PROVEN LEGACY PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 December 2019

PROVEN LEGACY PLC

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FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

CHAIRMAN'S STATEMENT

Introduction
I have pleasure in presenting the half yearly report for ProVen Legacy plc (the "Company") for the six months ended 31 December 2019.

Net Asset Value
During the six-month period, the Net Asset Value ("NAV") per Growth Share increased from 101.9p to 102.4p at 31 December 2019.

During the six-month period, the Net Asset Value ("NAV") per Income Share decreased from 101.0p to 100.7p at 31 December 2019. This is reflective of the profit in the period attributable to the Income Shares offset by the payment of a 0.4p dividend on 1 November 2019 as well as associated administrative costs.

The difference in Net Asset Value between the two share classes is primarily a result of the 1.4p per share total dividends paid to Income Shareholders to date.

Results
The net profit for the six-month period to 31 December 2019 was £14,329. In the period to 30 June 2017, £50,000 of set up costs were paid by the Company to Beringea LLP under the terms of the Offer for Subscription dated 3 June 2016. In the six-month period to 31 December 2017, this amount was reimbursed to the Company by Beringea LLP. The £50,000 becomes payable to Beringea LLP when the Company's revenue reserves reach £100,000, which they now have. At 31 December 2019, therefore, a provision for the full £50,000 has now been made in respect of the repayment of these set up costs to Beringea LLP, this includes £37,500 already recognised at 30 June 2019.

Fundraising activities
The Company launched an offer for subscription on 21 August 2018 (the "2018 Offer"). The 2018 Offer remained open until 20 August 2019, raising a total of £1,085,760.

On 17 September 2019, a further offer for subscription was launched (the "2019 Offer"). To date, a total of £242,000 gross proceeds have been raised, all of which have also been allotted during the period to 31 December 2019.

Lending activity
At 31 December 2019, the Company had advanced six loans totalling £3,408,650. Of these, a total of £1,125,000 had been fully repaid. Of the remaining balance, total outstanding balances amounted to £1,091,558 at 31 December 2019.

Cogora Group Limited signed its first loan facility with the Company in April 2017. This was for £500,000 and was drawn down in two equal tranches in April 2017 and May 2017. These were repayable over three years. In February 2018 Cogora drew down two further tranches of £125,000 each, one of which was repaid in full in May 2018. Subsequent to this, two further tranches, each of £125,000, were drawn down in July 2018 and December 2018, repayable over six months. At 31 March 2019 the outstanding tranches were consolidated into one new balance of £429,637. Included in this carried-forward balance was March interest of £3,621 due on the original loan balances as well as £5,033 profit on restructure due to ProVen Legacy plc. This additional profit was reflected in the loan interest income line of the 30 June 2019 accounts. Subsequent to this, an additional facility of £100,000 was extended to Cogora Group Limited in October 2019 and repaid in full in January 2020.

A loan facility of £500,000 was signed in December 2018 with Donatantonio Group Limited, now Lupa Foods Ltd, and fully drawn down. It is repayable over two years.

A loan facility of £500,000 was signed in April 2019 with Premier Employer Solutions Limited and was available to draw down in two tranches. The first tranche of £250,000 was drawn down in April 2019 and is repayable over two years. Subsequently, the facility agreement was amended and a second tranche of £300,000 was drawn down in November 2019. This is also repayable over two years.

Post balance sheet events
Cogora Group Limited repaid the additional facility of £100,000 on 31 January 2020 including any interest accrued on the balance to date.

Outlook
The Company has already lent more cash than it has received from investors as a result of relending capital and interest repayments. All loans repayments are up to date and the Company is currently receiving monthly repayments of around £65,000. As well as providing liquidity for the Company, this means that additional lending opportunities can be sought as the current lending portfolio is repaid. Whilst there is undoubtedly more competition in the market, particularly for larger loan amounts, the Lending Adviser continues to identify attractive lending opportunities for the Company and I am confident that the Company will be able to continue to efficiently deploy both the funds raised under the Offer, as well as the monthly repayments received from the current portfolio.

