

30 September 2022

Hawkwing plc
("Hawkwing" or the "Company")

Unaudited interim results for the six months ended 30 June 2022

Hawkwing (LSE: HNG) announces its unaudited interim results for the six months ended 30 June 2022.

Financial Highlights

- Operating loss before tax of £0.2 million (H1 2021 loss: £0.2 million)
- Loss before tax £0.5 million (H1 2021 loss: £0.2 million)
- Loss per share from continuing operations of £0.91 pence (H1 2021 loss: £0.38 pence)
- Cash at 30 June 2022 of £2.03 million (H1 2021: £0.88 million)

Keith Sadler, Senior Independent Non-Executive Director, commented: "We are progressing discussions with Internet Fusion Group ("IFG") in respect to our secured loan of £13.7 million, together with associated costs, interest and redemption premium, that we made as part of the proposed Reverse Takeover of IFG and we will issue a detailed update once these discussions have been concluded."

Enquiries:

Hawkwing plc

Keith Sadler Senior Independent Non-Executive Director +44 (0)20 4582 3500

Gracechurch Group

Harry Chathli, Alexis Gore +44 (0)20 4582 3500

About Hawkwing plc

For more information, please refer to the Company's website: www.hawkwing.co

Interim Management Report

Overview

The Company is a cash shell, whose principal activity is to identify potential acquisition opportunities. Once the Company has resolved matters with IFG, it will continue to consider such opportunities, targeting acquisitions in industries such as digital marketing, medical applications, business and financial services and the sports sector.

On 12 July 2021, the Company announced the signing of a non-binding agreement to potentially acquire IFG. In connection with this potential acquisition, Hawkwing raised £16.5 million on 12 August 2021 through the issue of Convertible Unsecured Loan Stock ("CULS"), of which the Company has loaned £13.7 million to IFG (SPP) Limited (in anticipation of the Reverse Takeover of IFG). This loan is secured against the assets of Northcore Limited and Shade Limited (t/a Shade Station) and guaranteed by IFG. In December 2021, IFG terminated discussions in respect of the heads of terms announced in July 2021. The Company remain in discussions with IFG in respect of its secured loan, associated costs, interest and redemption premium ("IFG liability"), until these discussions have been concluded it is not possible to ascertain if all of the IFG liability will be recoverable.

The Company will update the market as and when appropriate.

Headline results

For the six-month period to 30 June	2022	2021	Change
	£000's	£000's	
Revenue	-	22	-
Operating income	-	-	-
Headline EBITDA	(200)	(190)	5.2%
Headline loss before tax	(200)	(190)	5.2%
Headline loss per share (pence)	(0.91)	(0.38)	(0.35) pence

Cash flow and net debt

As at 30 June 2022, the Company's cash balance was £2.03 million (H1 2021: £0.88 million) and it had £16.5 million of CULS outstanding.

Dividend

The Directors have not declared an interim dividend for the six months ended 30 June 2022. The Directors will continue to review the Company's dividend policy.

Risks and uncertainties

The Directors do not consider that the Company's principal risks and uncertainties have changed since the publication of its annual report and accounts for the financial year ended December 2021 on 6 June 2022, which contains a detailed explanation of the risks relevant to the Company on Pages 3 and 4 and is available at <https://hawkwing.co/wp-content/uploads/2022/06/Hawkwing-Annual-Report-2021-FINAL.pdf>

Statement of directors' responsibilities in respect of the condensed interim report and consolidated financial statement

The Directors; being Keith Sadler; Ken Wotton; Ian Robinson and Dwight Mighty (all Non-Executive) confirm that the condensed set of interim financial statements has been prepared in accordance with international Accounting Standard 34 "interim financial reporting", as adopted by the European Union and that interim report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely an indication of important events that have occurred during the first six months of the financial year; material related party transactions in the first six months, and any material changes in the related party transactions described in the last annual report.

