

4 July 2023

S-Ventures PLC

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

Company Number: 12723377

Interim unaudited results for the six months ended 31 March 2023

The Directors of S-Ventures PLC are pleased to report on the half-year ended 31 March 2023. These accounts are unaudited and have not been reviewed by an auditor.

Financial highlights:-

	Six months ended 31 March 2023	Year ended 30 September 2022
	Continuing Operations	
Gross Revenues from continuing operations	£8.4 m	£7.8m
Profit (Loss) from continuing operations	(£1.3 m)	(£3.2m)
Cash	£0.4 m	£1.8m
LPS (in pence per share)	(1.98p)	(2.4p)

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:

- Gross Sales for the six months of £8.4 m made up as follows:-

	Continuing Operations	Discontinued Operations	Total 6 mons to 31 March 23	31 March 2022
Gross Sales	7.7 m	0.7 m	8.6 m	4.3 m
Trade discounts, listing fees etc	0.8 m	-	0.8 m	0.2 m
Net Sales	6.9 m	0.7 m	7.6 m	4.1 m

- The results for our business segments analysis is:

Segment Analysis

	Plant Based Nutrition	Bakery *	Technical Services	Admin- istration	Total
Net Sales Revenues	3,659,903	2,982,843	899,754	122,929	7,665,429
Operating Profit / (Loss) before Tax	(646,001)	(930,800)	47,170	(922,284)	(2,451,915)

*The Bakery division includes the discontinued Lizza business

- Acquired 100% of Juvela Limited in December 2022 – a profitable business providing bakery products to the coeliac community. Since we acquired, it has contributed gross sales of £2.6 m. The acquisition was funded by a mix of Shares, Cash and deferred consideration.
- The group has now started to make positive monthly Ebitda.
- New products are expected to be released in the Autumn.
- S-Ventures raised £0.35m in new shares by way of exercise of Warrants at 25p ea.
- As previously announced, we concluded on 31 March 2023 that it was no longer commercially viable to continue to support Lizza GmbH. Filing with German courts for insolvency was made in April and the business closed. The assets were fully impaired on our recent financial statements for the period to 30 September 2022. As the formal proceedings did not commence until after the half year, the results of Lizza GmbH are included in our consolidated interim results to 31 March 2023.

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

We are pleased to release our interims for the half year 22/23.

The business has evolved in many ways and has steered through a large number of challenges. We acquired Juvela Limited in December 2022 and have made solid progress in rebuilding and restructuring Pulsin and our other subsidiaries, and we have moved to being Ebitda positive as a group on a month by month basis.

Revenues as a group, year on year, are more than double the level they were this time last year as a result of both organic growth and acquisition. Juvela is performing above plan. We have very

exciting new product development in progress and look forward to providing updates in due course. Pulsin have achieved further distribution as the brand matures.

Our tech team at Market Rocket have accelerated their sales and launched a platform called the Marketverse which integrates Amazon with other distribution platforms and offers an end to end solution for brands and manufacturers, Market Rocket have also become one of the first TikTok shop verified partners.

The decision to close Lizza in Germany was a difficult one but in the best interests of shareholders. The environment remains fragile and uncertain but we move forward with a strengthened portfolio.

The challenges of the recent period has redoubled our focus on instilling best practice and diligence in expenditure and cost control. Despite constraints we are building a strong foundation for future growth. I would like to thank the team for their hard work throughout.

We expect to consider further capital raising to optimise funding, to enable us to exploit market opportunities and for working capital purposes.

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

S-Ventures PLC

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S-Ventures PLC

Interim Financial Statement for the half-year ended 31 March 2023

Interim management report

Overview

We present the S-Ventures unaudited Interim Results for the period ended 31 March 2023.

We have continued to explore opportunities for acquisitions and during the past half year have completed the purchase of Juvela Limited, a supplier of bakery products mainly for coeliacs.

We report net sales of £7.6m, 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 £0.4 m on continuing operations and an overall pre-tax trading loss of £2.5 m for the period. The following items are included in the overall loss:- Lizza GmbH, a discontinued operation - £1.1m, acquisition costs - £0.3m and amortisation arising from previous acquisitions and the recent Juvela acquisition - £0.5m. Debt costs have increased by £0.2m arising from our funding of the Juvela acquisition.

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 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. It is hoped to launch a new range of Juvela products in the Autumn and refresh part of the Pulsin range.

We are looking at ways to consolidate and streamline our production facilities in Gloucester and Pontypool although due to the products, there needs to be a clear division between them.

In view of the problems incurred and reported on in our recent Financial Statements and these Interim Accounts, we are seeking new capital to underpin our activities.

