

29 August 2019

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

Consolidated Financial Statements for the year ended 30 April 2019

Marechale is pleased to announce its final results for the year ended 30 April 2019.

Chairman's Statement

Marechale Capital's revenues for the year of £512,000 are down on last year (2018: £675,000), resulting in a lower gross profit of £400,000 (2018: £595,000). The fall in revenues can be partially explained by a delay in closing a number of projects which we announced in our trading update statement in May. It is also a reflection of the wider market where investor appetite is subdued due to uncertainty over Brexit, and transactions are generally taking longer to complete.

The fall in revenues has contributed to an operating loss of £288,000 for the year (2018: £17,000 loss). Administrative Expenses in the year were £688,000 compared to £612,000 in 2018; the former includes a provision of £40,000 to compensate a Director for the early termination of his contract, and the latter contained a one-off credit of £84,000 to reverse the accumulated cost of options granted under the Company Option Scheme, which had been forfeited. The Company has also moved offices to less expensive accommodation. The Directors anticipate that annual savings of the order of £175,000 will result from these measures.

Equity Investments and Warrants are valued at 'fair value', typically at a price which reflects their last funding round, and underlying movement in fair value is reflected through the Profit and Loss Account in accordance with IFRS 9: in previous years unrealised gains on Equity Investments were recorded to the Revaluation Reserve and released to the Profit and Loss Account when realised. Please note that this is a significant change in accounting policy, more fully explained in the paragraph immediately below.

Investments in three client companies have shown modest realised gains of £78,750 (compared to unrealised losses of £118,500 in 2018). However, under the new Accounting Standard, IFRS 9, 'Accounting for Financial Instruments', because £57,000 of these gains had been recorded as the fair value of those investments at 30 April 2018 as reflected in the Revaluation Reserve as an *unrealised* gain, we may no longer record them to the Profit and Loss Account in the current year, and instead this was recorded directly to Profit and Loss Reserves. Thus the only gains recorded this year amounting to £21,750 result from fair value gains in the current year. Furthermore, under the same Standard, the Company has made a £30,100 impairment provision for *unrealised* losses, resulting in overall 'Other Losses' of £8,350.

The net effect is a loss for the year before tax of £298,000 (2018: Loss of £198,000).

The balance sheet value has reduced during the year to £179,000 (2018: £465,000) which is more fully explained in the Statement of Changes in Equity.

The Company has previously reported on its investment in Northfield UK Solar Limited ("NUKS") and, as previously announced, it had been a challenging time for NUKS owing to the changes in the renewable energy fiscal regime and the impracticalities of integrating new renewable schemes into the UK's traditional energy infrastructure. Following a series of value write downs, NUKS has been wound up resulting in a modest return of capital to shareholders.

On the positive side, the Company had a record year for exits with a total of five exits for Marechale financed projects during the period. This included West Country Renewables, a solar and wind power business, which was sold to Community Power Cornwall, resulting in a high return to investors and on Marechale's founder equity.

Investors in Marechale projects also benefited from the sale of Egmore and Grange Park anaerobic digestion plants operated by Future Biogas, to John Lang Environmental Assets Group, The Inn Collection Group to Alchemy Partners, and the sale of Sheen Falls lodge, all of which generated multiple returns for investors.

On new projects the Company had another busy year successfully completing several leisure deals for existing and new clients including acquisition finance for the East Anglia based luxury inn group Chestnut Inns, West Country pub group Stay Original and leading biogas operator Future Biogas. Further growth capital funding was completed for national brewpub business Brewhouse & Kitchen and award-winning craft distiller Oslo Distillery. Additionally, the Company has completed advisory work for a wide range of consumer brand, hospitality and renewable energy businesses.

Further information is available on the Marechale Capital website.

Despite a challenging market the Company continues to maintain its position as a leading adviser and financier to UK and European growth hospitality companies and hotels, and pub assets as well as advising and financing one of the UK's largest biogas companies.

The Management team are highly selective about the businesses Marechale advises and continue to make good returns and attractive IRRs for the investors who have financed these projects and investments over the last 9 years.

