RNS Number : 0928B
RiverFort Global Opportunities PLC
08 June 2021

**For immediate release 8 June 2021**

**RiverFort Global Opportunities plc (the "Company")**

Financial Statements

for the year ended 31 December 2020

RiverFort Global Opportunities plc, the investment company listed on AIM, is pleased to announce its audited final results for the year ended 31 December 2020 (extracts from which are set out below) and that the financial statements will shortly be posted to shareholders and made available on the website www.riverfortglobalopportunities.com

For more information please contact:

| | | |
|---|---|---|
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**This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of**

**the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.**

CHAIRMAN'S STATEMENT

HIGHLIGHTS

- Total income generated of £2,443,000
- Net profit generated of £1,497,000
- Net asset value of £9,240,000 - an increase of 17% since the beginning of the year
- Net asset value of 1.36 pence per share representing a 41% premium to the period end share price of 0.965 pence
- Substantial cash balance available for further investment
- Successful implementation of a capital reorganisation
- Increased investment in the technology sector, specifically providing exposure to the digital assets sector and cyber security
- Payment of a dividend

INTRODUCTION

We are very pleased to report our results for the year to 31 December 2020. This period has been an extremely active period for the Company and the Board is delighted with the results that have been achieved. We have:

- recorded a second profitable year
- commenced the payment of a dividend; and
- the current share price is now significantly higher than the price at which new funds were raised in 2018.

We therefore believe that we have now successfully implemented the strategy that was announced by the Company in 2018.

## REVIEW OF THE YEAR

For the year to 31 December 2020, the Company made a profit from continuing operations of £1,497,305 (2019: £623,690). The net asset value of the Company as at 31 December 2020 was £9,239,936 (2019: £7,878,417).

The Company has been actively deploying its investment capital by investing principally in listed junior companies through debt and equity linked products. These investment structures lower volatility and risk and enable the Company to drive profits and cash income. We believe that this is an attractive investment strategy and by investing in the Company, investors are able to gain access to this investment strategy via a publicly listed vehicle. As at the end of the year, the Company held around £5.1 million of its investment portfolio in this type of investment. During the year, the Company has invested in companies such as Westminster Group plc, Invinity Energy Systems plc and Tanzanian Gold Corporation such that, as at the period end, this part of the Company's investment portfolio had investments in18 different companies.

The Company's principal equity investment comprises a shareholding in Pires Investments plc. This company is an investment company listed on AIM focused on investing in next generation technology. This company has made significant progress over the period, with its share price increasing by some 135% during the year.

As previously mentioned, the Company generally receives warrants in the companies that it invests in and during the course of the year a number of these companies have increased in value. The potential value of this warrant portfolio is not fully reflected in the Company's net asset value and a return is only crystallised when the respective warrants are exercised and sold.

The Company has also successfully implemented a capital reduction thereby enabling it to be in a position to pay a dividend and, on 2 November 2020, a gross interim dividend of 0.02 pence per share was declared and paid. The Company expects to pay a final dividend in line with the indication previously provided which is expected to amount to 0.04 pence per share.

The market has clearly recognised the improved performance and potential of the Company and this has been demonstrated by the Company's share price increasing from 0.75 pence at the start of the period to 0.96 pence at the end and to 1.95 pence as at 7 June 2021.

## OUTLOOK AND STRATEGY

The Company has continued to generate attractive returns through investing generally by way of structured financings which have the benefit of providing cash returns whilst providing downside protection. In recent months, we have also taken the opportunity to invest in pre-IPO situations which, we believe, complements our investment strategy, particularly given the current buoyant equity markets and enables us to maximise the returns to shareholders.

At the same time, the Board is seeing an increasing number of pre-IPO investment opportunities where there is the potential to achieve gains between the pre-IPO stage and a listing or exit. The Company has already deployed capital in this way as demonstrated by its recent investments in Pluto Digital Assets plc ("Pluto") and Smarttech247. Pluto is a technology company operating in the digital assets sector. Smarttech247 is an established profitable business operating in the fast growing cyber security sector. Both companies are not only in exciting sectors but also have clear paths to listings.

Furthermore, at this stage of an investee company's development, valuations can be attractive, notwithstanding the proximity to an exit or listing. The Board is therefore keen to be able to have additional funds to deploy in these opportunities as well as to continue to invest in structured products in order to provide a balanced portfolio hence the rationale for recently raising £1.6 million of new funds at a price in line with market from both new and existing shareholders.

In summary, we believe that the results for 2020 demonstrate that the Company is continuing to make significant progress. The current year has also started well and we look forward to a very positive 2021.

Philip Haydn-Slater

Non-Executive Chairman

7 June 2021

## REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

**Introduction**

The Company is an investment company listed on the AIM market of the London Stock Exchange. It is principally focused on investing in junior listed companies by way of debt or equity-linked debt investments. Returns are principally generated through a combination of fees, interest and other equity linked or performance-based instruments. This investing strategy enables the Company to reduce the risk and volatility normally associated with investing in junior companies solely by way of equity, and to generate cash income and returns.

