

11 May 2021

Summerway Capital Plc

("Summerway" or the "Company")

Interim Report for the six months ended 28 February 2021

London, 11 May 2021 - Summerway Capital Plc announces its unaudited condensed interim results for the six months ended 28 February 2021.

Over the period, Summerway incurred a loss after taxation of £217.6k (2020: £86.7k), reflecting operating expenses of £106.5k (2020: £97.9k), share based payment expense of £20.4k (2020: Nil), one-off costs relating to the placing of shares and change in investment strategy of £92.2k (2020: Nil) and finance income of £1.5k (2020: £11.2k). As at 28 February 2021, Summerway held £6.957 million cash (31 August 2020 £5.488 million).

Vin Murria OBE, Summerway's Chairman, commented:

“The Group continues to pursue its recently approved investment strategy and has an active pipeline of investment and acquisition opportunities, which are currently under assessment. As a Board, we remain encouraged about the opportunity for securing the Group’s inaugural transaction, and we look forward to updating Shareholders on progress in due course.”

The Interim Report is also available on the Company's website at www.summerwaycapital.co.uk

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CHAIRMAN'S STATEMENT

I am pleased to present to shareholders the Interim Condensed Consolidated Financial Statements of Summerway Capital Plc (the "**Company**") for the six months ended 28 February 2021.

Strategy

The Company’s investment strategy remains focused on investment and acquisition opportunities across the software, Software-as-a-Service and digital technologies and services sectors. The Board believe there are a number of opportunities to invest in, or acquire businesses that can be organically or acquisitively grown to become leading providers of enterprise software, solutions and services.

Results and Developments in the Period

The Group's loss after taxation for the six months to 28 February 2021 was £217,588 (2020: £86,730), reflecting operating expenses of £106,560 (2020: £97,904), share based payment expense of £20,408 (2020: Nil), one-off costs relating to the placing of shares and change in investment strategy of £92,159 (2020: Nil) and finance income of £1,539 (2020: £11,174).

On the 15 January 2021, the Company’s Shareholders approved its new investment strategy and the Company also completed a placing, which raised proceeds of £1,675,000. As at 28 February 2021, Summerway held £6,957,201 cash (31 August 2020 £5,547,414).

In conjunction with the change in strategy, a number of directorate changes occurred, including the appointment of Vin Murria OBE as Chairman of the Company, and Paul Gibson and Tony Morris as Non-Executive Directors, as well as the resignations of Alexander Anton and Mark Farmiloe.

Outlook

The Group continues to pursue its recently approved investment strategy and has an active pipeline of investment and acquisition opportunities, which are currently under assessment. As a Board, we remain encouraged about the opportunity for securing the Group's inaugural transaction, and we look forward to updating Shareholders on progress in due course.

Vin Murria OBE
Chairman

SUMMERWAY CAPITAL PLC
Consolidated Statement of Comprehensive Income
For the six months ended 28 February 2021

	Note	Six months ended 28 February 2021	Six months ended 29 February 2020	Year ended 31 August 2020
		£	£	£
Administrative expenses	4	(219,127)	(97,904)	(186,552)
Operating loss		(219,127)	(97,904)	(186,552)
Finance income		1,539	11,174	12,041
Finance income		1,539	11,174	12,401
Loss before income tax		(217,588)	(86,730)	(174,511)
Income tax		-	-	-
Net loss for the period		(217,588)	(86,730)	(174,511)
Total other comprehensive income		-	-	-
Total comprehensive loss		(217,588)	(86,730)	(174,511)
Attributable to:				
Owners of the Company		(217,588)	(86,730)	(174,511)
Loss per ordinary share				
Basic and diluted loss per share attributable to ordinary equity holders of the Company	5	(3.30)p	(1.41)p	(2.85)p

The Company's activities derive from continuing operations.

SUMMERWAY CAPITAL PLC
Consolidated Statement of Financial Position
As at 28 February 2021

	Note	As at 28 February 2021	As at 29 February 2020	As at 31 August 2020
		£	£	£
Assets				
Current assets				
Cash and cash equivalents		6,957,201	5,547,414	5,487,991
Other receivables	7	32,490	24,112	9,779
Total current assets		6,989,691	5,571,526	5,497,770
Total assets		6,989,691	5,571,526	5,497,770
Current liabilities				
Trade and other payables	9	35,516	15,690	29,715
		35,516	15,690	29,715
Non-current liabilities				
Incentive shares	10	20,300	12,000	12,000
		20,300	12,000	12,000
Total liabilities		55,816	27,690	41,715
Net Assets		6,933,875	5,543,836	5,456,055
Capital and reserves attributable to equity holders of the parent				
Share capital	8	80,334	61,300	61,300
Share premium reserve		7,367,052	5,711,086	5,711,086
Capital redemption reserve		49,500	49,500	49,500
Accumulated losses		(563,011)	(278,050)	(365,831)
Total Equity		6,933,875	5,543,836	5,456,055

