

# HIGHWAY CAPITAL PLC

## INTERIM REPORT 2021

### *Chairman's Statement*

Dear Fellow Shareholders

The first half of 2021 was very optimistic for the Company. The Board has continued its dialogue with both the regulator and potential target company. As a result, Highway Capital Plc has entered into Heads of Terms with Guinevere Capital Esports & Entertainment, as per the announcement made on 11 October 2021 and is currently working on the listing particulars. I hope that the Board will soon be able to update the shareholders on the progress of the Reverse Takeover transaction.

The results for the six months ended 31 August 2021 showed a loss before tax of £136,000 (six months ended 31 August 2020: £148,000 loss; year ended 28 February 2021: £135,000 loss).

No dividend has been declared.

**Dr L Sobolewski**

Chairman

30 November 2021

### *Update on Capital Structure*

The Board of Highway Capital Plc ("HWC" or "Company") announces the following update on its share capital and convertible loans.

#### **Shares in issue**

There are currently 11,490,201 ordinary shares of 2p each.

#### **Convertible Loan Notes – Current Financial Year**

Between 13 July 2021 and 30 November 2021, the Company completed a placing of £278,000 Convertible Loan Notes for working capital purposes. The notes have a term of 5 years and are convertible into new shares in the Company.

The Convertible Loan Note issued 13 July 2021 for the amount of £200,000 to an unconnected investor has a conversion price of 5p per new ordinary share and has base interest of 10% for the remainder of 2021 moving to 12% interest per annum from 1 January 2022.

The Convertible Loan Note issued 5 October 2021 for the amount of £3,000 to an unconnected investor has a conversion price of 5p per new ordinary share and 5% interest per annum.

The Convertible Loan Note issued 24 November 2021 for the amount of £75,000 to an unconnected investor has a conversion price of 5p per new ordinary share and 5% interest per annum.

### *Key Risks and Uncertainties*

**Foreign currencies:** The company deals in a variety of foreign currencies: Continual review of foreign currency movements to ensure company undertakes transactions in the most financially beneficial currency and ensuring the company is not overly exposed in one currency.

**Brexit:** Changing legislative environment between post Brexit UK and EU may place additional regularity burdens on the company which make it more difficult to operate with EU based companies to investments with Europe: Reviewing strategies to monitor and address the Brexit negotiations and outcomes.

**Covid-19:** The Pandemic may impact the Company's ability to execute an acquisition. However, the Directors will review, on an ongoing basis, the options for the Company, including raising additional funds.

<b>Statement of comprehensive income</b>	<i>Notes</i>	<b>6 months ended 31 August 2021 (unaudited) £'000</b>	<b>6 months ended 31 August 2020 (unaudited) £'000</b>	<b>Year ended 28 February 2021 (audited) £'000</b>
Management fees		-	-	165
Administrative expenses		<b>(136)</b>	(148)	(299)
Operating loss	2	<b>(136)</b>	(148)	(135)
Interest receivable		-	-	-
Amounts written back/(off) investments and loans		-	-	-
Profit/(loss) on ordinary activities before taxation		<b>(136)</b>	(148)	(135)
Tax on profit or loss on ordinary activities		-	-	-
Profit/(loss) for financial period and total comprehensive income		<b>(136)</b>	(148)	(135)
Basic profit/(loss) per share	3	<b>(1.19)p</b>	(1.29)p	(1.17)p
Diluted profit/(loss) per share	3	<b>(1.19)p</b>	(1.29)p	(1.17)p
Basic profit/(loss) per share from continuing operations	3	<b>(1.19)p</b>	(1.29)p	(1.17)p
Diluted profit/(loss) per share from continuing operations	3	<b>(1.19)p</b>	(1.29)p	(1.17)p
<b>Statement of financial position</b>	<i>Notes</i>	<b>31 August 2021 (unaudited) £'000</b>	<b>31 August 2020 (unaudited) £'000</b>	<b>28 February 2021 (audited) £'000</b>
Fixed assets		-	-	-
Investments		-	-	-
Current assets				
Debtors		<b>28</b>	11	17
Cash at bank and in hand		<b>157</b>	75	41
		<b>185</b>	86	58
Creditors: amounts falling due within one year		<b>(781)</b>	(759)	(718)
Net current assets/(liabilities)		<b>(596)</b>	(673)	(660)
Total assets less current liabilities		<b>(596)</b>	(673)	(660)
Creditors: amounts falling due after more than one year	5	<b>(666)</b>	(466)	(466)
Net assets/(liabilities)		<b>(1,262)</b>	(1,139)	(1,126)

Capital and reserves				
Share capital	6	230	230	230
Share premium		475	475	475
Profit and loss account		(1,967)	(1,844)	(1,831)
Total equity shareholders' funds/(deficit)		(1,262)	(1,139)	(1,126)

<b><i>Statement of changes in equity</i></b>	<b><i>6 months ended 31 August 2021 (unaudited) £'000</i></b>	<b><i>6 months ended 31 August 2020 (unaudited) £'000</i></b>	<b><i>Year ended 28 February 2021 (audited) £'000</i></b>
Profit/(loss) attributable to ordinary shareholders	(136)	(148)	(135)
Issue of new ordinary shares less costs	-	-	-
Net increase/(decrease) in shareholders' funds	(136)	(148)	(135)
Opening Shareholders' funds/(deficit)	(1,126)	(991)	(991)
Closing Shareholders' funds/(deficit)	(1,262)	(1,139)	(1,126)

