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The securities referred to herein may not be offered, sold or transferred, directly or indirectly, in the United States absent registration under the US Securities Act or an available exemption from, or as part of a transaction not subject to, the registration requirements of the US Securities Act and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States. No public offer of securities is being made in the United States.

This electronic transmission and the attached document and the offer are only addressed to and directed at persons in the United Kingdom and member states of the European Economic Area (“**EEA**”) who are “qualified investors” in such member state (within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129, in the case of the United Kingdom as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 and (ii) in the case of the United Kingdom, have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). This electronic transmission and the attached document must not be acted on or relied on by persons who are not relevant persons. If you are in any doubt as to the matters contained in the admission document (including whether you fall within the definitions of qualified investors or relevant person), you should consult an authorised person specialising in advising on investments of the kind contained in the admission document. Any investment or investment activity to which this electronic transmission and the attached document relates is available only to relevant persons in the United Kingdom and will be engaged in only with such persons.

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Shore Capital is acting exclusively for the Company and no one else in connection with the placing and admission referred to herein. Shore Capital will not regard any other person (whether or not a recipient of this document) as its client in relation to the placing and admission referred to herein, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for giving advice in relation to the placing or admission or any transaction or arrangement referred to herein.

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If you receive the attached document by e-mail, you should not reply to the e-mail. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive the attached document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

This document, which comprises an admission document prepared in accordance with the rules of the AIM Market of the London Stock Exchange ("AIM"), has been issued in connection with an application for admission to trading of the entire issued and to be issued ordinary share capital ("Shares") of DSW Capital plc ("Company") to trading on AIM. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the Financial Conduct Authority ("FCA") or any other competent authority.

Application has been made for the Shares, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM ("Admission"). No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 16 December 2021. The new Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the existing Shares and will rank in full for all dividends and other distributions declared, made or paid on Shares after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 10 of this document and the Company (whose registered office appears on page 10 of this document), accept responsibility, collectively and individually in accordance with the AIM Rules for Companies, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The whole of this document should be read. Your attention is drawn in particular to Part III of this document entitled "Risk Factors", which describes certain risks associated with an investment in DSW Capital plc.

DSW Capital plc

(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 07200401)

Placing of 5,000,000 Shares at 100 pence per share

and

Admission to trading on AIM



Nominated Adviser, Sole Bookrunner and Broker

Ordinary share capital immediately following Admission

	<i>Aggregate nominal value</i>	<i>Number</i>
Issued and fully paid ordinary shares of £0.0025 each	£53,468.77	21,387,508

Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited ("SCC" and "SCS", respectively, or individually or together as the context requires "Shore Capital"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser and broker in connection with the Placing and Admission, and will not be responsible to any other person for providing the protections afforded to clients of Shore Capital or advising any other person in connection with the Placing and Admission. Shore Capital's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to London Stock Exchange and not to the Company, the Directors or to any other person in respect of any subsequent purchase of Shares in reliance on any part of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Shore Capital by FSMA or the regulatory regime established under it, Shore Capital does not accept any responsibility whatsoever for the contents of this document and no representation or warranty, express or implied, is made by Shore Capital with respect to the accuracy or completeness of this document or any part of it.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**US Securities Act**") nor under the applicable securities laws of any state of the United States or any province or territory of Canada, Australia, New Zealand, the Republic of South Africa or Japan. Accordingly, the Shares may not be offered or sold directly or indirectly in or into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or to any resident of the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan. No public offering of securities is being made in the United States. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Holding Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about, and observe, any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and compliance with any other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered office of the Company and the offices of Shore Capital at Cassini House, 57 St James's St, St. James's, London, SW1A 1LD for one month from the date of this document. This document is also available on the Company's website, www.dswcapital.com.

IMPORTANT INFORMATION

General

This document should be read in its entirety before making any decision to subscribe for or purchase Placing Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Shore Capital or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company or Shore Capital or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under FSMA if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document, by means of a supplement to it, if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document, and any supplement thereto, will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company or Shore Capital or any of their respective representatives, that any recipient of this document should subscribe for any of the Shares. Prior to making any decision as to whether to subscribe for any Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors".

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA – authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Shore Capital or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Shore Capital.

None of the Company, the Directors, Shore Capital or any of their respective representatives makes any representation to any subscriber of Placing Shares regarding the legality of an investment by such subscriber.

In connection with the Placing, Shore Capital and any of their respective affiliates, acting as investors for their own accounts, may acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by, Shore Capital or any of their respective affiliates acting as investors for their own accounts. Shore Capital does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Shore Capital and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to, the Company, for which they would have received customary fees. Shore Capital and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

Notice to prospective investors in the United Kingdom

No Shares have been offered or will be offered pursuant to the Placing to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which has been approved by the FCA, or in accordance with the Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

- 1) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- 2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- 3) in any circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall require the Company or any other person to publish a prospectus pursuant to Article 23 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Shares or to whom any offer is made in the Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of the Prospectus Regulation and/or EU Prospectus Regulation.

Neither the Company or Shore Capital has authorised, nor does any of them authorize, the making of any offer of Shares in circumstances in which an obligation arises for the Company or Shore Capital to publish a prospectus or a supplemental prospectus in the United Kingdom in respect of such offer.

For the purposes of this provision, the expression “an offer to the public” in relation to any offer of Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, and the expression “**Prospectus Regulation**” means the Regulation (EU) 2017/1129 as applied in the United Kingdom under the European Union (Withdrawal) Act 2018 (as amended).

In addition, this document is being distributed in the United Kingdom where it is directed only at (i) persons who are qualified investors within the meaning of the Prospectus Regulation who (a) have professional experience in matters relating to investments who fall within the definition of “Investment Professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the “**Order**”); or (b) are high net worth companies, unincorporated associations or partnerships or trustees of high value trusts as described in Article 49(2) of the Order or (ii) persons who are otherwise permitted by law to receive it, (all such persons together being referred to as “**relevant persons**”). The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and in any event, and under no circumstances, should persons of any other description rely on or act upon the contents of this document.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area (“**EEA**”) (each a “**Member State**”), no Shares have been offered or will be offered pursuant to the Placing to the public in that Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Member State, or in accordance with the EU Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the EU Prospectus Regulation:

- (1) to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such Member State; or
- (3) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Shares shall require the Company or any other person to publish a prospectus pursuant to Article 23 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation and each person who initially acquires any Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a “**qualified investor**” within the meaning of the EU Prospectus Regulation.

None of the Company or Shore Capital has authorised, nor does any of them authorise, the making of any offer of Shares in circumstances in which an obligation arises for the Company, or Shore Capital to publish a prospectus or a supplemental prospectus in respect of such offer.

For the purposes of this provision, the expression “**an offer to the public**” in relation to any offer of Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, and the expression “**EU Prospectus Regulation**” means Regulation (EU) 2017/1129.

Forward looking statements

Certain statements in this document are or may constitute forward looking statements, including statements about current beliefs and expectations of the Directors. In particular, the words “envisage”, “projects”, “expect”, “anticipate”, “estimate”, “may”, “should”, “plan”, “intend”, “will”, “would”, “could”, “target”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board’s expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Group’s financial performance. Though the Board believes these expectations to be reasonable at the date of this document they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part III of this document.

Any forward looking statement in this document speaks only as of the date it is made. Save as required by law or regulation or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board’s expectations or in order to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Presentation of financial information

Unless otherwise indicated, the financial information of the Group set out in this document has been prepared in accordance with International Accounting Standards as adopted by the United Kingdom (“IFRS”).

Certain non-IFRS measures such as Adjusted operating profit (operating profit adjusted for items not considered part of underlying trading including IPO costs and share based payments) have been included in the financial information contained in this document as the Directors believe that these present important alternative measures with which to assess the Group’s performance. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or to other measures of performance under IFRS. In addition, the Company’s calculation of Adjusted operating profit may be different from the calculation used by other companies and therefore comparability may be limited.

The Group has historically prepared company only accounts under UK Generally Accepted Accounting Practices (“**UK GAAP**”). As such, consolidated financial information has been prepared under IFRS for the first time for the purpose of presentation in this document. Consequently, no transition note or reconciliation has been prepared.

Rounding

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Currency presentation

In the document, references to “sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom. Unless otherwise indicated, the financial information contained in this document has been expressed in sterling. The Group presents its financial statements in sterling.

Market, industry and economic data

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group’s position therein, are based on the Group’s records or are taken or derived from statistical data and information derived from the sources described in this document. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

This document includes market share, industry data and forecasts that the Company has obtained from industry publications, surveys and internal company sources.

Market and industry data is inherently predictive and speculative and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, Shore Capital has not authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Shore Capital for the accuracy or completeness of any market or industry data which is included in this document.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document are defined at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

Notice to Distributors

Solely for the purposes of the product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Rules**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties each as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"); and (ii) eligible for distribution through all distribution channels as are permitted by the UK Product Governance Rules (the "**UK Target Market Assessment**").

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**").

Notwithstanding the UK Target Market Assessment and the EU Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Each of the UK Target Market Assessment and the EU Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment and the EU Target Market Assessment, Shore Capital will only procure investors who meet the criteria of professional clients and eligible counterparties each as defined under COBS or MiFID II, as applicable.

For the avoidance of doubt, each of the UK Target Market Assessment and the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of COBS or MiFID II, as applicable; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

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ADMISSION STATISTICS AND EXPECTED TIMETABLE

Placing Price per Placing Share	100 pence
Number of Existing Shares in issue prior to Admission ⁽¹⁾	16,387,508
Number of Placing Shares to be issued by the Company pursuant to the Placing	5,000,000
Placing Shares expressed as a percentage of the Enlarged Share Capital	23.4
Number of Shares immediately on Admission ⁽²⁾	21,387,508
Market capitalisation of the Company at the Placing Price immediately following Admission ⁽³⁾	£21,387,508
Gross proceeds of the Placing	£5,000,000
Estimated net proceeds of the Placing receivable by the Company ⁽⁴⁾	£3,783,481
ISIN	GB00BNG9H550
SEDOL	BNG9H55
AIM TIDM	DSW
LEI number	213800KKIQCJTG23

Notes:

- (1) The Existing Shares in issue prior to Admission includes 328,000 shares under Legacy Awards.
- (2) Inclusive of the Shares held by the Trustee in respect of the Legacy Awards.
- (3) The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will equal or exceed the Placing Price. The market capitalisation specified above includes the Shares held by the Trustee in respect of the Legacy Awards
- (4) After deduction of fees and expenses payable by the Company.

Expected Timetable

Publication of this document	13 December 2021
Admission and commencement of dealings in the Shares on AIM	16 December 2021
Placing Shares credited to CREST accounts (where applicable)	8.00 am on 16 December 2021
Dispatch of definitive share certificates for Placing Shares (where applicable)	no later than 10 business days after Admission

All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.

COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

Directors	Heather Louise Lauder (<i>Independent Non-Executive Chair</i>) James Alexander Thomas Dow (<i>Chief Executive Officer</i>) Nicole Jane Burstow (<i>Chief Financial Officer</i>) Jillian Margaret Jones (<i>Independent Non-Executive Director</i>) Jonathan Hugh Schofield (<i>Non-Executive Director</i>)
Company Secretary	Richard Evans
Registered Office	7400 Daresbury Park Daresbury Warrington WA4 4BS
Website	www.dswcapital.com
Nominated Adviser	Shore Capital and Corporate Limited Cassini House 57 St James's Street London SW1A 1LD
Sole Bookrunner and Broker	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD
Legal Advisers to the Company	Hill Dickinson LLP 50 Fountain Street Manchester M2 2AS
Legal advisers to Shore Capital	Gateley Plc One Eleven Edmund St Birmingham B3 2HJ
Reporting Accountant and Auditors	BDO LLP 3 Hardman St Manchester M3 3AT
Registrars	Computershare Limited The Pavilions Bridgewater Road Bristol BS99 6ZZ
PR Advisers to the Company	Belvedere Communications Ltd 25 Finsbury Circus London EC2M 7EE

DEFINITIONS

Adjusted Operating Profit	Operating profit adjusted for items not considered part of underlying trading including IPO costs and share based payments
Adjusted Operating Profit CAGR	Adjusted Operating Profit compound annual growth rate
Admission	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
Admission Document	this document dated 13 December 2021
AIM	AIM, a market operated by the London Stock Exchange
AIM Rules for Companies	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) and those other rules of the London Stock Exchange which govern the admission of securities to trading on, and the regulation of, AIM
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers published by the London Stock Exchange and as amended and updated from time to time
A Ordinary Shares	A ordinary shares of £0.001 each in the capital of the Company prior to Admission
Articles	the articles of association of the Company, as at the date of Admission, a summary of which is set out in paragraph 4 of Part VI of this document
Audit and Risk Committee	the audit and risk committee of the Board
Board	the board of Directors of the Company, or any duly authorised committee thereof
B Ordinary Shares	B ordinary shares of £0.001 each in the capital of the Company prior to Admission
Broker	Shore Capital Stockbrokers Limited, being the Company's sole broker and bookrunner
CAGR	compound annual growth rate
Camlee Noteholders	together, Cameron Varley and Lee Wojtkiw
Camlee Loan Notes	£500,000 zero rate unsecured convertible loan notes issued by the Company pursuant to a convertible loan note instrument entered into by the Company on 10 February 2020
Chair or Non-Executive Chair	the independent non-executive chair of the Board, being Heather Lauder at the date of this document
Clawback Agreements	the clawback agreements entered into between the Company and the Clawback Shareholders, as more particularly described in Paragraph 16.9 of Part VI
Clawback Shareholders	certain of the Growth Shareholders who have entered into Clawback Agreements

