

23 August 2021

Marechale Capital plc
("Marechale" or the "Company")

Financial Statements for the year ended 30 April 2021

Marechale Capital plc, an established corporate finance firm providing strategic, M&A and advisory services to a range of growth companies, is pleased to announce its audited final results for the year ended 30 April 2021. The Company also announces a change in its broker to Cairn Financial Advisers LLP with immediate effect.

Financial Highlights

- Revenue of £399,929 (FY20: £476,743)
- Profit of £245,886 (FY20 (£37,530))
- Cash increased by 48.37% to £233,287
- Balance sheet value has increased to £685,754 (FY20: £158,622)
- Equity raise of £250,000

Operational Highlights

- Four long standing clients looking for a trade exit or IPO in the next three to 18 months
- Completed a number of projects during the year which included additional equity and funding for hospitality clients and a European telecommunications technology company, Fast2Fibre
- Hospitality clients are strongly positioned to expand and capitalise on market opportunities
- Renewable energy and other corporate clients continue to perform

Chairman's statement

2020 was a year of significant challenges for a number of businesses across the hospitality sector, among many others, due to the uncertainty caused by Covid-19. Given the impact of the pandemic and Government restrictions on our hospitality clients, it is testament to the skill and hard work of the management teams Marechale advise that, not only have they survived, but they are also strongly positioned to expand and capitalise on market opportunities presented by inherent weaknesses in the sector.

Our renewable energy and other corporate clients continue to perform well. Marechale has four long standing clients who are looking for a trade exit or IPO in the next three to 18 months, which would crystallise the considerable uplift already recorded on investments and warrants in Marechale's balance sheet. Likewise, the pipeline of new and increasingly diversified projects for Marechale to advise and finance remains robust.

The Company entered the 2020/21 financial year with high exposure to the hospitality sector but recovered well in the second half of the year, funding clients in this industry as well as other high growth sectors. Completed projects included further equity funding for the European telecommunications technology company, Fast2Fibre, and additional equity and loan note funding with warrants for The Forest Road Brewing Company for its new brewery. Marechale also raised further equity for national brew pub group, Brewhouse & Kitchen, leading East Anglian Inn operator, Chestnut Group, and award-winning craft spirits distiller, Oslo Distillery. Additionally, the Company continues to generate professional services income by providing advice to its hospitality, renewable and high growth business clients. It is therefore pleasing that, against the effect that the Covid-19 pandemic had earlier in our financial year, Marechale had a strong second half.

On revenue of £400,000 (2020: £477,000), our gross profit margin reduced from 88% to 64%, which was almost entirely caused by higher than normal third-party commissions payable on one particular client. Administrative expenses remained steady at £463,000 (2020: £457,000).

Investments and warrants in three client companies generated unrealised gains of £412,000, offset by a small realised loss of £1,500, compared to a net overall loss in 2020 of £12,000, the latter being realised gains of £19,350 offset by a £21,000 write off and a £10,000 Covid-19 related fair value decrease.

I am delighted to announce that the net effect is a profit for the year of £246,000 compared to a loss of £37,500 in 2020. At the same time, the balance sheet value has increased significantly during the year to £686,000 from £159,000 in FY20, due to adding both profit and new equity which is explained in full in the Statement of Changes in Equity.

The Company's focus is to use its reputation and deal flow as a corporate finance adviser to build shareholder value in Marechale's balance sheet. This will be achieved by negotiating further equity and warrant positions, and joint venture arrangements as part of its terms of engagement with growth company clients. Marechale's historical investment performance has been excellent in this regard, having achieved an average internal rate of return of 13% across all of its client companies for its investor relationships since 2010. On its own account, since 2010, Marechale has realised an overall profit of £253,000 by investing in and/or benefitting from warrants in client companies, realising proceeds of £305,000 against a cost of £52,000.

Historically, the Company has had limited resources on its own balance sheet to fully capitalise on the opportunity and potential to create sizeable gains. The Company therefore embarked on a small capital raise earlier in 2021, raising £250,000 of new equity to deploy and support the development of this strategy in which Patrick Booth-Clibborn, Chief Executive, invested. We are hopeful that our investments in Burgh Island, Chestnut Group, Fast2Fibre and Future Biogas, amongst others, will deliver uplifts in value in due course.

Due to Marechale's track record as a corporate finance adviser in the £5-50 million Enterprise Value PE sector, the Board remains optimistic that the Company will continue to generate further uplifts on its current and future equity and warrant investments, both in the short and longer term.

