

PCGH ZDP PLC

Half-Year Report and Financial Statements

for the half year ended 31 March 2021

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COMPANY INFORMATION

PCGH ZDP Plc (the 'Company') is a public limited company incorporated in England and Wales on 30 March 2017, with registration number 10700107. The principal legislation under which the Company operates is the Companies Act 2006. The Company's zero dividend preference (ZDP) shares have a standard listing on the London Stock Exchange.

KEY CONTACTS

Board of Directors

Lisa Arnold (*Chair*)
Andrew Fleming
Neal Ransome
Jeremy Whitley

Registered Office

16 Palace Street
London
SW1E 5JD

Investment Manager and AIFM

Polar Capital LLP
16 Palace Street
London
SW1E 5JD

Company Secretary

Polar Capital Secretarial Services Limited
16 Palace Street
London
SW1E 5JD

Independent Auditors

PricewaterhouseCoopers LLP
Atria One, 144 Morrison Street
Edinburgh
EH3 8EX

Depository

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Registrar

Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex
BN99 6DA

Legal Adviser

Herbert Smith Freehills LLP
Exchange House, Primrose Street
London
EC2A 2EG

Company identification codes:

TICKER: PGHZ **LEI:** 5493004C3YRF9HEVQ109
SEDOL: BDHXP96 **ISIN:** GB00BDHXP963

INTERIM MANAGEMENT REPORT

for the half year ended 31 March 2021

This interim management report is provided in accordance with the Disclosure Guidance and Transparency Rules (DTR) 4.2.7 and 4.2.8.

The Company is a public limited company with the sole purpose of issuing zero dividend preference (ZDP) shares and advancing the proceeds of the issue, by way of a loan, to the parent company. The Company is managed by a board of non-executive directors and the day to day operations are delegated to the Investment Manager, Polar Capital LLP. The Company's entire ordinary share capital is owned by the parent company while the ZDP shares have a standard listing on the London Stock Exchange. The parent company, Polar Capital Global Healthcare Trust Plc (PCGH) and the Company form the Group (the Group).

The sole objective of the Company is to repay the ZDP shareholders, on 19 June 2024, their entitlement to 122.99 pence per ZDP share. The performance of the Company in meeting this objective is directly linked to the performance of the parent company. To meet such objective, the parent company has provided an undertaking to the Company, whereby any shortfall between the final capital entitlement of 122.99 pence per ZDP share and the aggregate principal amount and interest due pursuant to the undertaking will be met in full by the parent company.

Directors

The Directors who served in office during the six months under review are as follows:

- Lisa Arnold (*Chair*)
- Neal Ransome
- Andrew Fleming
- Jeremy Whitley

All of the Directors are also serving directors of the parent company and therefore have an indirect interest in the loan and undertaking entered into by the Company and parent.

Principal Risks and Uncertainties

There have been no changes to the risks and uncertainties within the six months under review to those reported in the last annual report, and there were no events or otherwise during the period under review which had any significant effect on the Company, its objective or purpose. The Board continues to consider and monitor the risks and uncertainties relating to COVID-19 and the impact on the Company, its parent company and the performance of the parent company's underlying investments.

The board acknowledges its ultimate responsibility for managing the risks associated with the Company. The principal risks and uncertainties as identified by the Board are detailed below:

Capital Value:

The primary risk to the ZDP shareholders is that the assets of the Company are insufficient to repay the final capital entitlement of the ZDP Shares of 122.99 pence per share on the repayment date of 19 June 2024. The payment will be dependent on the parent company's ability to comply with its obligations under the loan and the undertaking.

Investment tenure:

There is a risk that there may not be a liquid secondary market for the ZDP shares. The investment should therefore be regarded as long-term in nature and should not be considered a suitable short-term investment.

Going Concern and Future Developments

In connection with new risks presented by the COVID-19 pandemic, the Board has undertaken additional financial analysis and engaged with the Investment Manager of the parent Company to review the results of such. Having carried out the additional testing, and continuation of the regular monitoring of the financial position of the Company and Group, the Board confirms that there continues to be a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the financial results of the Company. The Company does not have, and does not expect to have, any other business interests, and the current activities of the Company are expected to continue until the scheduled ZDP Repayment Date of 19 June 2024 at which time the Company will enter into voluntary liquidation.

Statement of Directors' Responsibilities

The Directors of PCGH ZDP Plc, who are listed on page 2, confirm to the best of their knowledge that:

- The condensed set of financial statements has been prepared in accordance with IAS34 Interim Financial Reporting, in conformity with the requirements of the Companies Act 2006 and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company for the six months ended 31 March 2021;
- The Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R;

The half year financial report for the six-month period to 31 March 2021 has not been audited or reviewed by the Auditors. The half year financial report was approved by the Board on 11 May 2021.

Approved by the Board of Directors and signed on its behalf by:

Lisa Arnold
Chair
11 May 2021

STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 March 2021

		(Unaudited) Half year ended 31 March 2021	(Unaudited) Half year ended 31 March 2020	(Audited) Year ended 30 September 2020
	Notes	Total Return £	Total Return £	Total Return £
Loan interest	2	431,300	421,937	850,478
Contribution from parent	3	93,872	89,339	181,519
Total income		525,172	511,276	1,031,997
Total expenses		-	-	-
Profit before finance costs and tax		525,172	511,276	1,031,997
Finance costs				
Appropriation to ZDP shares	4	(525,172)	(511,276)	(1,031,997)
Total finance costs		(525,172)	(511,276)	(1,031,997)
Result before taxation		-	-	-
Taxation		-	-	-
Net result for the period and total comprehensive income		-	-	-

The amounts dealt with in the Statement of Comprehensive Income are all derived from continuing activities.