<b><i>Statement of cash flows</i></b>	<b><i>6 months ended 31 August 2021 (unaudited) £'000</i></b>	<b><i>6 months ended 31 August 2020 (unaudited) £'000</i></b>	<b><i>Year ended 28 February 2021 (audited) £'000</i></b>
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period	(136)	(148)	(135)
<i>Adjustments for:</i>			
Interest receivable	-	-	-
Amounts written back on investments and loans	-	-	-
Amounts written off investments and loans	-	-	-
<i>Changes in:</i>			
Trade and other debtors	(11)	(4)	(11)
Trade and other creditors	62	(4)	4
<b>Net cash from operating activities</b>	<b>(85)</b>	<b>(156)</b>	<b>(142)</b>
<b>Cash flows from investing activities</b>			
Interest received	-	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Issue of new equity (net of costs)	-	-	-
Proceeds from loans to company	200	294	409
Repayment and conversion of loans to company	-	(63)	(228)

<b>Net cash from financing activities</b>	<b>200</b>	231	181
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>115</b>	75	39
<b>Cash and cash equivalents at beginning of period</b>	<b>37</b>	(3)	(2)
<b>Cash and cash equivalents at end of period</b>	<b>152</b>	72	37

## *Notes to the Interim Report*

### **1. Basis of preparation of the interim report**

The condensed set of financial statements for the six months ended 31 August 2021 has been prepared on a basis consistent with the financial statements for the year ended 28 February 2021.

The condensed set of financial statements for the six months ended 31 August 2021 has not been audited or reviewed by the auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

The comparative financial information for the year ended 28 February 2021 has been extracted from the audited financial statements, on which the auditors issued an unqualified audit report, and which have been delivered to the Registrar of Companies.

The financial information contained in the interim statement does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

There are no acquired or discontinued operations in the relevant financial periods.

There are no recognized gains or losses other than the profit or loss for the relevant financial periods.

Highway Capital plc is a stand-alone company and does not prepare consolidated accounts. It has therefore continued to prepare its accounts in accordance with UK rather than international accounting standards.

### **2. Operating loss**

This is stated after charging:

	<i>6 months ended 31 August 2021 (unaudited) £'000</i>	<i>6 months ended 31 August 2020 (unaudited) £'000</i>	<i>Year ended 28 February 2021 (audited) £'000</i>
Directors' remuneration			
- salaries and fees	<b>48</b>	48	96
Auditors' remuneration			
- audit services	<b>10</b>	6	15
- other services	-	-	-

### 3. Profit/(loss) per share

The profit/(loss) per ordinary share calculation has been based on the loss attributable to ordinary shareholders of £136,000 (August 2020: loss £148,000; February 2021: loss £135,000), divided by 11,490,201 (August 2020: 11,490,201; February 2021: 11,490,201) being the weighted average number of ordinary shares in issue during the period. There is no difference between the basic and the diluted loss per ordinary share, as any adjustment would be anti-dilutive.

There are no discontinued operations in the periods and, therefore the basic and the diluted profit/(loss) per ordinary share from continuing operations are the same as the basic and the diluted profit/(loss) per ordinary share.

### 4. 2021 interim dividend

No interim dividend has been declared.

### 5. Creditors: due after more than one year

The creditor due after more than one year of £666,000 (August 2020: £466,000; February 2021: £466,000), is made up of the following: (a) £4,000 from B Patnaik, a director, and £1,000 from institutional investors (these loans are unsecured, repayable after two years, and bearing interest at a rate of 5% per annum); and (b) £27,000 from B Patnaik, a director, £70,000 from D Zych, a shareholder and former director, £564,000 from institutional investors (these loans are unsecured, repayable after five years, convertible at the holder's request into new ordinary shares in the company at a price of 5 or 10 pence per share; in the event that the loan is not repaid or converted prior to its maturity date then it will attract accrued interest at a rate of 5% per annum); and £200,000 from an institutional investor which is unsecured, repayable after five years, convertible at the holder's request into new ordinary shares in the company at a price of 5 pence per share; and accrues interest of £20,000 up to 31 December 2021 and at a rate of 12% per annum thereafter.

### 6. Share capital

	<i>31 August 2021</i> <i>(unaudited)</i>	<i>31 August 2020</i> <i>(unaudited)</i>	<i>28 February 2021</i> <i>(audited)</i>
Ordinary shares of 2p each Allotted, called-up, fully paid			
Number of shares	<b>11,490,201</b>	11,490,201	11,490,201
Nominal value	<b>£229,804</b>	£229,804	£229,804

### 7. Related party transactions

As at the balance sheet date, there are loans to the company of £31,000 from B Patnaik, a director of the company, and £255,000 from N Mayster, a director and shareholder of the company. The terms of the loans are interest at 5% and this is considered reasonable.

No other related party transactions were undertaken as such that are required to be disclosed under FRS 102.

### 8. Responsibility statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with FRS 104 Interim Financial Reporting issued by the Financial Reporting Council;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and their impact on the financial statements and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Dr L Sobolewski  
Chairman

M Szytko  
Non-Executive Director

## **9. Publication**

Copies of this statement will be available on the company's website at [www.highwaycapital.co.uk](http://www.highwaycapital.co.uk).