COBS	the FCA Handbook Conduct of Business Sourcebook
Code	the City Code on Takeovers and Mergers published by the Panel
Companies Act	the Companies Act 2006 (as amended)
Company or DSW Capital or DSW	DSW Capital plc, registered as a public company in England and Wales, with registered number: 07200401
CREST	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
C Ordinary Shares	C ordinary shares of £0.0001 each in the capital of the Company prior to Admission
Daresbury Lease	the lease of the Daresbury Office entered into between (1) DSW Services and (2) DSW Investments 2 LLP on 5 November 2021
Daresbury Office	the office situated at 7400 Daresbury Park, Daresbury, Warrington WA4 4BS
Deferred Shares	the deferred shares of £0.0001 each in the capital of the Company
Directors	the directors of the Company as at the date of this document, whose names appear on page 10 of this document
D Ordinary Shares	D ordinary shares of £0.0001 each in the capital of the Company prior to Admission
DSW CF Leeds	Dow Schofield Watts Corporate Finance (Leeds) Limited, registered as a private limited company in England and Wales with registered number 07917143
DSW Services	Dow Schofield Watts Services LLP, registered as a limited liability partnership in England and Wales, with registered number: OC397251
EBITDA	earnings before interest, tax, depreciation and amortisation
EEA	the European Economic Area, together being the EU, Iceland, Liechtenstein and Norway
Enlarged Share Capital	the issued ordinary share capital of the Company immediately following Admission, comprising the Existing Shares and the Placing Shares
E Ordinary Shares	E ordinary shares of £0.0001 each in the capital of the Company prior to Admission
EU	the European Union, first established by the treaty made at Maastricht on 7 February 1992
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on the regulated market

Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
EUWA	European Union (Withdrawal) Act 2018, as amended
Executive Directors	the executive Directors of the Company as at the date of this document, namely James Dow and Nicole Burstow
Existing Shares	the 16,387,508 Shares in issue immediately prior to the issuance of the Placing Shares and Admission inclusive of the shares held by the Trustee in respect of the Legacy Awards
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom
FSMA	the Financial Services and Markets Act 2000, as amended
Group or DSW Group	the Company and its Subsidiary
Growth Shareholders	each of the persons who immediately prior to Admission held C ordinary shares of £0.0001 each and/or E ordinary shares of £0.0001 each in the capital of the Company and “ Growth Shareholder ” shall be construed accordingly
Historical Financial Information	the consolidated financial information of the Group for the periods ending 31 March 2019, 2020 and 2021, as set out in Section B of Part IV of this document
HMRC	Her Majesty’s Revenue and Customs
IFRS	International Accounting Standards as adopted by the United Kingdom in accordance with section 474(1) of the Companies Act
ISIN	International Securities Identification Number
Licence Fee Acquisition	where DSW Capital acquires the brand and IP of an existing business and then licenses it back in exchange for licence fee income
Lock-in Agreements	the lock-in agreements entered into between the Company, Shore Capital and the Locked-in Shareholders, as more particularly described in paragraph 16.8 of Part VI
Locked-in Shareholders	each of the Directors, Growth Shareholders, the Camlee Noteholders and certain other Shareholders
London Stock Exchange	London Stock Exchange plc
MAR or Market Abuse Regulation	the UK version of the Market Abuse Regulation (Regulation 596/2014) which is part of English law by virtue of EUWA, as amended
Member State	a member state of the EEA
Network or DSW Network	the Group and its licensees
Network Revenue	total revenue earned by licensees, as opposed to total revenue reported by the Company
Non-Executive Directors	the non-executive Directors of the Company (including the Chair) as at the date of this document, namely Heather Lauder, Jillian Jones and Jonathan Schofield

Official List	the Official List of the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA
Operating Profit	profit for a period excluding income tax and financing
Panel	the UK Panel on Takeovers and Mergers
Placee	a person (including individuals, funds or otherwise) subscribing for Placing Shares under the Placing
Placing	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement entered into on or about the date of this document between (1) SCC, (2) SCS and (3) the Company and (4) the Directors in relation to the Placing of the Placing Shares and Admission, details of which are set out in paragraph 16.3 of Part VI of this document
Placing Price	100 pence per Placing Share
Placing Shares	the 5,000,000 new Shares to be allotted and issued by the Company in connection with the Placing
Professional and Business Services Sector	covered sectors include legal services, audit, accountancy, advertising and market research, management consultancy, architectural and engineering activities and recruitment activities
Prospectus Regulation	the EU Prospectus Regulation as it forms part of English law by virtue of EUWA, as amended
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA pursuant to section 73A of FSMA from time to time
QCA	the Quoted Companies Alliance
QCA Code	the QCA Corporate Governance Code published in 2018
Recognised Investment Exchange	has the meaning given in section 285 of FSMA
Redeemable Preference Shares	the redeemable preference shares of £1.00 each in the capital of the Company
Registrar	Computershare Limited a private limited company incorporated and registered in England and Wales with registration number 03015818 of The Pavilions, Bridgwater Road, Bristol, BS13 8AE
Remuneration and Nomination Committee	the remuneration and nomination committee of the Board
RIS	Regulatory Information Service
SDRT	Stamp Duty Reserve Tax
SEDOL	Stock Exchange Daily Official List
Shareholders	holders of Shares for the time being
Shares	ordinary shares of 0.25p each in the capital of the Company
Share Option Schemes	the share option scheme(s) described in paragraph 9 of Part VI

Shore Capital	Shore Capital and Corporate Limited a private limited company incorporated and registered in England and Wales with registration number 02083043 and/or Shore Capital Stockbrokers Limited a private limited company incorporated and registered in England and Wales with registration number 01850105, as the context requires of Cassini House, 57 St James's Street, London, SW1A 1LD, nominated adviser and broker to the Company
Subsidiary	has the meaning given in the Companies Act
UK	the United Kingdom of Great Britain and Northern Ireland
Uncertificated or uncertificated form	Shares recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST
United States or US or USA	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof
US Securities Act	United States Securities Act of 1993 (as amended)
VAT	UK value added tax
£ and p	United Kingdom pounds Sterling and pence, respectively

PART I

INFORMATION ON THE GROUP

1. Overview

Introduction

DSW Capital (“**DSW**”), owner of the Dow Schofield Watts brand, is a profitable, fast growing, mid-market, challenger professional services network with a cash generative business model and scalable platform for growth. Originally established in 2002, by three KPMG alumni, DSW is one of the first platform models disrupting the traditional model of accounting professional services firms. DSW currently operates licensing arrangements with 19 licensee businesses and 82¹ fee earners (“**FES**”), across six offices in England and one in Scotland. These trade primarily under the Dow Schofield Watts brand. The Group has a strong growth record, with two year historical Adjusted Operating Profit CAGR of 28 per cent. For the year ended 31 March 2021, DSW received an average licence fee of 14.7 per cent. of licensee revenues and generated Operating Profit of £1.7 million and operating cash flow of £0.8 million. The three-year historical Network Revenue CAGR to FY21 was 22 per cent.

About DSW

DSW’s vision is for the DSW Network to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses. Through a licensing model, DSW gives professionals the autonomy and flexibility to fulfil their potential. Being part of the DSW Network brings support benefits in recruitment, funding, and infrastructure. DSW’s challenger model attracts experienced, senior professionals, predominantly with a “Big 4” accounting firm background, who want to launch their own businesses and recognise the value of the Dow Schofield Watts brand and the synergies which come from being part of the DSW Network.

James Dow, Jonathan Schofield, and Mark Watts, having worked at KPMG’s corporate finance practice in the North West of England, founded Dow Schofield Watts LLP as a corporate finance boutique in 2002. Over the last 19 years, this experienced and highly regarded team has created a successful licensing business, based around multi award-winning corporate finance and due diligence services, alongside a growing range of complementary activities in the professional services sector (350 corporate finance advised transactions now completed with a combined value by the Network of £8.47 billion).

As the Dow Schofield Watts name became established, the management team identified a clear opportunity to tap into an unfulfilled and under-rewarded talent pool. The “Big 4” accounting firms have many high calibre individuals, who are either frustrated at the limited openings to make partner or, having developed a good network of contacts within a specialist niche, want to run their own businesses. DSW offers these individuals an attractive commercial proposition. It provides support, including regulatory guidance, start-up capital, a base level of drawings (salary), and access to DSW’s extensive network of contacts, including the benefit of cross referrals. The start-up businesses are able to trade under the Dow Schofield Watts name. In FY21, average licence fees received by DSW were 14.7 per cent. of licensee revenues, up from 12.6 per cent. in FY20, with licensee partners retaining on average 85 per cent. of fees billed. The support provided by DSW empowers ambitious professionals to focus on winning and servicing clients and concentrate on building their own businesses. Use of the Dow Schofield Watts name, with the credibility it brings and the Network’s service line capability, also helps licensees with competitive pricing, compared to levels typically charged by the “Big 4”, and enhanced pricing, compared with smaller independents.

DSW’s robust platform offers a scalable, challenger recurring revenue model that is capital light, cash generative, and enables service expansion.

DSW believes its Network is very attractive to individuals wanting improved flexibility around their work commitments without billing targets, those seeking greater operational freedom, and those who prefer a model with no requirement to invest partnership capital. These features are expected to prove particularly attractive in a post-Covid world and disrupt the traditional model of accounting firms.

DSW has a strong commitment to diversity and believes the nature of its model presents an opportunity to lead the accounting profession in this area. In particular, DSW takes pride that 60 per cent. of its Board are female, which sets DSW apart when considering only 15 per cent. of AIM company board directors are

¹ As at 31 October 2021

female. Corporate finance also typically has lower female representation, making the level of female partner representation across the DSW Network, at approximately 22 per cent., even more impressive.

The Directors believe that there is significant opportunity for acquisitive growth. The accounting profession is ripe for disruption, as the “Big 4” come under increasing pressure from regulatory bodies to restructure. This presents potential for DSW’s differentiated licence fee model to attract talent from some of the large professional services firms in the UK. More recently, DSW has acquired licence fees from existing independent advisory firms looking to accelerate their growth as part of a wider network.

The UK Accounting and Financial Professional Services Market

The UK accounting and financial professional services market is diverse, comprising approximately 5,000² professional services firms, which the Directors believe can be broadly divided into three segments:

1. “Big 4” – large companies with significant scale, offering a wide and diversified catalogue of services, with a large regional and international footprint.
2. The “mid-market” – firms with substantially less scale than the “Big 4” but still offering a number of different services, often with a number of offices across the UK. The larger of these firms may also have an international presence.
3. The “high-street” market – small owner-managed business, often specialising in one service line, usually operating in one location.

Within this market, per the 2019 Competition and Markets Authority’s (“CMA”) Statutory Audit Services market study, the “Big 4” generated approximately £9.3 billion of revenue, whilst the latter two segments accounted for approximately £1.5 billion of revenue³.

Reasons for Admission

The Directors consider Admission to be an important step in the Group’s development, to provide access to capital to fund Licence Fee Acquisitions, geographic and service line expansion, to increase brand awareness and recognition, and add further credibility to the DSW offering amongst potential new licensees and clients of the Network, thereby enhancing the Network’s future growth potential.

The net proceeds of the Placing of approximately £3.8 million will be used to pay down the Group’s outstanding bank debt of £0.8 million (as at 30 September 2021), with the balance being used primarily to fund the acquisition of licence fee income and drive the recruitment strategy. The Directors have identified a pipeline of target opportunities, which they believe will generate attractive returns for shareholders.

2. History and background

Dow Schofield Watts LLP was co-founded in 2002 by James Dow, Jonathan Schofield, and Mark Watts, as a corporate finance advisory boutique, operating out of the North West of England.