The Company's investment portfolio at 31 December 2020 is divided into the following categories:

| **Category** | **Cost or valuation (£000)** | |
|---|---|---|
| | **2020** | **2019** |
| Debt and equity-linked debt investments | 5,099 | 4,349 |

| | | |
|---|---|---|
| Equity investments and other | 2,059 | 849 |
| Cash resources | 4,047 | 2,624 |
| **Total** | **11,205** | **7,822** |

**Debt and equity linked portfolio**

During the year, the Company has been focused on building up its portfolio and, as at the year end, the value of these investments amounted to £5.1 million, which comprised investments across 18 different companies including Jubilee Metals plc, EQTEC plc, Tanzanian Gold Corporation, Westminster Group plc, Kodal Minerals plc, Infrastrata plc and Invinity Energy Systems plc.

These investments principally generate income in the form of fees and interest. Investments are either made directly or by way of participation certificates in RiverFort Global Opportunities PCC Limited ("RGO PCC"), a Gibraltar based fund. These certificates are reference linked financial instruments that provide similar economic benefits to the holder as if they were co-investing directly in the underlying investment. Whilst there is no direct security into the underlying investment, the holder will benefit from the enforcement of any such security.

The period end cash balance included amounts that were due to RGO PCC at the year end in connection with the investment made in Tanzanian Gold Corporation which was partly held by the Company on behalf of RGO PCC.

**Equity and other portfolio**

At the year end, the Company's equity portfolio comprised the following:

| **Company** | **Description** | **Current value of investment £000** |
|---|---|---|
| Pires Investments plc | An investment company listed on AIM | 1,591 |
| Other | Various small holdings in listed companies and warrants | 468 |
| Total | | 2,059 |

In April 2020, Pires Investments plc ("Pires") raised additional funds and the Company invested £207,000 in this fund raising in order to maintain its shareholding. During the course of 2020, Pires has continued to invest in the next generation technology sector and, during this period, Pires has made a number of new technology investments which are doing well. As at the period end, the Company's holding in Pires amounted to 26,149,993 shares and 10,364,200 warrants. During the period, the Pires share price has increased significantly and this has continued since the period end, with the share price increasing to 9.2 pence as at 7 June 2021 compared to the period end share price of 6.25 pence.

Often as part of the Company's investment, the investee company will issue warrants. The value of the warrants attributable to the Company's investments are calculated using the Black-Scholes option pricing model and the resulting figure is discounted by 75% to reflect the level of expected return associated with such holdings given their highly volatile nature. This balance is included within Other as set out in the table above.

| Income breakdown | 2020 | 2019 |
|---|---|---|
| | £000 | £000 |
| Investment income | 1,251 | 889 |
| Net gain from financial instruments at FVTPL | 1,476 | 128 |
| Net foreign exchange losses on other financial instruments | (284) | (69) |
| **Total income** | **2,443** | **948** |
| Administration costs | (404) | (303) |
| Investment management fees | (375) | – |
| Other gains and losses | (167) | (21) |
| **Operating profit** | **1,497** | **624** |

Investment income derives principally from the fees and interest income in relation to our debt and equity linked debt investments. The net gain from financial instruments at FVTPL represents the impact of valuing the investment portfolio at fair value as required under IFRS 9.

The results for this year include a charge for investment advisory services by the Company's Investment Adviser, RiverFort Global Capital Limited. In previous years, these fees had been waived in exchange for an extension of the investment adviser contract in order to allow the Company to build up its investment portfolio.

## KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

| COMPANY STATISTICS | 31 December 2020 | 31 December 2019 | Change % |
|---|---|---|---|
| Net asset value | £9,239,936 | £7,878,417 | +18% |
| Net asset value - fully diluted per share | 1.36p | *1.16p | +18% |
| Closing share price | 0.965p | *0.750p | +29% |
| Net asset value premium to the share price | 41% | 55% | |
| Market capitalisation | £6,552,000 | £5,092,000 | +29% |

*Adjusted for the 1 for 10 share consolidation which was approved by shareholders on 3 March 2020.

## KEY RISKS AND UNCERTAINTIES

Investments in junior companies can carry a high level of risk and uncertainty, although the returns can be attractive. At this stage there can be no certainty of outcome and the Company may have difficulty in realising the full value from its investments in a forced sale. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company. Details of other financial risks and their management are given in Note 22 to the financial statements.

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 22 to these financial statements.

The current Covid-19 situation will continue to be monitored and is expected to evolve over time. The rapid development and fluidity of the situation makes it difficult to predict its ultimate impact at this stage. However, due to the nature of the Company's activities, the impact on the Company has been minimal, with continuing interest from junior companies for our investment capital. Management will, however, continue to assess the impact of Covid-19 on the Company.

## PROMOTION OF THE COMPANY FOR THE BENEFIT OF THE MEMBERS AS A WHOLE

S172 of the Companies Act 2006 requires the Board to promote the Company for the benefit of the members as a whole. In particular, the requirements of s172 are for the Directors to:

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

The Directors are collectively responsible for formulating the Company's investment strategy, and during 2020 they have continued to focus on implementing the investment strategy previously approved by shareholders in 2018 which has resulted in a significant improvement in financial performance compared to previous years. The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of a listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). We also provide an environment where shareholders can interact with the Board and management, ask questions and raise any concerns they may have. The Directors believe they have acted in a way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

## GOING CONCERN

The Company's assets comprise mainly cash, debt securities and quoted securities. As at the year end, the Company held a significant balance of cash. Furthermore, the Company has prepared cash forecasts to June 2022 that show that the Company has sufficient cash resources for the foreseeable future. The Directors have also considered the impact of Covid-19 and have concluded that, given the cash reserves in place and the level of the Company's ongoing costs, there are no material factors which are likely to affect the ability of the Company to continue as a going concern. Accordingly, the Directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVERFORT GLOBAL OPPORTUNITIES PLC FOR THE YEAR ENDED 31 DECEMBER 2020

We have audited the financial statements of RiverFort Global Opportunities plc (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including 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 2020 and of its profit for the year then ended;

- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 a review of the directors' statement in note 2 to the financial statements and review of the company's budgets for the period of twelve months from the date of approval of the financial statements, including checking the mathematical accuracy of the budgets and discussion and challenge of significant assumptions used by the management.

