
1 June 2022

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

2021 Final Results

Hawkwing plc (LSE: HNG) announces its audited financial results for the year ended 31 December 2021.

Financial Highlights

- Operating loss from continuing operations of £0.39 million (2020 loss: £0.34 million)
- Loss before tax of £0.39 million (2020 loss: £0.34 million)
- Loss per share from continuing operations of £0.0004 (2020 loss: £0.019)
- Raised £16.5 million through the issue of Convertible Unsecured Loan Notes
- Provided a £13.7 million loan to IFG to fund the acquisitions of Northcore Limited and Shade Limited

Keith Sadler, Senior Independent Non-Executive Director, commented: "Our strategy is to identify opportunities for acquisition, targeting sectors such as digital marketing, medical applications, business and financial services and the sports sector. We are committed to maintaining careful cost controls to preserve cash as we continue to search for and review various prospects. On behalf of the Board, I would like to thank shareholders for their support and we will provide a further update as and when appropriate opportunities arise."

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

2021 Full Year Results

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

HEADLINE RESULTS	Year ended	Year ended
	31 December	31 December
	2021	2020
	£000	£000
Revenue	-	-
Operating loss	(388)	(340)
Headline EBITDA ¹	(388)	(235)
Loss before tax	(90)	(340)
Loss per share (£) ²	(0.0004)	(0.019)

1. Headline EBITDA is operating loss adjusted to remove the impact of exceptional income/costs. 2020 costs relate to the move from AIM to the Standard List of the Main Market.

BALANCE SHEET

	31 December	31 December
	2021	2020
	£000	£000
Non-current assets		
Investments in financial assets	14,414	-
Current assets		
Trade and other receivables	1,577	43
Cash and cash equivalents	2,311	1,060
Current liabilities		
Trade and other payables	(90)	(32)
Non-current liabilities		
Convertible loan notes	(15,283)	-
Deferred tax	(417)	-
Net assets	2,512	1,071

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. On 12 July 2021 we announced the potential reverse takeover of Internet Fusion Group ("IFG"), and on 12 August 2021 the Company issued £16.5 million of Convertible Unsecured Loan stock ("CULS"). £13.7 million of the net proceeds of the CULS were then loaned to IFG on 17 September to acquire Northcore Limited and Shade Limited (t/a Shade Station). The loan to IFG was secured against the assets of the two acquisitions and guaranteed by IFG; it was for a three-year term carrying an 8% per annum interest rate. In addition, there was a redemption premium depending on when the loan is repaid. On 13 December 2021, IFG withdrew from the potential reverse takeover. As set out in the Company's announcement on 24 December, the Company is in discussions with IFG to unwind the loan. The Company's listing is currently suspended as a result of the loan to IFG.

The Company's strategy continues to be 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. The Board will continue to review potential targets and will update shareholders when appropriate, as and when appropriate opportunities arise. Whilst an acquisition is being sought, the Board intends to keep costs to a minimum to preserve cash.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the Company and the execution of the Company's strategies are subject to certain risks, and the main new areas of risks the Company faces are in connection with the convertible loan notes and secured loan receivable. These and the other key business risks are detailed 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 lieu of the fact that an acquisition has not been announced within the first 12 months of Admission the Board will ask Shareholders to approve to continue pursuing an acquisition for a further 12 months at its AGM.

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:

Interest rate risk

The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise of cash balances which earn interest at floating rates and a loan on which interest is charged at a fixed rate, plus a redemption premium. Interest bearing liabilities consist of convertible loan notes which attract interest at a fixed rate.

The Company's policy is to minimise interest charges through active cash management. Interest charges on the Company's financial assets and liabilities form part of a pre-planned and structured arrangements, and these arrangements are kept under regular review.

Credit risk

The Company has no trade receivable balances, and the other receivable balances predominantly relate to the costs of issuing the convertible loan notes and granting the secured loan receivable which are due to be reimbursed to the Company under the terms of the secured loan arrangement. The IFG loan is secured against the assets of the loan counterparty. In view of the security in place there is considered to be no significant risk of non-payment.

Liquidity risk

The Company's approach to managing its liquidity risk is to maintain sufficient cash and other working capital to always meet its liabilities when they fall due. Liquidity risk and cash requirements are regularly reviewed by reference to short term cash flow forecasts and medium-term working capital projections.

