

HAWKWING

2021 Interim Results

23 September 2021

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

Unaudited interim results for the six months ended 30 June 2021

Hawkwing (LSE: HNG) is pleased to announce its unaudited interim results for the six months ended 30 June 2021.

Financial Highlights

- Loss before tax of £0.2 million (H1 2020 loss: £0.1 million)
- Loss per share from continuing operations of £0.38 pence (H1 2020 loss: £1.61 pence)
- Cash at 30 June 2021 of £0.88 million (H1 2020: £0.02 million)

Post Period Events

- Announced the potential acquisition of Internet Fusion Group Limited ("IFG")
- Raised £16.5 million in Convertible Unsecured Loan Notes ("CULS")
- Provided a loan of £13.7 million to IFG to fund the acquisitions of Northcore Limited and Shade Limited

Keith Sadler, Senior Independent Non-Executive Director, commented: "In the first half of the year, we pursued our strategy of identifying businesses for acquisition that had the potential to be cash flow positive and profitable. We made excellent progress in this regard culminating in the announcement of 12 July 2021 of the proposed reverse takeover of Internet Fusion Group, an established business in the eCommerce industry with an excellent track record and exciting growth plans.

"We look forward to progressing the proposed acquisition with IFG and it was pleasing to see strong investor support through the recent fundraise, which demonstrated confidence in our strategy and acquisition plans. I would like to thank our shareholders for their continued support and look forward to updating the market on our progress."

Enquiries:

Hawkwing plc

Keith Sadler Senior Independent Non-Executive Director +44 20 7618 9100

Luther Pendragon

Harry Chathli, Alexis Gore +44 20 7618 9100

About Hawkwing plc

For more information, please refer to the Company's website: www.hawkwing.co

Interim Management Report

Overview

During the first half of 2021 the Company has sought to execute on its acquisition strategy and since the end of the period the Company has announced the signing of a non-binding agreement to potentially acquire IFG. In connection with this potential acquisition, on 12 August 2021 Hawkwing raised £16.5 million through the issue of CULS of which the Company has loaned £13.7 million to IFG (SPP) Limited, a newly formed company, guaranteed by IFG, for the acquisitions of Northcore Limited and Shade Limited, trading as Shade Station, to enable IFG to continue with its buy-and-build growth strategy (the "IFG Loan"). The IFG Loan is secured against the assets of the acquired businesses.

Headline results

For the six-month period to 30 June	2021	2020	Change
	£000's	£000's	
Revenue	22	-	-
Operating income	-	-	-
Headline EBITDA	(190)	(115)	265.2%
Headline loss before tax	(190)	(115)	265.2%
Headline loss per share (pence)	(0.38)	(1.61)	1.23 pence

Cash flow and net debt

The Company's cash balance as at 30 June 2021 was £0.88 million (H1 2020: £0.02 million) and it had no debt as at 30 June 2021.

Post Period Events

In July 2021, the Company announced the signing of a non-binding agreement to potentially acquire IFG. In August 2021, the Company raised £16.5 million of cash, before expenses, of which £13.7 million has been loaned to IFG (SPP) Limited for the acquisitions of Northcore Limited and Shade Limited.

Dividend

The Directors have not declared an interim dividend for the six months ended 30 June 2021. The Directors will continue to review the Company's dividend policy.

Current trading and outlook

Hawkwing is now a Standard List cash shell. Hawkwing's shares were suspended to trading on the main market for listed securities of London Stock Exchange plc following its announcement of the potential reverse takeover of IFG (the "Proposed Acquisition"). The Board is pleased to report that the Proposed Acquisition is proceeding as planned. However, trading in the Company's shares will remain suspended pending publication of a prospectus or an announcement that the Proposed Acquisition is not proceeding.

Risks and uncertainties

The Directors do not consider that the Company's principal risks and uncertainties have changed since the publication of its annual report and accounts for the financial year ended December 2020 on 6 April 2021 which contains a detailed explanation of the risks relevant to the Company on Page 3 and is available at https://hawkwing.co/wp-content/uploads/2021/04/Hawkwing_Annual-Report_2020_Final_Published.pdf

Statement of directors' responsibilities in respect of the condensed interim report and consolidated financial statement

The Directors; being Keith Sadler; Ken Wotton; Ian Robinson and Dwight Mighty (all Non-Executive) confirm that the condensed set of interim financial statements has been prepared in accordance with international Accounting Standard 34 "interim financial reporting", as adopted by the European Union and that interim report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely an indication of important events that have occurred during the first six months of the financial year; material related party transactions in the first six months, and any material changes in the related party transactions described in the last annual report.