By order of the Board

Keith Sadler
Senior Independent Non-Executive Director

Condensed Income statement (unaudited)

For the six month period to 30 June 2022

	6- month period to 30 June 2022	6-month period to 30 June 2021	Year ended 31 December 2021
	£000's	£000's	(Audited) £'000's
Revenue	-	22	22
Cost of sale	-	-	-
Operating income	-	-	-
Administrative expenses	(200)	(212)	(910)
Operating loss	(200)	(190)	(388)
Headline EBITDA	(200)	(190)	(388)
Exceptional costs	-	-	-
Operating loss	(200)	(190)	(388)

	Note			
Other gains and losses	4	591		1,029
Finance costs	5	(938)		(731)
Loss before taxation		(547)	(190)	(90)
Taxation		90	-	-
Loss after taxation for the period		(457)	(190)	(90)

Loss for the period is entirely attributable to the owners of the Company.

	Note			
Basic (pence)	2	(0.91)	(0.38)	(0.0004)
Diluted (pence)	2	(0.91)	(0.38)	(0.0004)

Condensed Balance Sheet (unaudited)

	30 June 2022 £000's	30 June 2021 £000's	31 December 2021 £000's (Audited)
Non-current assets			
Investment in financial assets	14,461		14,414
Current assets			
Trade and other receivables	2,154	34	1,577
Cash and cash equivalents	2,029	887	2,311
Total current assets	4,183	921	3,888
Current liabilities			
Trade and other payables	(41)	(41)	(90)
Net current assets	4,412	880	3,798
Non-current liabilities			
Convertible loan notes	(16,221)	-	(15,283)
Deferred tax liabilities	(327)	-	(417)
	(16,548)	-	(15,700)
Net assets	2,055	880	2,512
Equity			
Share capital	3,731	3,731	3,731
Share premium	30,056	30,056	30,056
Option premium reserve	1,461	-	1,461
Merger reserve	251	251	251
Retained loss	(33,444)	(33,158)	(32,987)
Equity attributable to owners of the Company	2,055	880	2,512

Condensed Statement of Cash Flows (unaudited)

For the six-month period to 30 June 2022

		6-month period to 30 June 2022	6-month period to 30 June 2021	Year ended 31 December 2021
	Note	£000's	£000's	£000's
Net cash outflow from operating activities	6	(282)	(173)	(1,549)
Investing activities				
Advance of loan receivables		-	-	(13,700)
		-	-	(13,700)
Financing activities				
Proceeds on issue of convertible loans		-	-	16,500
Net decrease in cash and cash equivalents		(282)	(173)	1,251
Cash and cash equivalents at beginning of period		2,311	1,060	1,060
Cash and cash equivalents at end of period		<u>2,029</u>	<u>887</u>	<u>2,311</u>

Condensed Statement of Changes in Equity (unaudited)

For the six-month period to 30 June 2022

	Share Capital	Share Premium	Merger reserve	Option Premium reserve	Retained Loss	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Balance as at 1 January 2021	3,731	30,056	251	-	(32,967)	1,071
Total comprehensive income for period	-	-	-	-	(190)	(190)
Balance as at 30 June 2021	3,731	30,056	251	-	(33,157)	881
Balance as at 1 January 2022	3,731	30,056	251	1,461	(32,987)	2,512
Total comprehensive income for period	-	-	-	-	(457)	(457)
Balance as at 30 June 2022	3,731	30,056	251	1,461	(33,444)	2,055

Notes to the Interim Report

General information

Hawkwing plc (the “Company”) is incorporated and domiciled in the United Kingdom. The Company is listed on the Standard Segment of the Official List market of the London Stock Exchange. The registered address is 25 Walbrook, London EC4N 8AF.

Basis of preparation

The condensed financial statements have been prepared in accordance with IAS 34 “Half Year Financial Reporting” as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority. These condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006, do not include all the notes of the type normally included in an annual financial report and have not been audited or reviewed by the auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2021 (the “Annual Financial Statements”), which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The Annual Financial Statements constitute statutory accounts as defined in section 434 of the Companies Act 2006 and a copy these statutory accounts has been delivered to the Registrar of Companies. The auditor's report on those statutory accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those used to prepare the financial statements for the year ended 31 December 2021 and those applicable for the year ended 31 December 2022. The preparation of the condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements described above. The condensed financial statements have been prepared on a going concern basis, under the historical cost convention.

The reporting currency of the Company is GBP, unless stated otherwise.

Application of new standards in issue

In the current period, no new or amended standards have been adopted for the period commencing on or after 1 January 2022 have had any impact on these financial statements.

