

Marechale Capital plc

("Marechale" or the "Company")

Financial Statements for the Year Ended 30 April 2023

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 2023 (the "Period").

Chairman's Statement

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 and technology companies in the UK and Europe, is pleased to announce its audited final results for the year ended 30 April 2023 (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 announced in December 2022, it has been a challenging year generally, particularly in the hospitality sector, as a number of businesses navigated a continuing period of market uncertainty, with increased overheads caused largely by inflation driven wage rises, compounded by general staff shortages, and high energy costs, particularly over the winter period. Furthermore, customer discretionary spending is also being squeezed. 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 last year included raising further equity funding for the European telecommunications technology company, Fast2Fibre, and additional funding for Weardale Lithium, Chestnut Group - the leading East Anglian Inn Group, and Forest Road Brewing Company, the award-winning London craft brewer.

Marechale continues to generate professional services income by providing advice to its clients. In the last year this included strategic and funding advice for Chestnut Group and Burgh Island. All of the fundraisings were at premiums to Marechale's equity and warrant holdings investment value.

In the clean energy space, general market uncertainty has impacted some of our corporate clients whose progress has been delayed and resulted in some investee and advisory company exits being postponed. However, we are pleased to report the exit of our investment in Future Biogas, the leading UK farm crop anaerobic digestion biogas business, after its acquisition by 3i. We also report that Burgh Island, both an investee and advisory client, is for sale.

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

Weardale is Marechale's largest investment, holding 500,000 founder shares and 22,400 options with a combined value of £2.8 million based on the last funding round in July 2022, which has been recorded in the balance sheet. Weardale has secured mineral extraction rights in Co. Durham via existing boreholes where there is proven lithium in the brine hundreds of feet below the surface. Marechale remains optimistic for a positive future outcome on this investment.

Investments and warrants in client companies generated losses of £52,000 (2022: gain of £2,716,000). It is worth noting that we have £770,000 of unused capital tax losses to offset against any possible future tax liability on realisation of gains.

During the last year, Marechale generated revenue of £376,000 (2022: £622,000), and, although our gross profit margin decreased from 53% to 32%, due to high 3rd party commissions associated with one particular client, administrative expenses remained steady at £488,000 (2022: £483,000).

In summary, we announce a net loss for the year of £426,000 (2022: profit of £2,562,000); however, as noted above, 2022's profits included £2,716,000 unrealised investment gains. During the same period, Marechale's balance sheet value has only marginally decreased to £3,227,000 (2022: £3,630,000) representing Net Asset Value/Share of 3.4p (2022: 3.8p).

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 for its investor relationships has been excellent in this regard, having achieved double digit internal rates of return across all the companies that it has funded since 2010. We are confident that our investments in Weardale Lithium, Burgh Island, Chestnut Group, Fast2Fibre, and Forest Road Brewery, amongst others, will deliver uplifts in value in due course. The Company has continued with its strategy of utilising its balance sheet to take enhanced positions in its client companies.

One of the most recent strategic events is to welcome Chris Kenning as a with his strategic investment of 9.9% of the Company in June 2023. As announced at the time, the plan is to digitise Marechale's activities and continue to develop strategic partnerships with the objective of enhancing shareholder value.

Whilst the current economic climate remains challenging, the Board considers that the Company has sufficient cash reserves for its current requirements and remains positive about the investments that it holds in its client companies, and is 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 as the Board and Management Team continue to use Marechale's proven track record as a corporate finance adviser in the £5-50 million Enterprise Value PE sector for new projects and partnerships.

Mark Warde-Norbury

Chairman

21 August 2023

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 2023

	Year ended 30-Apr 2023 (£)	Year ended 30-Apr 2022 (£)
Continuing operations		
Revenue	375,726	621,573
Cost of sales	(260,581)	(291,632)
Gross profit	115,145	329,941
Administrative expenses	(487,626)	(483,499)
Operating loss	(372,481)	(153,558)
Finance expense	(912)	(876)
Other (losses)/ gains	(52,124)	2,716,237
(Loss)/profit before tax	(425,516)	2,561,803
Taxation	-	-
(Loss)/ profit for the year on continuing operations	(425,516)	2,561,803
Earnings per share	(Pence)	(Pence)
Basic	(0.45)	2.95
- Continuing operations		
- Diluted	(0.40)	2.70

Statement of Comprehensive Income

(Loss)/ profit for the year on continuing operations	(425,516)	2,561,803
Total recognised comprehensive profit (all attributable to owners of the company)	(425,516)	2,561,803

Statement of Financial Position

As at 30 April 2023

	Year ended 30-Apr 2023 (£)	Year ended 30-Apr 2022 (£)
Current assets		
Investment in subsidiary	2	2
Equity investments at fair value through profit and loss	2,862,653	3,125,189
Warrants at fair value through profit and loss	130,076	146,589
Trade and other receivables	75,933	43,778
Cash and cash equivalents	282,795	413,970
Total current assets	3,351,459	3,729,528
Total assets	3,351,459	3,729,528
Current liabilities		
Trade and other payables	(91,558)	(57,368)
Borrowings	(10,000)	(10,000)
Total current liabilities	(101,558)	(67,368)
Net current assets	3,249,902	3,662,160

