
6 April 2021

Hawkwing plc
("Hawkwing", or the "Company")

2020 Final Results

Hawkwing plc (LSE: HNG) announces its audited financial results for the year ended 31 December 2020.

Financial Highlights

- Operating loss from continuing operations of £0.34 million (2019 loss: £0.35 million)
- Loss before tax of £0.34 million (2019 loss: £0.35 million)
- Loss per share from continuing operations of £0.019 (2019 loss: £0.049)

Other Highlights

- Moved listing from AIM to the Standard Segment of the Official List ("Standard List") on 30 September 2020
- Raised £1.29 million, before expenses, as part of move to the Standard List by placing 43,116,659 at 3p a share
- Completed a 20:1 share consolidation

Keith Sadler, Senior Independent Non-Executive Director, commented: "During the year, we successfully completed our move to the Standard List; raising £1.29 million, which strengthened the Company's balance sheet and helped us to pursue our acquisition strategy.

"Whilst maintaining our commitment to prudent cost control, we have been actively searching for acquisition targets and continue to assess a number of potential opportunities. We are targeting businesses with the prospects of being profitable and cash generative across various sectors including digital marketing, medical applications, business and financial services.

"On behalf of the Board, I would like to thank all our shareholders for their continued support and we look forward to updating the market on our progress."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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About Hawkwing plc

Hawkwing is a Standard List Cash Shell. It intends to pursue a reverse takeover transaction, with the aim of delivering shareholder value. The board intends to seek a business with the prospects of being profitable and cash generative. For more information, please visit www.hawkwing.co

STRATEGIC REPORT

2020 Full Year Results

The Company's headline results are set out as follows:

HEADLINE RESULTS	Year ended 31 December 2020	Year ended 31 December 2019
	£000	£000
Revenue	-	-
Operating loss	(340)	(351)
Headline EBITDA ¹	(235)	(731)
Loss before tax	(340)	(351)
Loss per share (£) ²	(0.019)	(0.049)

1. Headline EBITDA is operating loss adjusted to remove the impact of exceptional income/costs
2. 2019 loss per share has been adjusted to reflect the share consolidation during the year

BALANCE SHEET

	31 December 2020	31 December 2019
	£000	£000
Current assets		
Trade and other receivables	43	63
Cash and cash equivalents	1,060	171
Current liabilities		
Trade and other payables	(32)	(93)
Net assets	1,071	141

Principal Activities And Business Review

As a cash shell, the principal activity of the business in the year has been to identify potential acquisition opportunities. During the first half of 2020 the Company reviewed its AIM listing and decided that a listing on the Standard List and trading on the London Stock Exchange's Main Market would be more appropriate as a Cash Shell and will increase the Company's ability to identify and complete an acquisition. The move to the Standard List was completed on 30 September 2020 and the Company's balance sheet was strengthened with a fundraising of £1.29 million, before costs.

The Company's strategy is to consider opportunities with an initial focus on acquiring one or more companies in industries such as digital marketing, medical applications, business and financial services and the sports sector. These businesses will provide specialised, mission-critical technology solutions for specific industries as opposed to being applicable across different sectors. The Company's focus is on identifying and acquiring businesses with the prospects of being profitable and cash generative. Finding a suitable acquisition has been, and will continue to be, impacted by COVID-19 restrictions. Nevertheless, the Board continues to review potential targets and will update shareholders when appropriate. Whilst an acquisition is being sought, the Board intends to keep costs to a minimum to preserve cash. The Non-Executive directors have therefore waived their fees since 1 January 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the Company and the execution of the Company's strategies are subject to certain risks; however, the Company's current operations are such that most risks are negligible. The key business risks are shown below.

