreign operation and which are recognised in the foreign currency translation reserve.

For the purposes of presenting US dollar financial statements, the assets and liabilities of the Company's foreign operations are expressed using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in a foreign currency translation reserve.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors. The directors, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the senior management that make strategic decisions.

Critical accounting estimates and judgements

Preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Further information regarding the assumptions relied upon and sensitivity analysis around these assumptions is provided in note 15 below.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements relate to the valuation of investments.

1. ACCOUNTING POLICIES – continued

Critical accounting estimates and judgements - continued

The Company has made a number of investments in the form of equity instruments in private companies operating in emerging markets. The investee companies are generally at a key stage in their development and operating in an environment of uncertainty in capital markets. Should planned development prove successful, the value of the Company's investment is likely to increase, although there can be no guarantee that this will be the case. Should planned development prove unsuccessful, there is a material risk that the Company's investments may be impaired. The carrying amounts of investments are therefore highly sensitive to the assumption that the strategies of these investee companies will be successfully executed.

The directors have also determined that the Company meets IFRS 10's definition of an investment company and that the functional currency is appropriate given that underlying transactions, events and conditions that are most likely to impact on the Company's performance are more closely linked to the US dollar than GB sterling.

Share capital and share premium

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

2. SEGMENTAL REPORTING

The operating segment has been determined and reviewed by the directors to be used to make strategic decisions. The directors consider there to be a single business segment being that of investing activities, therefore there is only one reportable segment.

3. EMPLOYEES AND DIRECTORS

| | 2021 | 2020 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Wages and salaries – directors' remuneration | - | 66 |

The average monthly number of employees (including directors) during the year was as follows:

| | 2021 | 2020 |
|-----------|-------------|------|
| Directors | 3 | 3 |

The Company has no employees other than the directors.

Directors' remuneration is analysed as follows;

| | 2021 | 2020 |
|-----------------------|---------------|--------|
| | \$'000 | \$'000 |
| Fees: | | |
| Mr M J Pajak | - | 56 |
| | - | 56 |
| Share based payments: | | |
| Mr B S Bindra | - | 5 |
| Mr C P Morrison | - | 5 |
| | - | 10 |
| Total | - | 66 |

3. EMPLOYEES AND DIRECTORS – continued

The service contracts of the directors who served during the year are as follows:

| | Basic annual fee |
|-----------------|-------------------------|
| Mr M J Pajak | \$nil |
| Mr B S Bindra | \$5,000** |
| Mr C P Morrison | \$5,000** |

** Payable in new ordinary shares of the company at \$1.00 per share and issued on a bi-annual basis.

Desmond Holdings Ltd is the Company's Investment Manager. The directors are the key management of the Company. There were no directors (2020: none) to whom retirement benefits were accruing under money purchase schemes.

4. OTHER INCOME

Other income in the previous year includes dividends received of \$143,214 from former joint venture, Qeton Ltd.

5. EXCEPTIONAL COSTS

Exceptional costs represent one-off legal expenses incurred during the year of \$623,076.

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

| | 2021 | 2020 |
|--|---------------|-----------|
| | \$'000 | \$'000 |
| Rental charges | - | 17 |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | <u>17</u> | <u>17</u> |

CRAVEN HOUSE CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2021

7. INCOME TAX

Analysis of charge in the year

| | 2021 \$'000 | 2020 \$'000 |
|------------------------------------|----------------|----------------|
| Current tax: | - | - |
| Deferred tax | - | - |
| Tax on loss on ordinary activities | - | - |

| | 2021 \$'000 | 2020 \$'000 |
|--|----------------|-----------------|
| Loss on ordinary activities before tax | <u>(2,431)</u> | <u>(13,187)</u> |

Analysis of charge in the year

| | 2021 \$'000 | 2020 \$'000 |
|--|----------------|----------------|
| Loss on ordinary activities multiplied by the Company's rate of corporation tax in the UK of 19% (2020: 19%) | (462) | (2,505) |
| Effects of: | | |
| Intercompany balances written off | - | 1,360 |
| Dividends | - | (27) |
| Disallowed legal and professional costs | - | 12 |
| Investment valuation | 304 | 1,309 |
| Losses carried forward/(utilised) | 158 | (149) |
| Current tax charge for the year as above | <u>-</u> | <u>-</u> |

At 31 May 2021, the Company had UK tax losses of \$5,978,254 (2020: \$4,472,598) available to be carried forward and utilised against future taxable profits. A deferred tax asset of \$1,135,868 (2020: \$849,794) has not been recognised due to uncertainties over the timing of when taxable profits will arise.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share has not been disclosed as the inclusion of the unexercised warrants described in note 12 would be non-dilutive.

