

Primorus Investments plc

("Primorus" or the "Company")

Final Results

Primorus Investments plc (AIM: PRIM) is pleased to report its final results for the year ended 31 December 2022. The Annual Report & Accounts for the year ended 31 December 2022 ("Annual Report") are available on the Company's website, www.primorusinvestments.com.

Caution regarding forward looking statements

Certain statements in this announcement, are or may be deemed to be, forward-looking statements. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward-looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting the Company will be those that it anticipates.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

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Chairman's Statement

Overview

I am pleased to present the Chairman's Statement and Strategic Report for the financial results of Primorus Investments plc for the year ended 31 December 2022.

Introduction

The period under review was one again of significant change. The COVID-19 pandemic was overtaken by the events of the Russian invasion of Ukraine. Global interest rates have risen as central banks attempt to stem the rise of inflation. This has made for an uncertain macro-economic environment as companies, especially small caps, have struggled where cheap liquidity is no longer available. Primorus has remained in a favourable position where it has not needed to raise new funds.

It has again been pleasing to see the progress made by several of our investee companies which have taken the

It has again been pleasing to see the progress made by several of our investee companies which have taken the opportunity to grow significantly. Some of the investee companies have continued to struggle in this economic environment and will need to raise capital - we took the view that some of these legacy investments will not be core to Primorus in the future. We have and will continue to look for opportunities to divest our holdings in them. Any non-material divestments will be updated on the website.

Concurrent with reviewing the Company's existing investments, the management team was also presented with many new proposals and opportunities during the period. The management team carefully reviewed each opportunity in accordance with the strategy highlighted last year and decided to invest in one new company this year, Interpac Limited, with further details set out below.

The Directors continue to align themselves with shareholders as demonstrated by numerous share purchases by Directors on the market culminating in a current combined Director holding of over 25% of shares in issue.

Investment highlights

- The Company made a new investment of £250,000 into Interpac Ltd ("Interpac"). Interpac was founded in 2013 to create a new corrugation process for the manufacture of cardboard which is more cost-efficient and environmentally friendly than current manufacturing processes.

- In February 2022, the Company divested its convertible loan notes ("CLNs") issued by Mustang Energy PLC ("Mustang"), a special purpose acquisition company listed on the Standard list of the London Stock Exchange's main market "Standard List"). Due to Mustang not being in a position to complete its reverse takeover and readmission by the applicable maturity date, Primorus exercised its right to enact the backstop arrangement. Under this provision Primorus converted its CLN into a new CLN with Bushveld Minerals PLC ("BMN").

In 2022, two tranches of the CLN were exercised and the resulting holding of BMN shares were sold into the market. The remainder of the CLN will either be converted or the balance plus interest of 10% repaid in July 2023.

- The Company's investment into Alteration Earth PLC ("ALTE") commenced trading on the Standard List on 1st July 2022. ALTE is still seeking a reverse acquisition target. We look forward to ALTE fulfilling its strategy and delivering a value enhancing outcome for its shareholders.

- Fresho Pty Ltd ("Fresho") had another successful year and continued to progress throughout 2022. Engagement continues to increase year on year and this resulted in an annualized gross merchandise volume of +60% to \$1.9bn. Orders increased 50% to 370,000 per month with 45% more venues. This resulted in revenue increasing by 60%. With continued planned investment further significant growth is forecasted.

- The Payapps group ("Payapps") has continued to perform well during 2022 with both sales and revenue growth increasing over the comparative period for 2021. This growth reflects the investments made in the business in 2021 and has been supported by largely positive macroeconomic conditions in Australia and the UK post COVID lockdowns in 2021. Sales results have been very strong within all regions achieving a record sales year.

- Engage Technology Partners Limited ("Engage"), the end-to-end workforce management platform provider looked to move their focus towards Managed Service Providers. This will allow Engage to scale up and to expand internationally. As Engage moved away from Outsourced Payroll they have managed to exceed their pre Covid revenues and allow future revenues to now come purely from SaaS products.

- SOA Energy ("SOA") SOA is working on acquiring new offshore assets and creating a new partnership with a European oil major company after which SOA intends to seek a listing on the London Stock Exchange in Q4 2023.