SUMMERWAY CAPITAL PLC
Consolidated Statement of Changes in Equity
For the six months ended 28 February 2021

Notes	Share capital	Share Premium reserve	Capital Redemption reserve	Accumulated losses	Total equity
	£	£	£	£	£
Balance as at 31 August 2019	61,300	5,711,086	49,500	(191,320)	5,630,566
Loss for the period	-	-	-	(86,730)	(86,730)
Balance as at 29 February 2020	61,300	5,711,086	49,500	(278,050)	5,543,836
Loss for the period	-	-	-	(87,781)	(87,781)
Balance as at 31 August 2020	61,300	5,711,086	49,500	(365,831)	5,456,055
Issue of shares	19,034	1,655,966	-	-	1,675,000
Warrants – share based payment expense	-	-	-	20,408	20,408
Loss for the period	-	-	-	(217,588)	(217,588)
Balance as at 8 February 2021	80,334	7,367,052	49,500	(563,011)	6,933,875

SUMMERWAY CAPITAL PLC
Consolidated Statement of Cash Flows
For the six months ended 28 February 2021

	Note	Six months ended 28 February 2021	Six months ended 29 February 2020	Year ended 31 August 2020
		£	£	£
Cash flows from operating activities				
Operating loss		(219,127)	(97,904)	(186,552)
Adjustment for share based payment expense		20,408	-	-
Adjustments to reconcile loss before income tax to operating cash flows:				
(Increase)/decrease in other receivables	7	(22,711)	(8,442)	5,891
Increase/(decrease) in trade and other payables	9,10	14,101	(5,251)	8,774
Bank interest received		1,539	11,174	12,041
Net cash used in operating activities		(205,790)	(100,423)	(159,846)
Cash flows from financing activities				
Proceeds from issue of share capital	8	1,675,000	-	-
Net cash generated from financing activities		1,675,000	-	-
Net increase/(decrease) in cash and cash equivalents		1,469,210	(100,423)	(159,846)
Cash and cash equivalents at beginning of the period		5,487,991	5,647,837	-
Cash and cash equivalents at the end of the period		6,957,201	5,547,414	5,487,991

SUMMERWAY CAPITAL PLC
Notes to the Financial Statements
For the six months ended 28 February 2021

1. GENERAL INFORMATION

Summerway Capital plc is an investing company (for the purposes of the AIM Rules for Companies) and is incorporated in England and Wales and domiciled in the United Kingdom (company number: 11545912). It is a public limited company and the address of the registered office is 32-33 Cowcross Street London EC1M 6DF. The Company is the parent company of Summerway Subco Limited (company number: 11565845).

The activity of the Company is the investment, acquisition and development of companies operating within the software, Software-as-a-Service ("SaaS") and digital technologies and services sectors. The Directors believe there are numerous opportunities to invest in or acquire businesses that can be organically or acquisitively grown to become leading providers of enterprise software, solutions and services. Under its strategy, the Company will identify target companies within the software, SaaS and digital technologies and services sectors, where the Board believe there are tangible opportunities across the UK and EU to drive strategic, operational and performance improvement, either as standalone entities or as a part of an enlarged group.

2. BASIS OF PREPARATION

These Interim Condensed Consolidated Financial Statements and accompanying notes have neither been audited nor reviewed by the auditor, do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and do not include all the information and disclosures required in annual statutory financial statements. They should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 August 2020 which are available on the Group's website. Those statutory accounts were approved by the Board of Directors on 1 February 2021 and have been filed with Companies House. The report of the auditors on those accounts was unqualified.

These Interim Condensed Consolidated Financial Statements were approved by the Board of Directors on 10 May 2021.

3. ACCOUNTING POLICIES

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in the audited consolidated financial statements for the year ended 31 August 2020 and which will form the basis of the 2021 Annual Report.

There have been no new accounting standards or changes to existing accounting standards applied for the first time since 1 September 2020 which have a material effect on these interim results. The Group does not currently expect any material impact of any other standards issued by the IASB, but not yet effective.

