

This announcement contains inside information for the purposes of the Market Abuse Regulation (EU No. 596/2014) (“MAR”). Upon the publication of this announcement, this inside information is now considered to be in the public domain and shall therefore cease to be inside information.

First Sentinel Plc - Interim Results

30 September 2020

First Sentinel Plc  
 (“**First Sentinel**” or the “**Company**”)

Interim results for the period ended 30 June 2020

First Sentinel is pleased to announce its interim accounts for the six months ended 30 June 2020 (the “Interim Accounts”). Extracts of the Interim Accounts are set out at <https://first-sentinel.com>.

### **The Chairman's Report**

I present the results for First Sentinel plc for the six months ended 30 June 2020. These have been challenging times but, despite the outbreak of the Covid-19 pandemic in the first months of 2020, I am delighted to report that First Sentinel has been able to mobilise its staff to work from home with very little disruption to our business. Since the effects of the pandemic took hold, we have adapted our strategy in order to focus on resilient industries.

Between January and June 2020, First Sentinel raised £1,734,426 and deployed the proceeds on a number of loan facilities and on its UK supply chain finance business via its subsidiary, Capable Finance Limited. First Sentinel’s Australian subsidiary, Perennial Enterprise PTY Ltd, continues to progress well and its robust capital deployment strategy has kept its financial results immune from the effects of the pandemic. In addition, the Company has made equity investments (Stabilitech, now renamed iosBio, and Vulcan Industries) which have contributed to increasing value to our shareholders.

Our strategy during the first 6 months of 2020 has proved successful and I am pleased to report a profit of 1.12p per share (YE 2019: loss of 4.24p per share). In the next 6 months, we intend to enhance the Group’s focus on our UK invoice purchasing and supply chain finance activities whilst taking advantage of equity investment opportunities that are aligned with our risk profile and investment strategy.

### **Outlook**

The six months to 30 June 2020 have continued to be a very successful period for First Sentinel. The success of the fund raising, investments made and the establishment of supply chain finance operations in the UK has positioned the Group very well for the next stage of its development. Our short-term strategy remains at increasing value by providing growth capital for public and private company investments and, in particular, by significantly growing the invoice purchasing activities in Australia and the supply chain finance operations in the UK. I am very optimistic about the Group’s growth potential and we look to the future with significant confidence.

### **About First Sentinel plc**

First Sentinel PLC provides debt financing solutions for small to medium-sized businesses primarily through its supply chain finance and invoice purchasing activities. First Sentinel also invests in a range of secured and unsecured equity and debt instruments in private and public companies.

The Company’s website is <https://first-sentinel.com>

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**Interim Condensed Statement of Comprehensive Income**

	Notes	6 months Ended 30 June 2020 Unaudited £'000	6 months Ended 30 June 2019 Unaudited £'000	Year ended 31 December 2019 Audited £'000
Revenue		1,199	710	1,440
Cost of sales		-	(185)	(89)
<b>Gross profit</b>		<b>1,199</b>	<b>525</b>	<b>1,351</b>
Administrative expenses	4	(678)	(591)	(1,534)
Other Income		-	21	33
<b>Operating profit / (loss)</b>		<b>521</b>	<b>(45)</b>	<b>(150)</b>
Finance Costs		(249)	(326)	(587)
Finance Income		-	257	33
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>272</b>	<b>(114)</b>	<b>(704)</b>
Tax on loss on ordinary activities		-	(24)	(63)
<b>Profit / (loss) after taxation</b>		<b>272</b>	<b>(137)</b>	<b>(767)</b>
Other comprehensive income		-	-	-
<b>Total comprehensive profit / (loss) for the period</b>		<b>272</b>	<b>(137)</b>	<b>(767)</b>
<b>Profit / (loss) and total comprehensive attributable</b>				
the owners of the company		<b>205</b>	<b>(137)</b>	<b>(855)</b>
Non-controlling interests		<b>67</b>	-	<b>88</b>
		<b>272</b>	<b>(137)</b>	<b>(767)</b>
Basic and diluted Profit / (loss) per share (expressed in pence per share)	5	1.12p	(0.90p)	(4.24p)