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 2021 were US\$60 (2020: US\$130).

COVID-19

Trading conditions are likely to remain dynamic amid social and market uncertainty related to the Covid-19 pandemic. 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 any 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 KPI's. 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 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 recognises 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 significant 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 a 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.

Dividends

The Directors, having consideration to the cash resources of the Company, do not propose to pay a dividend for the financial year (2020: Nil).

Cash flow and net debt

The Company's cash balance as at 31 December 2021 was £2.3 million (2020: £1.1 million) and it had £16.5 million of Convertible Unsecured Loan Notes as at 31 December 2021.

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 2021

		2021	2020
		£000	£000
	Note		
Administrative expenses		(410)	(340)
Other operating income		22	-
Operating loss	3	<u>(388)</u>	<u>(340)</u>
Headline EBITDA		(388)	(235)
Exceptional costs	3	-	(105)
Operating loss		<u>(388)</u>	<u>(340)</u>
Other gains and losses		1,029	-
Finance costs		(731)	-
Loss before taxation		<u>(90)</u>	<u>(340)</u>
Income tax	4	70	-
Loss for the year		<u><u>(20)</u></u>	<u><u>(340)</u></u>
Loss per share from continuing operations:			
Basic	2	(0.0004)	(0.019)
Diluted	2	(0.0004)	(0.019)

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

Condensed Balance Sheet

As at 31 December 2021

	Note	2021 £000	2020 £000
Non-current assets			
Investments in financial assets		<u>14,414</u>	<u>-</u>
Current assets			
Trade and other receivables		1,577	43
Cash and cash equivalents		2,311	1,060
Total current assets		<u>3,888</u>	<u>1,103</u>
Current liabilities			
Trade and other payables		(90)	(32)
Net current assets		<u>3,798</u>	<u>1,071</u>
Non-current liabilities			
Convertible loan notes		(15,283)	-
Deferred tax liabilities		(417)	-
		<u>(15,700)</u>	<u>-</u>
Net assets		<u>2,512</u>	<u>1,071</u>
Equity			
Share capital	5	3,731	3,731
Share premium		30,056	30,056
Option premium reserve		1,461	-
Merger reserve		251	251
Retained loss		(32,987)	(32,967)
Total equity		<u>2,512</u>	<u>1,071</u>

Condensed Statement of Changes in Equity

For the year ended 31 December 2021 and 2020

	Share capital	Share premium	Option premium reserve	Merger reserve	Retained loss	Total
	£000	£000	-	£000	£000	£000
Balance at 1 January 2020	2,869	29,648	-	251	(32,627)	141
Total comprehensive expense for the year	-	-	-	-	(340)	(340)
Issue of share capital	862	408	-	-	-	1,270
Balance at 31 December 2020	3,731	30,056	-	251	(32,967)	1,071
Total comprehensive expense for the year	-	-	-	-	(20)	(20)
Equity component of convertible loan notes	-	-	1,948	-	-	1,948
Deferred tax on equity component of convertible loan notes	-	-	(487)	-	-	(487)
Balance at 31 December 2021	3,731	30,056	1,461	251	(32,987)	2,512

Condensed Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Net cash flows used in operating activities	6	<u>(1,549)</u>	<u>(338)</u>
Investing activities			
Advance of loan receivable		(13,700)	-
Net cash used in investing activities		<u>(13,700)</u>	<u>-</u>
Financing activities			
Net proceeds on issue of shares		-	1,227
Proceeds on issue of convertible loan notes		16,500	-
Net cost from financing activities		<u>16,500</u>	<u>1,227</u>
Net increase in cash and cash equivalents		<u>1,251</u>	<u>889</u>
Cash and cash equivalents at beginning of the year		<u>1,060</u>	<u>171</u>
Cash and cash equivalents at end of the year		<u><u>2,311</u></u>	<u><u>1,060</u></u>

Principal accounting policies

General information

Hawkwing PLC (the "Company") is incorporated and domiciled in the England and Wales 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 are set out within these accounting policies.

Basis of preparation

The financial statements have been prepared in accordance with IFRS, as adopted by the United Kingdom, including interpretations issued by the International Financial Reporting Interpretations Committee, applicable to companies reporting under IFRS and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, except where fair value accounting is used.