Jamie Perkins
Chairman
19 February 2020

PROVEN LEGACY PLC

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Note	Six months ended 31 December 2019 (unaudited)	Six months ended 31 December 2018 (unaudited)
		£	£
Loan interest income		52,991	48,064
Fixed exit fee		-	20,531
Other income		19,000	23,875
Set-up costs	10	(12,500)	(25,000)
Administrative expenses		(39,873)	(34,993)
Operating profit		**19,618**	**32,477**
Interest income		855	69
Bank charges		(233)	(274)
Profit on ordinary activities before taxation		**20,240**	**32,272**
Taxation		(5,911)	(9,730)
Profit on ordinary activities after taxation		**14,329**	**22,542**

The Company has no recognised gains or losses other than the results as set out above and accordingly a separate statement of other comprehensive income has not been prepared.

The notes set out on pages 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC

UNAUDITED CONDENED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	As at 31 December 2019 (unaudited) £	As at 30 June 2019 (audited) £
Fixed Assets			
Loans	9	1,091,558	978,904
Current assets			
Debtors		15,540	6,358
Cash at bank and in hand		2,119,328	1,962,258
Creditors – amounts falling due within one year		(75,009)	(101,454)
Provisions		(50,000)	(37,500)
Net current assets		2,009,859	1,892,662
Total assets less current liabilities		3,101,417	2,808,566
Capital and reserves			
Called up share capital	8	30,344	26,466
Share premium		3,020,048	2,629,428
Unallotted share capital		-	115,000
Revenue reserves		51,025	37,672
Total equity shareholders' funds		3,101,417	2,808,566
Net Asset Value per Redeemable Growth Share		**102.4p**	**101.9p**
Net Asset Value per Redeemable Income Share		**100.7p**	**101.0p**

The notes set out on pages 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Six months to 31 December 2019 (unaudited)	Called up share capital £	Share premium £	Unallotted share capital £	Revenue reserve £	Total £
At 1 July 2019	**26,466**	**2,629,428**	**115,000**	**37,672**	**2,808,566**
Issue of new shares in the period	3,878	403,122	(115,000)	-	**292,000**
Share issue costs	-	(12,502)	-	-	**(12,502)**
Share redemption	-	-	-	-	**-**
Dividends paid	-	-	-	(976)	**(976)**
Total comprehensive profit	-	-	-	14,329	**14,329**
At 31 December 2019	**30,344**	**3,020,048**	**-**	**51,025**	**3,101,417**

Six months to 31 December 2018 (unaudited)	Called up share capital £	Share premium £	Unallotted share capital £	Revenue reserve £	Total £
At 1 July 2018	**17,315**	**1,714,354**	**-**	**2,414**	**1,734,083**
Issue of new shares in the period	3,477	358,283	224,000	-	**585,760**
Share issue costs	-	(12,800)	-	-	**(12,800)**
Share redemption	(700)	(68,740)	-	-	**(69,440)**
Total comprehensive profit	-	-	-	22,542	**22,542**
At 31 December 2018	**20,092**	**1,991,097**	**224,000**	**24,956**	**2,260,145**

The notes set out on pages 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Six months Ended 31 December 2019 (unaudited)	**Six months Ended 31 December 2018 (unaudited)**
	£	**£**
Profit on ordinary activities after taxation	14,329	22,542
Loans advanced	(400,000)	(750,000)
Capital repayments received	287,346	1,090,210
Increase in debtors	(9,182)	4,650
Decrease in creditors	(13,945)	22,883
Net cash used in operating activities	**(121,452)**	**390,285**
Cash flows from investing activities	**-**	**-**
Cash flows from financing activities		
Proceeds from share issue	292,000	585,760
Share issue costs	(12,502)	(12,800)
Shares redeemed	-	(69,440)
Dividends paid	(976)	-
Net cash from financing	**278,522**	**503,520**
Increase in cash and cash equivalents	**157,070**	**893,805**
Cash at beginning of period	**1,962,258**	**358,938**
Net cash inflow for the period	157,070	893,805
Cash at end of period	**2,119,328**	**1,252,743**

Included in profit on ordinary activities after taxation for the six-month period was bank interest received of £855 (31 December 2018: £69).

