



# *Majestic Corporation Plc*

*AQUIS Exchange Ticker - MCJ*

## **Financial highlights:**

- Successful listing on the AQUIS Market in March 2022
- Revenue was US\$12.9m (H1 2021: US\$15.5m)
- Profit before tax US\$980k (H1 2021: US\$766k)
- Net assets increased to US\$7.0m (as at 31 December 2021: US\$6.1m)
- Cash in bank and on hand of US\$2.7m (as at 31 December 2021: US\$2.5m)

## **Peter Lai, Chairman and CEO of Majestic said:**

“We delivered a strong performance for the first half during a time of macro and political uncertainty. This is a tribute to the team’s effort and risk management. Whilst the second half of the year is expected to remain challenging the Board remains cautiously optimistic, despite the difficult conditions for global markets which are unlikely to improve for some time. I am confident in the executive team and remain confident that the Group’s strategy is robust and we will continue to build long term shareholder value.”

## Interim Results 30 June 2022

**For further information please contact:**

Majestic Corporation Plc

Chairman and Chief Executive Officer

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### **About the Company**

Majestic Corporation is an emerging leader in the precious metals and non-ferrous metals recycling. Working with suppliers globally, Majestic plays an integral role in the circular economy by making resources available for future use.

## **CHAIRMAN AND CEO'S REPORT FOR THE PERIOD ENDED 30 JUNE 2022**

The Board of Majestic Corporation Plc "MCJ" announces the Company's unaudited interim results for the six months ended 30 June 2022.

### **Statement from Chairman and CEO**

As a vertically integrated organisation, we process, upgrade and recycle weee, non-ferrous metals products and deliver it to refineries directly. We continue to source material from the US, Mexico, Australia and Europe (including the UK) and upgrade the products through a network of facilities located in Italy and Malaysia. The first half of the 2022 financial year has been challenging due to the high level of uncertainty resulting from geopolitical conflicts, logistical pressures and macroeconomic headwinds yet the Company has performed well.

The Russian invasion of Ukraine has had a direct adverse material impact on the business, to both the cost and supply of precious metals. Russia controls approximately 30% of the world's "Precious Group Metals" (PGM's) and the invasion has caused volatility in the market, affecting Majestic's procurement and operations. The Company's European operation has experienced an interruption in supply and a decrease in quantities. The Board will continue to monitor the effects on our supply pressures, logistics, foreign exchange rate fluctuations and commodity pricing.

In recent months, we have experienced inflationary pressures as the Company's logistics cost has increased up to three times, and the delay in shipping container availability has caused major setbacks. The staff shortages with our operations in USA, Malaysia, and in our suppliers has meant production has not been maximised during this period. The second half of the financial year has started to show signs of reversion to normal supply levels.

This second half of the year will mark the launch of our inaugural ESG report, which will reveal Majestic's target metrics on a range of ESG-related focus areas that the team will work on. This includes working toward greater energy efficiency across operations and ensuring equal opportunity to the men and women in the industry and workforce at all levels. The ESG initiatives have been organised based on themes and focus areas, crafted and developed alongside ESG advisors.

Looking forward to the current global situation, the rising interest rates and inflation rates tends to have an adverse impact on the price of commodities, however there is also usually a period of resetting in many industries to reflect a more nationalistic approach and control of a countries' own critical metal supplies. Majestic is well position to benefit from this, with the core sectors being precious and industrial metals.

The Board remains cautiously optimistic and continues to evaluate opportunities for generating value for shareholders.

## **CHAIRMAN AND CEO'S REPORT FOR THE PERIOD ENDED 30 JUNE 2022**

### **Financial Highlights**

- The 6 months result to 30 June 2022 marks the first interim results following the successful listing of the company to the AQSE exchange in March 2022.
- The turnover for the 6-month period was another strong result at US\$12.9m.
- The Company has retained a strong cash position at 30 June 2022 with cash at bank increasing to US\$2.7m (as at 31 December 2021: US\$2.5m).
- Underlying earnings before tax of US\$980k was up 28% (2021: US\$766k).

### **Strategic Report**

The principal activity of the Group continues to be urban recycling of precious metals and non-ferrous metals from weee and auto petroleum catalysts. We have procurement warehouse locations in the USA, and the UK and long-term supplier in Italy, Lithuania, Mexico, and Australia. In addition, we have processing facilities in Malaysia capable of handling twenty thousand tons a year. With our reputation, quality, and volume, we are able to deliver directly to refineries.

The success of our strategy rests on the company's profitability first, and we eliminate risk by hedging our sales, especially at the time of uncertainty. The result so far has proven very profitable.

### **Long Term Objective**

The group's long-term objective is to first set up a site in the UK to train an operation team and eventually open facilities across Europe and then eventually across the USA.