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

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality for the company financial statements as a whole was set at £225,000 (2019: £120,000). This has been calculated based on 2% (2019: 1.5%) of Gross Assets, being the same basis as applied in the prior year. Using our professional judgement, we have determined this to be the principal benchmark within the financial statements as it is most relevant to stakeholders in assessing the financial performance of the company, based on the growth in the value of the company's investments.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £157,500 (2019: £84,000), being 70% of materiality for the financial statements as a whole respectively.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £11,250 (2019: £6,000). We also agreed to report any other misstatements below that threshold that we believe warranted reporting on qualitative grounds.

**Our approach to the audit**

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity and size.

The financial asset investments balance is highly material and incorporates both equity investments and structured finance investments. We carried out a detailed review of the classification of the financial assets as fair value through profit and loss (FVTPL) and assessed the fair value of the instruments on a sample basis to ensure they are materially stated in these financial statements. This also incorporated the review of the net income from financial instruments at FVTPL.

We consider management override and related parties to be qualitatively material. Although it is not the responsibility of the auditor to discover fraud, clearly any instances of fraud which we detect are material to the users of the financial statements. We have tested manual and automated journal entries, including journal entries at year end. Additionally, as part of our audit procedures to address fraud risk, we assessed the overall control environment and reviewed whether there had been any reported actual or alleged instances of fraudulent activity during the year. Our work on related parties included assessment of the company's procedures, as well as discussions with the directors.

**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 | How our scope addressed this matter |
|---|---|
| **Verification, classification and ownership of Financial asset investments (Note 15)**<br><br>At the year end, the company held non-current and current financial asset investments of £7,158,104, which included Equity investments, Structured Finance investments and share warrants.<br><br>There is a risk that the financial asset investments are classified and valued incorrectly and are not owned by the company. | Our work in this area included:<br><br>• Verifying ownership of the investments held at the year end;<br><br>• Reviewing the valuation methodology for each type of investment and ensuring that the carrying values were appropriately supported;<br><br>• Validating that gains and losses charged through to the Statement of Comprehensive Income have been classified and measured correctly;<br><br>• Obtaining direct confirmations of a sample of investments held at the year end, and reconciling to the amounts due; |

| | |
|---|---|
| This matter was considered to be one of most significance in the audit due to the size, complexity and significance of estimates and judgements required in valuing the financial asset investments. | • Reviewing the disclosures presented in the financial statements to ensure they are adequate and in line with IFRS 9 requirements; and<br><br>• Reviewing the accounting treatment of the financial assets and ensuring they are in line with IFRS. |

### 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 and application of cumulative audit knowledge.

- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006.

- We designed our audit procedures to ensure that the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. This is evidenced by our discussion of laws and regulations with management, reviewing minutes of meetings of those charged with governance and review of regulatory news.

- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.

- 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 or where the business rationale is not clear.

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: 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 auditors' 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.

Eric Hindson (Senior Statutory Auditor)   15 Westferry Circus

For and on behalf of PKF Littlejohn LLP  Canary Wharf

Statutory Auditor  London E14 4HD

Date 7 June 2021

**SSTATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DDECEMBER 2020**

| | Note | **2020** £ | 2019 £ |
|---|---|---|---|
| CONTINUING OPERATIONS: | | | |
| Investment income | 4 | **1,251,681** | 889,095 |
| Net gain from financial instruments at FVTPL | 5 | **1,476,201** | 127,960 |
| Foreign exchange losses on other financial instruments | 6 | **(284,484)** | (69,111) |
| TOTAL OPERATING INCOME | | **2,443,398** | 947,944 |
| Administrative expenses | 7 | **(403,564)** | (302,770) |
| Investment advisory fees | 8 | **(375,446)** | – |
| Other gains and losses | 9 | **(167,083)** | (21,484) |
| PROFIT BEFORE TAXATION | | **1,497,305** | 623,690 |
| Taxation | 12 | – | – |
| PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME | | **1,497,305** | 623,690 |
| EARNINGS PER SHARE | 13 | | |
| Basic and fully diluted earnings per share | | **0.221p** | 0.092p |

