

20 August 2024

Marechale Capital plc

("Marechale" or the "Company")

Financial Statements for the Year Ended 30 April 2024

Marechale Capital Plc (AIM: MAC), an established City of London based corporate finance house with a long-term track record and a strong reputation for advising and financing high growth consumer brands, leisure, clean energy, mineral extraction and technology companies, is pleased to announce its audited final results for the year ended 30 April 2024 (the "Period").

Chairman's Statement

Marechale Capital plc, an established City of London based corporate finance house with a long-term track record and a strong reputation for advising and financing high growth consumer brands, leisure, clean energy and technology companies in the UK and Europe, is pleased to announce its audited final results for the year ended 30 April 2024 (the "Period"). Marechale also uses its Balance Sheet to co-invest in its client companies, along with warrants and founder equity, in order to create shareholder value.

As reported in the interim results statement in December 2023, it has been a challenging year generally and in the hospitality sector in particular, as a number of businesses negotiated a continuing period of market uncertainty, with increased inflation driven overheads, compounded by a squeeze in discretionary spending. However, against this challenging backdrop, there are significant market opportunities for Marechale's clients.

The Company entered the Period with good levels of business activity and funded clients in both the hospitality sector, as well as clients in other high growth sectors. Completed projects include further equity funding for the European telecommunications technology company, Fast2Fibre, Chestnut Group, the leading East Anglian Inn Group, and for Brewhouse & Kitchen, the expanding gastro pub business. Also, additional funding has been raised for The Forest Road Brewing Company, the award-winning London craft brewer, as well as a further equity round for Weardale Lithium at a premium valuation.

Marechale continues to generate professional services income by providing advice to its clients. In the last year this included strategic and funding advice for the Chestnut Group and Brewhouse & Kitchen.

In the clean energy space, general market uncertainty has impacted some of our corporate clients whose progress has been delayed and resulted in some investor exits being postponed.

However, significant progress continues to be made with the lithium extraction business, Weardale Lithium Ltd, and our pipeline of new and increasingly diversified projects remains robust.

Weardale Lithium Ltd is Marechale's largest investment, comprising 500,000 founder shares and 20,800 options with a combined value of £3.0 million which has been recorded in the Balance Sheet. Weardale has proved lithium reserves in its secured mineral rights in Co. Durham and has submitted a planning application to build a pilot plant to utilise its existing boreholes. Marechale remains optimistic for a positive future outcome on this investment. Despite some individual write-downs on investments, the overall total value of our Balance Sheet Investments, comprising equity and warrants in client companies, has strengthened. The total value of the Balance Sheet has increased to £3,346,000 in 2024 (2023: £3,227,000). This increase reflects our strategic investment decisions and the underlying strength of our asset base.

Please note that, within the rules of the Accounting Standards, the Board has taken the decision to declare separately as 'Exceptional Costs' various impairment provisions for bad debts and loan notes owed by two Investee Companies. Please be advised that at the time of writing, these companies remain trading but under severe financial distress. We expect both companies to be refinanced in the near future, in which case the impairment provisions will be credited back to the P&L in 2024-25.

It is also worth noting that the Company has £770,000 of unused capital tax losses to offset against any possible future tax liability on realisation of gains.

Marechale's revenue for the year saw a substantial increase to £668,816, compared to £376,000 in the previous financial year. This growth of nearly 78% is a testament to the robust strategies the Company has implemented and the hard work of our dedicated team. However, commissions paid to 3rd parties involved in transactions increased by 81%.

While we continue to navigate through various market challenges, I am pleased to report a significant reduction in Marechale's operating loss for the year, from £372,000 in 2023 to £296,000 this year. Marechale's net loss before tax for the year stands at £183,000, a notable improvement from the net loss of £426,000 reported in 2023. And, although gross profit margin decreased from 32% to 30%, administrative expenses remained steady at £494,000 (2023: £488,000). This reduction in net loss demonstrates ongoing efforts to enhance operational efficiencies and control costs.

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 has been achieved by negotiating 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 double digit internal rates of return across all the companies that it has funded since 2010. The Board are confident that the investments in Weardale Lithium, Burgh Island, Chestnut Group, Fast2Fibre and Forest Road Brewery, amongst others, will deliver uplifts in value in due course.

I would like to take this opportunity to express our profound gratitude to Lord Flight, who has stepped down from the Board after many years of dedicated service. His invaluable contributions and guidance have been much appreciated, and we wish him all the best in his future.