In addition, the Company has taken action to reduce its monthly running costs and continues to keep its policy of operating a low-cost investment banking model.

Marechale has maintained its policy of taking equity and warrants in the projects it finances which the Board hopes will generate an uplift to shareholders.

The Board continues to review all options to add value and the Directors will be seeking shareholder approval at the Company's AGM to disapply preemption rights in order to retain flexibility for possible future equity issues for the Company, should this be deemed to be the right course of action as well as approval for a new option scheme to incentivize key existing and new management.

Mark Warde-Norbury
Chairman

28 August 2019

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Consolidated Income Statement

Year ended

30 April

30 April

	Notes	2019 £	2018 £
Revenue	3	511,691	674,756
Cost of sales		(111,323)	(79,721)
Gross profit		<hr/> 400,368	<hr/> 595,035
Administrative expenses	4	(688,171)	(611,813)
Operating loss		<hr/> (287,803)	<hr/> (16,778)
Finance expense		(149)	(21)
Other losses		(8,357)	(118,500)
Net loss in respect of associate		(1,513)	(3,549)
Provision for project loss in associate		(195)	(59,600)
Loss before tax		<hr/> (298,017)	<hr/> (198,448)
Taxation		-	-
Loss for the year		<hr/> (298,017)	<hr/> (198,448)
Loss per share	5	Pence	Pence
- Basic		(0.52)	(0.34)
- Diluted		(0.52)	(0.34)

Consolidated Statement of Comprehensive Income

Loss for the year	(298,017)	(198,448)
Other comprehensive income		
Fair value adjustment on equity investment through other comprehensive income	-	(12,500)
	<hr/> -	<hr/> (12,500)
Total recognised comprehensive loss (all attributable to owners of the parent)	<hr/> (298,017)	<hr/> (210,948)

Consolidated Balance Sheet

As at	Notes	30 April 2019 £	30 April 2018 £
Non current assets			
Investment in associate		-	14,038
Current assets			
Investment in associate		12,330	-
Equity investments at fair value through profit and loss		75,479	174,619
Warrants at fair value through profit and loss		1,550	78,388
Trade and other receivables		105,206	201,174
Cash and cash equivalents		148,600	118,340
		<hr/>	<hr/>

Total current assets	343,165	572,521
Total assets	343,165	586,558
Current liabilities		
Trade and other payables	(164,028)	(121,344)
Total current liabilities	(164,028)	(121,344)
Net assets	179,137	465,215

Equity

Capital and reserves attributable to equity shareholders

Share capital	6	461,449	461,449
Fair value reserve through other comprehensive income		-	81,826
Reserve for own shares		(50,254)	(50,254)
Reserve for share based payments		11,939	-
Retained losses		(243,997)	(27,806)
		179,137	465,215

Statement of Changes in Equity

	Share capital £	Share premium £	Reserve for fair value £	Reserve for own shares £	Retained earnings £
Balance at 30 April 2017	2,474,308	1,247,379	94,326	(50,254)	(3,005,144)
Capital reduction	(2,012,859)	(1,247,379)	-	-	3,260,238
Reserve for share based payments	-	-	-	-	(84,453)
Transactions with owners	(2,012,859)	(1,247,379)	-	-	3,175,786
Total comprehensive income					
Loss for the financial period	-	-	-	-	(198,447)
Revaluation during the financial year	-	-	(12,500)	-	-
Total comprehensive income	-	-	(12,500)	-	(198,447)
Balance at 30 April 2018	461,449	-	81,826	(50,254)	(27,806)
Total comprehensive income					
Loss for the financial period	-	-	-	-	(298,017)
Transfer to P&L Reserves per IFRS#9	-	-	(81,826)	-	81,826
Total comprehensive income	-	-	(81,826)	-	(216,191)
Balance at 30 April 2019	461,449	-	-	(50,254)	(243,997)
	2019	2018			
	£	£			
Reserve for share based payments	11,939	-			