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| **STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2020** | Note | **2020** £ | 2019 £ |
|---|---|---|---|

| | Note | 2020 | 2019 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Financial asset investments | 15 | **4,249,249** | 1,758,801 |
| | | **4,249,249** | 1,758,801 |
| CURRENT ASSETS | | | |
| Financial asset investments | 15 | **2,908,855** | 3,439,045 |
| Trade and other receivables | 16 | **246,149** | 195,708 |
| Derivative financial assets | 17 | – | 40,925 |
| Cash and cash equivalents | 18 | **4,046,856** | 2,624,480 |
| | | **7,201,860** | 6,300,158 |
| TOTAL ASSETS | | **11,451,109** | 8,058,959 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 19 | **2,211,173** | 180,542 |
| | | **2,211,173** | 180,542 |
| NET ASSETS | | **9,239,936** | 7,878,417 |
| EQUITY | | | |
| Share capital | 20 | **67,893** | 10,042,273 |
| Share premium account | 20 | – | 3,191,257 |
| Capital redemption reserve | 21 | – | 27,000 |
| Retained profits/(losses) | | **9,172,043** | (5,382,113) |
| TOTAL EQUITY | | **9,239,936** | 7,878,417 |

| STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020 | Share capital £ | Share premium £ | Other reserves £ | Retained profits £ | Total equity £ |
|---|---|---|---|---|---|
| BALANCE AT 1 JANUARY 2019 | 10,042,273 | 3,191,257 | 27,000 | (6,005,803) | 7,254,727 |
| Total comprehensive income | – | – | – | 623,690 | 623,690 |
| BALANCE AT 31 December 2019 | 10,042,273 | 3,191,257 | 27,000 | (5,382,113) | 7,878,417 |
| Total comprehensive income | – | – | – | **1,497,305** | **1,497,305** |
| Capital reduction | **(9,974,380)** | **(3,191,257)** | **(27,000)** | **13,192,637** | – |
| Dividend payment | – | – | – | **(135,786)** | **(135,786)** |
| BALANCE AT 31 December 2020 | **67,893** | – | – | **9,172,043** | **9,239,936** |

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|---|---|---|---|

| | | | |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Investment income received | | **1,178,181** | 888,676 |
| Operating expenses paid | | **(489,020)** | (280,512) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | | **689,161** | 608,164 |
| INVESTING ACTIVITIES | | | |
| Purchase of investments | | **(4,854,799)** | (4,494,947) |
| Disposal of investments | 15 | **2,562,113** | 123,770 |
| Debt instrument repayments | 15 | **3,405,246** | 2,935,611 |
| Settlement of forward currency contracts | | **(212,456)** | (98,279) |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | | **900,104** | (1,533,845) |
| FINANCING ACTIVITIES | | | |
| Dividend payment | 14 | **(135,786)** | – |
| NET CASH USED IN FINANCING ACTIVITIES | | **(135,786)** | – |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | **1,453,479** | (925,681) |
| Cash and cash equivalents at the beginning of the year | | **2,624,480** | 3,597,734 |
| Effect of foreign currency exchange on cash | | **(31,103)** | (47,573) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 18 | **4,046,856** | 2,624,480 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 1 GENERAL INFORMATION

RiverFort Global Opportunities plc is a public limited company, limited by shares, incorporated in England and Wales. The shares of the Company are listed on the Alternative Investment Market (AIM). The address of its registered office is Suite 12a, 55 Park Lane, London, W1K 1NA. The Company's principal activities are described in the Directors' Report .

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

The Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss. The measurement basis is more fully described in the accounting policies below.

The financial statements are presented in pounds sterling (£) which is the functional currency of the Company. The comparative figures are for the year ended 31 December 2019.

## GOING CONCERN

The Company's assets comprise mainly cash, debt securities and quoted securities. Since the year end, the Company's cash resources have continued to increase and the Company has prepared cash forecasts to June 2022 that show that the Company has sufficient cash resources for the foreseeable future. The directors have also considered the impacts of Covid-19 and have concluded that there are no material factors which are likely to affect the ability of the Company to continue as a going concern, as a result of the cash reserves in place and given the Company's ongoing costs. Accordingly, the Directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such 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 cannot be readily established, the Company is required to make judgements over carrying value impairment and evaluate the size of any impairment required.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company holds investments that have been designated as held for trading on initial recognition. Where practicable the Company determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out (see Note 15). These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as estimated net asset value may be used and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

The Company also holds unquoted share warrants as level 3 investments. The fair values of these warrants have been obtained using the Black Scholes valuation model and applying a 75% discount to allow for the warrants being untraded derivatives with the underlying securities being traded on junior markets. This model makes certain assumptions relating to the volatility of the underlying Company's share price which are applied in the calculation of the fair value of the warrants. The volatility is measured based on the volatility of the share price of the underlying share over the 12 months prior to the issue of the warrants.

## CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New standards, amendments and interpretations adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2020:

- Definition of Material - Amendments to IAS 1 and IAS 8;
- Definition of a Business - Amendments to IFRS 3;
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7;
- Revised Conceptual Framework for Financial Reporting;
- Annual Improvements to IFRS Standards 2018-2020 Cycle; and COVID-19 related rent concessions - amendments to IFRS.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## REVENUE RECOGNITION

#### INVESTMENT INCOME

Interest on fixed interest debt securities, designated at fair value through profit or loss, is recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Other structured finance fees are recognised on the date of the relevant agreement. Income may be recognised at a point in time or over the time. Over time revenue recognition is proportional to progress towards satisfying a performance obligation by transferring control of promised services to a customer.