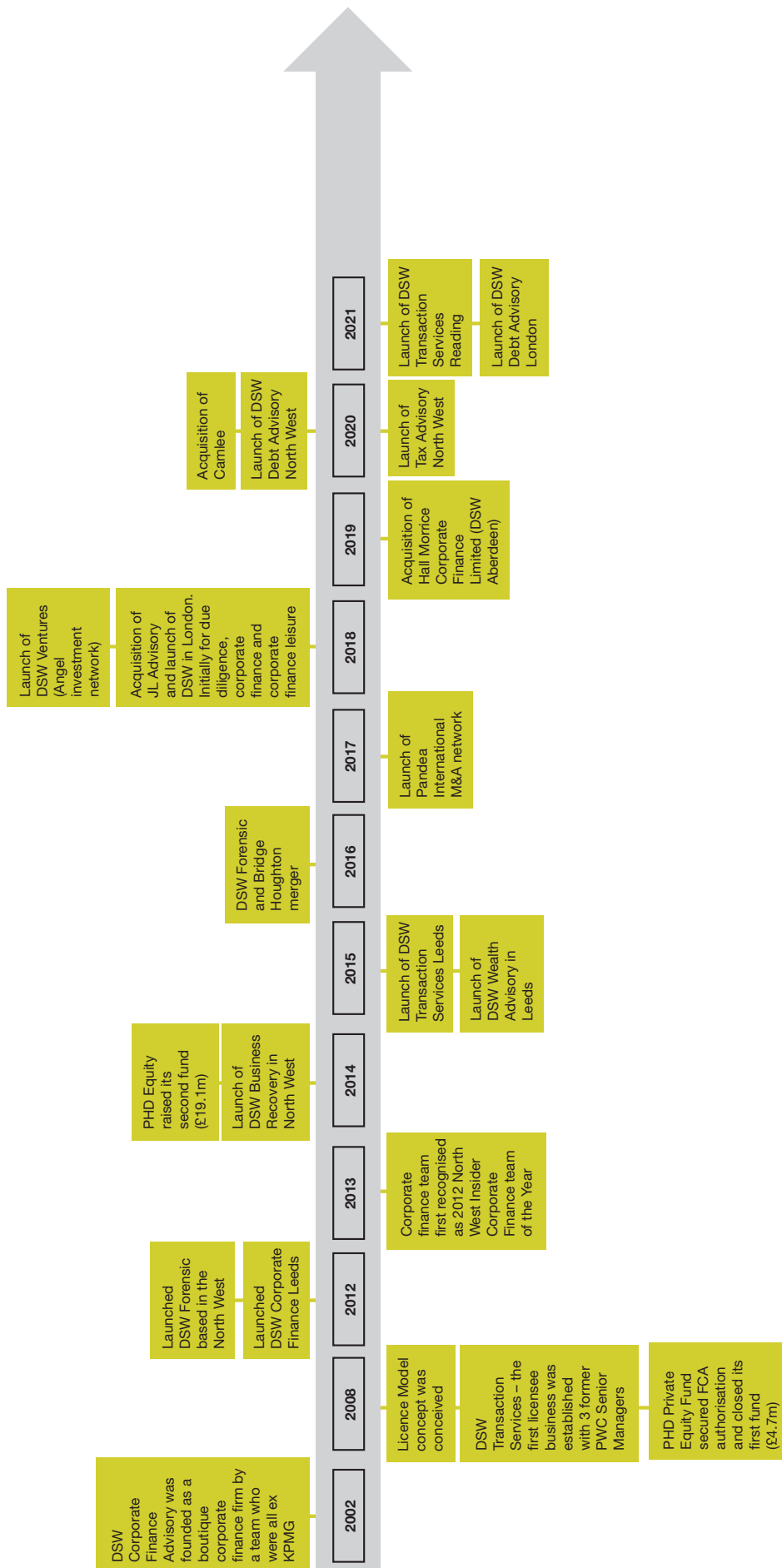
In 2008, the licence model concept was conceived by management, whereby start-up capital would be provided to licensees to operate under the Dow Schofield Watts brand name in return for a royalty based percentage of fee income. The first licensed business, Dow Schofield Watts Transaction Services LLP, was established in September 2008.

DSW Capital Limited was incorporated in March 2010 and, in March 2011, it acquired and licensed the trading names Dow Schofield Watts and DSW. In 2012, the corporate finance team in Daresbury was awarded for its achievements winning North West Insider Corporate Finance Team of the Year. Many awards across the Network followed in subsequent years, including, *inter alia*, the 2015, 2016, 2017 and 2020 Mid-Market Corporate Advisory Team of the Year (North West Insider Awards) and 2020 and 2021 Niche Firm of the Year (Yorkshire Accountancy Awards) and 2021 International Deal of the Year (North West Insider Awards).

In addition to corporate finance and due diligence, a further eight service lines were established within the Network and the Group completed three Licence Fee Acquisitions between 2018 and 2021.

² Financial Reporting Council, “Key Facts and Trends in the Accountancy Profession”, October 2020

³ Financial Reporting Council, “Key Facts and Trends in the Accountancy Profession”, October 2020



Service line	Corporate Finance Advisory	Financial Due Diligence	Business Recovery	Business Planning	Equity Finance	Forensic Services	Angels Network	Debt Advisory	Tax Services	Wealth Advisory
Teams	<ul style="list-style-type: none">• Award winning mid-market £24m average deal size	<ul style="list-style-type: none">• Established in 2008• Award winning mid-market	<ul style="list-style-type: none">• Established in 2014• Advisory, restructuring and rescue and insolvency	<ul style="list-style-type: none">• Joined DSW in 2018• Financial and commercial advice to private and public sector	<ul style="list-style-type: none">• Established in 2008• 2 successful fundraises (£4.7m and £19.1m)	<ul style="list-style-type: none">• Established in 2012• Expert witness, dispute and investigation services	<ul style="list-style-type: none">• Venture Capital high-growth regional start-ups invests £0.3m - £1m• Backed by HNW EIS Investors and British Business Bank	<ul style="list-style-type: none">• Established in 2020• SMEs and mid-market businesses raising debt of c£3m - £250m	<ul style="list-style-type: none">• Established in 2021• Corporate tax advice, inheritance tax planning and R&D tax credits	<ul style="list-style-type: none">• Established in 2015• C£80m assets under management
	69%	14%	<5%	<5%	5%	<5%	<5%	<5%	n/a	<5%
FY21 Total % of revenues										

⁴ Dow Schofield Watts Tax Advisory LLP and Dow Schofield Watts VAT Services LLP are dormant entities which will remain part of the Group on Admission

3. Group structure

DSW has one subsidiary, DSW Services LLP. The Company retains an equity interest in four licensee businesses: Dow Schofield Watts Corporate Finance (Leeds) Limited, Dow Schofield Watts Transaction Services (Leeds) LLP, Dow Schofield Watts Business Recovery LLP and Dow Schofield Watts Wealth Advisory LLP^{4a}. Such entities will remain as investments on Admission. The Company also retains legacy equity interests in two businesses that are no longer trading, being Dow Schofield Watts VAT Services LLP and Dow Schofield Watts Tax Consulting LLP. The latter is in the process of being struck off.

4. Business operations

Business model

(a) Licence agreements

First executed in 2008, the licence model established by DSW allows its licensees to use the Dow Schofield Watts brand and access its Network. DSW provides start-up funding and takes care of many aspects associated with the running of the “office” which includes IT, compliance guidance, accounting, marketing, recruitment, and banking support. This model enables teams to hit the ground running and focus on growing their respective businesses and maximising their profit. In return, DSW receives a percentage of the licensee’s revenue and, in some cases, a percentage of the licensee’s profits. Licensees are responsible for collecting their own debtors from clients, necessary to fund each licensee’s partner drawings and pay its employees. This drives strong cash collections across the Network. DSW generally has the right to terminate each of the licence agreements with three months’ notice.

The average revenue earned by DSW is 16 per cent. (including profit share where applicable) of the licensee’s annual revenue but licence fee rates typically ranges between 10 per cent. and 20 per cent. (for current licensees) and 22 per cent. for future licensees with those businesses on a lower licence fee being subject to additional profit share arrangements. The average licence fee received by DSW Capital has increased from an initial 10 per cent. as the Dow Schofield Watts brand has grown stronger and additional central services have been provided to newer licensees. The average licence fee was 14.7 per cent. in FY21, up from 12.6 per cent. in FY20. The Company currently receives licence fee income from 19 licensees.

Licence fee income was initially derived from start-up businesses. In 2018, DSW started to acquire licence fee income from existing business owners. DSW acquires the brand and IP of the existing business and licenses it back. To date, DSW has acquired licence fee income from three existing businesses and it has proven to be an effective way for management to scale the business. Historically, DSW has paid initial cash consideration, based on expected annual licence fee income, with additional deferred consideration payable in up to four years.

Flexibility of the model allows DSW to structure deals based on the specific acquisition in hand. For start-up businesses, a higher licence fee is typically charged, as DSW provides a more significant level of support. Whereas for acquisitions, lower licence fees can be charged due to the robustness and more established nature of the business being acquired.

DSW has schemes to incentivise cross-selling across the Network. These schemes are an attractive mechanism to accelerate organic growth by encouraging greater collaboration and increased cross-selling to drive further profit growth for DSW:

- Referral fee commission – licensees usually receive 10 per cent. of the total fees earned on work referred to other DSW licensees. This commission is paid by the recipient licensee directly to the referring licensee i.e. at no cost to DSW.
- Service line incentive scheme – going forward for start up licences, DSW will typically distribute 5 per cent. out of the 22 per cent. licence fees charged to other DSW licence holders. This will apply to all new licence agreements, meaning the net licence fee received by DSW will be 17 per cent. This incentive has been introduced to encourage service line collaboration.

^{4a} The Partner in Dow Schofield Watts Wealth Advisory LLP has indicated his intention to resign from the partnership with effect from 31 March 2022

DSW has an established partnership network of global advisory firms, called “Pandea Global M&A”. Pandea Global M&A comprises selected independent firms with a primary focus on the origination and execution of middle market M&A activities. Typically, this network is focused on transaction values between €5 million and €500 million. The network covers 23 countries and totals over 200 professionals. The Pandea network increases the DSW Network’s access to overseas buyers, investors and valuable local knowledge, while providing its UK-based clients with access to an enlarged pool of acquisition targets.

(b) **Central Support**

Central services are provided through DSW Services. These services have expanded in recent years to offer additional support to licensees and include the following:

IT and Data Security

DSW has an in-house IT manager to maintain the integrity of the Group’s central IT infrastructure, who is supported by an external IT service partner. Together, they provide support to both the Company and its licensees.

Compliance Guidance

DSW takes a proactive approach to risk management, which starts at a strategic level with the Board. DSW has a dedicated Compliance and Risk Director to oversee risk and provide licensees with regulatory guidance.

Accounting

DSW offers support to its licensees in accounting services, such as banking, tax returns and the preparation of management accounts.

Marketing

DSW maintains a social media presence for the whole Network and leads all PR activities. This central resource can also assist with business development initiatives and other marketing activity.

Recruitment and Talent Management

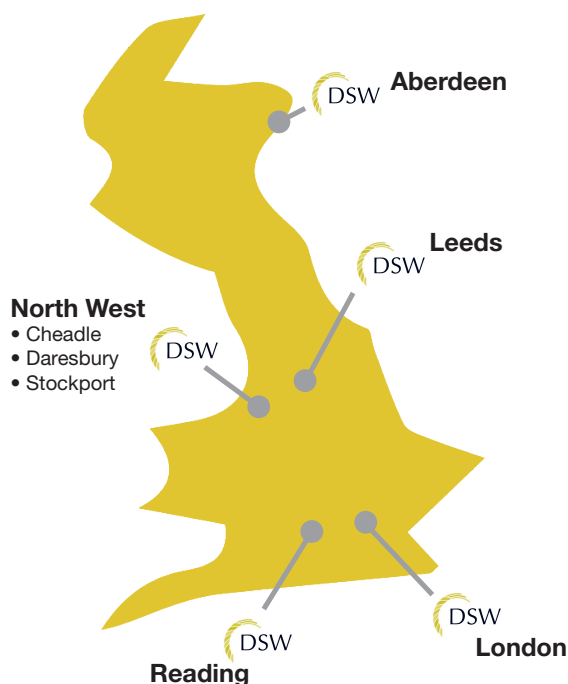
DSW has two in-house recruitment managers to help manage the recruitment pipeline of newly established licensee businesses and for growing existing licensee businesses. This resource also provides people development support and conducts new partner assessments.

Funding support

When professionals consider leaving their workplace to establish their own business, one of their biggest concerns is funding. DSW typically provides the initial capital required to cover start-up costs, partner drawings, employee salaries and other working capital requirements. This is usually provided in the form of an interest free draw-down facility for the first 24 months, thereafter attracting interest of 0.5 per cent. per month. In return for DSW providing this funding, all licensee partners are initially remunerated at a below market rate, fulfilling their need for economic security and driving their motivation to grow the business.

Business locations

Whilst the Dow Schofield Watts brand was first established in the North West of England, the DSW Network has expanded geographically through start-ups and the acquisition of more licensees.



5. Key strengths of the Model

(i) To the Company

- Through entering into licensing arrangements, based on a percentage of licensee fee income, DSW is able to generate regular contractual revenue. In addition, in the absence of a fixed salary, licensee partners are remunerated for work completed which incentivises them to deliver a consistent level of income which feeds through to DSW as licence fee income;
- DSW is not directly exposed to the property and employee obligations of the licensee, thereby significantly reducing the operational gearing of the business;
- Licensees selected and recruited are “self-starters”, who are entrepreneurial and keen to drive organic growth. Licensing arrangements have flexibility, allowing new partners to join existing licensee firms, facilitating organic growth;
- Provision of central services to licensees allows their partners to focus on winning and executing business, increasing their income and, consequently, DSW’s licence fee income; and
- The business model requires a low level of capital investment and delivers a high return on investment.

(ii) To the DSW Network start-ups

- The DSW brand creates improved perception of credentials and capability, enhancing billing rates;
- The brand profile and scale of the Network provides an opportunity to access better quality work and clients;
- The Directors believe there are significant opportunities for referrals from the wider DSW Network of 82 professionals, (as at 31 October 2021) which also provides access to multi-disciplinary services;
- The Directors believe that being part of a larger network, together with central capability, makes recruitment and retention of staff easier;
- Central marketing and PR enhances profile;
- The provision of central services generally allows partners to focus on winning and executing work, increasing partner profits; and

- DSW provides the initial funding, including partner drawings, providing significant economic reassurance when compared to building a business independently or buying into an existing partnership.