At the same time, we are delighted to welcome Chris Kenning as our new Non-Executive Director. Chris brings a wealth of experience and expertise to the Board. He has a distinguished background in finance and business development, having held senior positions in several prominent firms. Chris is already a significant shareholder in our Company, and we are confident that his insights and strategic acumen will be highly beneficial as we continue to drive the Company forward. Since Chris acquired his shareholding in Marechale, we have been working with him on a number of corporate finance projects with his business Stubben Edge, and we continue to explore how we can digitalise our transaction processes for our earlier stage corporate finance projects.

Whilst the current economic climate remains challenging, the Board remains positive about the investments that it holds in its client companies, and optimistic that the Company, with its sufficient cash reserves, will continue to generate further uplifts on its current and future equity and warrant investments, both in the short and longer term. The Company continues to develop further its proven track record as a corporate finance adviser by seeking further deal flow in the high growth £10-50 million Enterprise Value PE sector.

As we look to the future, the Board remains committed to building on this year's positive momentum. The Company will continue to focus on enhancing revenue stream and delivering value to shareholders.

In closing, I would like to extend my heartfelt thanks to shareholders, employees, and clients for their continued support and confidence in the Company. The Board looks forward to another year of progress and achievement.

Mark Warde-Norbury

Chairman

19 August 2024

This announcement contains inside information for the purposes of the UK Market Abuse Regulation.

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Statement of Comprehensive Income
For year ended 30 April 2024

	Year ended 30-Apr 2024 (£)	Year ended 30-Apr 2023 (£)
Continuing operations		
Revenue	668,816	375,726
Cost of sales	(471,433)	(260,581)
Gross profit	<hr/> 197,384	<hr/> 115,145
Administrative expenses	(493,643)	(487,626)
Operating loss	<hr/> (296,260)	<hr/> (372,481)
Bank interest paid (net)	(428)	(912)
Other gains/(losses)	223,004	(52,124)
Exceptional costs	(109,303)	-
(Loss)/profit before tax	<hr/> (182,987)	<hr/> (425,516)
Taxation	-	-
(Loss)/ profit for the year on continuing operations	<hr/> (182,987)	<hr/> (425,516)

Earnings per share			(Pence)	(Pence)
Basic	- Continuing operations	10	(0.18)	(0.45)
	- Diluted	10	(0.18)	(0.45)

Statement of Comprehensive Income

(Loss)/ profit for the year on continuing operations		(182,987)	(425,516)
Total recognised comprehensive profit (all attributable to owners of the company)		<u>(182,987)</u>	<u>(425,516)</u>

Statement of Financial Position As at 30 April 2024

	Year ended 30-Apr 2024 (£)	Year ended 30-Apr 2023 (£)
Current assets		
Investment in subsidiary	2	2
Equity investments at fair value through profit and loss	3,039,659	2,862,653
Warrants at fair value through profit and loss	108,482	130,076
Trade and other receivables	34,590	75,933
Cash and cash equivalents	248,196	282,795
Total current assets	<u>3,430,929</u>	<u>3,351,459</u>
Total assets	<u>3,430,929</u>	<u>3,351,459</u>
Current liabilities		
Trade and other payables	(62,035)	(91,558)
Borrowings	(10,000)	(10,000)
Total current liabilities	<u>(72,035)</u>	<u>(101,558)</u>
Net current assets	<u>3,358,895</u>	<u>3,249,902</u>
Long-term liabilities		
Borrowings	(12,500)	(22,500)
Net assets	<u>3,346,395</u>	<u>3,227,402</u>

Equity

Capital and reserves attributable to equity shareholders

Share capital	847,530	763,690
Share premium	481,290	329,330
Reserve for own shares	(50,254)	(50,254)
Reserve for share based payments	150,168	83,988
Retained profits/(losses)	1,917,661	2,100,648
	<u>3,346,395</u>	<u>3,227,402</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 August 2024.