8. EARNINGS PER SHARE - continued

Reconciliations are set out below.

| | Earnings \$'000 | 2021 Weighted average number of shares | Per-share amount cents |
|---|--------------------|--|---------------------------|
| Basic EPS | | | |
| Earning attributable to ordinary shareholders | (2,431) | 3,863,590 | (62.92) |

| | Earnings \$'000 | 2020 Weighted average number of shares | Per-share amount cents |
|---|--------------------|--|---------------------------|
| Basic EPS | | | |
| Earning attributable to ordinary shareholders | (13,187) | 2,888,529 | (456.52) |

9. INVESTMENTS

Investments at fair value through profit or loss

The Company adopted the valuation methodology prescribed in the IPEVVCV guidelines to value its investments at fair value through profit and loss.

The Company had the following holdings at 31 May 2021:

| Name | Holding | Principal Place of Business | Ownership Interest |
|---|---------|--------------------------------|-----------------------|
| Garimon Limited | Direct | UK / Sweden | 29.9% |
| Honeydog Limited (formerly IZYRadio Limited) | Direct | UK / Sweden | 29.9% |
| Rosedog Limited | Direct | UK / Sweden | 29.9% |
| Bio Vitos Medical Limited (formerly YRRO Limited) | Direct | UK / Sweden | 29.9% |

CRAVEN HOUSE CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MAY 2021

9. INVESTMENTS -continued

Investments at fair value through profit or loss

| | Quoted equity investments \$'000 | Unquoted equity investments \$'000 | Total \$'000 |
|---|---|---|-----------------|
| At 1 June 2019 | 8,757 | 18,612 | 27,369 |
| Additions | - | 8,000 | 8,000 |
| Fair value movement | (4,800) | (2,092) | (6,892) |
| Transfer to Craven House Industrial Holdings Plc | (3,957) | (16,520) | (20,477) |
| At 31 May 2020 | - | 8,000 | 8,000 |
| Fair value movement | - | (1,600) | (1,600) |
| At 31 May 2021 | - | 6,400 | 6,400 |

As part of a group reconstruction undertaken during the previous year, the Company's beneficial ownership of its historic portfolio was transferred to Ordinary Shareholders via a dividend in specie of shares in its wholly owned subsidiary, Craven Industrial Holdings Plc.

The value of Investments at 31 May 2021 represents the Company's acquisitions during 2020 of a 29.9% interest in the above-named five UK entities. These are all unquoted investments and have therefore been measured on a Level 3 basis as no observable market data is available. Further information on each investment holding is as follows;

Shares in Garimon Limited are valued at \$1,600,000 representing a 29.9% holding. This shareholding has been valued on a Price of Recent Investment basis which the directors consider represents the best indication of the fair value at the year end. Garimon Limited is the owner of "Magazines.com", the world's largest-by-content on-line media magazine and periodical content provision service. The management of Magazines are currently evaluating options available to broaden Magazines' shareholder base by means of IPO and/or partnering with a major industry investor.

Shares in IZYRadio Limited are valued at \$1,600,000 representing a 29.9% holding. This shareholding has been valued on a Price of Recent Investment basis which the directors consider represents the best indication of the fair value at the year end. Post year-end this entity changed its name to "Honeydog Limited" and became the 25% owner of the entity which owns the licence to manufacture and distribute the chemotherapy drug, Temodex, which is used in the treatment of brain tumours..

Shares in Rosedog Limited are valued at \$1,600,000 representing a 29.9% holding. This shareholding has been valued on a Price of Recent Investment basis which the directors consider represents the best indication of the fair value at the year end. Rosedog Limited the owner of TV Zinos (www.tvzinos.com), a website which offers a number of free-to-view television channels.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021**

9. INVESTMENTS – continued

Shares in Bio Vitos Medical Limited are valued at \$1,600,000 representing a 29.9% holding. This shareholding has been valued on a Price of Recent Investment basis which the directors consider represents the best indication of the fair value at the year end. Bio Vitos Medical Limited is the owner of all Omega-3 brands previously owned by ‘Rosedog Limited’ in addition to its range of collagen products marketed under the “Ocean Skin Lab” brand. During the course of 2021, it has expanded its product offering and now has a portfolio of over 40 different Omega-3 supplements. Post-year end, Bio Vitos Medical Limited entered into an agreement with Double Bond Pharmaceuticals to acquire its license to market its patented drug ‘Inofer’ which is used in the treatment of heart disease.