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

Credit and Liquidity risks

The group is seeking to raise new capital the lack of which would impact on the group's ability to acquire goods and services.

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. Juvela currently sources a significant part of its ingredients from overseas and has some limited hedging in Euros. 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.

Ukraine / Russian War:

Initially the outbreak of war caused a temporary delay in supplies and also increased the prices. This has now receded but the recent developments and the breach of the dam on the Dnieper could further market disruption as companies scramble to get supplies for a reduced market. Accordingly, We continue to be aware and look for alternative sources of materials.

Significant customers

The Group is not overly dependent on any one customer, although Juvela does have a significant market presence in the Pharma sector for the supply of Coeliac related products which are sold on prescription and are thus processed through a single distributor.

Other

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

Post Balance Sheet events

Regrettably, we have had to close the recently acquired Lizza business as we found it was not possible to implement the changes to its business model in a reasonable period of time and as such the business was not viable. The business assets were fully impaired on our recently Audited accounts. The group exposure is some £0.9m in loans and unpaid trading balances.

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 2022 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
06 July 2023

Robert Hewitt
Chief Financial Officer
06 July 2023

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 2023

	Six months ended 31 March 2023			Six months ended 31 March 2022
	£	£	Group	£
	Continuing operations	Discontinued operations	Group	
Gross Revenue	7,715,418	733,081	8,448,499	4,114,567
Less Trade discounts and Listing costs	(783,071)		(783,071)	
Net Sales Revenues	6,932,347	733,081	7,665,428	4,114,567
Cost of Sales	(3,897,521)	(652,088)	(4,549,609)	(2,569,065)
	3,034,826	80,993	3,115,819	1,545,502
Selling and Distribution costs	(878,285)	(523,222)	(1,401,507)	(1,118,820)
Administrative expenses	(3,207,015)	(669,073)	(3,876,088)	(1,222,669)
Finance costs	(273,718)	(17,079)	(290,797)	(39,916)
Finance income – interest receivable	658	-	658	20,431
Share of loss of associates				-
Loss before taxation	(1,323,533)	(1,128,381)	(2,451,914)	(815,472)
Income tax	(126,391)	-	(126,391)	-
Loss for the period	(1,449,924)	(1,128,381)	(2,578,305)	(815,472)
Loss attributable to Minority Interests	(21,082)		(21,082)	(44,731)
Loss Attributable to Shareholders	(1,428,842)	(1,128,381)	(2,557,223)	(770,741)
Loss per share				
Basic loss per share attributable to the equity shareholders of the parent (pence)			(1.98)	(0.67)

Consolidated Statement of Financial Position (unaudited)

For the six months ended 31 March 2023

	As at 31 March 2023	As at 30 September 2022 (Audited)
ASSETS		
Goodwill	4,997,054	3,897,628
Owned:		
- intangible assets	8,124,998	2,989,722
- Property, Plant & Equipment	2,675,722	2,027,170
Right of Use:		
- Property, Plant & Equipment	1,555,791	1,418,576
Investments	30,237	30,238
Deferred Tax		-
Total non-current assets	17,383,802	10,363,334
Current assets		
Stocks in trade	2,318,878	1,647,121
Trade and other receivables	3,676,322	2,599,044
Cash and cash equivalents	423,902	1,781,921
Total current assets	6,419,102	6,028,086
TOTAL ASSETS	23,802,904	16,391,420
EQUITY		
SHAREHOLDERS' Equity		
Called Up Share capital	132,216	125,572
Share premium	14,707,738	13,509,382
Share based payment reserve	8,265	10,997
Equity component of convertible debt		
Contingent equity settled consideration for investment	112,131	112,131
Retained losses	(6,785,077)	(4,227,855)
	8,175,273	9,530,227
Non controlling interests	(55,570)	(34,448)
TOTAL EQUITY	8,119,703	9,495,779

LIABILITIES

Current Liabilities

Amounts falling due within one year	6,514,689	3,262,239
Financial Liabilities: - Borrowings		
- Bank Overdrafts	22,834	276,079
-Interest bearing loans and borrowings	2,549,739	1,156,258
Tax Payable	-	323,136
	<u>9,087,262</u>	<u>5,017,712</u>

Non-current Liabilities

Amounts falling due after more than one year	96,034	1,877,929
Loans falling due after more than one year	6,499,905	