(iii) ***To acquired established businesses***

- With its larger scale, DSW provides improved perception of credentials and capability, enhancing billing rates;
- The brand profile and scale of the Network provides an opportunity to access better quality work and clients;
- The Directors believe there are significant opportunities for referrals from the wider DSW Network of 82 professionals (as at 31 October 2021), which also provides access to multi-disciplinary services;
- The Directors believe that being part of a larger network, together with central capability, makes recruitment and retention of staff easier;
- Central marketing and PR enhances profile;
- DSW offers central services to acquired businesses to reduce their overheads and access additional capabilities;
- DSW offers access to additional capital to accelerate growth;
- Through the acquisition of the IP, DSW can provide a capital receipt to the founders; and
- DSW provides expertise to assist with succession planning.

6. Market size and Competitive Environment

Overview of the Professional and Business Services sector

The UK is a global hub for activity in the Professional and Business Services sector, being one of the largest and most developed markets internationally. This is due to the existence of a well-developed eco-system of complementary professional services. Consequently, the sector is an important contributor to the UK economy, both in terms of value added to other businesses and sectors, and its own contribution to GDP.

The Professional and Business Services sector is a large provider of employment for the UK economy, accounting for c.13 per cent. of all UK employment in 2020 and with job growth exceeding the UK average by 2 per cent.⁵.

Geographically, activity is spread across the UK with concentrations in London and regional centres.

UK market

The UK market is diverse, comprising approximately 5,000⁶ professional services firms, which the Directors believe can be broadly divided into three segments:

1. “Big 4” – large companies, with significant scale, offering a wide and diversified catalogue of services, with a large regional and international footprint.
2. The “mid-market” – firms with substantially less scale than the “Big 4” but still offering a number of different services, often with a number of offices across the UK. The larger of these firms may also have an international presence.
3. The “high-street” market – small owner managed business, often specialising in one service line, usually operating in one location.

Within this market, per the 2019 Competition and Markets Authority’s Statutory Audit Services market study, the “Big 4” generated approximately £9.3 billion of revenue, whilst the latter two segments, collectively

⁵ BEIS research Paper on the Professional & Business Services Sector, February 2020

⁶ Financial Reporting Council, “Key Facts and Trends in the Accountancy Profession”, October 2020

⁷ Financial Reporting Council, “Key Facts and Trends in the Accountancy Profession”, October 2020

categorised as “challengers”, accounted for approximately £1.5 billion of revenue⁷. Barriers to entry are generally low, with intellect and ideas being more important than capital assets. Fewer than 1 per cent. of professional and business services enterprises have more than 250 employees⁸.

Within this context, the Directors consider the Network’s competitors to be the “Big Four” and “mid-market” accounting firms. DSW’s market position varies across the UK with its largest market penetration being in the North West, where its Network is currently ranked the second largest financial adviser by deal volumes.

The Financial Reporting Council has committed to increase restrictions on the non-audit services that all audit firms can provide to their audit clients by 2024, in order to ensure independence and maintain audit quality.

The Competition and Markets Authority is currently recommending a separation of audit and non-audit services across the “Big 4” with the aim of increasing independence in audit services and increasing competition across the sector as a whole. In 2019, the Chairman of the CMA, Andrew Tyrie said *“The Government now has three reports to hand. In large part, they come to similar conclusions. Conflicts of interest cannot be allowed to persist; nor can the UK afford to rely on only four firms to audit Britain’s biggest companies any longer. Early action will require legislation – hence the CMA’s proposals.”*

DSW and its Network does not provide any audit services and is free of conflicts of this nature.

The regulatory backdrop has triggered the divestments of a number of specialist non-audit services by the “Big 4”, including KPMG’s pension arm and both KPMG’s and Deloitte’s restructuring businesses.

The Directors believe that the increase in political and regulatory scrutiny, which is impacting larger accounting firms, in particular the separation of the “Big 4” non-audit services, provides substantial opportunity for smaller, more agile practices such as DSW’s Network.

The mergers and acquisitions (“M&A”) market

UK M&A activity has been strong in 2021. In the first half of 2021, there were 854 transactions with a value of £53.5 billion⁹. Additionally, activity in the first half of 2021 was c.£28 billion higher than the last half of 2020.¹⁰

A confluence of factors is driving this activity. Firstly, the macro environment is supportive of transactions, and thus associated services, with a large number of mergers and acquisitions, fundraisings and IPOs being executed in 2021. This is partly a consequence of accommodative monetary policy, resulting in low interest rates, which has allowed companies to raise debt, in order to finance transactions, cheaply. Further to this, there is a positive outlook in relation to the wider economy following the downturn, attributable to circumstances put in place in response to the Covid-19 pandemic. Additionally, the prevalence of many debt funds and the proliferation of private equity companies in the UK is expected to continue to drive UK M&A activity.

As such, the Directors are of the view that significant opportunities exist within the market for further strong growth and expansion in the Network’s corporate finance and due diligence service lines, as well as other complementary advisory services.

The Network also includes nine fee earners involved in Business Recovery and Insolvency services. This service line is well placed to capitalise on the opportunities expected to arise from the relaxation of government support packages that emerged during the Covid-19 pandemic. For context, the Red Flag Alert research for Q1 2021 recorded 723,000 businesses in ‘significant financial distress’, a 15 per cent. increase on the previous quarter (largest numerical quarterly leap in the research since its new version was launched in 2014) and a 42 per cent. increase, year-on-year.¹¹

⁸ the Parliamentary Professional & Businesses Services Sector Report

⁹ ONS, “Mergers and acquisitions involving UK companies”, September 2021

¹⁰ ONS, “Mergers and acquisitions involving UK companies”, September 2021

¹¹ Red Flag Alert research for Q1 2021

Other Professional Services

Large regional accounting firms do not possess the specialist services of Corporate Finance, Due Diligence and Business Recovery to the same scale as the DSW Network. In these areas, the Network's competitors are specialist firms with narrower offerings. The Directors believe that the Network differentiates itself with the breadth of its service offering, which is similar to that of the "Big 4" and characterised by ambitious and driven partners, who have often worked at "Big 4" firms.

Female representation in UK accountancy practices

The "Big 4" have been under increasing pressure to increase the number of female partners in recent years, having set themselves ambitious targets for female representation at the leadership level. For example, by the end of 2022 KPMG is aiming for 25 per cent. of all partners to be female. Meanwhile, Deloitte is aiming for 40 per cent. of its partners to be female by 2030. Unlike the "Big 4", who are actively having to encourage an increase in female representation at more senior levels, DSW's model has proven inherently attractive to women, without the need to proactively drive and improve female representation. The Directors believe that the flexibility offered by the model provides an opportunity to lead the field in this area.

The lack of female representation at the partner level across some of the UK's largest accountancy practices is well documented. While DSW's Network has broadly similar female representation at partner level as the "Big 4" (currently approximately 22 per cent.), its model allows women to access senior roles in corporate finance and transactional services, which the Board believes are dominated by men in more traditional firms.

Work life balance

There has been widespread criticism regarding the lack of diversity in leadership and long hours culture at the "Big 4" firms. The Directors believe that those growing tired of these trends represent another talent pool for DSW to tap into with its agile model. The flexibility and autonomy offered by DSW are key selling points in the market, when it comes to recruitment, particularly as professionals reassess their career ambitions and work life balance.

7. Growth strategy

The Group's long-term vision is for DSW's Network to become the most sought-after destination for ambitious, entrepreneurial professionals to start and develop their own businesses. DSW aims to scale its agile model through organic growth, geographical expansion, additional service lines and investing in "Break Outs" (existing teams in larger firms). The Directors are targeting high margin, complementary, niche service lines with a strong synergistic fit with the existing DSW Network.

The key growth drivers are as follows:

- Organic growth in fee earners in existing licensees:
 - Recruitment is one of the principal sources of organic growth for a licensee business;
 - Retention rates have been very high reflecting the strength of DSW's model, the close partner and employee interaction and the low partner to employee ratio;
 - The scope for cross-selling across the Network is significant. By being part of a larger network, DSW's licensees are able to access contacts which they would not otherwise have had and are, therefore, able to sell their services and expertise to a wider client base; and
 - Providing opportunities for fee earners to network with one another is important to facilitate cross-referrals. DSW hosts six-monthly partner conferences, quarterly employee networking meetings, monthly all partner calls and various social events for its Network throughout the year.
- Recruitment of new licensees
 - The Directors are of the view that this market opportunity is significant as the "Big 4" are under increasing pressure to restructure. Within this context, the DSW opportunity is appealing, as DSW Network partners are given greater flexibility, a direct link between fees and reward, and autonomy to build their own businesses. This is in contrast to traditional firms, where partners and employees must work strictly within the confines of the wider organisation and firm policies.

- Recruitment of new start-ups (“Break Outs” of teams from existing larger firms)
 - The Directors intend to target “Break Outs” from other firms and believe that having a larger capital base will allow the Group to attract teams and businesses. Successfully securing “Break Outs” and proving the concept works is expected to attract other teams in a virtuous circle.
- Acquisition of licence fees
 - Whilst DSW has a proven track record of scaling start-ups into successful licensees, more recently, the Directors have chosen to focus on acquiring licence fee income, which it believes will allow the Group to scale more quickly. A business of greater scale is an important objective for DSW and its Network, making it easier to recruit new professionals. The Directors will target specialist, high-margin, niche sectors of professional services; and
 - A key cornerstone of the wider strategy is successful admission to AIM, as this is expected to accelerate growth opportunities, through increased recognition and visibility of the DSW brand, as well as provide increased access to capital to finance these acquisitions.
- Geographical expansion
 - The Directors intend to increase the geographical presence of the business. In the Directors’ view, this is most easily achieved through acquisition and subsequently adding on complementary service capabilities.
- Service line expansion
 - The Directors are open to considering a vast range of non-audit services, which are provided by the “Big 4”, particularly those of a more specialist nature, without the conflicts that come with providing audit services. The Directors believe these are significant markets, offering material growth opportunities for DSW’s licence fee model and platform.

8. Financial highlights and KPIs

The Company has seen year on year growth in revenue, operating profit, profit before tax and profit after tax. Please refer to the table below for details:

<i>£’000</i>	<i>FY19</i>	<i>FY20</i>	<i>FY21</i>
Revenue	1,257	1,689	2,354
Overheads	(279)	(698)	(728)
Operating Profit	1,062	1,081	1,743
Adjusted Operating Profit	1,062	1,081	1,750
Profit before tax	892	996	1,585
Profit after tax	689	789	1,258
Revenue growth		34.4%	39.4%
Operating Profit Margin	84.4%	64.0%	74.0%
Net cash from operating activities	724	711	811

The Group has a strong growth record, with two-year historical Adjusted Operating Profit CAGR of 28 per cent. For the year ended 31 March 2021, DSW received an average licence fee of 14.7 per cent. of licensee revenues, and generated Operating Profit of £1.7 million, and operating cash flow of £0.8 million.

The business has a predictable costs base and such costs are “head office” in nature with over 50 per cent. relating to employee costs. There are currently 5.6 full time equivalent employees alongside the Directors.

The central team has been bolstered in FY22 with a new hire to the finance team and a second in-house recruitment manager to equip DSW for growth.

The Group also measures its performance using the following KPIs which are derived from the performance of the DSW Network:

DSW Network KPIs	<i>FY19</i>	<i>FY20</i>	<i>FY21</i>
Total revenue of all Network licensees (£'000)	9,205	12,362	15,342
Revenue per fee earner – DSW Network (£'000)	148	166	201
Revenue per partner – DSW Network (£'000)	366	388	457
Average profit per partner (£'000)	186	200	250
 Average fee earners – DSW Network (Number)	 71	 83	 77

The three-year historical Network Revenue CAGR to FY21 was 22 per cent.

With 82 fee earners DSW's Network is smaller than other listed professional services firms; however, the revenue per fee earner of £201k is comparable with larger listed businesses such as Knights, DWF, Gateley and Keystone Law.

9. Current Trading and Prospects

Save in respect of the dividend payments described in paragraph 20 of Part I and as disclosed in this document, there has been no significant change in the financial performance or financial position of the Group since 30 September 2021, being the date to which the unaudited interim financial information in Part IV has been prepared. Trading for the period from 30 September 2021 to the date of this document was consistent with the Board's expectations. The Dow Schofield Watts Wealth Advisory LLP licensee has indicated his intention to resign from the partnership with effect from 31 March 2022. The Directors do not believe that this will have a material impact on the Group's business.

10. Directors and senior management

Directors

Heather Lauder, Independent Non-Executive Chair, age 53

Heather was appointed as a Non-Executive Director in February 2020 prior to her appointment as Independent Non-Executive Chair. Heather has over 30 years' experience in senior retail and business banking roles with her most recent role being as Chief Customer Officer at the Co-op Bank. She was also a member of the executive team which oversaw the turnaround of Northern Rock and its sale to Virgin Money. Heather started her career at RBS where she held several global roles. During her career, Heather has won multiple awards as a director and been named as one of the Northern Power Women's top 50 Power List. She currently sits on the board of the National Museums & Galleries of Liverpool and currently chairs its remuneration committee, having previously chaired both its audit committee and its risk committee for five years. She held a Non- Executive Director role at the Financial Ombudsman Service from September 2020 to July 2021, prior to her recent appointment as Non-Executive Director at Zurich Assurance Ltd effective from July 2021.