"Improving performance and profitability in a year of macro and political uncertainty is a tribute to the team's effort of risk management. We are confident that MCJ will continue to prosper in the coming years."

Peter Lai Chairman & CEO

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2022**

(Expressed in United States Dollar)

	<u>Notes</u>	<b>Unaudited <u>30.6.2022</u></b>	<b>Unaudited <u>30.6.2021</u></b>
Turnover	4	12,880,410	15,493,532
Cost of goods sold		<u>(11,530,662)</u>	<u>(14,455,590)</u>
Gross Profit		1,349,748	1,037,942
Other income	4	88,364	87,721
Administrative expenses		<u>(458,335)</u>	<u>(359,846)</u>
Profit from operation and before taxation	5	979,777	765,817
Taxation		<u>(148,523)</u>	<u>(105,099)</u>
Profit for the period		831,254	660,718
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u><u>831,254</u></u>	<u><u>660,718</u></u>
<b>Earnings per share</b>		<b>Unaudited 6 months ended 30 June 2022</b>	<b>Unaudited 6 months ended 30 June 2021</b>
Earnings per share (cents)		4.20	3.30

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021 & 30 JUNE 2022**

(Expressed in United States Dollar)

	<u>Notes</u>	<b>Unaudited 30.06.2022</b>	<b>Audited 31.12.2021</b>
<b>CURRENT ASSETS</b>			
Inventories	8	6,657,285	6,118,375
Trade receivables	9	436,663	1,282,190
Prepayments and deposits		2,832,408	2,043,368
Amounts due from related companies		1,566,271	1,533,245
Cash in bank and on hand		2,667,110	2,467,428
		<u>14,159,737</u>	<u>13,444,606</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	1,991,092	1,354,152
Deposits received		200,990	347,600
Accruals and other payables		5,890	38,242
Amounts due to related companies		1,954,310	1,971,093
Import loans	11	2,771,506	3,469,272
Tax payable		219,940	131,716
Amount due to director		3,678	-
		<u>7,147,406</u>	<u>7,312,075</u>
<b>NET CURRENT ASSETS</b>		7,012,331	6,132,531
<b>NET ASSETS</b>		<u>7,012,331</u>	<u>6,132,531</u>
<b>CAPITAL AND RESERVE</b>			
Share capital	12	131,652	1
Capital reserves		4,767,431	4,767,431
Merger reserves		(83,105)	-
Retained profits		2,196,353	1,365,099
		<u>7,012,331</u>	<u>6,132,531</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2022**

(Expressed in United States Dollar)

	<u>Share capital</u>	<u>Capital Reserves</u>	<u>Merger reserves</u>	<u>Retained profits</u>	<u>Total</u>
Balance at 1 January 2021	1	4,767,431	-	629,652	5,397,084
Profit for the year	-	-	-	735,447	735,447
Balance at 31 December 2021	1	4,767,431	-	1,365,099	6,132,531
Balance at 1 January 2022	1	4,767,431	-	1,365,099	6,132,531
Shares issued	131,652	-	-	-	131,652
Profit for the period	-	-	-	831,254	831,254
Share premium on issue of shares	-	-	469,906	-	469,906
IPO costs	-	-	(437,101)	-	(437,101)
Share-for-share exchange/Other movements	-	-	(115,910)	-	(115,910)
Balance at 30 June 2022	131,652	4,767,431	(83,105)	2,196,353	7,012,332

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 30 JUNE 2022**

(Expressed in United States Dollar)

	<b>Unaudited <u>30.6.2022</u></b>	<b>Unaudited <u>30.6.2021</u></b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	831,254	660,718
Adjustment:		
Cost of goods sold	11,530,662	14,455,590
Operating profit before working capital changes	<u>12,361,916</u>	<u>15,116,308</u>
Changes in working capital		
Purchase of inventories	(12,069,571)	(17,215,810)
(Increase)/decrease in trade and other receivables	23,461	(2,334,009)
Increase in trade and other payables	581,642	3,824,503
<b>NET CASH GENERATED/(USED) TO OPERATING ACTIVITIES</b>	<u>897,448</u>	<u>(609,008)</u>
<b>INVESTING ACTIVITIES</b>		
<b>NET CASH USED TO INVESTING ACTIVITIES</b>	-	-
<b>FINANCING ACTIVITIES</b>		
Withdrawal/(Repayment) of import loans	(697,766)	153,257
<b>NET CASH (USED)/GENERATED FROM FINANCING ACTIVITIES</b>	<u>(697,766)</u>	<u>153,257</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	199,682	(455,751)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,467,428	2,347,117
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>2,667,110</u></u>	<u><u>1,891,366</u></u>



**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

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(Expressed in United States Dollar)

**1. GENERAL INFORMATION AND BASIS OF PREPARATION**

The Company is a public company, limited by shares, and incorporated and domiciled in the United Kingdom. The company has its listing on AQSE Growth Market.