The notes set out on pages 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC
NOTES TO THE HALF-YEARLY REPORT (UNAUDITED)

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1) Accounting policies

The Company has prepared its financial statements under Financial Reporting Standard 104 (“FRS104”).

The following accounting policies have been applied consistently throughout the period. Further details of principal accounting policies were disclosed in the Annual Report and Accounts for the year to 30 June 2019.

Income

Interest receivable on loans is recognised on an accruals basis.

Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis.

Loans

Loans are recognised when the Company becomes a party to the contractual provisions of the loans. Loans are initially recognised at transaction price and subsequently recognised at amortised cost, less any allowance for impairment. Loans are derecognised when the contractual rights to cash flows expire or have been settled.

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand or on-demand deposits.

Capital and reserves

Capital and reserves for the Company represent the following:

Share capital – the nominal value of shares issued, increased for subsequent share issues or reduced due to shares bought back by the Company for cancellation.

Share premium – this reserve contains the excess of gross proceeds over the nominal value of shares allotted, less any share issue costs.

Unallotted share capital – this reserve contains any consideration received for the issue of share capital, but which, at the date of these accounts, is yet to be formally issued and allotted to the individuals who paid such consideration.

Revenue reserve - the cumulative net return or loss of the Company.

2) All revenue and capital items in the Unaudited Condensed Income Statement derive from continuing operations.

3) There are no other items of comprehensive income other than those disclosed in the Unaudited Condensed Income Statement.

4) The Company has only one operating segment as reported to the Board of Directors in their capacity as chief operating decision makers and derives its income from loans arranged with a variety of small and medium sized UK private companies.

5) The comparative figures are in respect of the year ended 30 June 2019 and the six-month period ended 31 December 2018.

6) Basic and diluted NAV per share for the period has been calculated on 3,034,095 shares, being the number of shares in issue at the period end.

7) Contingencies, Guarantees and Financial Commitments

In the period to 30 June 2017, £50,000 of set up costs were paid by the Company to Beringea LLP under the terms of the Offer for Subscription dated 3 June 2016. In the six-month period to 31 December 2017, this amount was reimbursed to the Company by Beringea LLP. The £50,000 becomes payable to Beringea LLP when the Company's revenue reserves reach £100,000, which they now have. At 31 December 2019, therefore, a provision for the full £50,000 has now been made in respect of the repayment of these set up costs to Beringea LLP. This includes £37,500 already recognised at 30 June 2019.

8) Share capital

	(unaudited) 31 December 2019		(audited) 30 June 2019	
	Number	**Amount £**	**Number**	**Amount £**
Ordinary Shares of £1 each	2	2	2	2
Redeemable Growth Shares of £0.01 each	2,790,106	27,902	2,402,351	24,024
Redeemable Income Shares of £0.01 each	243,989	2,440	243,989	2,440
Total		**30,344**		**26,466**

Share movement in the period

During the period, movements in the Company's share capital were as follows:

	Redeemable Growth Shares		Redeemable Income Shares		Ordinary Shares	
	Number	**Amount £**	**Number**	**Amount £**	**Number**	**Amount £**
As at 1 July 2019	**2,402,351**	**24,024**	**243,989**	**2,440**	**2**	**2**
Issued in the period	387,755	3,878	-	-	-	-
Redeemed in the period	-	-	-	-	-	-
As at 31 December 2019	**2,790,106**	**27,902**	**243,989**	**2,440**	**2**	**2**

During the period, 387,755 Redeemable Growth Shares were issued at an average price of 102p per Redeemable Growth Share, with an aggregate consideration of £394,498 which excluded share issue costs of £12,502.

Under the terms of the Offer for Subscription dated 3 June 2016 ("2016 Offer"), the Offer for Subscription dated 7 August 2017 (“2017 Offer”), the Offer for Subscription dated 21 August 2018 (“2018 Offer”) and the Offer for Subscription dated 17 September 2019 (“2019 Offer”), Shareholders have the ability to redeem shares in accordance with the terms and conditions set out in the aforementioned offers.