Identifying suitable acquisition opportunities

The success of the Company's business strategy is dependent on its ability to identify sufficient suitable acquisition opportunities. The Company cannot estimate how long it will take to identify suitable acquisition opportunities or whether it will be able to identify any suitable acquisition opportunities at all within one year after the date of admission. If the Company fails to complete a proposed acquisition (for example, because it has been outbid by a competitor) it may be left with substantial unrecovered transaction costs, potentially including fees, legal costs, accounting costs, due diligence, or other expenses to allow it to pursue further opportunities. Furthermore, even if an agreement is reached relating to a proposed acquisition, the Company may fail to complete such acquisition for reasons beyond its control. Any such event will result in a loss to the Company of the related costs incurred, which could materially adversely affect subsequent attempts to identify and acquire another target business. In the event that an acquisition has not been announced within 12 months of Admission the Board will ask Shareholders to approve to continue pursuing an acquisition for a further 12 months

Risk management

The risks that the Company faces have been considered and policies have been implemented to best deal with each risk. The most significant risks are set out as follows:

Credit risk

The Company has no trade receivable balances and only minor other receivables and thus there is no significant current risk of non-payment.

Liquidity risk

The Company is currently being maintained as a Cash Shell and the Board intends to complete a reverse takeover as soon as practicable. During this time, the Board will keep costs to a minimum in order to preserve cash.

Currency risk

The Company's only current exposure to currency risk is with regard to amounts held in foreign currency bank accounts. The non-sterling cash balances at 31 December 2020 were US\$130 (2019: US\$12,064).

COVID-19

Trading conditions are likely to remain dynamic amid social and market uncertainty related to the Covid-19 pandemic and accordingly it is not possible to quantify with any certainty the impact of the Covid-19

pandemic on the Company. The Company continues to monitor the situation however, the full impact of the Covid-19 pandemic on the Company will depend on a variety of factors including the length of time the restrictions on social movement are in place and the extent to which further measures are required. The Company is of the opinion that the operations and business model of the Company should be able to accommodate a relatively high degree of variability.

KEY PERFORMANCE INDICATORS (“KPI’s”)

Following the divestment of all its investments in group undertakings, the Company no longer has any operational businesses using KPIs. As a result, performance against KPIs is not presented within these financial statements.

The Company’s immediate future performance criteria relate to a successful future acquisition/reverse takeover.

Environmental policy

The Company is committed to minimising the environmental impact of the activity of its employees through the application of modern working practices and to reduce business miles travelled.

Employees

The Company is an Equal Opportunities Employer and no job applicant or employee receives less favourable treatment on the grounds of age, sex, marital status, sexual orientation, race, colour, religion or belief.

It is the policy of the Company that individuals with disabilities, whether registered or not should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment whenever possible and will be given help with any rehabilitation and retraining.

Corporate and social responsibility

The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take account of the interest of the Company’s stakeholders when operating the business.

Human rights

Whilst the Company does not have a specific human rights policy, it takes seriously the responsibility to respect human rights. Fairness and integrity are an important part of the way the business is run and employees are encouraged to raise any concerns in this area to management at the earliest opportunity.

Anti-corruption and anti-bribery

The Company takes seriously the risks of its operations associated to corruption and fraud. The Company has implemented up to date internal control procedures to mitigate the risks of corruption and fraud and the Board acknowledges its responsibility for maintaining these improved processes.

Engagement with employees

The Company currently does not have any employees (other than directors) or customers but recognizes that the long-term success of the business relies on effective engagement with customers and employees.

Engagement with suppliers

The Company’s only suppliers currently are those supplying professional services. The Company manages relationships with suppliers as closely as possible to ensure the services provided meet the Company’s high standards.

Engagement with shareholders

The Board recognises the importance of effective communication with its shareholders. A range of corporate information is available on the Company’s website, and this statement and the information within the Company’s Annual Report provide details to stakeholders on how the Company is governed. Company performance is communicated to its shareholders and the market in its results announcements, with further trading updates made where required and appropriate.

Events since the year end

There have been no events since the year end.

Section 172 Statement

The Directors set out their statement of compliance with s172 (1) of the Companies Act 2006 which should be read in conjunction with the rest of the annual report.

The Directors of the Company have a duty to promote the success of the Company. A director of the Company must act in the way they consider, in good faith, to promote the success of the Company for the benefit of its members and in doing so have regards (amongst other matters) to:

- The likely consequence of any decision in the long term;
- The interest of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company to maintain a reputation for highest standards of business conduct; and
- The need to act fairly between members of the Company.

The Directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risk and internal controls.