Mark Warde-Norbury
Chairman
23 August 2021

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Notes to Editors:

Marechale is an established corporate finance firm providing strategic, M&A and advisory services to a range of growth companies, historically primarily in the hospitality and renewable energy sectors in the UK and Europe. Marechale also finances earlier stage and growth capital companies across other sectors with business and funding opportunities coming from its family office, private investor and private equity relationships

Income Statement

Year ended	Notes	30 April 2021 £	30 April 2020 £
Revenue	3	399,929	476,743
Cost of sales		(144,507)	(54,5870)
Gross profit		255,422	422,156
Administrative expenses		(463,343)	(457,272)
Operating loss		(207,922)	(35,116)
Other income		44,354	10,209
Finance expense		(1,063)	(251)
Other gains/ (losses)	4	410,516	(12,372)
Profit/ (loss) before tax		245,886	(37,530)
Taxation		-	-
Profit/ (loss) for the year		245,886	(37,530)
Profit/ (loss) per share	5	Pence	Pence
- Basic		0.39	(0.07)
- Diluted		0.35	(0.07)

Statement of Comprehensive Income

Profit/ (loss) for the year	245,886	(37,530)
Total recognised comprehensive profit/ (loss) (all attributable to owners of the company)	245,886	(37,530)

Balance Sheet

As at	30 April 2021	30 April 2020
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	Notes	£	£
Current assets			
Investment in subsidiary		2	2
Equity investments at fair value through profit and loss		423,066	52,036
Warrants at fair value through profit and loss		90,013	891
Trade and other receivables		50,599	61,990
Cash and cash equivalents		233,287	157,232
Total current assets		<u>796,967</u>	<u>272,139</u>
Total assets		<u>796,967</u>	<u>272,139</u>
Current liabilities			
Trade and other payables		(61,213)	(113,517)
Borrowings		(7,500)	-
Total current liabilities		<u>(68,713)</u>	<u>(113,517)</u>
Net current assets		<u>728,254</u>	<u>158,622</u>
Long-term liabilities			
Borrowings		<u>(42,500)</u>	<u>-</u>
Net assets		<u>685,754</u>	<u>158,622</u>
Equity			
<i>Capital and reserves attributable to equity shareholders</i>			
Share capital	6	643,690	461,449
Share premium		85,247	-
Reserve for own shares		(50,254)	(50,254)
Reserve for share based payments		42,709	28,953
Retained losses		(35,638)	(281,527)
		<u>685,754</u>	<u>158,622</u>

Statement of Changes in Equity

	Share capital £	Share Premium £	Reserve for own shares £	Reserve for share based payments £	Retained earnings £
Balance at 30 April 2019	461,449	-	(50,254)	11,939	(255,819)
Total comprehensive income					
Charge/ (loss) for the financial year	-	-	-	17,014	(25,705)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,014</u>	<u>(25,705)</u>

Balance at 30 April 2020	461,449	-	(50,254)	28,953	(281,524)
Total comprehensive income					
Charge/ profit for the financial year	-	-	-	13,756	245,886
Issued in year	182,241	85,247	-	-	-
Total comprehensive income	182,241	85,247	-	13,756	245,886
Balance at 30 April 2021	643,690	85,247	(50,254)	42,709	(35,638)

Cash Flow Statement

Year ended	30 April 2021	30 April 2020
	£	£
Net cash from operating activities		
Profit/ (loss) before tax	245,886	(25,705)
Reverse provision for share based payments	13,756	17,014
Reverse (gains) losses on fair value investment through profit and loss	(411,992)	10,880
Reverse losses/(gains) on disposal of investments	1492	(10,333)
Reverse net interest expense	1063	251
Operating cash outflows before movements in working capital	(149,811)	(7,893)
Movement in working capital		
Decrease in receivables	11,391	43,216
(Decrease) in payables	(52,303)	(50,511)
	(40,912)	(7,295)
Cash outflow from operating activities	(190,724)	(15,188)
Investment activities		
Interest received	14	45
Expenditure on equity investments	(50,625)	(7,601)
Proceeds from sale of equity investments through profit and loss	980	31,672
Cash (out)/ inflow from investing activities	(49,631)	24,116
Financing		
Issue of ordinary share capital	267,487	-
Issue of borrowings	50,000	-
Interest paid	(1,077)	(296)
Cash in/ (out) flow from financing activities	316,410	(296)
Net increase/(decrease) in cash and cash equivalents	76,055	8,632
Cash and cash equivalents at start of the financial year	157,232	148,600
Cash and cash equivalents at end of the financial year	233,287	157,232

Notes to the financial statements

Year ended 30 April 2020

1. General information

Marechale Capital plc is a company registered in England and Wales under the Companies Act 2006. The Company's principal activities are the provision of professional services advice and broking services to companies. The financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Company operates.

The Company's registered office and principal place of business is 46 New Broad Street, London, EC2M 1JH. The Company's registered number is 03515836.

2. Basis of preparation

a. Going concern

In establishing the applicability of the going concern basis, the Directors have made enquiries as to the financial resources of the Company. The Company does not benefit from reliable repetitive income, and instead relies on deal-driven transactions whose timing is very difficult to predict accurately. Whilst the Directors are confident that they will generate enough income on an annual basis in order to continue as a going concern, they have 'alternative strategies' in place, e.g., informal arrangements with creditors and/or the ability to sell both Equity investments and/or Warrants should the need arise to overcome any potential short-term cash flow shortage. Furthermore, in February the Company raised £268,000 in new equity (net of fundraising commission).