Income which does not qualify for recognition over time is recognised at a point in time when the service is rendered. The Company has no material receivables and contract liabilities from contracts with customers as non-refundable up-front fees are not charged to customers upon commencement of contracts with customers.

Bank deposit interest is recognised on an accruals basis.

## FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of the Company is Sterling. Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to debt securities and equity investments denominated in currencies other than Sterling and measured at FVTPL are also presented in the income statement within Operating income. All other foreign exchange gains and losses are presented on a net basis in the income statement within 'Other gains and losses".

## CURRENT AND DEFERRED TAX

Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Company controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

## SEGMENTAL REPORTING

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors.

In identifying its operating segments, management generally follows the Company's service lines which represent the main products and services provided by the Company. The Directors believe that the Company's continuing investment operations comprise one segment.

## FINANCIAL ASSETS

The Company's financial assets comprise investments, cash and cash equivalents and loans and receivables, and are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

## FINANCIAL ASSETS INVESTMENTS

### CLASSIFICATION OF FINANCIAL ASSETS

The Company holds financial assets including equities and debt securities. The classification and measurement of financial assets at 31 December 2020 is in accordance with IFRS 9.

On the initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specific dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

All other financial assets of the Company are measured at FVTPL.

### BUSINESS MODEL ASSESSMENT

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information on how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realised cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment advisor is compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected

IFRS 9 subsection B4.1.1-B4.1.2 stipulates that the objective of the entity's business model is not based on management's intentions with respect to an individual instrument, but rather determined at a higher level of aggregation. The assessment needs to reflect the way that an entity manages its business.

The company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, balances due from brokers and other receivables. These financial assets are held to collect contractual cash flows.
- Other Business model: this includes structured finance products, equity investments, investments in unlisted private equities and derivatives. These financial assets are managed and their

performance is evaluated, on a fair value basis with frequent sales taking place in respect to equity holdings.

## VALUATION OF FINANCIAL ASSET INVESTMENTS

Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. The valuations in respect of unquoted investments (Level 2 and Level 3 financial assets) are explained in note 14. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains/(losses) on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments include forward currency contracts. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognised immediately in the statement of comprehensive income. The company is engaged in hedging activities of its foreign exchange risk. The company does not apply hedge accounting. Given the low level of trading activity, the Company has estimated that any valuation adjustments are not material and has therefore not incorporated these into the fair value of derivatives.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, 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. They are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

## OTHER RECEIVABLES

Other receivables from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

## IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Impaired debts are derecognised when they are assessed as uncollectible.

## FINANCIAL LIABILITIES

The Company's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instruments.

## TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

## EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit or loss for the year after tax by the weighted average number of shares in issue and is measured in pence per share .

EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.

- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

- "Capital redemption reserve" represents the nominal value of shares repurchased or redeemed by the Company.

- "Retained losses" represents retained losses.

## 3 SEGMENTAL INFORMATION

The Company is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in junior listed and unlisted companies.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

## 4 INVESTMENT INCOME

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Structured finance fees | **414,265** | 392,080 |
| Other interest receivable | **837,416** | 497,015 |
| | **1,251,681** | 889,095 |

## 5 NET GAIN/(LOSS) ON INVESTMENTS

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Net realised gains/(losses) on disposal of investments | **843,515** | (474,890) |
| Net movement in fair value of investments | **680,795** | 680,568 |
| Net foreign exchange loss on investments | **(48,109)** | (77,718) |
| Net gain on investments | **1,476,201** | 127,960 |

## 6 FOREIGN EXCHANGE LOSSES ON OTHER FINANCIAL INSTRUMENTS

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |

| | | |
|---|---|---|
| Net loss on foreign currency forward contracts | **(253,381)** | (21,538) |
| Exchange loss on foreign currency cash balances | **(31,103)** | (47,573) |
| | **(284,484)** | (69,111) |

## 7 ADMINISTRATIVE EXPENSES

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Profit for the year has been arrived at after charging: | | |
| Wages and salaries | **163,055** | 118,130 |
| Professional and regulatory expenses | **163,613** | 128,585 |
| Audit and tax compliance | **28,170** | 29,040 |
| Other administrative expenses | **48,726** | 27,015 |
| Total administrative expenses as per the statement of comprehensive income | **403,564** | 302,770 |

AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the Company's auditor:

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Fees payable to the Company's auditor for the audit of the parent company and the Company financial statements | **25,200** | 25,200 |
| Fees payable to the Company's auditor and its associates for other services: | | |
| Other services relating to taxation | **2,970** | 3,840 |
| | **28,170** | 29,040 |

## 8 INVESTMENT ADVISORY FEES

The charge of £375,446 (2019: £Nil) is payable to the Company's investment adviser, RiverFort Global Capital Limited. In previous years, these fees had been waived in exchange for an extension of the investment adviser contract in order to allow the Company to build up its investment portfolio prior to incurring advisory fees.