- Clean Power Hydrogen ("CPH2") encountered a number of issues. Supply chain problems meant commissioning and delivery of its first MF220 units experienced delays and therefore impacted planned commissioning schedules. A further issue was identified in the design and operation of the cryostat unit. The appointment of a CTO and the manufacturing agreement with Fabrum Solutions Ltd will hopefully lead to a swift resolution and accelerate the delivery of the technology to an ever-growing market.

Primorus holds several legacy investments which do not form part of its long-term strategy and which the Board considers a distraction to the Company's current and strategic future goals. Consequently, the Company intends to dispose of these investments when there is a suitable liquidity event, or a fair value offer is available.

The legacy investments include Sport80, WeShop, Stream TV and MEVIE. These investments are now classified on the website under non-core investments. In 2022 we have sold the majority of our holding in Supernatural Foods and Nomad Energy is in the process of liquidation. Since the year-end, we have disposed of our entire holdings in Truspine and Rogue Baron.

Primorus will continue to actively manage its investments and liquidity which may involve holding certain market tradeable investments. Where active management involves non-material transactions, it will not be reported via an RNS, but instead, the Company's website shall be updated periodically to reflect any changes to the investments held by the Company. These changes may include the purchase of additional shares or the disposal in part or in whole of any individual investment.

Financial highlights

The operating loss for the year was £1.513 million (2021: loss of £0.041 million). The net loss after tax was £1.484 million (2021: profit of £0.109 million). Total assets including cash at 31 December 2022 amounted to £7.656 million (2021: £8.990 million).

The cash balance was £0.114 million as at 31 December 2022 (2021: £0.941 million)

Investee companies

The majority of the Company's investments in underlying investee companies are minority investments. Whilst we may offer advice to management of the investee companies, specifically pertaining to their business objectives and goals, they can and sometimes do ignore such advice. Similarly, those investee companies which are privately held do not have similar disclosure obligations to publicly quoted companies and therefore any updates they provide in relation to their businesses can be piecemeal and, in certain cases, non-existent save where the Board specifically requests an update.

Primorus has no operational capacity insofar as it pertains to any of its investee companies, and whilst the Board will look to structure investments in a format where Primorus can have a high degree of oversight, this was not done with the Company's historic investments and, as such, there are inherent risks in that investee companies are not as accountable to the Company as the Board would prefer them to be. The Board intends, wherever possible, to seek more oversight in any significant new investments which the Company makes into private companies or unquoted public companies. It is unlikely the Company will make investments into either such companies unless there is a clear route to a relatively near-term liquidity event such as a trade sale or an IPO.

In relation to its investment in Alteration Earth PLC, the Company has a nominated director on the board to ensure there is oversight on behalf of Primorus. This is a significant step for the Company because it is the first investment where the Company will get an insight into the operation of the investee company and be able to actively voice its opinions, concerns and constructive advice instead of being informed of decisions after the event. Hedley Clark has also been appointed as a Non-Executive director on the board of Interpac.

Summary and Outlook

The year under review saw the Company start to gain some meaningful traction. Although there have been several headwinds for Primorus and the markets in general, the Board feels the Company is in a strong position to take advantage of opportunities as they present themselves. The drive to net zero carbon is clearly necessary for the benefit of the wider community and the Board feels that it can position Primorus in this investment space for the benefit of the Company and its shareholders.

The Company did not need to raise any capital in 2022 and the Board sees no immediate need to do so due to the Company's holdings of liquid instruments and cash. The Board is not ruling out the possibility of raising capital if the right opportunity presents itself, but at the time of writing the Company is not considering any potential investments which would necessitate a capital raising to be undertaken.

The management team of the Company was awarded share options to incentivise the future growth of the Company. These options have since been cancelled, at the unanimous decision of the management team members, to better align the interests of the management team with the interests of the Company's shareholders. I anticipate that all shareholders would prefer that the management team be awarded a non-dilutive means of remuneration if their performance merits such award. This also aligns with our decision last year to complete a capital reduction, which

provided a further means of potentially rewarding shareholders, either by means of a share buyback or the payment of dividends.

