

30 June 2022

S-Ventures PLC

("S-Ventures", "Group" or the "Company")

Interim unaudited results for the six months ended 31 March 2022

The Directors of S-Ventures PLC are pleased to report on the half-year ended 31 March 2022. These accounts are unaudited and have not been reviewed by an auditor.

Financial highlights:-

	Six months ended 31 March 2022	16 months ended 30 September 2021
Revenue	£4.1m	£1.5m
Profit (Loss) from operations	(£0.8m)	(£1.0m)
Profit / (Loss) after tax	(£0.8m)	(£0.8m)
Cash	£0.6 m	£0.2m
EPS / LPS (in pence per share)	(0.67)	(0.76)

Operational highlights:-

The business was formed to invest in, acquire and grow businesses in the natural wellness food tech and organic snacking sector. The key points of this initial period are:

- Sales for the six months of £4.1m.
- S-Ventures raised £3m in new shares by way of subscription at 70 p in December 2021
- Acquisition of the business and assets of Livia's from the administrators in a pre-pack sale
- The main focus for the past few months has been bedding in Pulsin Limited which was acquired in July 2021
- Businesses restructured resulting in all the trading for Ohso Chocolate and We Love Purely is now continued at the main Pulsin logistics centre in Brockworth which became fully operational in January 2022
- Centralised group Headquarters in London for our group HQ in the Old Bailey, London.
- In April, acquisition of 100% of the issued share capital of Market Rocket Limited
- Coldpress Foods Limited have repaid in full the loans made to them; S-Ventures retain a small equity stake
- In June, revised terms agreed with the vendors of Pulsin for the settlement of the loan notes issued as part of the acquisition, strengthening the Company's balance sheet.

Scott Livingston, CEO of S-Ventures, comments:-

S-Ventures PLC

Interim Financial Statement for the half-year ended 31 March 2022

We are pleased to report solid revenue growth as a Group for our half-year, reflecting a few months of ownership of our recent acquisitions.

The headwinds of the market have provided some challenges with regards to labour supply, labour costs, ingredients and sourcing. The business is moving towards an even keel and in these numbers we have exceptional legal and infrastructure investment costs to support our building of a combined platform and hub for future growth. In addition, higher costs are reflected due to many of these investments having been brought forward ahead of plan.

We are pleased to report that we have integrated the brands that we have acquired into one central location and one centralised team of expertise across logistics, sales, marketing and finance. Our tech team Market Rocket and its impact on D2C has been extremely encouraging following the 100% acquisition in April 2022. Our purchase of 100% of Livia's in March 2022 has also been successfully integrated and has shown revenue growth. So far, we are happy with the M&A activity to date. It is important to recognise we are in the very early stages of building the business being only 21 months old.

We remain confident and aligned to our overall plan. We do expect the fundraising environment to remain a challenge and for the headwinds of supply chain and inflationary pressure to remain for the foreseeable future. These challenges are offset by incredible opportunities to make new and exciting acquisitions with very favourable terms.

We are also delighted to report that the £2m (plus coupon payments) in loan notes owed by the Company have been settled in full in part cash of £400,000 and the remainder in 2.6m SVEN shares. This has left the business with very little debt and a much stronger balance sheet and footing to move forward.

The Board has experience across a multitude of industries and has encountered similar challenging periods in the past and remain calm and focused on ultimately delivering results.

The outlook going forward, in view of the issues mentioned in this report, mean there is a material change in the revenue outlook for the full year. Obtaining stock and ingredients has remained a serious challenge although becoming more stable. Sadly this has led to demand not being fulfilled across some products within the group. We estimate to be within 15% of revenue targets which clearly affects the bottom line.

About S-Ventures

S-Ventures, invests in, acquires and grows businesses in the natural wellness, food-tech and organic snacking sector.

Further details on the acquisitions and investments are set out in the Interim management report below. Since the year-end the Board has continued to review a number of attractive potential opportunities.

Enquiries

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Interim management report

Overview

We present the S-Ventures unaudited Interim Results for the period ended 31 March 2022.

We have continued to explore opportunities for acquisitions and arranged for an injection of new equity in December 2021 of £3m. Since the period end, we have completed the acquisition of Market Rocket Limited, a tech team of Amazon and D2C experts with household names as clients.

We have achieved sales of £4.1m, slightly below expectations but above the run rate of the previous period representing significant growth for the Group. This resulted in an EBITDA loss of £530k and an overall trading loss of £815k for the period, parts of the loss have been attributed to exceptional expenses in regards legal costs of the M&A activity and new infrastructure investment costs ahead of plan.

Whilst group sales continue to be ahead of last year, we have, in common with other businesses, been affected by issues with suppliers, exchange rates as well as the general economic backdrop.

Overall progress:

The opening of the new logistics centre at Brockworth, Nr Gloucester has been a key part of the consolidation process and we have closed three factories in the UK to centralise the operations across all the brands. We have centralised operations into one distribution hub and one manufacturing plant, both within close distance of each other in Gloucester.