## Interim Condensed Statement of Changes in Equity

	Share Capital	Share Premium	Accumulated Deficit	Preference Share Equity Component	Share Based Payment Reserve	Non- Controlling interest	Foreign Exchange Reserve	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 30 June 2019</b>	<b>152</b>	<b>1,449</b>	<b>(1,092)</b>	-	<b>26</b>	<b>154</b>	<b>(113)</b>	<b>576</b>
Issue of shares	61	648	-	-	-	-	-	709
Share based payments charge	-	-	-	-	105	-	-	105
Non-controlling interest	-	-	-	-	-	92	-	92
Foreign Exchange Difference	-	-	-	-	-	-	(134)	(134)
Loss and total comprehensive loss for the period	-	-	(717)	-	-	-	-	(717)
<b>Balance at 31 December 2019</b>	<b>213</b>	<b>2,097</b>	<b>(1,809)</b>	-	<b>131</b>	<b>245</b>	<b>(245)</b>	<b>632</b>
Issue of shares	50	1,021	-	41	-	-	-	1,112
Non-Controlling Interest	-	-	-	-	-	(229)	-	(229)
Share based payments charge	-	-	-	-	84	-	-	84
Foreign Exchange Difference	-	-	104	-	-	-	196	300
Loss and total comprehensive loss for the period	-	-	205	-	-	67	-	272
<b>Balance at 30 June 2020</b>	<b>263</b>	<b>3,118</b>	<b>(1,500)</b>	<b>41</b>	<b>215</b>	<b>83</b>	<b>49</b>	<b>2,171</b>

Share capital is the amount subscribed for shares at nominal value.

Share premium is the amount subscribed for shares in excess of nominal value.

Accumulated deficit represents the cumulative loss of the Group attributable to equity shareholders.

## Interim Condensed Statement of the Financial Position

	Notes	6 months Ended 30 June 2020 Unaudited £'000	6 months Ended 30 June 2019 Unaudited £'000	Year ended 31 December 2019 Audited £'000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Intangible Assets		51	51	48
Goodwill		88	88	88
Property, Plant & equipment		189	79	54
Right of use Asset		198	-	131
<b>Total non-Current Assets</b>		<b>526</b>	<b>218</b>	<b>321</b>
<b>Current assets</b>				
Trade Receivables		6,136	5,112	5,730
Other Receivables		-	9	-
Other financial assets	6	2,072	662	242
Cash and Cash Equivalents		741	1,790	1,255
<b>Total Current Assets</b>		<b>8,950</b>	<b>7,573</b>	<b>7,228</b>
<b>Total Assets</b>		<b>9,476</b>	<b>7,791</b>	<b>7,549</b>
<b>Equity and Liabilities</b>				
Share Capital	7	263	152	213
Share Premium	7	3,118	1,449	2,097
Preference share equity component		41	-	-
Share based payment reserve		215	26	131
Non-controlling interest		83	154	245
Foreign Exchange reserve		(49)	(113)	(245)
Accumulated deficit		(1,500)	(1,092)	(1,809)
<b>Total Equity</b>		<b>2,171</b>	<b>576</b>	<b>632</b>
<b>Current Liabilities</b>				
Trade Payables		205	1,383	114
Short term lease liabilities		202	-	31
Borrowings		1,840	-	1,944
Other Payables		14	145	170
<b>Total Current Liabilities</b>		<b>2,261</b>	<b>1,528</b>	<b>2,259</b>
<b>Non-current Liabilities</b>				
Borrowings		5,044	5,687	4,530
Other Payables		-	-	128
<b>Total non-current Liabilities</b>		<b>5,044</b>	<b>5,687</b>	<b>4,658</b>
<b>Total Liabilities</b>		<b>7,305</b>	<b>7,215</b>	<b>6,917</b>
<b>Total Equity and Liabilities</b>		<b>9,476</b>	<b>7,791</b>	<b>7,549</b>