Long-term liabilities		
Borrowings	(22,500)	(32,500)
Net assets	3,227,402	3,629,660
Equity		
<i>Capital and reserves attributable to equity shareholders</i>		
Share capital	763,690	763,023
Share premium	329,330	328,413
Reserve for own shares	(50,254)	(50,254)
Reserve for share based payments	83,988	62,313
Retained profits/(losses)	2,100,648	2,526,165
	3,227,402	3,629,660

Statement of Changes in Equity

For year ended 30 April 2023

	Share capital	Share premium	Reserve for own shares	Reserve for share based payments	Retained earnings
Company					
Balance at 30 April 2021	643,690	85,247	(50,254)	42,709	(35,638)
Total comprehensive income					
Profit for the financial year	-	-	-	19,604	2,561,803
Issued in year*	119,333	243,166	-	-	-
Total comprehensive income	119,333	243,166	-	19,604	2,561,803
Balance at 30 April 2022	763,023	328,413	(50,254)	62,313	2,526,165
Total comprehensive income					
(Loss) for the financial year	-	-	-	21,675	(425,517)
Issued in year*	667	917	-	-	-
Total comprehensive income	667	917	-	21,675	(425,517)
Balance at 30 April 2023	763,690	329,330	(50,254)	83,988	2,100,648

* Issue of ordinary shares in the year (net of expenses)

Statement of Changes of Cash Flows

For year ended 30 April 2023

	Year ended 30-Apr 2023 (£)	Year ended 30-Apr 2022 (£)
Net cash from operating activities		
(Loss)/profit before tax	(425,516)	2,561,803
Reverse provision for share based payments	21,676	19,603
Reverse losses/ (gains) on fair value investment through profit and loss	16,513	(2,716,237)
Reverse losses on disposal of investments	18,075	0
Reverse net interest expense	912	876
Operating cash outflows before movements in working capital	(368,341)	(133,955)
Movement in working capital		
(Increase)/decrease in receivables	(32,157)	6,822
Increase/(decrease) in payables	34,190	(3,845)
Tax paid	-	-
Cash outflow from operating activities	(2,033)	2,977
Investment activities		
Interest received	0	(1)
Expenditure on equity investments	0	(42,462)
Proceeds from sale of equity investments through profit and loss	226,925	0
Cash inflow/(outflow) from investing activities	226,925	(42,463)

Financing			
Issue of ordinary share capital		1,584	362,500
Repayment of borrowings		(10,000)	(7,500)
Interest payable		(912)	(876)
Cash inflow from financing activities		(9,328)	354,124
Net increase in cash and cash equivalents		(148,711)	180,683
Cash and cash equivalents at start of the financial year		413,970	233,287
Cash and cash equivalents at end of the financial year	16	282,795	413,970

Notes to the Financial Statements

Year ended 30 April 2023

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 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 £283k of cash reserves (2022: £414k) which as at that date equated to approximately 7 months of overheads. Whilst the company generated operating losses of £372k in the financial year (2022: £153k) 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.

	2023 (£)	2022 (£)
Broking commissions and fees earned from corporate finance	375,726	621,573

4. Other gains/ (losses)

	2023 (£)	2022 (£)
Realised (losses) on equity investments	(18,075)	0
Unrealised gains on equity investments	(17,536)	2,659,661
Unrealised gains on warrants	(16,513)	56,576
	(52,124)	2,716,237

5. Earnings per share

	Earnings (£)	Earnings (£)
	(425,516)	2,561,803
Based on a gain/ (loss) of	2,561,803	245,886

	No. shares	No. shares
Weighted average number of Ordinary Shares in issue for the purpose of basic earnings per share	95,419,581	86,947,358
	86,947,358	62,772,480
Weighted average number of Ordinary Shares in issue for the purpose of diluted earnings per share	94,784,268	70,626,730

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

The financial information for the year ended 30 April 2023 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. Valuation of investments including options

The Directors have considered the fair value adjustment made on the investments held at fair value through profit or loss. In 2023 a net downward fair value adjustment on the investments and options was made to the total of £52,000, and in 2022 a net upward adjustment of £2,716,000, consisting of positive adjustments of £2,806,000 uplift on Weardale Lithium Limited, offset by net negative adjustments on other companies. This along with other valuations are estimates based on the Directors assessment of the performance of the underlying investment and reliable information such as recent fundraising. There is however inherent uncertainty when valuing private companies such as these in the natural resources sector.

8. Post balance sheet events

On 28 June 2023 the Company issued 10,480,000 shares at 2.25 per share raising £235,800.

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.