The Board will continue to look at innovative ways to enhance the Company's value which may involve looking at various alternative company structures.

It is also important to enhance clarity of those investments which the Company holds. In the past, it has been hard to get an accurate valuation of some of our investments but as we move towards investments with greater liquidity this should enable the Company to be valued at a more realistic value to its net asset value ("NAV"). Whilst it is usual for investment companies to trade at a discount to their NAV, the Board believes the Company to be significantly undervalued given its current share price and resultant market capitalisation. The Company's positioning into holding more liquid investments should hopefully ensure it trades closer to its NAV.

We remain highly focused on costs, especially in these inflationary times and will always focus on efficiency whilst working to achieve shareholder value.

The Board would like to thank all shareholders for their continued support and understanding in this period of unsettling and exceptional circumstances and wish them well during this time.

2023

The Board remains committed to its strategic criteria for each new investment and has reiterated the core requirements below:

- It must enable Primorus the opportunity to acquire a meaningful stake in the investee company.
- A clear and realistic exit route must be in place.
- There should be an opportunity for the Board to play an active role in the investee company's development.
- The Board and the investee company's management team must share a common vision and strategic alignment.
- The investment committed by the Company will be proportionate to the risk/reward opportunity.
- There should be a greater opportunity for the Company's shareholders to benefit directly from the increase in capital values from each investment.

Our operational targets for the remainder of 2023, in line with our investing policy, are:

- To continue to focus on applying financial resources diligently, with controlled corporate costs and focused investment.
- To continue to build working capital, preferably through organic means, by exiting investments which have generated significant returns on investment.
- To continue to build our external network and to develop our managerial team to provide confidence in the market of our abilities to achieve our strategic business objective of identifying significant value-enhancing investment opportunities.
- To proactively continue the work the Board has already started to achieve with the crystallisation of value from certain investment opportunities which it has identified.
- To continue to review new opportunities and where financially and operationally practical to make investments in such opportunities which present the most upside to the Company.
- To retain sufficient capital resources through cash or liquid investments to enable the Company to have access to immediate capital for the purposes of deploying into larger positions that are the most strategically aligned opportunities.
- To divest the non-core investments when suitable liquidity events arise, or fair value can be achieved by alternative means.

Statement in accordance with section 172 of the Companies Act 2006

As required by section 172 of the Companies Act 2006, a director of a company must act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the:

- likely consequences of any decision in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;

- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community as well as the environment;
- company's reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

As a Board our aim is always to uphold the highest standards of governance and business conduct, taking decisions in the interests of the long-term sustainable success of the Company, generating value for our shareholders and contributing to wider society. We recognise that our business can only grow and prosper over the long term by understanding the views and needs of our stakeholders. Engaging with stakeholders is key to ensuring the Board has informed discussions and factors stakeholder interests into decision-making.

The Board of Directors is collectively responsible for formulating the Company's strategy, which is to invest in businesses where prospects appear to be exceptional at an attractive price and deliver good risk-adjusted investment returns to the shareholders. The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of a listed company. The primary communication method for regulatory matters and matters for material substance is through the Regulatory News Services (RNS).

As always, I am available for any shareholder to contact me directly about any concerns or suggestions they may have.

Details of the Board's decisions for the year ending 31 December 2022 to promote long-term success, and how it engaged with stakeholders and considered their interests when making those decisions, can be found throughout the Chairman's Statement, Directors' Report and Corporate Governance Statements.

Rupert Labrum
Chairman

Date 15 June 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Income			
Investment income		93	141
Realised (loss)/gain on financial investments		(288)	323
Unrealised (loss)/gain on financial investments		(542)	19
Gross (loss)/profit		(737)	483
Administrative expenses		(401)	(418)
Impairment of financial investments	2	(375)	(106)
Loss before tax		(1,513)	(41)
Tax credit		29	150
(Loss)/profit for the year		(1,484)	109
Total comprehensive income		(1,484)	109
		2022 Pence	2021 Pence
Earnings per share attributable to the ordinary equity holders of the parent			