We also have a London based HQ group office, at 5 Old Bailey, London. The brands continue to develop strongly and we are very focussed on product development using food tech ideas and innovation and have been seeking new distribution across new channels and territories. We continue to win new business and expand each brand sharing resources and connections.

We have centralised into one main sales team and marketing team and have integrated all brands onto our inhouse SAP system. We now have a broad and diversified product range across the brands and Group that share commonalities but each one representing unique growth and scale opportunities. We continue to seek key strategic acquisitions and build the strength of the platform and team as we move towards the end of 2022.

Investment strategy and target markets

S-Ventures looks to identify investment opportunities in the health & wellness, organic food and wellbeing sectors within the UK and Europe. The Company plans to add value by the adding capital and expertise to the target companies. The experience and operational skills of the Board are intended to act as an accelerator to smaller brands that have a strong foundation and platform but may lack specific skills and capital. The main objectives will be to cross fertilise opportunities between the target companies and to scale the individual entities and look for exit opportunities and or synergistic collaborations. We believe that scaling can create significant value creation for all stakeholders.

Principal risks and uncertainties

Foreign exchange

The Group does not hedge its foreign exchange exposures. We Love Purely buys most of its stock in US Dollars and Ohso Chocolate has no foreign exchange exposures. As regards, Pulsin, much of its risk is naturally hedged by having both EU suppliers and Customers. The recent falls in the sterling exchange rate have impacted our margins on some lines.

Key suppliers

Both We Love Purely and Ohso Chocolate are very dependent on key suppliers

- We Love Purely - a single overseas supplier
- Ohso Chocolate - two suppliers; one for the new products and one for the smaller items.

Significant customers

The Group is not overly dependent on any one customer.

Brexit/COVID-19

Pulsin was affected by Brexit issues associated with importing, exporting and labelling last year. Since then all members of the Group have seen the impact of Covid and on both sales channels and also its impact on logistics - especially the need to book in shipments to customers.

Other

All our businesses carry appropriate insurance covers for product liability and other risks.

Post Balance Sheet events

- Acquisition of 100% Market Rocket Limited for an aggregate consideration of £2.25m in a mix of shares and cash. The company was founded in 2019 and had sales of some £500,000 in its last financial year but it is growing fast and we anticipate significant growth this year
- As noted above, we have agreed with the vendors of Pulsin Limited, to compromise the £2m of loan notes for a combination of cash and new shares.

Responsibility statement of the Directors

We confirm that to the best of our knowledge:

- the consolidated financial statements have been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the EU;
- the interim management report includes a fair review of the information required by DTR 4.2.7R:
 - an indication of important events that have occurred during the first six months of the financial year, and their impact on these set of financial statements; and
 - a description of the principal risks and uncertainties for the remaining six months of the year
- the interim management report includes a fair review of the information required by DTR 4.2.8R:
 - related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group in that period; and
 - any changes in the related parties transactions described in the 2021 Annual Report that could have a material effect on the financial position or performance of the Group in the current period.

By order of the Board

Scott Livingston

Chief Executive Officer

30 June 2022

Robert Hewitt

Chief Financial Officer

30 June 2022

Cautionary statement

This report contains forward-looking statements. These have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. The directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 31 March 2022

	Six months ended 31 March 2022	Six months ended 31 January 2021	6 July 20 to 30 September 2021
	£	£	£
Continuing operations			
Revenue	4,114,567	11,803	1,525,810
Cost of Sales	(2,569,065)	(8,424)	(1,104,952)
	1,545,502	3,379	420,858
Other operating income	-	-	31,376
Selling and Distribution costs	(1,118,820)	(76,300)	(158,962)
Administrative expenses	(1,222,669)	(63,491)	(1,259,905)
Finance costs	(39,916)		(54,720)
Finance income – interest receivable	20,431	3,468	16,499
Share of loss of associates	-		(600)
Loss before taxation	(815,472)	(132,944)	(1,005,454)
Income tax	-	-	156,079
Loss for the period	(815,472)	(132,944)	(849,375)
Loss attributable to Minority Interests	(44,835)	(501)	(64,479)
Loss Attributable to Shareholders	(770,637)	(132,443)	(784,896)
Loss per share			
Basic loss per share attributable to the equity shareholders of the parent (pence)	(0.67)	(0.18)	(0.76)

Consolidated Statement of Financial Position (unaudited)