Dividend

The Board is not in a position to propose a final dividend for the year (2019: £nil).

Cash flow and net debt

The Company's cash balance as at 31 December 2020 was £1.1 million (2019: £0.2 million) and it had no debt as at 31 December 2020.

Approved by the Board of Directors and signed on its behalf by:

Dwight Mighty
Director

Extracted from directors' responsibilities statement pursuant to the Disclosure and Transparency Rules

Each of the Directors; being Keith Sadler; Ken Wotton; Ian Robinson and Dwight Mighty (all Non-Executive) confirm that, to the best of each person's knowledge:

- a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair review of the assets, liabilities, financial position and profit or loss of the Company; and
- b. the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Hawkwing plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Keith Sadler
Senior Independent Non-Executive Director

Condensed Income statement

Income Statement

For the year ended 31 December 2020

		2020	2019
		£000	£000
	Note		
Administrative expenses		(340)	(367)
Other income		-	16
Operating loss	3	<u>(340)</u>	<u>(351)</u>
Headline EBITDA		(235)	(731)
Exceptional (costs)/income	3	(105)	380
Operating loss		<u>(340)</u>	<u>(351)</u>
Loss before taxation		(340)	(351)
Taxation	4	-	1
Loss for the year		<u><u>(340)</u></u>	<u><u>(350)</u></u>
Loss per share from continuing operations:			
Basic	2	(0.019)	(0.049)
Diluted	2	(0.019)	(0.049)

No statement of Comprehensive Income has been produced as all items pass through the Income Statement

Condensed Balance Sheet

As at 31 December 2020

		2020 £000	2019 £000
	Note		
Current assets			
Trade and other receivables		43	63
Cash and cash equivalents		1,060	171
Total current assets		<u>1,103</u>	<u>234</u>
Current liabilities			
Trade and other payables		(32)	(93)
Net assets		<u>1,071</u>	<u>141</u>
Equity			
Share capital	5	3,731	2,869
Share premium		30,056	29,648
Merger reserve		251	251
Retained earnings		(32,967)	(32,627)
Total equity		<u>1,071</u>	<u>141</u>

Condensed Statement of Changes in Equity

For the year ended 31 December 2020 and 2019

	Share Capital	Share Premium	Merger Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
Balance at 1 January 2019	2,869	29,648	251	(32,277)	491
Total comprehensive loss for the year	-	-	-	(350)	(350)
Balance at 31 December 2019	2,869	29,648	251	(32,627)	141
Issue of share capital	862	408	-	-	1,270
Total comprehensive loss for the year	-	-	-	(340)	(340)
Balance at 31 December 2020	3,731	30,056	251	(32,967)	1,071

Condensed Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 £000	2019 £000
Net cash flows used in operating activities	6	(338)	(468)
Financing activities			
Net proceeds on issue of shares		1,227	-
Net increase/(decrease) in cash and cash equivalents		889	(468)
Cash and cash equivalents at beginning of the year		171	639
Cash and cash equivalents at end of the year		1,060	171

Principal accounting policies

General information

Hawkwing PLC (the “Company”) is incorporated and domiciled in the United Kingdom under the Companies Act. The Company is a public limited company, and the registered office address is: The Walbrook Building, 25 Walbrook, London, England, EC4N 8AF. The Company’s principal activity is set out as part of the Strategic Report.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements together with estimates with significant risk of material adjustment in the next year. The results shown for the year ended 31 December 2020 and 31 December 2019 are audited. The financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts of the Company in respect of the financial year ended 31 December 2020 were approved by the Board of directors on 6 April 2021 and will be delivered to the Registrar of Companies in due course. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph nor any statement under Section 498 of the Companies Act 2006.

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Functional, presentational and foreign currency translation

The functional currency of the Company is Pound Sterling, and the presentational currency of the Company has been changed from US Dollars to Sterling in 2020. All comparative figures have been converted to Sterling. This represents a change in the Company’s accounting policy but no amendments, other than retranslation adjustments, are required to the reported figures as a result of this change. Transactions in currencies other than the Company’s functional and presentational currency are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate.