James Dow, Chief Executive Officer, age 60

James established Dow Schofield Watts LLP in 2002. James is qualified as both a Chartered Accountant and Cost and Management Accountant. James joined KPMG in 1983 and after qualifying, focused for over 13 years on corporate finance, approximately eight years as a partner leading Corporate Finance in the North West. James was nominated for the North West Insider Top Dealmakers of the last 25 years in October 2019 and is the author of six books focused on private equity, corporate finance, and deal structuring. James is also a non-executive director of the Liverpool Institute of Performing Arts. He is Chair of private equity fund, PHD Equity Partners.

Nicole Burstow, Chief Financial Officer, age 39

Nicole joined the Company as Group Finance Director in April 2019. Nicole previously spent 15 years with Deloitte in Manchester. As a Director, she was responsible for leading the audits of some of the region's largest and most complex international businesses, more recently focusing on listed businesses. She also

played a significant role in growing the North West practice by recruiting and developing talent and expanding the local client base.

Jillian Jones, Independent Non-Executive Director, age 58

Jillian joined the Company as Non-Executive Director in January 2021. She is a Chartered Accountant, with over 30 years' experience in the accountancy profession, having qualified with Deloitte, Haskins & Sells. She retired from RSM in 2020 where she was a main board director and acting COO and, since 2013, the North West Regional Managing Partner. Jillian is well known and highly regarded within the professional services sector and the North West business community. Her experience in helping to grow and build RSM's business regionally and nationally will be invaluable in supporting the next stage of DSW's strategic development.

Jonathan Schofield, Non-Executive Director, age 60

Jonathan co-founded Dow Schofield Watts LLP in 2002. A chartered accountant, Jonathan spent 12 years with KPMG before joining with an MBO in 1994. After exiting from the buyout, Jonathan became a partner at Grant Thornton. In 1999 he joined Cammell Laird Holdings Plc as Finance Director and subsequently was appointed Chief Executive. Jonathan is currently a Non-Executive Director with EA Technology Ltd, IVCC and Seddon Group. Previously Jonathan was also Non-Executive Chairman of Dee Valley Group Plc, Non-Executive Director and Vice Chairman of The Liverpool School of Tropical Medicine and Non-Executive Director of Atlantic & Peninsula Marine Services.

Advisory Board

Andy Dodd

Andy has had extensive experience of advising on private equity transactions both at KPMG and at Dow Schofield Watts Corporate Finance. Andy was a founding partner of PHD Equity Partners in 2008 and is now a Director of PHD Industrial Holdings Limited. Andy sits on the board of three of PHD Industrial Holdings Limited's subsidiaries; 1st Class Holidays, Olympic Fixings and Teaching Art.

Philip Price

Philip joined Dow Schofield Watts LLP as a partner in June 2003. Philip qualified as a chartered accountant with KPMG before moving into KPMG Corporate Finance in 1997. Philip spent seven years in KPMG's corporate finance team in Liverpool and Manchester before joining DSW. Philip is a Director in DSW's Corporate Finance business and has extensive cross-sector and cross-border experience advising on a wide variety of transaction types and providing strategic advice. Philip was a founding partner of PHD Equity Partners in 2008 and is now a Director of PHD Industrial Holdings Limited. Philip sits on the board of three of PHD Industrial Holdings' subsidiaries; Hylomar, Technikraft and Auto Marine Cables.

Craig Richardson

Craig joined Dow Schofield Watts LLP as a Partner in 2006. Prior to this he spent 14 years at KPMG, undertaking corporate finance and due diligence assignments in the UK and overseas after qualifying as a chartered accountant in 1992. He has over 25 years' experience advising SME owners with finance raising, acquisitions and exit. In the inaugural North West Insider awards, Craig was voted Corporate Finance Advisor of the Year and Dealmaker of the Year in Lancashire. Craig sits on the board of five of PHD Industrial Holdings' current investments and will shortly be appointed as a director of 1st Class Holidays, which together have a combined turnover of circa £60 million and an EBITDA of £8 million. He has a background in advising SME owners on growth strategy, board structure, creating capital value, acquisitions and succession planning and exit. He has also lectured to leading banks on how to assess the competence of management teams which is invaluable in his role.

Mark Watts

Mark is one of the founders of Dow Schofield Watts LLP. He qualified as a chartered accountant with KPMG and has over 20 years of corporate finance experience gained at DSW, Old Mutual Securities, Hill Samuel and NatWest Markets.

11. Corporate governance

The Directors acknowledge the importance of the principles set out in the QCA Code. The Directors intend to apply the QCA Code, as far as they consider appropriate for a company of its size and nature. Further details on how the Company intends to comply with the QCA Code are set out in Part II of this Document.

Immediately following Admission, the Board will comprise five directors, two of whom shall be executive directors and out of the three non-executive directors, two will be independent which includes the Chair. The current Board reflects a blend of different experience and backgrounds. Both Heather Lauder and Jillian Jones are considered independent.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. All Directors will have access to the advice and services of the Chief Financial Officer, who will be responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures will be in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

12. Plans for Environmental, Social and Governance ("ESG")

The Board is committed to responsible and sustainable business. As an office-based business the Group has a relatively low impact on the environment but is able to have a positive social impact. It is the Board's intention to approach ESG in a way that reflects the priorities of all its stakeholders and being a good corporate citizen. In the first year of being an AIM listed company, the Board will seek out a reporting framework that best represents the nature of its business and its social and environmental impact. This will be based primarily on feedback from its Network and investors. The Group will then report annually on how it measures up.

Environmental

As an office-based business, DSW's impact on the environment is relatively low, with carbon emissions predominantly from energy usage and travel. It is the Board's intention to comply with the requirements of the Streamlined Energy and Carbon Report regulations ("**SECR**") in its first Annual Report.

Social

Diversity

DSW has a strong commitment to diversity and believes the nature of its model presents an opportunity to lead the accounting profession in this area. DSW takes pride in its ability to attract female partners to its Network with approximately 22 per cent. of the Network's current partners being female. The DSW model provides women access to senior roles in corporate finance and transactional services, which the Board believes are typically dominated by men in more traditional firms.

Only 15 per cent. of AIM company board directors are female, compared to 34 per cent. in FTSE 350 companies. Although higher than the FTSE Small Cap female representation (5 per cent.), AIM companies still need to improve further on gender and other diversity indicators. DSW is proud that 60 per cent. of its Board are female, while recognising the need for further diversity in the longer term.

Diversity is at the core of DSW's model as management realise the benefits a broad range of perspectives can bring to the progression and success of a business. DSW's commitment to diversity extends beyond gender to ethnicity, sexual orientation, gender identity, social mobility, disability and other challenges which can lead to disadvantage. DSW is committed to creating a diverse and inclusive environment for its licensees and employees, and this will continue to be one of the core values as new professionals and businesses are welcomed to the Network.

Wellbeing

The flexibility and autonomy offered by DSW and its Network are key selling points in the market, when it comes to recruitment, as professionals increasingly seek to marry career ambitions with a better work life balance, shunning the traditional long work-hours culture which pervades the profession.

Charity and local communities

The Company's policy is to support charities and communities local to their Network's offices, but their activities also provide support at a national level. Giving back to the community is an important part of the culture at DSW. The Company has an established Corporate Social Responsibility committee, which is made up of individuals at all levels from across the DSW Network. Part of the committee's role is to determine which charities to support each year, and to discuss fundraising activities and initiatives that can be rolled out across the Network.

Governance

As noted in Paragraph 11, the Directors intend to apply the QCA Code, as far as they consider appropriate for a company of its size and nature.

13. Share dealing policy

The Company has adopted a share dealing policy regulating trading and confidentiality of inside information for persons discharging managerial responsibility ("PDMRs") and persons closely associated with them ("PCAs") which contains provisions appropriate for a company whose shares are admitted to trading on AIM. The Company will take all reasonable steps to ensure compliance by PDMRs and any relevant employees with the terms of that share dealing policy.

14. Reasons for Admission, use of proceeds and the Placing

The Directors believe that an IPO will raise DSW's profile, helping to accelerate organic growth both geographically and in terms of complementary service lines and should facilitate the recruitment of new fee earners and teams. The Directors believe a business of increased scale will also benefit DSW's existing Network of licensee businesses by allowing them to leverage a wider network of professionals and clients driving further cross-selling opportunities.

Of the £5 million being raised, the Directors anticipate £0.8 million will be used to pay down the Group's outstanding bank debt, with the majority of the balance being used to fund the acquisition of licence fees and drive the recruitment strategy. The Directors have identified a number of potential opportunities positioning the Group to deploy the capital raised which they believe will generate attractive returns for shareholders.

15. Details of the Placing and Admission

On Admission the Company will have 21,387,508 Shares in issue and a market capitalisation at the Placing Price of approximately £21.4 million. Shore Capital has agreed, pursuant to the Placing Agreement and conditional, *inter alia*, on Admission, to use its reasonable endeavours to place 5,000,000 Placing Shares with institutional and other investors. The Placing Shares will represent approximately 23.4 per cent. of the Enlarged Share Capital.

16. Admission, settlement and dealings

Application has been made to the London Stock Exchange for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Shares will commence on 15 December 2021. The Shares will be in registered form. The Articles permit the Company to issue Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and stock transfer forms. Share certificates, where applicable, will be sent to the registered Shareholder by the Registrar, at such Shareholder's own risk.

17. Taxation

Your attention is drawn to the taxation section contained in paragraph 17 of Part VI of this document. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

18. Risk Factors

Your attention is drawn to the risk factors set out in Part III of this document and to the section entitled “Forward Looking Statements” therein and in the “Important Information” section above. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

19. Interest in Shares

Upon Admission, the Directors will in aggregate be interested in, directly and indirectly, 5,560,136 Shares representing approximately 26.0 per cent. of the Enlarged Share Capital. Please also refer to paragraph 9.12 of Part VI of this document for Nicole Burstow's and James Dow's interests in the IPO PSP Awards which will be granted following Admission. Further information is available in paragraph 6 of Part VI of this document in respect of the Directors' interests. Nicole Burstow also has an indirect interest of 328,000 shares held by the Trustee in respect of the CFO Legacy Awards, included in this calculation. Further details of this can be found in paragraph 9.6 of Part VI of this document.

20. Dividend Policy

DSW paid dividends totalling £0.253 million in October 2021 to shareholders on the share register prior to Admission in respect of profits generated in the year to 31 March 2021. The legacy dividend policy has been to pay fixed annual dividends of £0.38 million with two thirds in October and one third in April.

The Directors intend that DSW will pay interim and final dividends going forward, with the interim to be announced at the time of the release of the Company's interim results and the final dividend at the time of the release of the Company's final results. The Directors intend that the interim and final dividends will represent in aggregate a payout ratio of up to 70 per cent. of distributable earnings and that this pay-out will be split one-third at the interim stage, with the balance being paid as the final dividend. The Directors' current intention is to commence dividend payments by recommending a final dividend after the finalisation of DSW's final accounts for the current financial year, anticipated to be in the third quarter of calendar year 2022.

The Directors will consider the following general principles when recommending dividends for approval by Shareholders or when declaring interim dividends:

- i. the Group's level of cash and level of indebtedness;
- ii. the Group's required and expected cashflows, interest expense, profit, return on equity and retained earnings;
- iii. the Group's expected results from its licensees; and
- iv. the Group's projected levels of investment, including future acquisitions of licence fee income and recruitment.

The objective of the Company's dividend policy is to provide sustainable dividends to Shareholders consistent with the Group's earnings growth. However, the payment and amount of any dividends or distributions to Shareholders will be at the discretion of the Directors and will depend on, inter alia, the factors stated above. Consequently, there is no assurance as to whether dividend distributions will occur as intended.

21. Applicability of takeover code

The Code is issued and administered by the Panel and governs amongst other things, transactions involving companies to which the Code applies. The Code applies to the Company and therefore its Shareholders are entitled to the protection afforded by the Code. Under Rule 9 of the Code, if (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with that person are interested) carry 30 per cent. or more of the voting rights of the company; or (b) any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of the company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with that person, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which that person is interested, such person

shall extend offers, on the basis set out in Rules 9.3 and 9.5 of the Code, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable. Any offer to be made pursuant to Rule 9 of the Code should be a cash offer for the outstanding shares in the company at a price not less than the highest price paid for interests in shares by the acquirer or persons acting in concert with the acquirer during the previous 12 months.

Within the definition of persons acting in concert within the Code, certain categories of person are presumed to be acting in concert with each other, with that presumption capable of being rebutted subject to consultation with and the agreement of the Panel. Presumption (9) of this definition presumes that all shareholders in a private company who, following re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Code applies, shall be presumed to be acting in concert unless the contrary is established. Following consultation, the Company has agreed with the Panel that the presumption of concertedness relating to shareholders in a private company can be rebutted in part in respect of the Company.

A concert party consisting of James Dow, Jonathan Schofield, Mark Watts, Andrew Dodd, Philip Price, Craig Richardson and each of their immediate family members ("**Concert Party**"), all of whom have holdings of Shares, has been established. Please refer to paragraph 5 of Part VI for further details.