The address of its registered office and the principal place of business are located at 1 High Street Mews, Wimbledon Village, London, United Kingdom.

The financial statements are presented in United States Dollars.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

On 8 March 2022, the Company acquired the entire shareholding of Majestic Corporation Limited via a share-for-share exchange. The insertion of the Company on top of the existing Majestic Corporation Group does not constitute a business combination under IFRS 3 Business Combinations. This transaction has been deemed to be an acquisition in line with guidance from the Interpretations Committee (IFRIC) and as such the consolidated accounts for the Group are treated as a continuation of the consolidated accounts of the Majestic Corporation Group.

Under the principles of continuation accounting the consolidated financial statement of the newly formed Group must reflect:

- The assets and liabilities of the Majestic Corporation Group at pre-combination carrying amounts;
- The retained earnings and other equity balances of the Majestic Corporation Group at pre-combination carrying amounts;
- The assets and liabilities of the Company at fair value;
- The share capital of the Company;
- The income statement for the current period including the results for the Majestic Corporation Group up to 8 March 2022 plus the results for the newly formed Group from 8 March onwards

These interim condensed consolidated financial statements of the Group are the first set of interim financial statements for the newly formed Group. The prior period has been presented as a continuation of the former Majestic Corporation Limited Group on a consistent basis as if the group reorganisation had taken place at the start of the earliest period presented, being 1 January 2021. The prior period comparatives are those of the former Majestic Corporation Limited Group since no substantive economic changes have occurred. The consolidated reserves of the Group have been adjusted in the current period following the share-for-share exchange to reflect the share capital of the Company with the difference giving rise to a merger reserve.

## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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(Expressed in United States Dollar)

### **Basis of preparation**

These interim condensed consolidated financial statements (Interim Financial Statements) Majestic Corporation Group Plc comprises the results of the Group for the 6 months ended 30 June 2022.

The consolidated reserves of the Group have been adjusted in the current period following the share-for-share exchange to reflect the share capital of the Company with the difference giving rise to a merger reserve.

The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting and the Disclosure and Transparency Rules of the Financial Conduct Authority. The annual financial statements of the Group will be prepared in accordance with UK adopted International Financial Reporting Standards. They do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 and should be read in conjunction with the financial statements prepared for the Majestic Corporation Group for the twelve months ended 31 December 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS) and are filed with the Companies Registry in Hong Kong and are available to shareholders on request”

The information for the period ended 30 June 2022 has neither been audited nor reviewed and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted are set out below.

a. Basis of accounting and accounting policies

The financial statements have been prepared under the historical cost basis.

b. Revenue recognition

Revenue from the sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer’s specific location. Following delivery, the customer has full discretion over the usage of the goods, has the primary responsibility when on selling the goods and bears the risks in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as other income as it accrues using the effective interest method.

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

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(Expressed in United States Dollar)

c. Cash and cash equivalents

Cash and cash equivalents include demand deposits and other short-term highly liquid investments with original maturities of three months or less.

d. Trade and other receivables

Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

e. Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

f. Translation of foreign currency

Foreign currency transactions during the period are translated into United States Dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the market rates of exchange ruling at the reporting date. Exchange gains and losses on foreign currency translation are dealt with in the statement of income and retained earnings.

g. Taxation

The tax expense in the consolidated income statement comprises current tax payable and deferred tax.

h. Inventories

Inventories are stated at the lower of cost and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

i. Leases

Leases are classified as operating leases and the rentals receivable or payable under these leases are credited or charged to the statement of income and retained earnings on a straight-line basis over the duration of the leases.

j. Going concern

The consolidated financial statements are prepared on the going concern basis. The financial position of the Company, its cash flows and liquidity position are described in the interim consolidated financial statements and notes. The Company has the financial resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of the report.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

(Expressed in United States Dollar)

**4. TURNOVER AND OTHER INCOME**

Turnover represents the amounts received and receivables for goods sold to the customers. Turnover and other income recognised during the period are as follows:

	<b>Unaudited 30.6.2022</b>	<b>Unaudited 30.6.2021</b>
<b>Turnover</b>		
Sales to Japan	9,621,693	12,810,838
Sales to Malaysia	3,258,717	2,682,694
	<u>12,880,410</u>	<u>15,493,532</u>
 <b>Other income</b>		
Interest Income	1,025	165
Exchange gain	77,144	87,556
Government subsidies	10,195	-
	<u>88,364</u>	<u>87,721</u>