Standards and interpretations not yet applied

The following relevant new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2020 as adopted by the European Union, and have not been early adopted:

IFRS 17 Insurance Contracts (effective 1 January 2021). The application of IFRS 17 would have no impact on the financial reporting of the Company.

Application of new standards in issue

For the preparation of these financial statements, the following new or amended standards have been adopted for the financial year beginning 1 January 2020:

Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020).

Amendment to IFRS 3 Business Combinations (effective 1 January 2020)

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)

The adoption and implementation of these new or amended standards have had no impact on the Company’s financial statements.

PRINCIPAL ACCOUNTING POLICIES (cont'd)

Going concern

The Company raised £1.29 million, before costs, in September 2020 and has £1.06 million in cash on its balance sheet at the year end. The Company has minimal ongoing costs which reflect the costs of administrating its listing on the London Stock Exchange.

Whilst COVID-19 has logistically increased the difficulty in the Company's ability to complete an acquisition, based on the current cash availability and predicted expenditure levels, the directors believe the Company's resources are sufficient to continue operating throughout the course of this uncertain period. The Directors have considered the additional risks and uncertainty caused by the pandemic and taken actions to minimize the impact by preparing forecasts and projections for the period until April 2022, with prudent assumptions. These forecasts confirm that the company has the ability to meet its obligations as they fall due. The Directors will continue, on an ongoing basis, to review the Company's options including raising additional funding.

1. Segmental analysis

The Company's single reportable segment is that of its activities as an investment holding company. This activity takes place wholly in the United Kingdom.

2. Loss per share attributable to ordinary shareholders

	2020 per share £	2019 per share £
Basic loss per share	(0.019)	(0.049)
Diluted loss per share	(0.019)	(0.049)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for calculating diluted earnings per ordinary share are identical to those used for basic loss per ordinary share for the years ended 31 December 2019 and 2020. All share options formerly in issue had expired.

The calculation of loss per share is based on the following data:

	2020 £000	2019 £000
Loss for the purposes of basic earnings per share being net loss attributable to owners of the Company	(340)	(350)
Number of Shares		
Weighted average number of shares in issue:	18,127,232	7,171,360

There were no shares with a dilutive, or potentially dilutive, impact (2019: nil).

3. Operating loss

The following are included in operating loss for the year:

	2020	2019
	£000	£000
Exceptional costs/(income) (see analysis below)	105	(380)
Staff costs	18	421
Auditor's remuneration	33	30
Lease payments	2	3
Foreign exchange losses	-	25

The exceptional costs/(income) relate to:

	2020	2019
	£000	£000
Costs relating to the move to the LSE Standard List	105	-
Loan arrangement costs*	-	35
Legal and professional costs **	-	184
Exceptional staff costs ***	-	216
Reversal of impairment on intercompany loans ****	-	(815)
Exceptional costs/(income) as above	105	(380)

* The arrangement costs represent fees paid by the Company in respect of the borrowing arrangements of its former subsidiary undertakings.

** In 2019 were incurred in relation to the disposal of the Company's subsidiary undertakings.

*** Exceptional staff costs relate to the advance payment of an employment contract notice period.

**** The impairment reversal on intercompany loans relates to amounts owed by former subsidiary undertakings written off prior to disposal.

4. Tax

	2020 £000	2019 £000
Current taxation		
UK corporation tax	-	(2)
Adjustments in respect of prior year	-	-
	<u>-</u>	<u>(2)</u>
Tax charge for the year		

The charge for the year can be reconciled to the income statement as follows:

	2020 £000	2019 £000
Loss before tax	(340)	(351)
Tax credit at the UK corporation tax rate of 19% (2019: 19%)	(65)	(66)
Effects of:		
Expenses not deductible for tax purposes	-	42
Non-taxable income	-	(161)
Losses not recognised in deferred tax	65	185
Adjustment in respect of prior years	-	2
Tax charge for the year	<u>-</u>	<u>2</u>

The Company has tax losses carried forward of £1,284,693 (2019: £944,234) in respect of which no deferred tax asset has been recognised due to uncertainty of the Company's expected future profitability.