Immediately following Admission the Concert Party will hold 14,310,060 Shares in the Company, representing approximately 66.9 per cent. of the Enlarged Share Capital. For so long as the Concert Party holds more than 50 per cent. of the Company's voting share capital, members of the Concert Party will be able (subject to note 4 on Rule 9.1 of the Code) to acquire further shares in the Company without incurring any obligation under Rule 9 of the Code to make a general offer to acquire all of the Enlarged Share Capital.

22. Lock-in Agreements

The Locked-in Shareholders have entered into Lock-in Agreements, pursuant to which they have undertaken to Shore Capital (subject to certain limited customary exceptions) not to dispose of the Shares held by each of them following Admission, or any other Shares which they may acquire, at any time prior to the date falling 12 months from Admission without the prior written consent of Shore Capital. Each of the Locked-in Shareholders have also undertaken to Shore Capital not to dispose of their Shares following the expiry of such 12 month period otherwise than through Shore Capital (subject to certain limited customary exceptions) for a further period of 12 months.

23. Share incentive scheme

The Board recognises the importance of ensuring that members of the Group are effectively and appropriately incentivised and their interests aligned with those of DSW Capital. Similarly, the Board believes that the ongoing success of the DSW Network depends to a high degree on retaining and incentivising the performance of its key people.

To that end, prior to Admission, the Company will adopt the Performance Share Plan ("**PSP**"), to align the interests of Executive Directors and key employees ("**Participants**") with those of the Shareholders. The PSP will be a long-term incentive plan which will form the primary long-term incentive arrangement for the Executive Directors. The Remuneration and Nomination Committee will consider the granting of PSP awards to the Participants on an annual basis.

To facilitate the grant of awards, the Company has established an employee benefit trust ("**EBT**"), which is a discretionary trust established for the benefit of employees and former employees of the Group and DSW CF Leeds. The main purpose of the EBT will be to facilitate the grant and vesting of awards granted under the Company's share plans. The trustee of the EBT is Computershare Trustee (Jersey) Limited ("**Trustee**").

Annual awards under the PSP will be determined by reference to a number of Shares equal in value to a maximum of 200 per cent. of base salary of Participants.

The PSP awards will normally vest after three years (subject to the satisfaction of the performance conditions and continued employment) and there will be a further 24 month holding period after vesting before Participants are able to sell any Shares. Challenging performance conditions will be set for each award

under the PSP. For the first awards, the Remuneration and Nomination Committee intends that the awards will vest based on relative total shareholder return (“**TSR**”) targets against an applicable comparator group. PSP awards will be subject to malus and clawback provisions.

In addition to the PSP, a legacy award will continue to be held by the Chief Financial Officer following Admission (the “**CFO Legacy Award**”). Under pre-IPO incentive arrangements, the Chief Financial Officer was entitled to approximately 2 per cent. of equity value in excess of £20 million via a growth share structure (pursuant to the D Ordinary Shares which will be redesignated as Deferred Shares immediately prior to Admission). To facilitate the necessary IPO structure, this existing award will be replaced with the CFO Legacy Award to retain the commercial structure of this incentive following Admission entitling the Chief Financial Officer to 1.53 per cent. of the equity value in excess of £26 million. The CFO Legacy Award will be granted to the Chief Financial Officer prior to Admission subject to continuing employment until 31 March 2023, with such award vesting on 31 March 2023. Further, it was agreed under additional pre-IPO incentive arrangements that certain employees of DSW CF Leeds were entitled to approximately 1.53 per cent. of equity value up to a maximum equity value of £26 million (the “**Leeds Legacy Awards**”). To fulfil these obligations, those individuals will be granted options to acquire the interest below a £26 million equity value in the same 1.53 per cent. shareholding that the CFO Legacy Award is granted over, similarly vesting on 31 March 2023.

24. Further information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part III of this document and the additional information contained in Part VI of this document.

PART II

CORPORATE GOVERNANCE

AIM-quoted companies are required to adopt a recognised corporate governance code with effect from their admission to trading on AIM. However, there is no prescribed corporate governance regime for AIM companies. The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Group and the interests of its Shareholders. The QCA has published the QCA Code, a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Board has adopted the QCA Code with effect from Admission and the Company will take steps to ensure compliance by the Directors and relevant employees with the key governance principles of the QCA Code. Brief details of how the Company intends to apply these key governance principles from Admission are set out below.

Principle 1: Establish a business strategy and business model which promotes long-term value for Shareholders

The Directors believe that the Group's business model and growth strategy, which is set out in Part I of this document, will promote long-term value for Shareholders. The Directors intend to subject this strategy to ongoing review and will provide an update on it from time to time in the strategic report that will be included in the annual report and accounts of the Group. As part of this review, the Directors will continue to monitor and identify risks facing the Group and where so identified, intend to formulate a mitigation strategy to manage these risks following Admission. The principal risks facing the Group as at Admission are set out in Part III of this document.

Principle 2: Seek to understand and meet Shareholder needs and expectations

Prior to Admission, James Dow and Nicole Burstow undertook a roadshow which has informed the Company as to its Shareholders' expectations following Admission. Following Admission, the Directors intend to continue to communicate with Shareholders on a regular basis. Contact details for shareholder communication can be found in the 'Investor Relations' section of the Company's website at www.dswcapital.com and the Board also encourages all Shareholders to attend its annual general meeting ("AGM"), where they will be given opportunities to ask questions of the Board.

Shareholders will also be kept up to date via announcements made by the Company through a RIS in respect of, *inter alia*, financial information, matters of material substance and/or a regulatory nature and the results of its AGM.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success

The Group takes its corporate social responsibilities seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including, *inter alia*, its Shareholders, staff and corporate partners, as part of its business strategy. The Executive Directors and the senior management team (whose details are set out in Part I of this document) intend to maintain an ongoing and collaborative dialogue with such stakeholders, as part of the decision-making process and day-to-day running of the business.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Directors have identified the risks and uncertainties which they consider to be the most significant for prospective investors, which are summarised in Part III of this document.

The Board will have ongoing responsibility for ensuring that the risks faced by the Group are appropriately managed in order to allow for the execution and delivery of its strategy and will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission, including the establishment of an Audit and Risk Committee (further details of which are set out below). It will also review

such risks on, at least, an annual basis; the results of which will be included in its annual report and accounts going forward.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

On Admission, the Board will comprise:

- three Non-Executive Directors, including the Non-Executive Chair; and
- two Executive Directors.

Further details of the Directors and their prior experience is set out in Part I of this document. Two of the Non-Executive Directors, Heather Lauder and Jillian Jones, are considered to be independent and were selected with the objective of bringing experience and independent judgment to the Board.

In addition, the Board will be supported by two committees, namely an Audit and Risk Committee and a Remuneration and Nomination Committee with formally delegated duties and responsibilities. It is intended that each of the aforementioned committees will consist of at least one non-executive director.

Audit and Risk Committee

The Audit and Risk Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit and Risk Committee will meet not less than four times in the first year following Admission and will have unrestricted access to the Group's external auditors. The Audit and Risk Committee comprises Jillian Jones (Chair) and Heather Lauder.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee will review the performance of the executive directors, Chair of the Board and senior management of the Group and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration and Nomination Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation for the time being.

The Remuneration and Nomination Committee will lead the process for Board appointments and make recommendations to the Board. The Remuneration and Nomination Committee will evaluate the balance of skills, experience, independence and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

The Remuneration and Nomination Committee will meet as and when necessary, but at least twice each year. In exercising this role, the members of the Remuneration and Nomination Committee will have regard to the recommendations put forward in the QCA Code and, where appropriate, associated guidance. The remuneration of non-executive directors (other than the Chair of the Board) will be a matter for the Chair and the executive members of the Board. The Remuneration and Nomination Committee comprises Heather Lauder (Chair), Jillian Jones and Jonathan Schofield.

Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

Biographies of the Directors detailing their skills and experience can be found in Part I of this document. The Board considers that its members have an effective and appropriate balance of skills and experience including mergers and acquisitions and capital raisings. The Board is not dominated by one individual and all Directors have the ability to challenge information and strategies put forward to the Board. The Board are also free to seek advice from their corporate advisers (nominated adviser, lawyers and accountants) as needed and have received a briefing from the Company's nominated adviser in respect of continued

compliance with, *inter alia*, the AIM Rules for Companies and MAR and the Company's solicitors in respect of continued compliance with, *inter alia*, MAR.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors will consider the effectiveness of the Board, the Audit and Risk Committee, the Remuneration and Nomination Committee and the individual performance of each Director. The Remuneration and Nomination Committee will conduct a regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. The outcomes of performance will be described in the annual report and accounts of the Group so as to ensure that Shareholders are kept well-informed.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The Group employee handbook and policies, which address matters such as whistleblowing, social media and anti-bribery and corruption, further engender and promote this culture. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group and for ensuring that such values and behaviours guide the objectives and strategy of the Group.

The culture is set by the Board who intend for it to be discussed at Board meetings on an ongoing basis following Admission.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Non-Executive Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing independent and objective judgment to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The Board is supported by the Audit and Risk Committee and Remuneration and Nomination Committee, further details of which are set out in Principle 5 above. There are certain material matters which are reserved for consideration by the full Board. Each of the committees has access to information and external advice, as necessary, to enable the committee to fulfil its duties.

The Board intends to review the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders

The Company's annual report and accounts, as well as its half year report, will be key communication channels through which stakeholders will be informed as to how the Company is governed, how the Group is progressing in meeting its objectives and any updates to its strategic targets,

Additionally, the Board will use the Company's AGM as a mechanism to engage directly with Shareholders, to give information and receive feedback about the Group and its progress. The Company's website will be updated with information regarding the Group's activities and performance, including financial information, and contact details for Shareholder communication can be found in the 'Investor Relations' section of the Company's website at www.dswcapital.com.

In terms of its governance, the Company shall also, following Admission, disclose on its website and within its annual report and accounts how the Company complies with the QCA Code and, where it departs from the QCA Code, the Company will explain its reasons for doing so. The Company will review this information annually in accordance with the requirements of AIM Rule 26.

PART III

RISK FACTORS

An investment in the Shares may be subject to a number of risks. Accordingly, prospective investors should consider carefully all of the information set out in this document and the risks attaching to such an investment, including, in particular, the risks described below (which are not set out in any order of priority), before making any investment decision in relation to the Shares.

The Directors believe the following risks and uncertainties to be the most significant for prospective investors. However, the information below does not purport to be an exhaustive list of relevant risks, since the Group's performance might be affected by other factors including, in particular, changes in market and/or economic conditions or in legal, regulatory or tax requirements and therefore the information should be used as guidance only. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in the light of information in this document and their individual circumstances. An investment in the Shares should only be made by those with the necessary expertise to evaluate fully that investment.

This document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part III. The Directors believe that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as at the date of the particular statement.

Factors that might cause a difference include, but are not limited to, those discussed in this Part III. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Save to the extent required by applicable law and the AIM Rules for Companies, the Company disclaims any obligation to update any such forward-looking statements in this document to reflect future events or developments.

Prospective investors are advised to consult an independent adviser authorised under the FSMA. If any of the following risks relating to the Group were to materialise, the Group's reputation, business, financial condition, results of future operations and/or prospects could be materially and adversely affected. In such cases, the market price of the Shares could fall and an investor may lose part or all of his, her or its investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group.

In addition to the usual risks associated with an investment in a company, the Directors consider the following risk factors to be significant to potential investors.

RISKS RELATING TO THE GROUP'S BUSINESS

Failure to recruit and retain effective members of the DSW Network

The business and its income growth is dependent upon being able to retain its existing licensees as well as to identify and recruit suitable partners, teams and businesses to its network of licensees and hence maintain and enhance its service offering and geographical footprint. Suitable individuals or teams identified as potential recruits may not be attracted to the business model or culture of the Group and, in addition, the individuals or teams recruited may not have the right character traits to benefit from the license-based business model and drive income growth. Even where suitable candidates are recruited and/or retained, there are risks that successful ones may leave if they are not satisfied with the Group's culture or business model or if the relationship with such licensees breaks down. Failure to attract suitable recruits and/or the loss of any existing licensees could have an adverse impact on the Group's business, operating results, financial position and prospects. The Company maintains an active dialogue with its network of licensees to manage those relationships. Going forward there is no guarantee that any licensee will be retained. Presently, there are ongoing relationship discussions between the Company and a small minority of licensees.

Licensees may suffer from underperformance and financial difficulties

Licensees may not be able to generate income, either on a short-term or a more extended basis, sufficient to achieve their desired level of drawings or pay license fees to the Company as they fall due. This may create obstacles to the repayment of working capital loans that have been extended to them or mean that further advances have to be made to see them through a difficult period. Licensees may also suffer loss of revenue due to an economic recession leading to a fall in license income to DSW. Licensees may get into financial difficulties and require financial support or even fail.

The Network's IT and communications systems may suffer an outage or be subject to attack

Licensees may suffer business disruption for a short or, in the worst case, extended period of time, which may lead to a loss of license fee income, loss of reputation or financial difficulties of licensees, requiring financial support from the Network.

Compliance with legal and regulatory requirements

The Network's members may fail to comply with relevant legal and regulatory requirements, which could result in member firms suffering financial losses through regulatory fines or compensation claims. Member firms could also suffer further losses through demands on resources to deal with incidents and to remediate the causes of such incidents. The Company's brand may suffer reputational damage through adverse publicity.