Basic	3	(1.061)	0.078
Diluted	3	(1.061)	0.072

Statement of Financial Position
As at 31 December 2022

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Financial investments	2	5,444	7,533
		<u>5,444</u>	<u>7,533</u>
Current assets			
Financial investments	2	2,064	511
Trade and other receivables		34	5
Bank and cash balances		114	941
		<u>2,212</u>	<u>1,457</u>
Total assets		<u>7,656</u>	<u>8,990</u>
Liabilities			
Non-current liabilities			
Current liabilities			
Trade and other liabilities		110	44
Contract liabilities		-	37
		<u>110</u>	<u>81</u>
Total liabilities		<u>110</u>	<u>81</u>
Net assets		<u>7,546</u>	<u>8,909</u>
Issued capital and reserves			
Share capital		280	280
Other reserves		-	13
Retained earnings		7,266	8,616
TOTAL EQUITY		<u>7,546</u>	<u>8,909</u>

Statement of Changes in Equity
For the year ended 31 December 2022

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total attributable to owners of the company
	£000	£000	£000	£000	£000
At 1 January 2021	15,391	35,296	-	(41,901)	8,786
Profit for the year	-	-	-	109	109
Total comprehensive income for the year	-	-	-	109	109
Shares cancelled during the year	(15,111)	(35,296)	-	50,408	

Share based payment expense	-	-	13	-	13
Total contributions by and distributions to owners	(15,111)	(35,296)	13	50,408	14
At 31 December 2021	280		13	8,616	8,909
At 1 January 2022	280	-	13	8,616	8,909
Loss for the year	-	-		(1,484)	(1,484)
Total comprehensive income for the year	-	-	-	(1,484)	(1,484)
Share based payment expense	-	-	121	-	121
Reclassification upon cancellation of share options	-	-	(134)	134	-
Total contributions by and distributions to owners	-	-	(13)	134	121
At 31 December 2022	280	-	-	7,266	7,546

Statement of Cash Flows For the year ended 31 December 2022

	2022	2021
	£000	£000
Cash flows from operating activities		
(Loss)/profit for the year	(1,484)	109
Adjustments for		
Loss/(Gain) on disposal of financial investments	288	(323)
Fair value movements on financial investments	542	(19)
Impairment provision on unlisted investments	375	106
Share-based payment expense	121	13
Interest income on investments	(93)	(142)
Net foreign exchange (gain)/loss	(112)	55
Income tax (credit)	(29)	(150)
	(392)	(351)
Movements in working capital:		
Increase in trade and other receivables	-	(3)
Increase/(decrease) in trade and other payables	66	(11)
Cash generated from operations	(326)	(365)
Income taxes paid	(36)	(260)
Net cash used in operating activities	(362)	(625)
Cash flows from investing activities		
Proceeds on sale of financial investments	1,937	3,474
Purchase of financial investments	(2,402)	(6,468)
Net cash decrease in cash and cash equivalents	(827)	(3,619)
Cash and cash equivalents at the beginning of year	941	4,560
Cash and cash equivalents at the end of the year	114	941

1. Accounting policies

1.1 Basis of preparation

Primorus Investments plc is a public company incorporated and domiciled in the United Kingdom. The Company's registered office is 48 Chancery Lane, London, WC2A 1JF. The Company's shares are listed on the AIM market of the London Stock Exchange.

The Financial Statements are for the year ended 31 December 2022 and have been prepared under the historical cost convention, except for debt and equity that have been measured at fair value.

The financial statements have been prepared in accordance with the Companies Act 2006 and UK-adopted international accounting standards (UK-adopted IAS) and related interpretations.

These financial statements have been prepared and approved by the Directors on 15 June 2023 and signed on their behalf by Rupert Labrum and Hedley Clark.

The accounting policies have been applied consistently throughout the preparation of these financial statements and the financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£000) unless otherwise stated.

1.2 Going concern

The Directors noted the operating losses that the Company has made for the year ended 31 December 2022. The Directors have prepared cash flow forecasts for a period of at least twelve months from the date of the approval of these financial statements, i.e. up to 30 June 2024 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash and liquid funds (i.e. investments in listed companies) available to allow it to continue in business for a period of at least twelve months from the date of the approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2022, the Company had cash and cash equivalents of £114,000. The Company also has listed financial investments of

£1,203,000 as at 31st December 2022 and a convertible loan note of £861,000, including accrued interest, that is due to be repaid in July 2023. The Company has minimal contractual expenditure commitments and the Board considers the present funds together with the convertible loan note and future disposals of its listed financial investments sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in preparation of the Financial Statements.

