24 August 2020

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

**Consolidated Financial Statements for the year ended 30 April 2020**

Marechale is pleased to announce its final results for the year ended 30 April 2020.

**Chairman's statement**

Marechale Capital is an established corporate finance firm providing strategic, M&A and advisory services primarily to hospitality and renewable companies in the UK and Europe. Marechale also finances earlier stage and growth capital companies from its family office, private investor and private equity relationships.

A year ago we took the difficult decision to significantly reduce our cost base in order to deliver an annual profit and we were on-track to doing so before the Covid lockdown stopped most commercial activity, and specifically investments. Traditionally we earn a significant proportion of our annual revenues in the last quarter, much of it tax driven growth investments, which affected our March and April revenues, and meant that we missed our target. Our business, which is predominantly hospitality advisory and growth finance has since been affected by the coronavirus.

Marechale's revenues for the year of £477,000 (2019: £512,000) were slightly down on last year, but because of lower third-party commissions, we delivered a higher Gross Profit of £422,000 (2019: £400,000).

Administrative expenses were reduced to £447,000 from £688,000 in 2019.

Whilst the Company was not profitable for the year as hoped, the business delivered an operating loss of £25,000, significantly better than the £288,000 loss in 2019.

Investments in two client companies realised gains of £19,350 which were offset by the need to write off £20,850 for an investment now in liquidation, producing a net overall loss of £1,500 compared to £22,000 of gains in 2019.

The Company has raised equity and debt funding for a number of new and existing clients. This included funding for the telecommunications business Fast2fibre and raising capital for The Forest Road Brewing Company for their new brewery. Funding for existing clients include leading gastropub group Brewhouse & Kitchen, and the craft spirits distiller Oslo Distillery to finance their further development and product launch into the United States. Additionally, the Company has completed advisory work for a wide range of consumer brand, hospitality and renewable energy businesses.

In accordance with IFRS9 Equity Investments and Warrants are valued at 'fair value', typically at a price that reflects their last funding round, and underlying movement in fair value is reflected through the Profit and Loss Account. Given our Investments and Warrants are held, broadly speaking, in the Renewables and in the Hospitality sectors, where under Lockdown the former continued to trade but the latter were closed, with potential well publicised difficulties to re-open, the Board was forced to consider re-valuing the latter at 30 April 2020, rather than two months earlier in healthier times. The Board determined to make a 50% 'Covid 19' downward fair value adjustment of £11,000 (2019: 'non Covid' of £30,000) against all our Hospitality Investments and Warrants in the sincere hope that these may be recovered this time next year.

The net effect is a loss for the year before tax of £37,500 compared to a £298,000 loss in 2019.

The balance sheet value has reduced during the year to £159,000 (2019: £179,000) which is more fully explained in the Statement of Changes in Equity.

Finally, it will come as no surprise that current trading is very challenging as there is concern and lack of confidence in the Hospitality sector, nonetheless the Directors are confident that markets will recover. While there is increasing optimism that the worst of Covid is over, there is significant uncertainty as to the timing and extent of any recovery.

Mark Warde-Norbury

Chairman

21 August 2020

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## Consolidated Income Statement

| **Year ended** | **Notes** | **30 April 2020 £** | **30 April 2019 £** |
|---|---|---|---|
| Revenue | 3 | 476,743 | 511,691 |
| Cost of sales | | (54,587) | (111,323) |
| **Gross profit** | | 422,156 | 400,368 |
| Administrative expenses | 4 | (447,063) | (688,171) |
| Operating loss | | (24,907) | (287,803) |
| Finance expense | | (251) | (149) |
| Other losses | | (12,372) | (8,357) |
| Net loss in respect of associate | | - | (1,708) |
| Loss before tax | | (37,530) | (298,017) |
| Taxation | | - | - |
| **Loss for the year** | | (37,530) | (298,017) |
| **Loss per share** | 5 | **Pence** | **Pence** |

| | | |
|---|---|---|
| - Basic | (0.07) | (0.52) |
| - Diluted | (0.07) | (0.52) |

## Consolidated Statement of Comprehensive Income

| | | |
|---|---|---|
| **Loss for the year** | (37,530) | (298,017) |
| **Total recognised comprehensive loss (all attributable to owners of the parent)** | (37,530) | (298,017) |

## Consolidated Balance Sheet

| **As at** | **Notes** | **30 April 2020 £** | **30 April 2019 £** |
|---|---|---|---|
| **Current assets** | | | |
| Investment in associate | | - | 12,330 |
| Equity investments at fair value through profit and loss | | 52,036 | 75,479 |
| Warrants at fair value through profit and loss | | 881 | 1,550 |
| Trade and other receivables | | 61,990 | 105,206 |
| Cash and cash equivalents | | 157,232 | 148,600 |
| **Total current assets** | | 272,139 | 343,165 |
| **Total assets** | | 272,139 | 343,165 |
| **Current liabilities** | | | |
| Trade and other payables | | (113,517) | (164,028) |
| **Total current liabilities** | | (113,517) | (164,028) |
| **Net assets** | | 158,622 | 179,137 |
| **Equity** | | | |
| *Capital and reserves attributable to equity shareholders* | | | |
| Share capital | 6 | 461,449 | 461,449 |
| Reserve for own shares | | (50,254) | (50,254) |
| Reserve for share based payments | | 28,953 | 11,939 |
| Retained losses | | (281,527) | (243,997) |
| | | 158,622 | 179,137 |