4. ADMINISTRATION EXPENSES

	Period ended 28 February 2021	Period ended 29 February 2020	Year ended 31 August 2020
	£	£	£
Group expenses by nature			
One-off costs related to the issue of shares and change in investing strategy	92,159	-	-
Staff related costs	31,017	27,000	54,780
Office costs	-	19,498	21,890
NOMAD, registrar and Stock Exchange costs	27,149	22,309	46,391
Audit, accountancy and professional costs	36,596	21,659	50,997
Share based payment expense	20,408	-	-
Other expenses	11,798	7,438	12,494
	219,127	97,904	186,552

5. LOSS PER SHARE

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

	Period ended 28 February 2021	Period ended 29 February 2020	Year ended 31 August 2020
Loss attributable to the owners of the Company	£ (217,588)	£ (86,730)	£ (174,511)
Weighted average number of ordinary shares in issue	6,592,707	6,130,000	6,130,000
Basic and diluted loss per share	(3.30) p	(1.41) p	(2.85) p

6. INVESTMENTS

Principal subsidiary undertakings of the Group

The Company directly owns the ordinary share capital of its subsidiary undertakings as set out below:

The issued share capital of the subsidiary comprises 1 A ordinary share of £0.01 and 1,450,000 B ordinary shares of £0.01.

Subsidiary	Nature of business	Country of incorporation	Proportion of A ordinary shares held by Company	Proportion of B ordinary shares held by Company
Summerway Subco Limited	Incentive vehicle	England and Wales	100%	0%

The address of the registered office of Summerway Subco Limited (the "Subsidiary") is 32-33 Cowcross Street London EC1M 6DF. The subsidiary was incorporated on 12 September 2018 and prepares its own financial statements for the period ended 30 September each year.

The A ordinary shares have full voting rights, full rights to participate in a dividend and full rights to participate in a distribution of capital.

The B ordinary shares do not have voting rights. No dividends shall be declared in relation to any of the B ordinary shares without the consent of the Parent company.

The B ordinary shares have been issued to certain participants of the Company's Subsidiary Incentive Scheme. A summary of the Company's Subsidiary Incentive Scheme can be found on pages 6 and 7 of the Company's Circular issued to Shareholders on 23 December 2020 and in Note 12.

7. OTHER RECEIVABLES

All receivables are current. There is no material difference between the book value and the fair value of receivables.

	As at 28 February 2021	As at 29 February 2020	As at 31 August 2020
	£	£	£
Amounts falling due within one year			
Prepayments	5,880	18,550	9,180
Other receivables	26,610	5,562	599
	32,490	24,112	9,779

8. CALLED UP SHARE CAPITAL

	As at 28 February 2021	As at 29 February 2020	As at 31 August 2020
	£	£	£
Issued			
8,033,409 (2020: 6,130,000) ordinary shares of 1p each	80,334	61,300	61,300

On 15 January 2021 1,903,409 ordinary of £0.01 each were issued pursuant to a placing at a price of 0.88 per share and were admitted to trading on AIM.

9. TRADE AND OTHER PAYABLES

There is no material difference between the book value and the fair value of the trade and other payables.

	As at 28 February 2021	As at 29 February 2020	As at 31 August 2020
	£	£	£
Trade payables	14,436	180	315
Accruals	17,868	14,791	28,800
Other tax and social security payables	3,212	719	600
	35,516	15,690	29,715

10. NON-CURRENT LIABILITIES

	As at 28 February 2021	As at 29 February 2020	As at 31 August 2020
	£	£	£
Incentive shares	20,300	12,000	12,000
	20,300	12,000	12,000

The incentive shares liability is estimated at fair value through profit and loss using level 3 fair value measurement techniques.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

On 15 January 2021, the Company amended its Subsidiary Incentive to cater for the change in investment strategy approved by Shareholders and previously announced board changes. Details pertaining to the amendments to the Subsidiary Incentive Scheme are outlined on pages 6 and 7 of the Circular issued to Shareholders on 23 December 2020.

The B shares issued to date by the subsidiary under the amended Share Incentive Scheme were deemed to have an implied aggregate subscription price of £20,300, based on the nominal value per B share plus a premium. The initial subscription price of the B shares under the amended Share Incentive Scheme remains the best estimate of the fair value of the liability associated with the incentive shares as none of the criteria for potential value creation have yet been met. The fair value of the liability is assessed at each reporting date with any changes accounted for as a fair value gain or loss and recognised directly in the statement of comprehensive income.