## 9 OTHER GAINS AND LOSSES

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Currency exchange differences | **(167,083)** | (21,484) |
| | **(167,083)** | (21,484) |

## 10 DIRECTORS' EMOLUMENTS

| | **2020** | 2019 |
|---|---|---|

| | £ | £ |
|---|---|---|
| Aggregate emoluments | **152,500** | 109,000 |
| Social security costs | **10,555** | 9,130 |
| | **163,055** | 118,130 |

| Name of director | Salaries and fees | Bonuses | **Total 2020** | Total 2019 |
|---|---|---|---|---|
| | £ | £ | **£** | £ |
| P Haydn-Slater | *35,000 | 17,500 | **52,500** | 35,000 |
| N Lee | 52,000 | 26,000 | **78,000** | 52,000 |
| A van Dyke | 22,000 | – | **22,000** | 22,000 |
| A Nesbitt | – | – | **–** | – |
| | 109,000 | 43,500 | **152,500** | 109,000 |

* £23,000 of P Haydn-Slater's salary and fees was invoiced by Musgrave Merchant Ltd, a company controlled by him.

## 11 EMPLOYEE INFORMATION

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Wages and salaries | **129,500** | 86,000 |
| Consultancy fees | **23,000** | 23,000 |
| Social security costs | **10,555** | 9,130 |
| | **163,055** | 118,130 |

Average number of persons employed:

| | **2020 Number** | 2019 Number |
|---|---|---|
| Office and management | **3** | 3 |

COMPENSATION OF KEY MANAGEMENT PERSONNEL

There are no key management personnel other than the Directors of the Company.

## 12 INCOME TAX EXPENSE

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Current tax - continuing operations | – | – |

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the Consolidated entities as follows:

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Profit/(loss) before tax from continuing operations | **1,497,305** | 623,690 |

| | | |
|---|---|---|
| Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 19% (2019: 19%) | **284,488** | 118,501 |
| Expenses not deductible for tax purposes | **7,091** | 356 |
| Offset against tax losses brought forward | **(291,579)** | (118,857) |
| Unrelieved tax losses carried forward | – | – |
| Total tax | – | – |

Unrelieved tax losses of approximately £3,977,000 (2019: £5,511,000) remain available to offset against future taxable trading profits. No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

## 13 EARNINGS PER SHARE

The basic earnings per share is based on the loss for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year assumes that all shares have been included in the computation based on the weighted average number of days since issue.

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Profit/(loss) attributable to equity holders of the Company: | | |
| Profit/(loss) from continuing operations | **1,497,305** | 623,690 |
| Profit/(loss) for the year attributable to equity holders of the Company | **1,497,305** | 623,690 |
| Weighted average number of ordinary shares in issue for basic and fully diluted earnings | **678,933,600** | 678,933,600 |

| | | |
|---|---|---|
| EARNINGS PER SHARE | | |
| BASIC AND FULLY DILUTED: | | |
| - Basic earnings/(loss) per share from continuing and total operations | **0.221p** | 0.092p |
| - Fully diluted earnings/(loss) per share from continuing and total operations | **0.221p** | 0.092p |

2019 comparative figures for the average number of shares in issue and earnings per share have been adjusted for the share reorganisation in March 2020.

## 14 DIVIDENDS

| | **2020** | 2019 | **2020** | 2019 |
|---|---|---|---|---|
| | **Pence** | pence | **£** | £ |
| Amounts recognised as distributions to shareholders in the year | | | | |
| Interim dividend for 2020 | **0.02p** | – | **135,786** | – |
| | **0.02p** | – | **135,786** | – |

## 15 FINANCIAL ASSETS

All financial assets are designated at fair value through profit and loss ("FVTPL")

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| At 1 January - fair value | **5,197,846** | 3,793,715 |
| Acquisition of investments designated at FVTPL | **5,877,989** | 4,335,552 |
| Equity investment disposals | **(1,988,686)** | (123,770) |
| Debt security repayments | **(3,405,246)** | (2,935,611) |
| Net gain/(loss) on disposal of investments | **843,515** | (474,890) |
| Movement in fair value of investments | **680,795** | 680,568 |
| Net foreign exchange loss on debt securities | **(48,109)** | (77,718) |
| At 31 December - fair value | **7,158,104** | 5,197,846 |

| | Current | | Non-current | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Categorised as: | | | | |
| Level 1 - Quoted investments | **–** | – | **1,706,712** | 609,704 |
| Level 2 - Unquoted investments | **2,908,855** | 3,439,045 | **2,166,674** | 1,110,166 |
| Level 3 - Unquoted investments | **–** | – | **375,863** | 38,931 |
| | **2,908,855** | 3,439,045 | **4,249,249** | 1,758,801 |

The table of investments sets out the fair value measurements using the IFRS 7 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.

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading".

LEVEL 2 FINANCIAL ASSETS

Level 2 financial assets comprise debt securities valued by reference to their principal value, less appropriate allowance where there is a doubt as to whether the principal amount will be fully repaid in accordance with the contractual terms of the obligation.

LEVEL 3 FINANCIAL ASSETS

Reconciliation of Level 3 fair value measurement of financial assets

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Brought forward | **38,931** | 88,918 |
| Movement in fair value | **336,932** | (49,987) |
| Carried forward | **375,863** | 38,931 |

The Company's level 3 investments comprise a number of unquoted share warrants. which have been valued using the Black-Scholes valuation model, discounted by 75% to allow for there being no trading market for the warrant instruments and the underlying shares are quoted on the London Stock Exchange's secondary Alternative Investment Market.