By order of the Board

Keith Sadler
Senior Independent Non-Executive Director

Condensed Income statement (unaudited)

For the six month period to 30 June 2021

	6-month period to 30 June 2021	6-month period to 30 June 2020	Year ended 31 December 2020 (Audited) £'000's	
	£000's	£000's		
Revenue	22	-	-	
Cost of sale	(22)	-	-	
Operating income	-	-	-	
Administrative expenses	(190)	(115)	(340)	
Operating loss	(190)	(115)	(340)	
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Headline EBITDA	(190)	(115)	(235)	
Exceptional costs	-	-	(105)	
Operating loss	(190)	(115)	(340)	
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Loss before taxation	(190)	(115)	(340)	
Taxation	-	-	-	
Loss after taxation for the period	(190)	(115)	(340)	
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Loss for the period is entirely attributable to the owners of the Company.				
	Note			
Basic (pence)	2	(0.38)	(1.61)	(0.019)
Diluted (pence)	2	(0.38)	(1.61)	(0.019)
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Condensed Balance Sheet (unaudited)

	30 June 2021 £000's	30 June 2020 £000's	31 December 2020 £000's (Audited)
Current assets			
Trade and other receivables	34	64	43
Cash and cash equivalents	887	22	1,060
Total current assets	921	86	1,103
Current liabilities			
Trade and other payables	(41)	(61)	(33)
Net current assets	880	25	1,070
Net assets	880	25	1,070
Equity			
Share capital	3,731	2,869	3,731
Share premium	30,056	29,648	30,056
Merger reserve	251	251	251
Retained loss	(33,158)	(32,743)	(32,968)
Equity attributable to owners of the Company	880	25	1,070

Condensed Statement of Cash Flows (unaudited)

For the six-month period to 30 June 2021

		6-month period to 30 June 2021	6-month period to 30 June 2020	Year ended 31 December 2020
	Note	£000's	£000's	£000's
Net cash outflow from operating activities	4	(173)	(149)	(339)
Financing activities				
Net proceeds on issue of shares				1,227
Net decrease in cash and cash equivalents		(173)	(149)	(889)
Cash and cash equivalents at beginning of period		1,060	171	171
Cash and cash equivalents at end of period		887	22	1,060

Condensed Statement of Changes in Equity (unaudited)

For the six-month period to 30 June 2021

	Share Capital £000's	Share Premium £000's	Merger reserve £000's	Retained Loss £000's	Total £000's
Balance as at 1 January 2020	2,869	29,648	251	(32,628)	140
Total comprehensive income for period	-	-	-	(115)	(115)
Balance as at 30 June 2020	2,869	29,648	251	(32,743)	25
Balance as at 1 January 2021	3,731	30,056	251	(32,968)	1,070
Total comprehensive income for period	-	-	-	(190)	(190)
Balance as at 30 June 2021	3,731	30,056	251	(33,158)	880

Notes to the Interim Report

General information

Hawkwing plc (the “Company”) is incorporated and domiciled in the United Kingdom. The Company is listed on the Standard Segment of the Official List market of the London Stock Exchange. The registered address is 25 Walbrook, London EC4N 8AF.

Basis of preparation

The condensed financial statements have been prepared in accordance with IAS 34 “Half Year Financial Reporting” as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority. These condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006, do not include all the notes of the type normally included in an annual financial report and have not been audited or reviewed by the auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2020 (the “Annual Financial Statements”), which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The Annual Financial Statements constitute statutory accounts as defined in section 434 of the Companies Act 2006 and a copy these statutory accounts has been delivered to the Registrar of Companies. The auditor's report on those statutory accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those used to prepare the financial statements for the year ended 31 December 2020 and those applicable for the year ended 31 December 2021. The preparation of the condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements described above. The condensed financial statements have been prepared on a going concern basis, under the historical cost convention.

The reporting currency of the Company is GBP, unless stated otherwise.

Application of new standards in issue

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Company raised £1.29 million, before costs, in September 2020 and has £0.9 million in cash on its balance sheet at the period end. The Company has minimal ongoing costs which reflect the costs of administrating its listing on the London Stock Exchange.

COVID-19 may impact the Company's ability to complete an acquisition. The directors' will continue, on a going basis, to review the Company's options.

1. Segmental Analysis

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

2. Loss per share

Basic and diluted loss per share attributable to ordinary shareholders:

	6-month period to 30 June 2021 pence per share	6-month period to 30 June 2020 pence per share
Basis loss per share	(0.38)	(1.61)
Diluted loss per share	(0.38)	(1.61)

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

	6-month period to 30 June 2021 £000's	6-month period to 30 June 2020 £000's
Loss for the purposes of basic earnings per share being net loss attributable to owners of the Company	(190)	(115)
	Number of Shares	Number of Shares
Weighted average number of shares in issue:	50,288,019	7,171,360

3. Taxation

The Company incurred no current taxation liability in the 6 months to 30 June 2021 or the 6 months to 30 June 2020. The Company has tax losses carried forward of £1,475,181 (2020: £1,059,542) in respect of which no deferred tax asset has been recognised due to uncertainty of the Company's expected future profitability

4. Notes to the Statement of Cash Flow

	6-month period to 30 June 2021 £000's	6-month period to 30 June 2020 £000's
Operating loss for the period	(190)	(115)
Operating cash flows before movements in working capital	(190)	(115)
Decrease/(increase) in trade other receivables	9	(1)
Increase/(decrease) in trade other payables	8	(33)
Cash used in operations	(173)	(149)
Income taxes paid	-	-
Net cash outflow from operating activities	(173)	(149)

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 debt has moved as follows during the period:

	1 January 2021 £000	Cash flow £000	Non-cash Movements £000	30 June 2020 £000
Cash and bank balances	1,060	(173)	-	887
Borrowings	-	-	-	-
Net (debt)/cash	1,061	(173)	-	887

5. Interim accounts

This interim statement will be available of the Company's investor relations website at www.hawkwing.co