They were signed on its behalf by:

Mark Warde-Norbury
Director

Company No: 03515836

Statement of Changes in Equity
For year ended 30 April 2024

	Share capital	Share premium	Reserve for own shares	Reserve for share based payments	Retained earnings
Balance at 30 April 2022	763,023	328,413	(50,254)	62,313	2,526,165
Total comprehensive income					
(Loss) for the financial year	-	-	-	-	(425,517)
Share based payments in the year	-	-	-	21,675	-
Issued in year	667	917	-	-	-
Total comprehensive income	<u>667</u>	<u>917</u>	<u>-</u>	<u>21,675</u>	<u>(425,517)</u>
Balance at 30 April 2023	<u>763,690</u>	<u>329,330</u>	<u>(50,254)</u>	<u>83,988</u>	<u>2,100,648</u>

Total comprehensive income

(Loss) for the financial year	-	-	-	-	(182,987)
Share based payments in the year	-	-	-	66,180	-
Issued in year	83,840	151,960	-	-	-
Total comprehensive income	83,840	151,960	-	66,180	(182,987)
Balance at 30 April 2024	847,530	481,290	(50,254)	150,168	1,917,661

Statement of Changes of Cash Flows

For year ended 30 April 2024

	Year ended 30-Apr 2024 (£)	Year ended 30-Apr 2023 (£)
Net cash from operating activities		
(Loss)/profit before tax	(182,987)	(425,516)
Reverse provision for share based payments	66,180	21,676
Reverse losses/ (gains) on fair value investment through profit and loss	(228,406)	16,513
Reverse provision for exceptional costs	109,303	-
Reverse losses on disposal of investments	5,402	18,075
Reverse net interest expense	428	912
Operating cash outflows before movements in working capital	(230,080)	(368,341)
Movement in working capital		
(Increase)/decrease in receivables	3,539	(32,157)
Increase/(decrease) in payables	(29,523)	34,190
Tax paid	-	-
	(25,983)	2,033
Cash outflow from operating activities	(256,063)	(366,308)
Investment activities		
Interest received	272	-
Expenditure on equity investments	(6,572)	-
Proceeds from sale of equity investments through profit and loss	2,664	226,925
Cash inflow/(outflow) from investing activities	(3,636)	226,925

Financing		
Issue of ordinary share capital	235,800	1,584
Repayment of borrowings	(10,000)	(10,000)
Interest payable	(699)	(912)
Cash inflow from financing activities	225,101	(9,328)
Net increase in cash and cash equivalents	(34,599)	(148,711)
Cash and cash equivalents at start of the financial year	282,795	413,970
Cash and cash equivalents at end of the financial year	248,196	282,795

Notes to the Financial Statements Year ended 30 April 2024

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 Group 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 has unpredictable revenue due to the nature of corporate finance advisory and the reliance upon deal-driven transactions, however as at the year end the company had £248k of cash reserves (2023: £283k) which as at that date equated to approximately 7 months of cash overheads. Whilst the company generated operating losses of £296k in the financial year (2023: £372k) the directors remain confident that the project pipeline will generate sufficient income on top of the cash reserves in order to meet the company's liabilities as they fall due over the next twelve months.

Furthermore, there is the ability to fund working capital by equity issues, sales of equity investments and/or warrants and deferral of directors' salaries.

b. Basis of accounting

These financial statements have been prepared in accordance with UK Adopted International Reporting Standards ('IFRS'). 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, as described below.

The Directors have chosen not to prepare consolidated accounts because the two subsidiaries, Marechale Ltd and Marechale Capital Investments Ltd, are both dormant, have never traded, and therefore highly immaterial to the financial statements.

Subsidiaries are entities over which the Group has control, being the power to govern the financial and operating policies of the acquired entity so as to obtain benefits from its activities.

3. Business and geographical segments

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

	2024	2023
	(£)	(£)
Broking commissions and fees earned from corporate finance	668,816	375,726

4. Other gains/ (losses)

	2024	2023
	(£)	(£)
Realised (losses) on equity investments	(5,402)	(18,075)
Unrealised gains/(losses) on equity investments	250,000	(17,536)
Unrealised (losses) on equity warrants	(21,594)	(16,513)
	<u>223,004</u>	<u>(52,124)</u>

5. Earnings per share

	Earnings	Earnings
	(£)	(£)
Based on Profit for the year.	<u>(182,987)</u>	<u>(425,516)</u>
	No. shares	No. shares
Weighted average number of Ordinary Shares in issue for the purpose of basic earnings per share	104,194,580	95,419,581
Weighted average number of Ordinary Shares in issue for the purpose of diluted earnings per share (see the notes of the accounts and immediately below)	119,210,656	103,610,657

The loss attributable to equity shareholders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

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

The financial information for the year ended 30 April 2024 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:

7. Post balance sheet events

There are no past balance sheet events to report

8. Most recent Board Appointment – announced 6 August 2024

On 6 August 2024 the Company appointed Chris Kenning as Non-executive Director of Marechale.

Cautionary statement

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.