11,939 -

Consolidated Cash Flow Statement

Year ended	30 April 2019 £	30 April 2018 £
Net cash from operating activities		
Loss before tax	(298,017)	(198,448)
Provision for/(reversal of) share based payments	11,939	(84,453)
Reverse losses on fair value investment through profit and loss	8,357	118,500
Reverse loss in Associate Company	1,513	3,549
Reverse provision for losses in Associate Company	195	59,600
Reverse net interest expense	149	21
Operating cash flows before movements in working capital	(275,864)	(101,231)
Movement in working capital		
Decrease in receivables	95,969	20,502
Increase/(decrease) in payables	42,684	(81,914)
Tax paid	-	(93)
	138,653	(61,504)
Cash flow from operating activities	(137,212)	(162,735)
Investment activities		
Interest received	46	113
Expenditure on equity investments	(12,700)	(21,280)
Proceeds from sale of equity investments through profit and loss	103,483	-
Proceeds from sale of warrants through profit and loss	76,838	-
Cash flow from investing activities	167,667	(21,167)
Financing		
Interest paid	(195)	(134)
Cash flow from financing activities	(195)	(134)
Net increase/(decrease) in cash and cash equivalents	30,260	(184,036)
Cash and cash equivalents at start of the financial year	118,340	302,375
Cash and cash equivalents at end of the financial year	148,600	118,340
Increase/(decrease) in cash and cash equivalents	30,260	(184,036)

Notes to the financial statements

Year ended 30 April 2019

1. General information

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

The Group'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 Group. 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. The Directors are also confident that they could raise sufficient funds through the issue of further equity in the market should the need arise: however, given the trading results for the year and the current economic uncertainty, the Directors recognise that there is a significant material uncertainty that either will happen. Nonetheless, the Directors have determined to prepare the Accounts on a Going Concern basis.

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 Group, that of corporate finance advisory. All of this activity was undertaken in the United Kingdom.

	2019 £	2018 £
Broking commissions and fees earned from corporate finance	511,691	674,756

4. Administrative expenses

	2019 £	2018 £
Administrative expenses	636,432	671,266
Profit share	-	25,000
Termination of Director's contract	39,800	-
Share based payments	11,939	(84,453)
	<u>688,171</u>	<u>611,813</u>

5. Earnings per share

	Earnings 2019 £	Earnings 2018 £
Based on a loss of	<u>(298,017)</u>	<u>(198,448)</u>

	No. shares	No. shares
Weighted average number of Ordinary Shares in issue for the purpose of basic earnings per share	57,681,151	57,681,151
Weighted average number of Ordinary Shares in issue for the purpose of diluted earnings per share	57,681,151	57,681,151

6. Share capital

Shares	Ordinary shares (number)	Deferred shares (number)	Issued share capital (£)
Issued at 30 April 2017:			
Ordinary shares of 1p	57,681,151	-	576,812
Deferred shares of 1p	-	189,749,640	1,897,496
	<u>57,681,151</u>	<u>189,749,640</u>	<u>2,474,308</u>
Effect of Capital Reorganisation 28 June 2017:			
Reduction in nominal value/share of 0.2p	-	-	(115,363)
Cancellation of Deferred shares	-	(189,749,640)	(1,897,496)
			<u>461,449</u>
Issued at 30 April 2018, Ordinary shares of 0.8p	57,681,151	-	461,449
Issued/cancelled during year	-	-	-
Issued at 30 April 2019, Ordinary shares of 0.8p	<u>57,681,151</u>	<u>-</u>	<u>461,449</u>

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

	Options (number)	WAEP (p)
Outstanding at 1 April 2017	12,113,042	2.58p
Forfeited within the period	(12,113,042)	2.58p
Outstanding and exercisable at 30 April 2018	-	-
Granted within the period	<u>5,768,115</u>	<u>1.12p</u>
Outstanding and exercisable at 30 April 2019	<u>5,768,115</u>	<u>1.12p</u>

The options granted in 2019 generated a cost of £11,939 (2018: £84,453 credit).

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

The financial information for the year ended 30 April 2019 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 related to Going Concern

In forming our opinion on the financial statements we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company generated a loss during the year of £298,017 and should losses continue to be generated at a similar level without additional capital being raised from the shareholders 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 significant 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.'

Copies of the Company's full audited Annual Report and Financial Statements for the year ended 30 April 2019 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.