In line with the investment strategy adopted by the Company, Nicholas Lee is on the board of the following investee company:

| | % holding 2020 | 2019 |
|---|---|---|
| Pires Investments plc | **18.2%** | 24.3% |

## 16 TRADE AND OTHER RECEIVABLES

| | 2020 £ | 2019 £ |
|---|---|---|
| Other receivables | – | 19,547 |
| Prepayments and accrued income | **246,149** | 176,161 |
| | **246,149** | 195,708 |

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

## 17 DERIVATIVE FINANCIAL ASSETS

| | 2020 £ | 2019 £ |
|---|---|---|
| Foreign currency forward contract | – | 40,925 |

## 18 CASH AND CASH EQUIVALENTS

| | 2020 £ | 2019 £ |
|---|---|---|
| Cash and cash equivalents | **4,046,856** | 2,624,480 |

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

## TRADE AND OTHER PAYABLES

19

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade payables | **31,346** | 43,723 |
| Other payables | **1,665,751** | 69,134 |

| | | |
|---|---|---|
| Accrued expenses | **514,076** | 67,685 |
| | **2,211,173** | 180,542 |

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Trade payables and Other payables are all due within 6 months of the year end.

## 20 SHARE CAPITAL

| | Number of shares | | Share capital | | Share |
|---|---|---|---|---|---|
| | Deferred | Ordinary | Deferred | Ordinary | premium |
| | | | £ | £ | £ |
| ISSUED AND FULLY PAID: | | | | | |
| At 1 January 2019 and 2020 | | | | | |
| Deferred shares of 9.9p each | 32,857,956 | – | 3,252,938 | – | – |
| Ordinary shares of 0.1p each | – | 6,789,335,226 | – | 6,789,335 | 3,191,257 |
| | 32,857,956 | 6,789,335,226 | 3,252,938 | 6,789,335 | 3,191,257 |
| Issue of shares | – | 774 | – | 1 | – |
| | 32,857,956 | 6,789,336,000 | 3,252,938 | 6,789,336 | 3,191,257 |
| Share reorganisation | 67,893,400 | (6,110,402,400) | 6,721,443 | (6,721,443) | |
| Capital reduction | (100,751,356) | | (9,974,381) | | (3,191,257) |
| Ordinary shares of 0.01p each | – | 678,933,600 | – | 67,893 | – |
| At 31 December 2020 | – | 678,933,600 | – | 67,893 | – |

On 4 March 2020 the shareholders approved a share reorganisation and capital reduction.

The share reorganisation involved a 4,000 for 1 share consolidation, followed by a subdivision of each resulting share into 400 new ordinary shares of 0.01p and 40 deferred shares of 9.9p.

The capital reduction which followed involved the cancellation of all the deferred shares and the cancellation of the share premium account.

The capital reduction was confirmed by the Court on 31 March 2020.

## 21 OTHER RESERVES

| | Capital redemption reserve | Total Other reserves |
|---|---|---|
| | £ | £ |
| Balance at 1 January 2019 and 2020 | 27,000 | 27,000 |
| Capital reduction | (27,000) | (27,000) |
| Balance at 31 December 2020 | – | – |

## 22 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, market price risk and operational 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. The Company is not subject to externally imposed capital requirements.

### CREDIT RISK

The Company's financial instruments that are subject to credit risk are cash and cash equivalents and loans and receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions. The credit risk for loans and receivables is mainly in respect of short term loans, made on market terms, which are monitored regularly by the Board.

The Company's maximum exposure to credit risk is £4,046,856 (2019: £2,684,952) comprising cash and cash equivalents and other receivables.

The ageing profile of trade and other receivables was:

| | **2020 Total book value £** | 2019 Total book value £ |
|---|---|---|
| Current | – | 60,472 |
| Overdue for less than one year | – | – |
| | – | 60,472 |

### 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.

FOREIGN CURRENCY RISK

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US dollars (USD). Consequently, the Company is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in manner that has an adverse effect on the fair value of the future cashflows of the Company's financial assets denominated in currencies other than the GBP.

The Company's policy is to use derivatives to manage its exposure to foreign currency risk. The instruments used are foreign currency forward contracts. The Company does not apply hedge accounting.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | **31 Dec 2020** | 31 Dec 2019 | **31 Dec 2020** | 31 Dec 2019 |
| | **£** | £ | **£** | £ |
| US Dollars | **1,074,487** | 2,300,000 | **4,847,200** | 3,391,429 |
| Euro | – | – | **152,196** | – |
| | **1,074,487** | 2,300,000 | **4,999,396** | 3,391,429 |

The following table details the Company's sensitivity to a 5 per cent increase and decrease in GBP against the US Dollar and the Euro. 5 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the GBP/USD rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5 per cent change in the GBP/USD and GBP/Euro rates. A positive number below indicates an increase in profit and other equity where GBP weakens 5 per cent against the relevant currency. For a 5 per cent strengthening of GBP against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

| | US Dollars | | Euro | |
|---|---|---|---|---|
| | **31 Dec 2020** | 31 Dec 2019 | **31 Dec 2020** | 31 Dec 2019 |
| | **£** | £ | **£** | £ |
| Profit and loss | **151,938** | 54,571 | **7,610** | – |
| | **151,938** | 54,571 | **7,610** | – |

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk is mitigated by the Company only entering into fixed rate interest agreements, therefore detailed analysis of interest rate risk is not disclosed.

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 manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Company's net asset value and statement of comprehensive income increasing or decreasing by £171,000 (2019: £63,000).