For the six months ended 31 March 2022

	As at 31 March 2022	As at 31 January 2021	As at 30 September 2021
	£		
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	2,807,924	4,603	2,913,508
Goodwill and Intangible assets	6,774,060	180,102	6,329,334
Deferred tax	-	-	198,913
Investments	30,838	30,000	30,238
TOTAL NON-CURRENT ASSETS	9,612,822	214,705	9,471,993
CURRENT ASSETS			
Stocks in trade	1,418,747	64,154	1,219,876
Trade and other receivables	3,459,102	167,696	2,149,272
Cash and cash equivalents	574,978	362,816	154,697
TOTAL CURRENT ASSETS	5,452,827	594,666	3,523,845
TOTAL ASSETS	15,065,649	809,371	12,995,838
LIABILITIES			
CURRENT LIABILITIES			
Amounts falling due within one year	2,308,449	81,877	3,184,799
NON-CURRENT LIABILITIES			
Amounts falling due after more than one year	2,781,005	14,893	2,321,945
TOTAL LIABILITIES	5,089,454	96,770	5,506,744
NET ASSETS	9,976,195	712,601	7,489,094
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	117,660	75,919	111,378
Share premium	9,425,290	762,115	6,107,386
Equity to be issued	18,509		40,024
Equity component of convertible debt	2,057,528		2,057,528
Contingent equity settled consideration for investment	34,484		34,484
Minority Interests	(121,645)	7,011	(76,810)
Retained losses	(1,555,631)	(132,444)	(784,896)
TOTAL EQUITY	9,976,195	712,601	7,489,094

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2022

	Share capital £	Retained earnings £	Share premium £	Equity to be issued £
Balance at 30 September 2021	111,378	(784,896)	6,107,386	40,024
Issue of share capital	6,282		3,317,904	
Total comprehensive loss	-	(770,637)		
Warrants exercised				(14,003)
Options exercised				(7,512)
Issue of ordinary in consideration of acquisition				
Acquisition of non-controlling Interest				
Balance at 31 March 2022	117,660	(1,555,533)	9,425,290	18,509

	Equity component of convertible £	Contingent equity settled consideration £	Total £	Non- controlling interests £	Total equity £
Balance at 30 September 2021	2,057,528	34,484	7,565,904	(76,810)	7,489,094
Issue of share capital			3,324,187		3,324,187
Total comprehensive loss			(770,637)	(44,835)	(815,472)
Warrants exercised			(14,003)		(14,003)
Options exercised			(7,512)	-	(7,512)
Balance at 31 March 2022	2,057,528	34,484	10,097,939	(121,645)	9,976,294

Consolidated cash flow statement (unaudited)

For the six months ended 31 March 2022

	Unaudited 6 Months 31 March 2022	Audited P/e 30 September 2021
Reported Trading Loss pre Interest	(755,125)	(996,677)
Share based payment	25,000	40,024
Loan written off to subsidiary director	-	32,424
Profit on disposal of fixed assets	-	(3,432)
Add Back Depreciation	266,450	86,334
	<u>(463,675)</u>	<u>(841,327)</u>
<u>Sources of Funds:</u>		
Share issue	3,113,190	3,645,748
Interest received (paid)	20,431	(5,605)
Bank loans	<u>491,860</u>	
	3,625,480	
<u>Application of Funds</u>		
Amount withdrawn by directors	-	(44,879)
Payment of lease liabilities	(80,424)	135,445
Sale of tangible fixed assets	-	1,669
Acquisition of subsidiaries (net of cash acquired)	(130,000)	(2,349,131)
Loan repayments	(301,566)	(62,835)
Purchase of non-current asset investments	-	(30,838)
Purchase of intangible assets	-	(5,510)
Purchase of tangible fixed assets	<u>(149,445)</u>	(110,690)
	(661,435)	
<u>Changes in Working Capital</u>		
Share of loss of associates	600	600
Stocks & Inventories	(198,871)	(32,301)
Accounts Receivable	(1,309,830)	(771,521)
Creditors	<u>(417,290)</u>	365,103
	(1,925,392)	
	<u>574,978</u>	<u>(106,072)</u>

Note:

The cash and cash equivalents as at the period end in the Consolidated Statement of Changes of Equity and in the Consolidated Statement of Cash Flows are exclusive of bank overdrafts amounting to £269,321 (Sept 2021 £260,769) which were included in the Bank Loans figure.

Notes to the condensed consolidated financial statements (unaudited)

1. General information

The consolidated financial statements for the six months ended 31 March 2022 are unaudited and were authorised for issue in accordance with a resolution of the Board of Directors. The information for the period ended 31 March 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, the auditors did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with the requirements of the AQSE Growth Market Rules.

The interim financial information set out above does not constitute statutory accounts. They have been prepared on a consolidated going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union.

These condensed consolidated interim financial statements comprise the accounts of the parent company and its subsidiary, after elimination of all material intercompany balances and transactions.

3. Loss per share:

The calculation of the total basic loss per share of 0.67p is based on the loss attributable to equity owners of the company of £770,637 divided by the weighted number of shares in issue during the period.

4. Investments:

The acquisition of shares in Coldpress Foods Limited is accounted for at cost.

5. Post Balance Sheet Event:

- a. The company completed the purchase of 100% of the share capital of Market Rocket Limited in April 2022.
- b. In June, the Pulsin loan notes of £2.057m were fully satisfied by the payment of £300,000, a deferred payment of £100,000 and the issue of 2,642,856 new Ordinary shares.

6. Approval of Interim Finance Statements:

These interim financial statements were approved by the Board of Directors on 30 June 2022.