5. Share capital

The issued share capital of the Company is as follows:

	Share Capital Ordinary Shares	Share Capital Deferred Shares
	£000'	£000's
At 1 January 2019	2,869	-
At 31 December 2019	2,869	-
Sub division and issue of shares on 29 June 2020	(2,725)	2,725
	143	2,725
Ordinary shares issued on 30 September 2020	862	
Expenses deducted on issue of share capital		
Share capital as at 31 December 2020	<u>1,006</u>	<u>2,725</u>

5. Share capital (continued)

The movement in share capital is set out below.

	Number Ordinary Shares	Number Deferred Shares
Ordinary shares of £0.001 each		
At 1 January 2019	143,427,199	
At 31 December 2019	143,427,199	-
Issue of shares on 29 June at £0.02	1	
Sub division of shares on 29 June 2020 into ordinary shares of £0.02	(136,255,840)	
Issue of deferred shares on 29 June 2020 at £0.019 per share		143,427,200
	7,171,360	143,427,200
Issued during the year		
Ordinary share issued on 30 September 2020	43,116,659	
Share capital as at 31 December 2020	50,288,019	143,427,200

On the 29 June 2020 the Company completed a 20:1 share consolidation.

On 30 September 2020 the Company moved to the Standard Segment of the Official List and raised £1.293 million by placing 43,116,659 at 3p per share.

The ordinary shares confer the right to receive a dividend, the right to one vote per share and the right to participate in a distribution on a winding up of the Company or a return of capital.

The deferred shares confer no rights to receive a dividend or other distribution, no right to participate in income or profit and no right to receive notice or speak or vote at a general meeting. They solely confer the right on the return of capital after the nominal value together with the £100,000,000 has been paid to the ordinary shareholders.

6. Notes of Cash Flow Statement

	2020 £000	2019 £000
Loss for the year	(340)	(350)
Adjustments for:		
Income tax expense	-	(1)
Expenses paid with the issue of shares	43	-
Operating cash flows before movements in working capital	(297)	(351)
Decrease in receivables	20	122
Decrease in payables	(61)	(239)
Cash used in operating activities	(338)	(468)
Income taxes	-	-
Net cash flows used in operating activities	(338)	(468)

6. Notes of Cash Flow Statement (continued)

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

The Company's net cash has moved as follows during the year:

	1 January 2020 £000	Cash flow £000	Non-cash Movements £000	31 December 2020 £000
Cash and bank balances	171	889	-	1,060

7. Annual report and accounts

The Company will shortly be publishing its annual report and accounts including a notice of AGM. These will be made available on the Company's investor relations website at www.hawkwing.co. The AGM is to be held at 2-6 Boundary Row, London SE1 8HP at 11 a.m. on 29 April 2021.

COVID-19 arrangements

Further to the UK Government's instructions at the time of writing, and to minimise public health risks, we strongly recommend that shareholders do not physically attend the AGM, and instead follow the voting guidelines below. Further details of the UK Government's regulations relating to COVID-19 can be found at www.gov.uk/coronavirus.

The AGM will be convened with the minimum necessary quorum of two shareholders (which will be facilitated by the Company) and will be held at 2-6 Boundary Row, London SE1 8HP. This address is being provided solely for information purposes in order to ensure that the AGM is properly notified and shareholders are reminded that they are strongly advised not attend in person.

The board of directors (the "**Board**") requests that shareholders vote on the resolutions being put to the AGM by appointing the Chairman of the AGM as a proxy and giving voting instructions in advance, either through the CREST system or by using the enclosed Form of Proxy.

At the meeting itself, voting on all resolutions will be conducted by way of a poll rather than on a show of hands. The Company believes that this is the best and fairest way to ensure that the votes of all shareholders can be taken into account, whilst also preventing the Company and shareholders potentially breaching any applicable COVID-19 regulations.

The Board understands that the AGM also serves as a forum for shareholders to raise questions and comments. Therefore, if shareholders do have any questions or comments relating to the business of the meeting that they would like to ask the Board then they are asked to submit those questions in writing via email to AGM21@hawkwing.co by no later than 11.00 a.m. on 30 April 2021. The Board will endeavour to publish answers to any frequently asked questions on the Company's website as soon as practicable after the AGM. Only questions from registered shareholders of the Company will be accepted.