Functional, presentational and foreign currency translation

The functional and presentational currency of the Company is Sterling. 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 in issue not yet adopted

There are no new standards or amendments in issue but not yet adopted that are either applicable to the financial statements of the Company or that would have any material impact on the financial statements 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 2021:

- Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 Interest Rate Benchmark (effective 1 January 2021)
- IFRS 16 Leases Covid-19 Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021)

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

Going concern

The Company raised £1.3m, before costs, in September 2020 and issued convertible loan notes for proceeds of £16.5m in August 2021. After an onward secured loan of £13.7m in September 2021 the Company has £2.3m in cash on its balance sheet at the year end. The directors consider that the security arrangements in place on the loan receivable are such that loan and associated interest and redemption premium will be fully recoverable. The Company has minimal ongoing costs which reflect the costs of administrating its listing on the London Stock Exchange.

Based on the current cash availability and predicted expenditure levels, the directors believe the Company's resources are sufficient to allow the Company to meet its obligations as they fall due for the foreseeable future, and as a minimum for a period of at least 12 months from the date of approval of these financial statements. Consequently, the Directors will continue to prepare the financial statements on a going concern basis.

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

	2021 per share £	2020 per share £
Basic loss per share	(0.0004)	(0.019)
Diluted loss per share	(0.0004)	(0.019)

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 2020 and 2021. All share options formerly in issue had expired.

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

	2021 £000	2020 £000
Loss for the purposes of basic earnings per share being net loss attributable to owners of the Company	(20)	(340)

Number of Shares

Weighted average number of shares in issue:	50,288,019	18,127,232
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There were no shares with a dilutive, or potentially dilutive, impact (2020: nil).

3. Operating loss

The following are included in operating loss for the year:

	2021 £000	2020 £000
Exceptional costs (see analysis below)	-	105
Staff costs	176	18
Auditor's remuneration (see note 4)	38	33
Lease payments	2	2
Foreign exchange losses	1	-

The exceptional costs/(income) relate to:

	2021 £000	2020 £000
Costs relating to the move to the LSE Standard List	-	105
Exceptional costs	-	105

The Company's lease payments entirely relate to short term leases which, in accordance with IFRS 16 Leases, are recognised as an expense on a straight-line basis over the lease term.

4. Tax

	2021 £000	2020 £000
Current taxation		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	(70)	-
Total tax credit	(70)	-

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

	2021 £000	2020 £000
Loss before tax	(90)	(340)
Tax credit at the UK corporation tax rate of 19% (2020: 19%)	(17)	(65)
Effects of:		
Losses (utilised)/not recognised	(36)	65
Adjustment for changes in tax rate	(17)	-
Tax (credit) / charge for the year	(70)	-

The Company has tax losses carried forward of £982,784 (2020: £1,284,693) in respect of which no deferred tax asset has been recognised due to uncertainty of the Company's expected future profitability.

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year.

5. Share capital

The issued share capital of the Company is as follows:

	Share Capital Ordinary Shares £000'	Share Capital Deferred Shares £000'
At 1 January 2020	2,869	-
Sub division and issue of shares on 29 June 2020	(2,725)	2,725
Ordinary shares issued on 30 September 2020	862	-
Share capital as at 31 December 2020 and 31 December 2021	1,006	2,725

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 2020	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
Ordinary shares issued on 30 September 2020	43,116,659	
Share capital as at 31 December 2020 and 31 December 2021	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

	2021 £000	2020 £000
Loss before taxation	(90)	(340)
Adjustments for:		
Other gains and losses	(1,029)	-
Finance costs	731	-
Foreign exchange	1	-
Expenses paid with issue of shares	-	43
Operating cash flows before movements in working capital	(387)	(297)
(Increase)/decrease in receivables	(1,188)	20
Increase/(decrease) in payables	26	(61)
Net cash flows used in operating activities	(1,549)	(338)

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 2021 £000	Cash flow £000	Non-cash Movements £000	31 December 2021 £000
Cash and bank balances	1,060	1,251	-	2,311
Net cash	1,060	1,251	-	2,311

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 the offices of DAC Beachcroft LLP, 25 Walbrook, London EC4N 8AF at 11 a.m. on 24 June 2022.