**5. PROFIT FROM OPERATION AND BEFORE TAXAION**

Profit from operation and before taxation have been arrived at after charging:

	<b>Unaudited 30.6.2022</b>	<b>Unaudited 30.6.2021</b>
Bad debt written off	-	83,687
Finance costs	74,616	50,108
Cost of goods sold	11,530,662	14,455,590
	<u>11,530,662</u>	<u>14,455,590</u>

**6. DIRECTORS REMUNERATIONS**

Director's remunerations disclosed is as follows:

	<b>Unaudited 30.6.2022</b>	<b>Unaudited 30.6.2021</b>
Fees	-	-
Other emoluments	79,286	39,857
	<u>79,286</u>	<u>39,857</u>

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

(Expressed in United States Dollar)

**7. STAFF COST**

	<b>Unaudited</b>	<b>Unaudited</b>
	<b>30.6.2022</b>	<b>30.6.2021</b>
Salary	65,922	56,593
Mandatory provident fund	3,323	3,147
	<u>69,245</u>	<u>59,740</u>

**8. INVENTORIES**

Inventories comprise entirely of stock in trade.

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2022</b>	<b>31.12.2021</b>
Stock in warehouse	3,914,286	2,481,953
Stock in transit	2,742,999	3,636,422
	<u>6,657,285</u>	<u>6,118,375</u>

**9. TRADE RECEIVABLES**

The ageing analysis of the trade receivables, based on invoice dates, is as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2022</b>	<b>31.12.2021</b>
Within one month	436,663	1,280,970
1-3 months	-	1,220
Over 3 months	-	-
	<u>436,663</u>	<u>1,282,190</u>

Trade receivables disclosed above include amounts which are past due at the end of the reporting period against which the Company has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are recovered subsequent to the reporting date. The Company does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

**10. TRADE PAYABLES**

The ageing analysis of the trade payables, based on invoice dates, is as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2022</b>	<b>31.12.2021</b>
Within one month	331,645	472,974
1-3 months	1,311,838	813,090
Over 3 months	347,609	68,088
	<u>1,991,092</u>	<u>1,354,152</u>

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

(Expressed in United States Dollar)

**11. IMPORT LOANS**

The Company has obtained credit facilities from its bankers as secured by guarantees of the director and a related company together with fixed deposit of the Company. The loans are interest bearing at LIBOR+1.45% and repayable in 120 days from the drawdown date which has multiple repayment dates.

**12. SHARE CAPITAL**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.6.2022</b>	<b>31.12.2021</b>
Issued and fully paid		
20,000,000 ordinary shares of £0.005 each	131,652	1

**13. LEASE COMMITMENTS**

The Company had the following total future minimum lease payments payable under non-cancellable operating leases:

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.06.2022</b>	<b>31.12.2021</b>
- not later than one year	34,971	21,666
- later than one year and not later than five years	37,661	-
	<u>72,632</u>	<u>21,666</u>

**14. FINANCIAL RISK MANAGEMENT**

Exposure to credit, liquidity, interest rate, foreign currency and equity price risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

a. Credit risk management

In order to minimize credit risk, credit approvals and monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

b. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022**

(Expressed in United States Dollar)

c. Market risk management – interest rate risk

The Company draws import loans to maintain stable cashflow. The loan is interest bearing at LIBOR+1.45%. 5% is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates. The Company’s sensitivity to a 5% increase and decrease in LIBOR is as follow:

	<b>Unaudited 30.06.2022</b>	<b>Audited 31.12.2021</b>
5% increase effect on profit for the year	(1,655)	(279)
5% decrease effect on profit for the year	1,655	279

d. Market risk management – foreign currency risk

The Company undertakes most of the transactions denominated in United States Dollar with few transactions denominated in Euro. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The Company’s sensitivity to a 5% increase and decrease in Euro against United States Dollar is as follow:

	<b>Unaudited 30.06.2022</b>	<b>Audited 31.12.2021</b>
5% increase effect on profit for the year	(96,800)	(164,111)
5% decrease effect on profit for the year	96,800	164,111

**15. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period. As the condensed consolidated interim financial statements have been presented as a continuation of the existing group, the number of shares taken as being in issue for both the current and preceding periods are deemed to be the number of ordinary shares issued by Majestic Corporation Plc to acquire Majestic Corporation Limited in the share for share exchange. The weighted average number of shares is then adjusted to reflect changes in the number of ordinary shares issued in Majestic Corporation Limited that occurred during the previous period.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<b>Unaudited 30.06.2022</b>
Profits attributable to ordinary equity holders of the Company	831,254
Average number of shares	20,000,000
Earnings per share (cents per share)	4.2

There have been no other transactions involving actual ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this financial information.