The businesses of all of the above portfolio investments are presently loss-making although their cost bases are low and there is minimal committed future expenditure, meaning that the extent and timing of the Company's further investment in the businesses are highly controllable. The Company and the incumbent management teams of the investee companies will continue to work together with the aim that these businesses become financially self-sustaining and generating surpluses within the short- to medium-term and to crystallise additional capital value for shareholders through strategic, third-party partnerships.

Shares in Onebas.com Ltd are valued at \$nil. The Investment Manager is of the opinion that whilst there is the prospect of future value in the domain www.onebas.com, the lack of progress in delivering development and growth of this domain and the highly competitive sector in which it operates (the aggregation of freely available music content), the valuation of this investment should be fully impaired.

10. TRADE AND OTHER RECEIVABLES

| | 2021 | 2020 |
|--------------------------------|---------------|--------|
| | \$'000 | \$'000 |
| Current: | | |
| Prepayments and accrued income | 38 | 46 |
| | 38 | 46 |

11. CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|--------------|---------------|--------|
| | \$'000 | \$'000 |
| Cash at bank | 5 | 6 |

The amounts disclosed in the statement of cash flows in respect of cash and cash equivalents are in respect of the following statement of financial position amounts:

Year ended 31 May 2021

| | 31.5.21 | 1.6.20 |
|---------------------------|----------------|--------|
| | \$'000 | \$'000 |
| Cash and cash equivalents | 5 | 6 |

Year ended 31 May 2020

| | 31.5.20 | 1.6.19 |
|---------------------------|----------------|--------|
| | \$'000 | \$'000 |
| Cash and cash equivalents | 6 | 46 |

CRAVEN HOUSE CAPITAL PLC**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021****12. CALLED UP SHARE CAPITAL**

| Allotted, called up and fully paid Equity shares | | | 2021 | 2020 |
|---|----------|-------------------|---------------------|---------------|
| Number: | Class: | Nominal Value: | \$'000 | \$'000 |
| 3,863,590 (2020: 3,863,590) | Ordinary | \$1.00 | 3,802 | 3,802 |
| | | | <u>3,802</u> | <u>3,802</u> |

The aggregate nominal values of shares include exchange differences arising from the translation of shares at historic rates and the translation at the rate prevailing at the date of the change in functional currency.

13. TRADE AND OTHER PAYABLES

| | 2021 | 2020 |
|------------------------------|------------------|---------------|
| | \$'000 | \$'000 |
| Current: | | |
| Trade payables | 56 | 226 |
| Accruals and deferred income | 31 | 28 |
| | <u>87</u> | <u>254</u> |

14. OTHER PAYABLES

| | 2021 | 2020 |
|----------------|-------------------|---------------|
| | \$'000 | \$'000 |
| Non-current: | | |
| Other payables | 989 | - |
| | <u>989</u> | <u>-</u> |

15. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Management has adopted certain policies on financial risk management with the objective of:

- i. ensuring that appropriate funding strategies are adopted to meet the Company's short-term and long-term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections;
- ii. ensuring that appropriate strategies are also adopted to manage related interest and currency risk funding; and
- iii. ensuring that credit risks on receivables are properly managed.

Financial instrument by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets at fair value through profit or loss

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements for those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly; and

Level 3 fair value measurements are those derived from inputs that are not based on observable market data.

Unquoted equity investments held at fair value through profit or loss are valued in accordance with the IPEVCV guidelines as follows;

| Investment valuation methodology | 2021 \$'000 | 2020 \$'000 |
|---|------------------------|------------------------|
| Price of Recent Investment (adjusted for current facts and circumstances) (level 3) | <u>6,400</u> | <u>8,000</u> |
| | 6,400 | 8,000 |

15. FINANCIAL INSTRUMENTS - continued

IFRS 13 and IFRS 7 requires the directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions.

The Level 3 valuations listed above include inputs based on non-observable market data as outlined in note 9 above. The Investment Manager has derived a fair value for these investments based on the value of the underlying net assets of the respective investments and / or has considered prospective enterprise values for these investments from the perspective of a market participant.

The directors have considered a number of reasonable possible alternative assumptions regarding the value of the Level 3 investments. IFRS 13 requires an entity to disclose quantitative information about the significant unobservable inputs used.

A summary of the unobservable inputs, judgements and estimates made in relation to the Level 3 investments is as follows:

As of the year end, the valuation the Company's minority shareholdings in each its investee companies has been valued on a Price of Recent Investment basis, adjusted for current facts and circumstances, which the directors consider represents the best indication of the fair value at the year end. All five of these businesses are presently loss-making although their cost bases are low and there is minimal committed future expenditure, meaning that the extent and timing of the Company's further investment in the businesses are highly controllable.