## Statement of Changes in Equity

| | Share capital £ | Reserve for fair value £ | Reserve for own shares £ | Reserve for share based payments £ | Retained earnings £ |
|---|---|---|---|---|---|
| **Balance at 30 April 2018** | **461,449** | **81,826** | **(50,254)** | **-** | **(27,806)** |
| **Total comprehensive income** | | | | | |
| Loss for the financial period | - | - | - | 11,939 | (298,017) |
| Transfer to P&L Reserves per IFRS#9 | - | (81,826) | - | - | 81,826 |
| **Total comprehensive income** | - | (81,826) | - | 11,939 | (216,191) |
| **Balance at 30 April 2019** | **461,449** | **-** | **(50,254)** | **11,939** | **(243,997)** |
| **Total comprehensive income** | | | | | |
| Loss for the financial period | - | - | - | 17,014 | (37,530) |
| Rounding | | | | | (1) |
| **Total comprehensive income** | - | - | - | 17,014 | (37,531) |
| **Balance at 30 April 2020** | **461,449** | **-** | **(50,254)** | **28,953** | **(281,528)** |

## Consolidated Cash Flow Statement

| **Year ended** | **30 April 2020 £** | **30 April 2019 £** |
|---|---|---|
| **Net cash from operating activities** | | |
| Loss before tax | (37,530) | (298,017) |
| Provision for/(reversal of) share based payments | 17,014 | 11,939 |
| Reverse losses on fair value investment through profit and loss | 10,880 | 30,100 |
| Reverse losses/(gains) on disposal of investments | 1492 | (21,743) |
| Reverse provision for losses in Associate Company | - | 1,708 |
| Reverse net interest expense | 251 | 149 |
| **Operating cash flows before movements in working capital** | (7,893) | (275,865) |
| **Movement in working capital** | | |
| Decrease in receivables | 43,216 | 95,969 |
| Increase/(decrease) in payables | (50,511) | 42,684 |
| | (7,295) | 138,653 |
| **Cash flow from operating activities** | (15,188) | (137,212) |
| **Investment activities** | | |
| Interest received | 45 | 46 |
| Expenditure on equity investments | (7,601) | (12,700) |
| Proceeds from sale of equity investments through profit and loss | 31,672 | 103,483 |

| | | |
|---|---|---|
| Proceeds from sale of warrants through profit and loss | - | 76,838 |
| **Cash flow from investing activities** | 24,116 | (167,667) |
| **Financing** | | |
| Interest paid | (296) | (195) |
| **Cash flow from financing activities** | (296) | (195) |
| **Net increase/(decrease) in cash and cash equivalents** | 8,632 | 30,260 |
| **Cash and cash equivalents at start of the financial year** | 148,600 | 118,340 |
| **Cash and cash equivalents at end of the financial year** | 157,232 | 148,600 |
| **Increase/(decrease) in cash and cash equivalents** | 8,632 | 30,260 |

## 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 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. 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 has been deferred to post lockdown restrictions, 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
Furthermore the Company benefitted from the HMRC Furlough Scheme relating to those staff who were unable to work during lockdown.

The short-term market response to the effect of Covid, has on the one hand, been to temporarily suspend investors' activity , but on the other, to encourage pre-investment corporate finance activity by clients in the anticipation of post-Covid opportunities. While there is increasing optimism that the worst of Covid is over, there is significant uncertainty as to the timing and extent of any recovery.

Whilst the Directors recognise that there is significant material uncertainty around going concern as a result of the current economic uncertainty and 2020 trading results, 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 Group, that of corporate finance advisory. All of this activity was undertaken in the United Kingdom.

| | **2020** | **2019** |
|---|---|---|
| | **£** | **£** |
| Broking commissions and fees earned from corporate finance | 476,743 | 511,691 |

**4. Administrative expenses**

| | **2020** | **2019** |
|---|---|---|
| | **£** | **£** |
| Administrative expenses | 430,047 | 636,432 |
| Termination of Director's contract | - | 39,800 |
| Share based payments | 17,014 | 11,939 |
| | 447,063 | 688,171 |

**5. Earnings per share**

| | **Earnings 2020** | **Earnings 2019** |
|---|---|---|
| | **£** | **£** |
| Based on a loss of | (37,529) | (298,017) |
| | **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**

| | |
|---|---|
| Issued at 30 April 2019 and 2020, Ordinary Shares of 0.8p | 461,449 |

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

| | **Options** | **WAEP** |
|---|---|---|

| | (number) | (p) |
|---|---|---|
| Outstanding and exercisable at 1 May 2018 | - | - |
| Granted within the period | 5,768,115 | 1.12p |
| Outstanding and exercisable at 30 April 2019 | 5,768,115 | 1.12p |
| Granted within the period | - | - |
| Outstanding and exercisable at 30 April 2020 | 5,768,115 | 1.12p |

The options granted in 2019 generated a cost of £17,014 (2019: £11,939).

**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 Group financial statements which explains that the Group 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 Group's main sector specialisms. Should the Group not be able to generate sufficient revenue to meet its operating costs it will generate losses as was the case during the years ended 30 April 2020 and 2019. Should losses continue to be generated at a similar levels 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 for the foreseeable future.

Whilst the Directors believe sufficient revenues 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 Group's and Parent 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. As discussed in Note 12, a downward fair value adjustment of 50% against the Hospitality investments and warrants was made to the total of £11,000. This is an estimate based on the Directors' assessment of the impact of COVID-19 on the industry and the resulting valuations.

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 Group and Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Group 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 2020 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.