2. Financial Investments

	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Total
Fair value at 31 December 2021	633	-	7,409	8,042
Additions	2,153	-	1,552	3,705
Transfer	350	-	(350)	-
Fair value changes	(542)	-	-	(542)
Loss on disposals	(288)	-	-	(288)
Disposal	(696)	-	(2,450)	(3,146)

Disposals	(550)	-	(4,750)	(5,140)
Impairment provision	(407)	-	32	(375)
Foreign exchange	-	-	112	112
Fair value at 31 December 2022	1,203	-	6,305	7,508

The financial assets are split as follows:

	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Total
Current assets - listed	1,203	-	-	1,203
Current assets - unlisted convertible loans	-	-	861	861
Non-current assets - unlisted	-	-	5,444	5,444
Total	1,203	-	6,305	7,508

	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Total
(Loss)/profits on investments held at fair value through profit or loss				
Fair value (loss)/gain on investments	(542)	-	-	(542)
Realised (loss)/gain on disposal of investments	(288)	-	-	(288)
Net profit on investments held at fair value through profit or loss	(830)	-	-	(830)

- Level 1 represent those assets, which are measured using unadjusted quoted prices for identical assets
- Level 2 applies inputs other than quoted prices included in Level 1 that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 applies inputs, which are not based on observable market data

Investments are held at fair value through profit and loss using a three-level hierarchy for estimating fair value.

The Directors have reviewed the carrying value of the investments, and have determined an impairment is required of £374,805 (2021: £105,693). This represents an impairment of £406,740 in respect of Rambler Metals and Mining PLC and a reinstatement of value of £31,935 in respect of the Supernatural Foods Limited shares that were disposed of during the year.

Investments comprise both listed and unlisted investments. The listed investments are traded on stock markets throughout the world and are held by the Company as a mix of strategic and short-term investments.

Significant additions and disposals during the year

Mustang Energy PLC ("Mustang") and Bushveld Minerals Limited ("Bushveld")

In January 2022 the Company sold \$1.0 million of its US\$2.5 million CLN in Mustang, plus accrued interest, to certain existing Mustang CLN investors. In March 2022 the Company converted the remainder of the CLN plus accrued interest in Mustang to a CLN in Bushveld. In April and May 2022 the Company exercised its rights under the CLN with Bushveld and converted a total of £411,000 of the CLN to shares, of which it subsequently disposed. The CLN is due to be repaid on 14th July 2023, along with accrued interest.

Clean Power Hydrogen PLC

In February 2022 the Company invested £1.0 million in Clean Power Hydrogen PLC, a manufacturer of the membrane-free electrolyser which is used to create hydrogen and medical grade oxygen. The company is listed on the UK Alternative Investment Market.

Rambler Metals & Mining PLC ("Rambler")

During the year the Company acquired £514,000 of shares and sold £114,000 of shares in Rambler. Subsequent to the year-end, Rambler went into liquidation. As a result, the directors have made an impairment provision for the full value of the remaining shares.

3. Earnings per share

(i) Basic earnings per share

2022	2021
pence	Pence

From continuing operations attributable to the ordinary equity holders of the Company	<u>(1.061)</u>	<u>0.078</u>
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>(1.061)</u>	<u>0.078</u>

(ii) Diluted earnings per share

	2022	2021
	pence	pence
From continuing operations attributable to the ordinary equity holders of the Company	<u>(1.061)</u>	<u>0.072</u>
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>(1.061)</u>	<u>0.072</u>

(iii) Weighted average number of shares used as the denominator

	2022	2021
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	139,830,968	139,830,968
Options	-	12,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>139,830,968</u>	<u>151,830,968</u>

4. Events after the reporting date

Subsequent to the year-end, Rambler Metals and Mining PLC went into liquidation. As a result, the directors have made an impairment provision of £406,740 for the full value of the shares held at the year-end.

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