TOTAL LIABILITIES

15,683,201 6,895,641

NET EQUITY AND LIABILITIES

23,802,904 16,391,420

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2023

Consolidated	Share capital £	Retained earnings £	Share premium £	Share Based Reserve £
Balance at 30 September 2022	125,572	(4,227,855)	13,509,382	10,997
Issue of share capital for Acquisition	5,000		845,000	
Total comprehensive loss	-	(2,557,223)		
Warrants exercised	1,644		353,356	(2,732)
Options exercised				
Acquisition of non-controlling Interest				
Balance at 31 March 2023	132,216	(6,785,078)	14,707,738	8,265
				,
	Contingent Equity settled consideration for investment £	Total £	Non Controlling interest £	Total Equity £
Balance at 30 September 2022	112,131	9,530,227	(34,488)	9,495,739
Issue of share capital for Acquisition		850,000		850,000
Total comprehensive loss		(2,557,223)	(21,081)	(2,578,304)
Warrants exercised		352,268		352,268
Options exercised		-		-
Acquisition of non-controlling Interest		-		-
		-		-
Balance at 31 March 2023	112,131	8,175,272	(55,569)	8,119,703

Consolidated cash flow statement (unaudited)

For the six months ended 31 March 2023

	As at 6 months to 31 March 2023	Audited P/e 30 September 2022
Reported Trading Loss pre Interest	(2,161,775)	(3,178,294)
Gain on Settlement of Loan Notes	-	(645,064)
Impairment of Goodwill		569,175
Profit on disposal of fixed assets		(2,699)
Add Back Depreciation and Amortisation	921,755	937,365
<u>Changes in Working Capital</u>		
Stocks & Inventories	(316,419)	(636,993)
Accounts Receivable	258,867	(34,352)
Creditors	469,977	597,921
Cash from Operations	(827,595)	(2,392,941)
<u>Sources of Funds:</u>		
Share issue	5,000	5,073,374
Bank loans & leasing agreements	5,932,500	=
New HP contracts	19,112	
Amount introduced by directors	496,095	171,635
<u>Application of Funds</u>		
Tax Paid	(24,000)	(126,059)
Net Interest paid	(273,060)	(101,469)
Payment of lease liabilities	(272,667)	(308,992)
Payment of deferred consideration	(108,334)	-
Acquisition of subsidiaries (net of cash acquired)	(5,882,442)	(100,001)
Loan repayments	(127,439)	(237,445)
Purchase of tangible fixed assets	(41,944)	(366,188)
Purchase of Juvela Fixed & intangibles		
	<u>(1,104,774)</u>	<u>1,611,914</u>
Cash B/f	1,505,842	(106,072)
Cash & Equivalents	<u>401,068</u>	<u>1,505,842</u>

Note:

The cash and cash equivalents balance as at the period end in the Consolidated Statement of Changes in Equity and in the Consolidated Statement of Cash Flows are exclusive of bank overdrafts which amounted to £22,834 (2022: £269,321).

Notes to the condensed consolidated financial statements (unaudited)

1. General information

The consolidated financial statements for the six months ended 31 March 2023 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 2023 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, however, the auditors drew attention to Note 2 to the Statutory accounts relating to the basis of preparation and Going Concern. The Directors have indicated a need for additional capital for which they are in discussion with potential parties.

The audit report 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. The directors recognise that additional capital is required to ensure that the company can continue to discharge its liabilities as they fall due and have concluded that the funding requirements represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. However, the directors are presently engaged in discussions with a number of parties which they believe will conclude successfully when these accounts are issued. In the interim a director has made a loan facility available to the group of £0.5 million to ensure the company can meet its liabilities as they fall due.

These condensed consolidated interim financial statements comprise the accounts of the parent company and its subsidiaries, after elimination of all material intercompany balances and transactions. As Lizza was still under the group's control as at 31 March, its assets and liabilities net of impairment processed in the Annual Accounts, have been consolidated in these accounts.

3. Loss per share:

The calculation of the total basic loss per share of 1.98p is based on the loss attributable to equity owners of the company of £2,557,233 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:

Lizza GmbH was placed into a formal German Insolvency procedure on 5 April 2023. Accordingly, this has been treated as a Discontinued Operation in the Statement of Comprehensive Income.

As at the date of placing the business into Insolvency proceedings, the Group has advanced

£855,000 in cash and goods and services which remain outstanding. £137,000 of this was provided for in the accounts of S-Ventures plc as at 30 September.

In the last Financial Statements, we impaired all the physical assets, which remains the case in these Interim Accounts. Accordingly, at the next year end, as the liquidation progresses, the net liabilities will fall out of account and result in an increase in group net assets.

6. Approval of Interim Finance Statements:

These interim financial statements were approved by the Board of Directors on 4 July 2022.