11. SHARE-BASED PAYMENTS

On 15 January 2021, the Company granted Vin Murria a warrant providing for a right to subscribe for an additional 3,246,062 new Ordinary Shares at 88 pence per share. The warrant instrument is exercisable at any time from grant date up to and including the eighteen-month anniversary of grant date. As at 28 February 2021, all of the 3,246,062 warrants remain outstanding, and the share-based payments expense for the period to 28 February 2021 was £20,408.

The fair value of the outstanding warrants has been estimated using the Black-Scholes option pricing model. Volatility has been estimated at 19.75 per cent. using the arithmetical mean of both the 1 year AIM All Share volatility index and the 3 year AIM All Share volatility index as at 28 February 2021. Additional assumptions used in the calculation of fair value are outlined as follows:

	28 February 2021
Net asset value per share at grant date	£0.88
Exercise price	£0.88
Expected volatility	19.75%
Dividend yield	0%
Expected life of option	1.5 years
Risk free rate	0.003%

12. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

In conjunction with the corporate events announced on the 15 January 2021, the Company continued with, entered into, amended and terminated a number of related party arrangements. These are set out below.

Service agreements

Under the terms of the Chairman and Non-Executive Director service agreements, the Chairman and the Non-Executives are each paid a monthly fee of £1,500 per calendar month in arrears.

Administrative and accounting services

The Company engaged Fraser Real Estate, a company in which Alexander Anton is an indirect shareholder to provide administrative and accounting services throughout the period. The Company paid Fraser Real Estate £2,464 during the period for the provision of these services.

Placing agreement and issue of warrants

On 15 January 2021, the Company raised gross proceeds of £1,675,000 through the issuance of 1,903,409 new ordinary shares of the Company to Vin Murria at a placing price of 88 pence per share. At the same time, the Company issued Vin Murria with 3,246,062 warrants which provides for a right to subscribe for an addition 3,246,062 additional new ordinary shares of the Company at an exercise price of 88 pence per share. The warrants may be exercised in whole or in part during an exercise period commencing on the date of issue of the warrants and terminating 18 months after the date of issue. Vin Murria also purchased 500,000 existing Ordinary Shares at 85 pence per share from a shareholder on 15 January 2021.

Subsidiary Incentive Scheme

Under the amendments to the Subsidiary Incentive Scheme, the Founder Director's B shares were subject to a buyback by the Company at their original subscription price of £0.012 per B share for a total consideration of £4,000 per Founder Director (£12,000 in aggregate).

Following this buyback, the articles of Summerway Subco Limited were amended in order to implement the proposed changes to the Subsidiary Incentive Scheme as described in Notes 6 and 10. Alexander Anton, Benjamin Shaw, Mark Farmiloe, Tony Morris, Vin Murria and Paul Gibson subscribed for newly issued B shares at a revised subscription price of £0.014 per B share.

The current allocations of B shares in issue are set out below.

Name	B Shares held
Alexander Anton	75,000
Benjamin Shaw	75,000
Mark Farmiloe	75,000
Tony Morris	175,000
Vin Murria	1,000,000
Paul Gibson	50,000
Total	1,450,000

Corporate advisory agreements

On 15 January 2021, the Corporate Advisory Agreement entered into between the Company and AFS Advisors LLP (an entity wholly-owned by Alexander Anton, Benjamin Shaw and Mark Farmiloe) was terminated at nil cost to the Company. As at 28 February 2021 no charges had been incurred under the agreement as the legal of completion of the first acquisition did not occur.

On 15 January 2021, the Company entered into a new agreement with Tessera Investment Management Limited (“Tessera”) pursuant to which Tessera has agreed to provide strategic and general corporate advice, and M&A and capital raising transaction support services to the Company (the “Tessera Corporate Advisory Agreement”). Tessera charge £12,500 per month (plus VAT) payable monthly in arrears from the date of the agreement. In order to align the parties’ collective interests and ensure the parties share in the risk and reward of certain successful transactions, a discretionary bonus may be awarded to Tessera by the Board in the event of the successful completion of certain transactions. Tony Morris, Non-Executive Director of the Company, is a director and shareholder of Tessera.

13. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 28 February 2021 that require disclosure or adjustment in these financial statements.

14. POST BALANCE SHEET EVENTS

On 7 April 2021, Vin Murria sold 1,000,000 ordinary shares of the Company at 165 pence per share to a leading UK based institutional investor. Following the sale, Vin Murria continues to hold 1,403,409 ordinary shares of the Company, representing 17.5 per cent. of its issued share capital.