Cyclicality

Strength and performance of licensees is intrinsically linked to the wider macro and market environment, as the size and volume of transactions is influenced by numerous and ranging external factors. As such, there is a degree of cyclicality within the business model that is difficult to mitigate.

Diversification of revenue streams

DSW has one material licensee, Dow Schofield Watts Corporate Finance Ltd which contributes 47.5 per cent. and 40.0 per cent. of DSW's revenue in FY21 and FY20, respectively. The contribution from this licensee in the 6 months to September 2021 represents 25.7 per cent. of income. As such, there is a risk that DSW is overly reliant on this business, consequently, there is a risk that DSW's revenues may be materially impacted, in an event that would see license fees either decline or cease from this source.

The ongoing COVID-19 pandemic, or other epidemics or pandemics

The outbreak of COVID-19 has resulted in authorities, including those in the United Kingdom, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and workplaces and has led to materially increased volatility in financial markets and significant changes to the global macroeconomic outlook. The extent and scope of such restrictions is highly uncertain and subject to change. Stricter measures may be put in place in the future. Any further regional or global epidemics or pandemics or the further and continued spread of COVID-19 may have an adverse effect on the Network's business, results of operations and financial condition and the degree of such impact will depend on future developments, which are uncertain and cannot be predicted.

Reputation and brand risk

DSW's brand and reputation are driving factors behind its success and together help it to attract licencees and partners, preserve client relationships and stay competitive in the market. Anything that diminishes DSW's brand or reputation, such as a failure to meet client expectations or a breach of regulatory duties, could affect the Network's revenue, profitability and growth.

Intellectual property rights and brand name

The Company's brand name, trademarks, domain names and other intellectual property rights help the Network to be and remain a recognisable name in the professional services sector and are therefore

important to its ongoing success. In particular, although the Group takes (and DSW will continue to take) appropriate steps to protect its intellectual property rights, third parties may infringe such rights through their unauthorised use which could be costly to defend and impact upon the Network's marketing, operations and, in turn, financial performance.

Concentration of ownership

The Concert Party is expected to hold approximately 66.9 per cent. of the Enlarged Share Capital. This concentration of share ownership may adversely affect the Company's ability to act independently and in Shareholders' best interests, particularly as the Concert Party has the ability to determine the outcome of ordinary resolutions (50 per cent. majority). Furthermore, investors may believe that there are disadvantages in investing in a company in which one group of shareholders has an interest at this level and this could affect the liquidity of the Company's shares. In addition, for so long as the Concert Party holds more than 50 per cent. of the Company's voting share capital, members of the Concert Party will be able (subject to note 4 on Rule 9.1 of the Code) to acquire further shares in the Company without incurring any obligation under Rule 9 of the Code to make a general offer to acquire all of the Enlarged Share Capital.

Operational risks

Despite its operational risk management practices, the Group's profitability will constantly be exposed to several operational risks such as:

- business decisions;
- reputation risk;
- technology risk;
- fraud;
- compliance with legal and regulatory obligations;
- licensee default and termination risk;
- data protection risk;
- key person risk; and
- other external events.

General

Force majeure

The activities of the Group could be affected adversely by events and risks that are completely outside of its control, including natural disasters, war, civil unrest and terrorism.

Taxation

The taxation principles, including the rules, levels of and reliefs from tax could change throughout the lifetime of the Group. Changes in taxation could also have an impact on the value of the shares issued by the Company and its ability to provide returns to its shareholders.

RISKS RELATING TO THE PLACING, THE SHARES AND THE AIM MARKET

Share price volatility and liquidity

AIM is a trading platform designed principally for growth companies and, as such, tends to experience lower levels of trading liquidity than larger companies quoted on the Official List or some other stock exchanges. Following Admission, there can be no assurance that an active or liquid trading market for the Shares will develop or, if developed, will be maintained. The Shares may therefore be subject to large price fluctuations on small volumes of shares traded. As a result, an investment in shares traded on AIM carries a higher risk than an investment in shares listed on the Official List.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Group. There can be no guarantee that the value of an investment in the Group will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others of which are sector specific and others of which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the overall stock market, (ii) large purchases or sales of Shares by other investors, (iii) financial and operational results of the Group (iv) changes in research analysts' recommendations and any failure by the Group to meet the expectations of research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions and (vi) other factors which are outside of the control of the Group.

Shareholders may sell their Shares in the future to realise their investment, which depends in part, on a willing purchaser for such Shares being identifiable at the relevant time. Sales of substantial amounts of Shares following Admission and/or termination of the existing lock-in restrictions (the terms of which are summarised in paragraph 16.8 of Part VI of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Shares. There can be no guarantee that the price of the Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Shares may decline below the Placing Price. Shareholders may be unable to realise their Shares at the quoted market price or at all.

Investment risk

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various investment opportunities are available, potential investors should consider the risks that pertain to the sector in which the Group operates. Application will be made for the Shares to be admitted to trading on AIM, a market primarily for emerging or smaller companies. The AIM Rules for Companies are less onerous than those of the Official List and an investment in shares that are traded on AIM may likely carry a higher risk than an investment in shares listed on the Official List.

Market perception

Market perception of the Group may change, potentially affecting the value of investors' holdings of Shares and the ability of the Company to raise funds by the issue of further Shares or otherwise. Negative perceptions of the Group's competitors may result in negative market perception of the industry as a whole, which would have an adverse effect on price of the Shares as well as the Company's ability to raise further funds either publicly or privately.

Determination of Placing Price

Placees will commit to subscribe for the Shares at the Placing Price, which is a fixed price, prior to satisfaction of all conditions for the Shares to be issued. The Placing Price may not accurately reflect the trading value of the Shares following Admission, or the Company's potential earnings, or any other recognised criteria of value.

Dilution

If the Company were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Company may also in the future issue Shares, warrants and/or options to subscribe for new Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options may also result in dilution of the shareholdings of other investors.

Legislation and tax status

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation of them. Such interpretation may not be correct and it is always possible that legislation, regulation, rules and practices may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

Dividends

There can be no assurance as to the level of future dividends, if any. The payment and amount of any future dividends of the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws and generally accepted accounting practice.

Costs of compliance with AIM corporate governance and accounting requirements

In becoming a public company with shares admitted to trading on AIM, the Group will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Group may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AIM corporate governance requirements. The Group expects to incur significant legal and financial compliance costs as a result of these rules and regulations and, if the Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There is no guarantee that the Group will maintain its quotation on AIM

The Group cannot assure investors that the Group will always retain a quotation on AIM. If it fails to retain such a quotation, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Shares. Additionally, if, in the future, the Group decides to obtain a quotation on another exchange in addition to AIM, the level of liquidity of the Shares traded on AIM could decline.

Funding and use of proceeds of the Placing

The Group is currently cash generative and benefits from sufficient working capital for the near term. Accordingly, at present, the Directors do not believe there is any requirement to raise any further external finance for the Group. However, there is a risk that the Group may need to raise funding in the future for a number of reasons, including working capital, to fund an acquisition or expansion, for general corporate purposes or to restructure its balance sheet.

PART IV
FINANCIAL INFORMATION RELATING TO THE GROUP

Section A – Accountant’s Report



BDO LLP
3 Hardman Street
Manchester
M3 3AT

The Directors
DSW Capital plc
7700 Daresbury Park
Daresbury
Warrington
WA4 4BS

13 December 2021

Shore Capital and Corporate Limited
Cassini House
57 St James’s Street
London
SW1A 1LD

Dear Sir or Madam

DSW Capital plc (the “Company”) and its subsidiary undertaking (together the “Group”)

Introduction

We report on the financial information set out in Section B of Part IV of the admission document dated 13 December 2021 of the Company (the “Admission Document”).

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 March 2019, 31 March 2020 and 31 March 2021 and of its results, cash flows and changes in equity for the years ended 31 March 2019, 31 March 2020 and 31 March 2021 in accordance with International Accounting Standards as adopted by the United Kingdom.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Accounting Standards as adopted by the United Kingdom.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of

Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B – Historical Financial Information on the Group

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
	<i>Note</i>			
Continuing operations				
Revenue	5	1,257	1,689	2,354
Gross profit		1,257	1,689	2,354
Share of results of associates		58	65	102
Share of results of jointly controlled entity		26	25	15
Administrative expenses		(279)	(698)	(728)
Operating profit		1,062	1,081	1,743
Adjusted operating profit ⁽¹⁾		1,062	1,081	1,750
Share based payments expense		–	–	(7)
Operating profit		1,062	1,081	1,743
Finance income	9	12	17	84
Impairment of loans due from associated undertakings		(182)	(89)	(139)
Finance costs	10	–	(13)	(103)
Profit before tax		892	996	1,585
Income tax	11	(203)	(207)	(327)
Profit for the year	7	689	789	1,258
Total comprehensive income for the year attributable to owners of the Company		689	789	1,258
Earnings per share				
From continuing operations				
Basic	13	£0.36	£0.42	£0.66
Diluted	13	£0.36	£0.42	£0.66

¹ Adjusted operating profit, which is defined as operating profit adjusted for items not considered part of underlying trading including IPO costs and share based payments, is a non GAAP metric used by management and is not an IFRS disclosure.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 March 2019 £'000	As at 31 March 2020 £'000	As at 31 March 2021 £'000
	Note			
Non-current assets				
Intangible assets	14	131	670	673
Property, plant and equipment	15	62	76	56
Investments	18	1	922	922
Investments in associates	16	176	187	97
Interests in jointly controlled entities	17	10	18	19
Deferred Tax asset	22	–	–	3
		<u>380</u>	<u>1,873</u>	<u>1,770</u>
Current assets				
Trade receivables	19	271	439	1,352
Prepayments and Accrued Income	19	43	122	439
Other receivables	19	388	369	266
Cash and bank balances		<u>682</u>	<u>342</u>	<u>609</u>
		<u>1,384</u>	<u>1,272</u>	<u>2,666</u>
Total assets		<u><u>1,764</u></u>	<u><u>3,145</u></u>	<u><u>4,436</u></u>
Current liabilities				
Trade payables	23	85	83	81
Other taxation	23	30	73	278
Other payables	23	82	9	24
Accruals and Deferred Income	23	2	19	88
Current tax liabilities	23	93	123	262
Borrowings	20	–	275	326
		<u>292</u>	<u>582</u>	<u>1,059</u>
Net current assets		<u>1,092</u>	<u>690</u>	<u>1,607</u>
Non-current liabilities				
Borrowings	20	–	829	625
Convertible loan notes	21	–	396	540
Deferred tax provision	22	12	11	–
		<u>12</u>	<u>1,236</u>	<u>1,605</u>
Total liabilities		<u><u>304</u></u>	<u><u>1,818</u></u>	<u><u>2,224</u></u>
Net assets		<u><u>1,460</u></u>	<u><u>1,327</u></u>	<u><u>2,212</u></u>
Equity				
Share capital	24	2	2	2
Share-based payment reserve		–	–	7
Retained earnings		<u>1,458</u>	<u>1,325</u>	<u>2,203</u>
Total Equity attributable to owners of the Company		<u><u>1,460</u></u>	<u><u>1,327</u></u>	<u><u>2,212</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share capital</i> £'000	<i>Share-base payments reserve</i> £'000	<i>Retained earnings</i> £'000	<i>Total equity</i> £'000
Balance at 1 April 2018	2	–	1,548	1,550
Profit for the year	–	–	689	689
Dividends	–	–	(779)	(779)
Balance at 31 March 2019	2	–	1,458	1,460
Profit for the year	–	–	789	789
Dividends	–	–	(922)	(922)
Balance at 31 March 2020	2	–	1,325	1,327
Profit for the year	–	–	1,258	1,258
Dividends	–	–	(380)	(380)
Share-based payments	–	7	–	7
Balance at 31 March 2021	2	7	2,203	2,212

CONSOLIDATED STATEMENTS OF CASH FLOWS

		<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
	<i>Note</i>			
Profit for the year		689	789	1,258
Adjustments for:				
Income tax expense	11	203	207	327
Net interest (income)/expense		–	(4)	19
Depreciation of property, plant and equipment	15	23	36	36
Amortisation of intangible assets	14	10	19	37
Share-based payment expense	26	–	–	7
Operating cash flows before movements in working capital		925	1,047	1,684
(Increase)/decrease in trade and other receivables		132	(366)	(1,126)
Increase/(decrease) in trade and other payables		48	226	367
(Increase)/decrease in loans to licensees		(186)	(18)	89
Cash generated by operations		919	889	1,014
Income taxes paid		(195)	(178)	(203)
Net cash from operating activities		724	711	811
Investing activities				
Interest received/(paid)		–	(11)	–
Purchases of property, plant and equipment	15	(53)	(49)	(16)
Purchases of intellectual property		(101)	(58)	–
Loans to related parties		–	(1,125)	–
Net cash used in investing activities		(154)	(1,243)	(16)
Financing activities				
Dividends paid	12	(779)	(922)	(380)
Interest received		–	12	83
Interest paid		–	(58)	(64)
Repayments of loans and borrowings		–	–	(217)
Proceeds from loans and borrowings		–	1,160	50
Net cash (used in)/from financing activities		(779)	192	(528)
Net increase/(decrease) in cash and cash equivalents		(209)	(340)	267
Cash and cash equivalents at beginning of year		891	682	342
Cash and cash equivalents at end of year		682	342	609

1. General information

DSW Capital plc is a public limited company incorporated and domiciled in England and Wales. The principal activity of the Group is the licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector.