The notes to follow form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 March 2021

	(Unaudited) Half year ended 31 March 2021		
	Called up share capital £	Capital reserve £	Total equity £
Total equity at 1 October 2020	50,000	-	50,000
Result and total comprehensive income for the half year ended 31 March 2021	-	-	-
Total equity at 31 March 2021	50,000	-	50,000
	(Unaudited) Half year ended 31 March 2020		
	Called up share capital £	Capital reserve £	Total equity £
Total equity at 1 October 2019	50,000	-	50,000
Result and total comprehensive income for the half year ended 31 March 2020	-	-	-
Total equity at 31 March 2020	50,000	-	50,000
	(Audited) Year ended 30 September 2020		
	Called up share capital £	Capital reserve £	Total equity £
Total equity at 1 October 2019	50,000	-	50,000
Result and total comprehensive income for the year ended 30 September 2020	-	-	-
Total equity at 30 September 2020	50,000	-	50,000

The notes to follow form part of these financial statements.

BALANCE SHEET

As at 31 March 2021

	(Unaudited) 31 March 2021 £	(Unaudited) 31 March 2020 £	(Audited) 30 September 2020 £
Non-current assets			
Loan to parent company	35,929,993	34,884,100	35,404,821
Current assets			
Cash and cash equivalents	50,000	50,000	50,000
Total assets	<u>35,979,993</u>	<u>34,934,100</u>	<u>35,454,821</u>
Non-current liabilities			
Zero dividend preference shares	(35,929,993)	(34,884,100)	(35,404,821)
Total liabilities	<u>(35,929,993)</u>	<u>(34,884,100)</u>	<u>(35,404,821)</u>
Net assets	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Equity attributable to equity shareholders			
Called up share capital	50,000	50,000	50,000
Capital reserve	-	-	-
Total equity	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

These financial statements of PCGH ZDP Plc were approved and authorised for issue by the Board of Directors on 11 May 2021. They were subsequently signed by:

Lisa Arnold

Chair

The notes to follow form part of these financial statements.

CASH FLOW STATEMENT

For the half year ended 31 March 2021

	(Unaudited) Half Year Ended 31 March 2021 £	(Unaudited) Half Year Ended 31 March 2020 £	(Audited) Year Ended 30 September 2020 £
Cash flows from operating activities			
Profit before finance costs and taxation	525,172	511,276	1,031,997
Net cash inflow from operating activities	<u>525,172</u>	<u>511,276</u>	<u>1,031,997</u>
Cash flows from financing activities			
Increase in payables	(525,172)	(511,276)	(1,031,997)
Net cash outflow from financing activities	<u>(525,172)</u>	<u>(511,276)</u>	<u>(1,031,997)</u>
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents at the beginning of the period	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash and cash equivalents at the end of the period	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

The notes to follow form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 March 2021

1. General Information

The Company's financial statements have been prepared under the historical cost convention modified to include the revaluation of certain investments. In line with the Company's parent, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), in conformity with the requirements of the Companies Act 2006.

The financial information in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The financial information for the half year ended 31 March 2021 and 31 March 2020 has not been audited. The figures and financial information for the year ended 30 September 2020 are an extract from the latest published accounts and do not constitute statutory accounts for that period.

Full statutory accounts for the year ended 30 September 2020, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Company's accounting policies have not varied from those described in the financial statements for the year ended 30 September 2020.

The Company's presentational currency is pounds sterling. Pounds sterling is also the functional currency of the Company because it is the currency of the primary economic environment in which the Company operates.

2. Loan interest

Under a Loan Agreement the gross initial ZDP Placing proceeds have been lent to the Parent, Polar Capital Global Healthcare plc. The loan agreement provides that interest will accrue on the loan at a daily rate of 2.5% compounded annually.

3. Contribution from parent

The contribution represents the additional funding required from the parent company to meet the entitlement due to the ZDP shareholders at the period end. The contribution from the parent as at 31 March 2021 was £93,872 (31 March 2020: £89,339 and 30 September 2020: £181,519).

4. Finance costs

The ZDP shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 19 June 2017 to a final capital entitlement of 122.99p on 20 June 2024. The initial capital of 100p at 19 June 2017 will increase at an interest rate of 3% compounding annually. The provision for the capital growth entitlement on the ZDP shares is included as a finance cost.

5. Net asset value per ZDP share

	(Unaudited) Half Year Ended 31 March 2021	(Unaudited) Half Year Ended 31 March 2020	(Audited) Year Ended 30 September 2020
Calculated entitlement of ZDP shareholders (£)	35,929,993	34,884,100	35,404,821
ZDP shares in issue at the end of the year	32,128,437	32,128,437	32,128,437
Net asset value per ZDP share (pence)	<u>111.83</u>	<u>108.58</u>	<u>110.20</u>

6. Related party

The Company has provided an interest-bearing loan to its parent company, Polar Capital Global Healthcare Trust Plc. The loan is carried at amortised cost, which represents the initial cost of the loan plus accrued interest and any contribution due from the parent to meet the total ZDP entitlement. As at 31 March 2021, £35,929,993 was due from the parent company in respect of the loan (31 March 2020: £34,884,100 and 30 September 2020: £35,404,821).