However, each business operates in a competitive market place and there can be no guarantee that any of the investee companies will ultimately be successful and that the future carrying value of these companies will not need to be impaired. In the worst-case scenario of any one investment having to be fully impaired, this would result in a decrease of valuation of the investment of \$1,600,000.

15. FINANCIAL INSTRUMENTS – continued

The valuation method applied to each equity investment is that which is considered most appropriate with regard to the stage of development of the investee business and the IPEVVCV guidelines.

All other financial instruments, including cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings, are measured at amortised cost.

Due to their short-term nature, the carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings approximates their fair value.

Credit risk

The Company's credit risk is primarily attributable to other receivables. Management has a credit policy in place and the exposure to credit risks is monitored on an ongoing basis. In respect of other receivables, individual credit evaluations are performed whenever necessary. The Company's maximum exposure to credit risk is represented by loans, both those held as unquoted investments and included in other receivables, and cash balances. The Company monitors the financial position of borrowing entities on an ongoing basis and is satisfied with the quality of the debt. Investment of surplus cash balances are reviewed on an annual basis by the Company and it is satisfied with the choice of institution. The directors have assessed the amounts owed to connected parties for impairment in accordance with IFRS 9 and concluded that there is no material impact.

Interest rate risk

The Company currently operates with positive cash and cash equivalents as a result of issuing share capital in anticipation of future funding requirements. As the Company has no borrowings from the bank and the amount of deposits in the bank are not significant, the exposure to interest rate risk is not significant to the Company.

Liquidity risk

The Company manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Company's policy to ensure facilities are available as required is to issue equity share capital in accordance with agreed settlement terms with vendors or professional firms, and are typically due within one year unless otherwise stated.

The Company maintains minimal cash reserves, however in addition to the cash on the Company's statement of financial position, sufficient cash is available to the Company via credit facilities to ensure it is able to meet its liabilities as they fall due.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2021

15. FINANCIAL INSTRUMENTS – continued

The table below summarises the maturity profile of the Company's financial liabilities based on contractual discounted payments.

| | On Demand \$'000 | Less than 3 months \$'000 | 3 to 12 months \$'000 | More than 12 Months \$'000 | Total \$'000 |
|---------------------------------|------------------------|---------------------------------|-----------------------------|----------------------------------|-----------------|
| Year ended 31 May 2021 | | | | | |
| Trade payables | 56 | - | - | - | 56 |
| Other payables | - | - | - | 989 | 989 |
| Accruals and deferred income | 31 | - | - | - | 31 |
| | <u>87</u> | <u>-</u> | <u>-</u> | <u>989</u> | <u>1,076</u> |
| Year ended 31 May 2020 | | | | | |
| Trade payables | 226 | - | - | - | 226 |
| Accruals and deferred income | 28 | - | - | - | 28 |
| | <u>254</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>254</u> |

Price risks

The Company's securities are susceptible to price risk arising from uncertainties about future value of its investments. This price risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual investment or financial instrument or its holder or factors affecting all similar financial instruments or investments traded in the market.

During the year under review, the Company did not hedge against movements in the value of its investments. A 10% increase/decrease in the fair value of investments would result in a \$640,000 (2020: \$800,000 increase/decrease in the net asset value).

While investments in companies whose business operations are based in emerging markets may offer the opportunity for significant capital gains, such investments also involve a degree of business and financial risk, in particular for unquoted investments.

Generally, the Company is prepared to hold unquoted investments for a medium to long time frame, in particular if an admission to trading on a stock exchange has not yet been planned. Sale of securities in unquoted investments may result in a discount to the book value.

Currency risks

The Company is exposed to foreign currency risk on its investments held at fair value and adverse movements in foreign exchange rates will reduce the values of these investments. There is no systematic hedging in foreign currencies against such possible losses on translation/realisation.

Foreign exchange volatility is significantly reduced following the transition to US Dollar as the Company's currency exposures are now more closely matched to its functional and reporting currency. The Company's exposure to other foreign currency changes is not deemed to be material as the Company's investments are US Dollar based.

15. FINANCIAL INSTRUMENTS – continued

Capital management

The Company's financial strategy is to utilise its resources to further grow its portfolio. The Company keeps investors and the market informed of its progress with its portfolio through periodic announcements and raises additional equity finance at appropriate times. The Company regularly reviews and manages its capital structure for the portfolio companies to maintain a balance between the higher shareholder returns that might be possible with certain levels of borrowing for the portfolio and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure of the portfolio in the light of changes in economic conditions. Although the Company has utilised loans from shareholders to acquire investments, it is the Company's policy as far as possible to finance its investing activities with equity and not to have gearing in its portfolio.