## Interim Condensed Cash Flow Statement

	Notes	6 months Ended 30 June 2020 Unaudited £'000	6 Months Ended 30 June 2019 Unaudited £'000	Year ended 31 December 2019 Audited £'000
<b>Cash flows from operating activities</b>				
Operating profit/(loss)		521	(45)	(150)
<b>Changes in working capital</b>				
(Increase) / decrease in receivables		(406)	(843)	(1,514)
Increase / (decrease) in payables		(2)	1,142	(143)
Other adjustments		-	(172)	-
Depreciation		22	-	113
Fair value adjustments		(431)	-	156
Share based payment		84	-	105
Interest Received		-	(257)	33
Interest elements of lease payments		-	-	(10)
Interest Paid		(249)	-	(577)
<b>Net cash flow from operating activities</b>		<b>(461)</b>	<b>(175)</b>	<b>(1,987)</b>
<b>Investing Activities</b>				
Acquisition of subsidiary	6	-	-	(50)
Net Proceeds from transactions of financial assets at fair value through profit or loss		(1,399)	150	239
Purchases of property, plant and equipment		(135)	-	(41)
<b>Net cash flow from investing activities</b>		<b>(1,534)</b>	<b>150</b>	<b>148</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from issue of shares	7	1,071	-	709
Net Proceeds from issue of financial liabilities at amortised cost – loans		(104)	-	10
Net Proceeds from issue of financial liabilities at amortised cost – bonds		514	965	1,742
Principal elements of lease payments		-	-	(97)
<b>Net cash flow from financing activities</b>		<b>1,481</b>	<b>965</b>	<b>2,364</b>
Taxation		-	24	(96)
<b>Net cash flow for the period</b>		<b>(514)</b>	<b>964</b>	<b>429</b>
Opening Cash and cash equivalents		1,255	826	826
<b>Closing Cash and cash equivalents</b>		<b>741</b>	<b>1,790</b>	<b>1,255</b>

## Notes to the Interim Condensed Financial Statements

### 1. General Information

First Sentinel plc ('the Company') is a trading company incorporated in the United Kingdom with company number 10183367 and quoted on the AQSE Exchange Growth Market.

### 2. Basis of Preparation

The annual financial statements of the Company and its subsidiaries (together referred to as the "Group") are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union. The accounting policies and methods of computation used are consistent with those used in the Group's latest audited financial statements for the year ended 31 December 2019.

A copy of the statutory accounts for the year ended 31 December 2019 has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, 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.

### 3. Segmental Reporting

The Group's management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. They consider the business from a geographical perspective and the group has two reportable segments, the UK and Australia. The Group's main lines of business are that of making investments and invoice purchasing.

<u>For the period ended 30 June 2020:</u>	<b>UK</b>	<b>Australia</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Segment revenue and results</i>			
Reportable revenue	688	511	1,199
Revenue from external customers	688	511	799
Cost of Sales	-	-	-
Unallocated corporate income and expenses	(218)	(438)	(656)
Depreciation	(22)	-	(22)
Interest expense	(5)	(244)	(249)
Interest Income	-	-	-
Tax expense	-	-	-
Intersegment revenues/costs	(186)	186	-
Profit/(Loss)	257	15	272
<i>Segment assets and liabilities</i>			
Reportable segment assets	7,624	5,974	13,598
Intersegment eliminations	(4,210)	-	(4,210)
Goodwill			88
Consolidated total assets			9,476
Reportable segment liabilities	5,395	5,485	10,880
Intersegment eliminations	-	(3,575)	(3,575)
Consolidated total liabilities			7,305
<u>For the period ended 31 December 2019:</u>			
	<b>UK</b>	<b>Australia</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Segment revenue and results</i>			

Reportable revenue	(104)	1,544	1,440
Revenue from external customers	(104)	1,544	1,440
Cost of Sales	-	(89)	(89)
Other income	-	33	33
Unallocated corporate income and expenses	(932)	(490)	(1,422)
Depreciation and amortisation	(66)	(47)	(113)
Interest expense	(350)	(236)	(586)
Interest Income	32	1	33
Tax expense	-	(63)	(63)
Intersegment revenues/costs	464	(464)	-
Loss	(956)	189	(767)