Going concern

The Company raised £1.3m, before costs, in September 2020 from an issue of shares, and issued convertible loan notes for proceeds of £16.5 million in August 2021. After an onward secured loan of £13.7m in September 2021 the Company has £2.3 million in cash on its balance sheet at 30 June 2022. The directors are in discussion with IFG in respect of its secured loan, associated costs, interest and redemption premium (“IFG liability”), until these discussions have been concluded it is not possible to ascertain if all of the IFG liability will be recoverable. The Company has minimal ongoing costs which reflect the costs of administrating its listing on the London Stock Exchange.

Based on the current cash availability, predicted expenditure levels, and the anticipated continued CULS holders support, the directors believe the Company's resources are sufficient to allow the Company to meet its obligations as they fall due for the foreseeable future, and as a minimum for a period of at least 12 months from the date of approval of these financial statements. Consequently, the Directors will continue to prepare the financial statements on a going concern basis.

1. Segmental Analysis

The Company's single reporting segment is that of its activities as an investment holding company. This activity takes place wholly in the United Kingdom.

2. Loss per share

Basic and diluted loss per share attributable to ordinary shareholders:

	6-month period to 30 June 2022 pence per share	6-month period to 30 June 2021 pence per share
Basis loss per share	(0.91)	(0.38)
Diluted loss per share	(0.91)	(0.38)

The calculation of loss per share per share is based on the following data:

	6-month period to 30 June 2022 £000's	6-month period to 30 June 2021 £000's
Loss for the purposes of basic earnings per share being net loss attributable to owners of the Company	(457)	(190)
	Number of Shares	Number of Shares
Weighted average number of shares in issue:	50,288,019	50,288,019

3. Taxation

	6 month period to 30 June 2022	6 month period to 30 June 2021
Current taxation		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	90	-
Total tax credit	90	-
The charge for the year can be reconciled to the income statement as follows:		
Loss before tax	(547)	(190)
Tax credit at the UK corporation tax rate of 19% (2021: 19%)	(104)	(36)
Effects of:		
Losses (utilised)/not recognised	(19)	36
Adjustment for changes in tax rate	33	-
Tax (credit) / charge for the period	(90)	-

The Company has tax losses carried forward of £1,121,316 (2021 £1,475,181) in respect of which no deferred tax asset has been recognised due to uncertainty of the Company's expected future profitability.

4. Other gains and losses

	6 month period to 30 June 2022	6 month period to 30 June 2021
Net gain on financial assets measured at FVTPL	591	-

On 16 September 2021 the Company issued a three-year term loan, on which interest is charged at 8%, which may be capitalised in year one (the IFG loan). The loan is secured on the assets of the borrower and its group.

The loan carries a redemption premium upon repayment. The premium is 5% for repayments up to 15 September 2022, 10% for repayments between 16 September 2022 and 15 September 2023 and 15% thereafter.

The contractual terms of this financial instrument are such that the repayment and redemption premium do not meet the conditions to be measured at amortised cost, and the instrument is consequently measured at fair value through profit or loss (FVTPL).

The net gain on financial assets measured at FVTPL comprises an increase in fair value of £714,000 and interest of £315,000.

5. Finance

	6 month period to 30 June 2022	6 month period to 30 June 2021
Interest cost on convertible loan notes	938	-

6. Notes to the Statement of Cash Flow

	6 month period to 30 June 2022	6 month period to 30 June 2022
Loss for the year before taxation	(547)	(191)
Adjustments for:		
Other gains & losses	891	-
Operating cash flows before movements in working capital	344	(191)
(Increase)/Decrease in receivables	(576)	9
Increase/(Decrease) in payables	(50)	9
Cash (used in) / generated by operations	(282)	(173)
Income taxes	-	-
Net cash flows from operating activities	(282)	(173)

6. Notes to the Statement of Cash Flow (continued)

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

The Company's net cash has moved as follows during the year:

	1 January 2022	Cash flow	Non-cash movement	30 June 2022
	£000's	£000's	£000's	£000's
Cash and bank balances	2,311	(282)	-	2,029
Net cash	2,311	(282)	-	2,029

7. Interim accounts

This interim statement will be available of the Company's investor relations website at www.hawkwing.co