At the statement of financial position date the capital structure of the Company consisted of cash and cash equivalents and equity comprising issued capital and reserves.

The table below sets out the Company's classification of each class of financial assets/liabilities, their fair values (where appropriate) and under which valuation method they are valued:

| | Notes | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total carrying amount and Fair Value \$'000 |
|---|-------|-------------------|-------------------|-------------------|---|
| 31 May 2021 | | | | | |
| <i>Loans and receivables</i> | | | | | |
| Trade and other receivables | 10 | - | - | 38 | 38 |
| Cash and cash equivalents | 11 | 5 | - | - | 5 |
| | | <u>5</u> | <u>-</u> | <u>38</u> | <u>43</u> |
| <i>Liabilities at amortised cost</i> | | | | | |
| Trade and other payables | 13&14 | - | - | (1,076) | (1,076) |
| | | <u>5</u> | <u>-</u> | <u>(1,038)</u> | <u>(1,033)</u> |
| <i>Fair value through profit and loss</i> | | | | | |
| Investments | 9 | - | - | 6,400 | 6,400 |
| | | <u>5</u> | <u>-</u> | <u>5,362</u> | <u>5,367</u> |
| 31 May 2020 | | | | | |
| <i>Loans and receivables</i> | | | | | |
| Trade and other receivables | 10 | - | - | 46 | 46 |
| Cash and cash equivalents | 11 | 6 | - | - | 6 |
| | | <u>6</u> | <u>-</u> | <u>46</u> | <u>52</u> |
| <i>Liabilities at amortised cost</i> | | | | | |
| Trade and other payables | 13 | - | - | (254) | (254) |
| <i>Fair value through profit and loss</i> | | | | | |
| Investments | 9 | - | - | 8,000 | 8,000 |
| | | <u>6</u> | <u>-</u> | <u>7,792</u> | <u>7,798</u> |

16. RELATED PARTY DISCLOSURES

Transactions with subsidiaries

During the prior year, the Company made a number of payments on behalf of, advanced and received loans to/from its subsidiary undertakings, Craven Industrial Holdings Plc., DLC Holdings Corp., Craven House Capital North America LLC, Craven House Angola LDA and Kwikbuild Corporation Ltd.

To facilitate the group reconstruction, all amounts due to/from DLC Holdings Corp., Craven House Capital North America LLC, Craven House Angola LDA and Kwikbuild Corporation Ltd were assigned to their immediate parent Craven Industrial Holdings Plc. At the prior year end, the resultant balance of \$7,158,248 due from Craven Industrial Holdings Plc. to the Company was written off in full.

During the year, Craven Industrial Holdings Plc made loans to and incurred costs on behalf of the Company. At the year end, a balance of \$989,320 (2020: £Nil) was due from the Company to Craven Industrial Holdings Plc and is subject to an interest charge of 5%. Despite the common director in Mr M J Pajak, the board of Craven House Capital Plc do not believe that Craven House Capital Plc or Craven Industrial Holdings Plc are able to exert control or influence over each other and neither are accustomed to act in accordance with instructions from the other.

Desmond Holdings Limited

Desmond Holdings Limited is the Investment Manager of the Company. Mr M J Pajak is the sole shareholder and director of Desmond Holdings Limited.

During the year, the Company incurred management fees of \$nil (2020: \$211,614) from Desmond Holdings Limited. At the year end, the balance payable of \$nil (2020: \$629,529) was assigned to Craven Industrial Holdings Plc.

Also during the year, an accrual for prior year management fees in the sum \$nil (2020: \$1,445,824) was waived in full. At the year end, \$Nil (2020: \$nil) was due to Desmond Holdings Limited in relation to management fees.

A further \$50,000 owed to Desmond Holdings Limited as at 31 May 2019 in relation to a working capital loan was repaid in full during the prior year. During the year interest of \$nil was charged (2020: £3,530).

Sales to 7Mobile LDA

During the year, the Company's joint venture, Qeton Ltd, made sales totalling €nil (2020: €99,950) to 7Mobile LDA. Craven House Angola Lda., a subsidiary of the Company, has directors in common with 7Mobile Lda. As of 31 May 2020, Qeton Ltd and Craven House Angola Lda are no longer owned by the Company.

Directors and key management

All key management personnel are directors and appropriate disclosure with respect to them is made in note 3 of the financial statements. There are no other contracts of significance in which any director has or had during the year a material interest.

17. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party.

18. EVENTS AFTER THE REPORTING PERIOD

None.