*Segment assets and liabilities*

Reportable segment assets	5,547	6,039	11,586
Intersegment eliminations	(4,125)	-	(4,125)
Goodwill			88
Consolidated total assets			7,549
Reportable segment liabilities	5,069	5,583	10,652
Intersegment eliminations	-	(3,735)	(3,735)
Consolidated total liabilities			6,917

For the period ended 30 June 2019:

	<b>UK £'000</b>	<b>Australia £'000</b>	<b>Total £'000</b>
<i>Segment revenue and results</i>			
Reportable revenue	32	678	710
Revenue from external customers	32	678	710
Cost of Sales	-	-	-
Unallocated corporate income and expenses	(321)	(259)	(580)
Tax expense	-	(24)	(24)
Loss			105
<i>Segment assets and liabilities</i>			
Reportable segment assets	4,497	3,122	7,617
Goodwill		92	92
Consolidated total assets			7,710
Reportable segment liabilities	4,174	2,996	7,170
Consolidated total liabilities			7,170
<i>Other segment information</i>			
Interest expense	(152)	(359)	(511)
Interest income	251	7	257
Depreciation	-	-	-

#### 4. Group Result for the period

The current period operating loss incorporated the following main items:

	6 months Ended 30 June 2020 Unaudited £'000	6 Months Ended 30 June 2019 Unaudited £'000	Year ended 31 December 2019 Audited £'000
Directors' remuneration and fees	53	152	477
Legal and professional fees	26	49	136
Other expenses	599	390	921
	<u>678</u>	<u>591</u>	<u>1,534</u>

## 5. Profit / Loss per Share

Profit / Loss per share data is based on the Group result for the six months and the weighted average number of shares in issue.

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	6 months Ended 30 June 2020 Unaudited £	6 Months Ended 30 June 2019 Unaudited £	Year ended 31 December 2019 Audited £
Profit/(loss) after tax	272,000	(137,000)	(767,000)
Weighted average number of ordinary shares in issue	24,224,324	15,228,089	18,073,929
Basic and diluted Profit/(loss) per share (pence)	<u>1.12p</u>	<u>(0.90p)</u>	<u>(4.24p)</u>

Basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. There were 26,324,316 potential dilutive shares in issue during the period for share options and warrants.

## 6. Financial assets

During the period the Group had the following movements in investments:

	30 June 2020 Unaudited £'000	At 30 June 2019 Unaudited £'000	Year ended 31 December 2019 Audited £'000
Secured loan notes	-	222	-
Financial assets through profit and loss	2,072	440	242
Total financial assets	<u>2,072</u>	<u>662</u>	<u>242</u>



## 7. Share Capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Allotted, called up and fully paid ordinary shares of 0.01p each	Number of shares	Share Capital	Share Premium
		£	£
Balance at 17 May 2016	100	1	-
Balance at 30 June 2016	100	1	-
Share issue at £0.10 – 15 March 2017	6,309,794	63,098	511,233
Share issue at £0.10 – 24 March 2017	50,000	500	4,500
Share issue at £0.10 – 18 April 2017	727,273	7,273	72,727
Balance at 30 June 2019	15,246,770	152,467	1,448,340
Share issue at £0.14 – 05 August 2019	421,429	4,214	54,786
Share issue at £0.15 – 23 September 2019	1,666,667	16,667	233,333
Share issue at £0.10 – 25 October 2019	4,000,000	40,000	360,000
Balance at 31 December 2019	21,334,866	213,349	2,097,119
Share issue at £0.010 – 24 January 2020	815,462	8,155	212,020
Share issue at £0.010 – 11 March 2020	914,535	9,145	173,762
Share issue at £0.010 – 19 March 2020	1,944,810	19,448	369,514
Share issue at £0.010 – 23 April 2020	757,500	7,575	143,925
Share issue at £0.010 – 04 June 2020	557,143	5,571	111,428
Balance at 30 June 2020	26,324,316	263,243	3,107,768

## 8. Events Subsequent to 30 June 2020

After the period end the Company has raised £200,000 from the initial tranches of Green Finance Preference Shares issued.

On the 28 August 2020 the company raised £179,077 by issuing 179,077 bonds

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