Exposure to market price risk also arises in respect of the Company's investments in debt securities which are mainly denominated in US Dollars.

The Company's strategy for the management of market risk is driven by the Company's investment objective, which is focused on deploying its capital in investments that provide both income and downside protection. It is expected that the Company will deliver returns to shareholders through a combination of capital growth and dividend income.

The Company's market risk is managed on a continuous basis by the Investment Advisor in accordance with the policies and procedures in place. The Company's market positions are monitored on a quarterly basis by the board of directors.

### OPERATIONAL RISK

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities with financial instruments, either internally within the Company or externally at the Company's service providers such as cash custodians/brokers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to shareholders.

The primary responsibility for the development and implementation of controls over the operational risk rests with the board of directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes over the investment, finance and financial reporting functions internally and the establishment of service levels with various service providers, in the following areas:

- Appropriate segregation of duties between various functions, roles and responsibilities;
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements;

The directors' assessment of the adequacy of the controls and processes at the service providers with respect to operational risk is carried out via ad hoc discussions with the service providers. Substantially all the of the assets of the Company are held by Barclays Bank UK and Shard Capital Brokers. The bankruptcy or insolvency of the Company's cash custodian/brokers may cause the Company's rights with respect to the securities or cash and cash equivalents held by cash custodian/ broker to be limited. The board of directors' monitors capital adequacy and reviews other publicly available information of its cash custodian/broker on a quarterly basis.

## 23 FINANCIAL INSTRUMENTS

The Company uses financial instruments, other than derivatives, comprising cash to provide funding for the Company's operations.

### CATEGORIES OF FINANCIAL INSTRUMENTS

The IFRS 9 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| FINANCIAL ASSETS : | | |
| Cash and cash equivalents | **4,046,856** | 2,624,480 |
| Financial assets at amortised cost | – | 60,472 |

| | | |
|---|---|---|
| Financial assets at fair value through profit or loss | **7,158,104** | 5,197,846 |

FINANCIAL LIABILITIES AT AMORTISED COST:

The IFRS 9 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Trade and other payables | **1,697,097** | 112,857 |

## 24 RELATED PARTY TRANSACTIONS

The compensation payable to Key Management personnel comprised £152,500 (2019: £109,000) paid by the Company to the Directors in respect of services to the Company. Full details of the compensation for each Director are provided in the Directors' Remuneration Report.

Nicholas Lee's directorships of companies in which Riverfort Global Opportunities plc has an investment are detailed in Note 15.

## 25 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2020 or 31 December 2019.

## 26 POST YEAR END EVENTS

In February and March 2021, the Company made two investments totalling around £1 million in Pluto Digital Assets plc ("Pluto"). Pluto is a technology company that connects Web 3.0 decentralised technologies to the global economy by investing in, incubating and advising digital asset projects based on decentralised technologies, decentralised finance and networks such as Ethereum and Polkadot.

In February 2021, the company announced that it had agreed to grant 16.9 million share options each to Nicholas Lee and Philip Haydn-Slater. The share options have an exercise price of 1p per share and will vest as to 50 per cent. on grant and 50 per cent. upon the Company's volume weighted average share price being 1.5p or greater (being 50 per cent. above the Exercise Price) for a period of 10 consecutive days. The options have a 10 year term from 12 February 2021, the date of issue. Following the grant of these share options, the total share options outstanding are 33,800,000 representing 4.98% of the Company's 678,933,600 ordinary shares in issue.

In May 2021, the Company announced that it had agreed to invest €1.4 million in Smarttech247 (a company incorporated in the Republic of Ireland as Zefone Limited) a global artificial intelligence ("AI") based cyber security cloud business that protects enterprises as they migrate to cloud-based IT operations (the "Investment"). . Smarttech247 has over 100 technology partners (including Tanium and Crowdstrike) and 50 clients based in Europe and the USA. It is intended that the funding shall accelerate Smarttech247's extension and roll-out of its AI-based cyber security product portfolio. The Investment is via a convertible loan note and forms part of an overall fundraising by Smarttech247 of €2.5 million. The convertible loan note carries a coupon of 5% and is expected to convert on a sale or listing of the company.

At the same time the Company announced that it had placed 96,470,587 new ordinary shares (the "Placing Shares") to raise gross proceeds of £1.64 million in cash at a price of 1.7 pence per new ordinary share (the "Placing Price. The purpose of the Placing is to provide funding both for the Investment and for other investment opportunities. Placees also conditionally received one warrant for each ordinary share subscribed for, exercisable at 3.4 pence for a period of two years from their date of issue (the "Warrants") and expiring on the second anniversary of the date of issue. The issue of the Warrants is conditional on shareholder authorities to be sought at the next Annual General Meeting.

## 27 ULTIMATE CONTROLLING PARTY

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

## NOTE TO THE ANNOUNCEMENT

In accordance with Section 435 of the Companies Act 2006, the directors advise that the information set out in this announcement does not constitute the Company's statutory financial statements for the year ended 31 December 2020 or 2019 but is derived from these financial statements. The financial statements for the year ended 31 December 2019 have been delivered to the Registrar of Companies. 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 and will be forwarded to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on these financial statements; their reports were unqualified and did not contain statements under Section 498(2) or the Companies Act 2006.