9) Loans

Six months to 31 December 2019

Debt instruments measured at amortised cost	**£**
Loans at 1 July 2019	978,904
Loans advanced	400,000
Capital repayments	(287,346)
Loans at 31 December 2019	**1,091,558**

Year to 30 June 2019

Debt instruments measured at amortised cost	**£**
Loans at 1 July 2018	1,435,418
Loans advanced	1,008,654
Capital repayments	(1,465,168)
Loans at 30 June 2019	**978,904**

10) Controlling Party and related party transactions

In the opinion of the Directors, there is no immediate or ultimate controlling party.

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company’s Lending Adviser and Administration Manager during the period.

During the period from 1 July 2019 to 31 December 2019, fees payable to Beringea LLP in its capacity as Administration Manager amounted to £12,000. A total of £18,000 remains outstanding at 31 December 2019 in respect of administration fees.

In the period to 30 June 2017, £50,000 of set up costs were paid by the Company to Beringea LLP under the terms of the Offer for Subscription dated 3 June 2016. In the six-month period to 31 December 2017, this amount was reimbursed to the Company by Beringea LLP. The £50,000 becomes payable to Beringea LLP when the Company’s revenue reserves reach £100,000, which they now have. At 31 December 2019, therefore, a provision for the full £50,000 has now been made in respect of the repayment of these set up costs to Beringea LLP. This includes £37,500 already recognised at 30 June 2019.

£500 initial fee is due to Beringea LLP in its capacity as Lending Adviser following the £100,000 additional facility extended to Cogora Group Limited in October 2019.

Beringea LLP also acted as promoter for the offer for subscription dated 21 August 2018 and the offer for subscription dated 17 September 2019. The promoter’s fees in the period amount to £12,502 out of which Beringea LLP paid certain costs of the offer as well as initial commissions.

11) The unaudited financial statements set out herein have not been subject to review by the auditor and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. They have therefore not been delivered to the Registrar of Companies. The figures for the period ended 30 June 2019 have been extracted from the financial statements for that period, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.

12) The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with Financial Reporting Standard 104 issued by the Financial Reporting Council.

13) Principal risks

The Company's operations expose the Company to a number of risks associated with financial instruments. The principal financial risks arising from the Company's operations are:

- Interest rate risk (as part of market risk)
- Credit risk; and
- Liquidity risk.

Interest rate risk

Interest rate risk is the risk that a change in interest rates will affect the financial performance or financial position of the Company. Interest rate risk is expected to be minimal as the loans attract interest at a fixed rate.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk predominately through its loans and cash deposits. The Lending Adviser manages credit risk on loans through regular contact with the borrowers and through review of management accounts and other financial information. Credit risk is also mitigated by taking security over the borrower's assets. The level of security is a key means of managing credit risk on loans.

Cash is held by the Royal Bank of Scotland plc, rated BBB by Standard and Poor's, rated A by Fitch, and ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash is low.

There have been no impairment charges recognised during the period that are directly attributable to changes in credit risk.

The Company's exposure to credit risk is summarised as follows:

	£
Cash and cash equivalents	2,119,328
Loans	1,091,558
	3,210,886

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities.

The Company always aims to hold sufficient level of cash in order to meet expenses and other cash outflows as required. The Company will generally seek to structure loans with monthly or quarterly repayments, where appropriate. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's matched bargain service will seek to satisfy any redemption requests received from the Company's shareholders, which mitigates the liquidity risk surrounding redemptions.

As at 31 December 2019, no creditors are past due.

The below sets out a summary of the Company's assets and liabilities by expected maturity:

	Loans	**Cash**	**Creditors**
	£	**£**	**£**
Receivable after more than 1 year	767,690	-	(5,911)
Receivable/(due) within 1 year	323,868	2,119,328	(119,098)
Total	**1,091,558**	**2,119,328**	**(125,009)**

14) Going concern

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

15) Post balance sheet events

Cogora Group Limited repaid the additional facility of £100,000 on 31 January 2020 including any interest accrued on the balance to date.

PROVEN LEGACY PLC
COMPANY INFORMATION

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10024220

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