In order to preserve cash during Covid, as with many other businesses, the Company has benefitted from both the formal arrangement with HMRC whereby payment of monthly PAYE/NI was deferred until the September 2020 lockdown restrictions, now fully repaid, and through the Company's existing bankers, Barclays, via HMG backed guarantees. On 6 July 2020, the Company drew down in full a £50,000 'Bounce Back Loan' not repayable until July 2021 over 5 years in 60 monthly instalments of £833. Under the terms of the loan, no repayments or interest is payable for the first year, with an applicable interest rate of 2.5% thereafter and there are no penalties for early repayment. Furthermore, the Company benefitted from the HMRC Furlough Scheme relating to those staff who were unable to work during lockdown.

Whilst the Directors recognise that there is significant material uncertainty around going concern as a result of the current economic uncertainty and 2021 *Operating Loss*, the accounts have still been prepared on a going concern basis, which is supported by confidence over the ability to raise sufficient funds through the issue of further equity should the need arise.

b. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRS Interpretations Committee ('IFRS IC') interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis as modified by the valuation of certain financial instruments.

3. Business and geographical segments

The directors consider that there is only one activity undertaken by the Company, that of corporate finance advisory. All of this activity was undertaken in the United Kingdom.

	2021 £	2020 £
Broking commissions and fees earned from corporate finance	399,929	476,743

4. Other gains/ (losses)

Realised (losses) on equity investments	(1,476)	(1,492)
Unrealised gains/ (losses) on equity investments	322,860	(10,211)
Unrealised gains/ (losses) on warrants	89,132	(669)
	<u>410,516</u>	<u>(12,372)</u>

5. Earnings per share

	Earnings 2021 £	Earnings 2020 £
Based on a profit/ (loss) of	<u>245,886</u>	<u>(37,530)</u>
	No. shares	No. shares
Weighted average number of Ordinary Shares in issue for the purpose of basic earnings per share	62,772,480	57,681,151
Weighted average number of Ordinary Shares in issue for the purpose of diluted earnings per share	70,626,730	57,681,151

6. Share capital – see also Statement of Changes in Equity (above)

Options (number/weighted average exercise price ('WAEP'))

	Options (number)	WAEP (p)
Outstanding and exercisable at 1 May 2019	5,768,115	1.12p
Granted within the period	-	-
Outstanding and exercisable at 30 April 2020	5,768,115	1.12p
Granted within the period	4,354,927	1.25p
Exercised with the period	(2,780,096)	1.12p
Forfeited within the period	(276,870)	1.12p
Outstanding and exercisable at 30 April 2021	<u>7,066,076</u>	<u>1.20p</u>

The options granted in 2018 generated a charge of £5,167 (2020: £17,014).

The options granted in 2020 generated a charge of £8,589.

7. Other matters and Market Abuse Regulation (MAR) Disclosure

The financial information for the year ended 30 April 2020 set out in this announcement does not constitute statutory financial statements, as defined in section 434 of the Companies Act 2006, but is based on the statutory financial statements for the year then ended. The auditors have issued an unqualified opinion on these financial statements; their report included the following statement:

Material uncertainty relating to Going concern

We draw attention to the Going Concern section of the Significant Accounting Policies of the Company financial statements which explains that the Company has unpredictable revenue due to the nature of Corporate Finance advisory and the reliance upon deal-driven transactions. The impact of Covid-19 and

Government restrictions to reduce the spread of the pandemic has had a significant impact on the wider economy and specifically the hospitality and leisure sector which is one of the Company's main sector specialisms. Should the Company not be able to generate sufficient revenue to meet its operating costs it will generate operating losses as was the case during the year ended 30 April 2021 and 2020. Should losses continue to be generated at a similar level without additional capital being raised from the shareholders or the ability to liquidate a portion of the investments held then the company will likely breach its capital resources requirement with the FCA and not be able to meet its liabilities as they fall due in the foreseeable future.

Whilst the Directors believe sufficient profits will be generated or additional capital provided by the shareholders these conditions along with other matters discussed in note 2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of matter – valuation of investments

In forming our opinion on the financial statements, which is not modified, we have considered the fair value adjustment made by the directors on the investments held at fair value through profit or loss. As discussed in Notes 13 and 14, an upward fair value adjustment on the investments and warrants was made to the total of £411,992. This along with other valuations are estimates based on the Directors' assessment of the performance of the underlying investment and incorporating the ongoing impact of Covid-19 on the industry. As explained further in our Key Audit Matter in regard to the valuation of these estimates we consider there is a material uncertainty in respect of their valuation. Our opinion is not qualified in respect of this matter.

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.

Copies of the Company's full audited Annual Report and Financial Statements for the year ended 30 April 2021 will be delivered to the Registrar of Companies and sent to shareholders in due course and will be available on the Company's website: www.marechalecapital.com.

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.