The address of the Company's registered office is:

7400 Daresbury Park

Daresbury

Warrington

WA4 4BS

This Historical Financial Information is presented in Pounds Sterling (£), which is the currency of the economic environment in which the Group operates. All amounts are rounded to the nearest £'000 except where noted.

2. Basis of Preparation

Statement of Compliance

This Historical Financial Information presents the financial track record of the Group for the three years ended 31 March 2021 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange. This Historical Financial Information has been prepared in accordance with the requirements of the AIM Rules for Companies, and in accordance with International Accounting Standards as adopted by the United Kingdom ("IFRS").

The Historical Financial Information does not constitute the statutory accounts for the purposes of section 434 of the Companies Act.

Statutory accounts for each the years ended 31 March 2019, 31 March 2020 and 31 March 2021 have been delivered to the Registrar of Companies. The auditors' report on the accounts for the year ended 31 March 2021 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act. The accounts for the years ended 31 March 2019 and 2020 were unaudited.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In preparing the Historical Financial Information the Group has applied the below amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in this Historical Financial Information.

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8 Definition of Material

New and revised IFRS Standards in issue but not yet effective

In preparing this Historical Financial Information, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 1

Amendments to IFRS 3

Annual Improvements to IFRS Standards
2018-2020 Cycle

Classification of Liabilities as Current or Non-current

Reference to the Conceptual Framework

*Amendments to IFRS 1 First-time Adoption of
International Financial Reporting Standards, IFRS 9
Financial Instruments, IFRS 16 Leases and IAS 41
Agriculture*

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

Basis of accounting

The Historical Financial Information has been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies adopted are set out below.

Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered forecasts for the next twelve months following the date of this Admission Document, which includes detailed cash flow forecasts and working capital availability. These forecasts show that sufficient resources remain available to the business for the foreseeable future, allowing the Group to meet term loan repayments as they fall due and comply with its banking covenants. At 31 March 2021, the Group has net assets of £2.2 million (2020: £1.3 million, 2019: £1.5 million) and net current assets of £1.6 million (2020: £0.7 million, 2019: £1.1 million) which reflects the strong financial position for both the Group and the Company. In addition, the Group remains profitable with profit after tax of £1.3 million in the year ended 31 March 2021 continuing the trend of increased profitability seen in the previous two financial periods.

After making enquiries, the Directors have formed a judgement, at the date of the Admission Document, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

Basis of consolidation

The consolidated Historical Financial Information incorporates the Historical Financial Information of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Investments in associates and jointly controlled entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a jointly controlled entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A jointly controlled entity is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or jointly controlled entities are incorporated in this Historical Financial Information using the equity method of accounting.

Under the equity method, an investment in an associate or a jointly controlled entity is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or jointly controlled entity. The Group's share of the profit or loss is driven by the contractual arrangements in place. The Group's share of the profit or loss is defined by the economic interest in the associate or jointly controlled entity as stipulated in the legal arrangements, which differs from the percentage voting rights held.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a jointly controlled entity. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a jointly controlled entity.

Other Investments

Where long-term loans are made to licensees, the Directors of the Company have accounted for them as investments under IFRS 9. These loans are accounted for using the amortised cost method. See note 4 for associated critical judgements involved in determining the appropriate classification of long-term loans to licensees.

Revenue recognition

Revenue comprises revenue recognised by the Group in respect of services supplied during the year, exclusive of Value Added Tax.

The Group recognises revenue from the following major sources:

- Licence fee income
- Profit share income

Licence fee income is recognised at the point at which the performance obligations as defined by the contractual arrangements have been satisfied. Profit share income is only recognised at the point at which the risk of reversal is deemed to be remote.

Leases

The Group as lessee

The Group only has short-term leases and leases of low value and, as such, rent is charged against profits on a straight-line basis over the full period of the lease.

Operating profit

Operating profit is stated after charging the share of results of associates and jointly controlled entities, but before finance income and finance costs.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are then recognised in the consolidated income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has elected to net grant income off against the related costs as permitted under IAS 20. In 2021, government grants of £13,614 were received as part of the Coronavirus Job Retention Scheme. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense in the income statement in the periods during which services are rendered by employees. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Short-term and other long-term employee benefits

Wages, salaries, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by employees of the Group.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information and on unused tax losses or tax credits available to the Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Office equipment	33% straight line
Office fixtures & fittings	20% straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed below. The estimated useful life and amortisation method

are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life of intangible assets is as follows:

Intangible assets	10 – 25 years
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The intangibles relate to intellectual property and trademarks acquired.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables that arise from the business operations and loans to licensees.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Classification of financial assets

Amortised cost and effective interest method

(a) Trade and other receivables

Trade receivables are stated at their original invoiced value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. See Note 4 for details of the loss allowance.

(b) Loans owing from licensees

Loans are measured at amortised cost at their effective interest rates. The amortised cost of a loan is the amount at which the loan is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Interest income is recognised in profit or loss and is included in the "finance income" line item (note 9).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on the Group's loans to licensees and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The expected loss rates for these financial assets are based on the Group's historical credit losses experienced over the three-year period prior to the period end. An additional portfolio expected loss provision is calculated in which the historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's licensees. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor.

(i) *Definition of default*

The Group considers when a licensee business is terminated or ceases to trade as default events.

(ii) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities are included on the balance sheet as trade and other payables and borrowings.

(a) *Trade and other payables*

Trade payables are stated at their original invoiced value. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

(b) *Borrowings*

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost and the interest expense is recognised on the basis of the effective interest method and is included in finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Convertible Loan Note – Measurement

The net proceeds received from the issue of the convertible loan notes have been fully allocated as a financial liability because the conversion terms fail the 'fixed for fixed' test because a variable number of shares will be issued on conversion, based on the market value of the shares on conversion date. The convertible loan notes are considered to be at amortised cost and are initially measured at fair value minus any transaction costs.

Dividend Policy

The Directors expect the Group to continue to be highly cash-generative following Admission and believe that the Group will be well placed to pay a regular and progressive dividend to Shareholders.

The Board intends to adopt a progressive dividend policy to reflect the expectation of future cash flow generation and long-term earnings potential of the Group. The Board may, however, revise the Group's dividend policy from time to time in line with the actual results of the Group.

Dividends are recognised once they have been paid.

Related Party Transactions

Details of related party transactions entered into by members of the Group are set out in Note 30.

Share-based payments

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Consideration of control over a licensee

Where the Group holds voting rights in an underlying licensee, an assessment of the ability to exert control over these entities is made based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally. Investments in associates have been recognised for entities where the Group holds between 20 per cent. and 50 per cent. of the voting rights and does not have any unilateral powers other than protective ones. As the Group has more than 20 per cent. of the voting rights, it is deemed to have significant influence over the licensees and thus they are accounted for as investment in associates.

There is one entity in which the Group has 51 per cent. of the voting rights and 16.7 per cent. of the economic rights. However, all significant operational decisions require the unanimous consent of the parties. As such this entity has been recognised as an investment in a jointly controlled entity.

Classification of long-term loans to licensees

Where long-term loans are made to licensees, these are accounted as investments under IFRS 9 using the amortised cost method. The long-term loan provided to a licensee has a 20-year term and is only repayable at the end of the term and therefore in substance, is more akin to an investment. The interest rate is 7.1 per cent.

Identifying lease arrangements in the context of IFRS 16

Following the adoption of IFRS 16, the Group has undertaken a review to identify all contracts and lease arrangements which meet the definition of a lease as set out within the standard. The Group identified one such arrangement where there is no formal lease agreement, but the Group continues to occupy the property. Judgement has been applied to determine whether or not the arrangement constitutes a lease which should be accounted for under IFRS 16. As part of this consideration, it has been assessed whether or not the Group has the right to direct the use of the asset and whether a long-term obligation exists. It has been concluded that the Group does not have the right to direct the use of the asset and both parties could terminate the arrangement with insignificant financial penalties. Therefore, it is the Directors' judgment that the IFRS 16 criteria have not been met and there is no formal lease arrangement in place, but a tenancy at will arrangement. See Note 25 for further details.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of expected loss allowance for related party loans

When measuring expected credit loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions for the licensee business.

The Group assesses each licensee individually as to the probability of default on their loans based on their cash balances and their ability to pay the cash flows due.

Also, the Group has elected to calculate an additional portfolio expected loss provision in which the historical loss rates are adjusted for current and forward-looking information on macroeconomic factors affecting the Group's licensees. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor as the failure of corporates is deemed to be a reasonable macroeconomic predictor for the likely failure of a licensee business on a portfolio basis.

Valuation of Convertible Loan Notes

The Group has issued convertible loan notes which convert to a fixed value of equity on an IPO. If a flotation does not occur the loan notes are converted to a lower fixed amount of cash. The amount of uplift recognised has been estimated based on the deemed probability of a successful IPO as of each period end. This probability is an estimate involving significant judgement and was based on the status of IPO preparations at the period end. See Note 21 for further details.

5. Revenue

The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see note 6).

Disaggregation of revenue

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
External revenue by product line			
Licence Fee Income	1,094	1,555	2,243
Profit Share Income	68	55	101
Other Income	95	79	10
Total	1,257	1,689	2,354

A further breakdown of revenue by reporting line is shown below:

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
External revenue by reporting line			
Licence fees attributable to Mergers & Acquisition ('M&A')	792	1,209	1,864
Licence fees attributable to Other	302	346	379
Profit share attributable to M&A	68	55	101
Profit share attributable to Other	—	—	—
Total Revenue by reporting line	1,162	1,610	2,344
Other income	95	79	10
Total Revenue	1,257	1,689	2,354

6. Operating segments

Products and services from which reportable segments derive their revenues

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive.

The Group has 4 reporting lines, identified above, which divide licence fees and profit share income between those attributable to M&A and Other, but the Group only has one operating segment due to the nature of services provided across the whole Group being the same, being revenue derived from licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector. The Group's revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment.

Internal management reports are reviewed by the Directors monthly, including revenue information by licensee. Such revenue information alone does not constitute sufficient information upon which to base resource allocation decisions.

Performance of the segment is assessed based on revenue data only.

As the Group only has one reportable segment, all segmented information is provided by the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

Geographical information

The Group has operations in one geographic location, the United Kingdom, and therefore the Group only has one reporting geographic operating segment. This is in line with internal reporting.

Information about major customers

Included in revenues arising from Licence fees attributable to M&A are revenues of approximately £1.17 million (2020: £0.7 million; 2019: £0.45 million) which arose from licence fee income from the Group's largest licensee. No other single licensee contributed 10 per cent. or more to the Group's revenue in either 2021 or 2020. In 2019, a further licensee business contributed revenues of approximately £0.18 million.

7. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Government grant for the purpose of immediate financial support	–	–	(14)
Depreciation of property, plant and equipment	23	36	36
Amortisation	10	19	37
Employee pension	–	2	2
Bad debt provision over licence fees	11	38	29
Bad debt provision over outstanding loans	104	129	20
Bad debt provision over profit share	78	–	–

In 2021, government grants of £13,614 were received as part of the Coronavirus Job Retention Scheme ("JRS"). There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Auditor's remuneration

The Historical Financial Information ('HFI') has been prepared and audited for the first time as there was no previous audit requirement. As such, there are no fees payable in relation to historical audit or non-audit services provided by the statutory auditor. Any future fees payable will be expensed in the period to which the services relate and will be disclosed accordingly. Audit fees for the audit of the three years to 31 March 2021 amount to £54,000 and will be recorded in the financial statements for the year ended 31 March 2022.

8. Staff costs

The average number of persons employed by the Group (including executive Directors) during the year, analysed by category was as follows:

	<i>Year ended 31 March 2019 Number</i>	<i>Year ended 31 March 2020 Number</i>	<i>Year ended 31 March 2021 Number</i>
Central Heads	1	6	9
	<u>1</u>	<u>6</u>	<u>9</u>

Their aggregate remuneration comprised:

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Wages and salaries	142	255	340
Social security costs	18	25	31
Other pension costs (see note 27)	–	2	2
	<u>160</u>	<u>282</u>	<u>373</u>

'Other pension costs' relate to the defined contribution plan charge.

Aggregate Directors' remuneration

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Wages and salaries	138	255	340
Social security costs	18	24	31
Other pension costs (see note 27)	–	1	1
	<u>156</u>	<u>282</u>	<u>373</u>

The highest paid Director's total emoluments in the year were £127,313 (2020: £95,500, 2019: £138,250) of which £1,313 (2020: £0, 2019: £0) related to pension costs.

Directors' transactions

Dividends totalling £380,000 were paid in the year in respect of ordinary shares held by the Company's Directors (2020: £921,500; 2019: £779,000). The dividends were all paid to Directors. See Note 12 for details.

9. Finance income

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Interest income:			
Bank Interest	1	–	–
Loan Interest	–	12	80
	<u>1</u>	<u>12</u>	<u>80</u>
Other finance income	11	5	4
Total finance income	<u>12</u>	<u>17</u>	<u>84</u>

10. Finance costs

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Interest on bank loans	–	(10)	(64)
Amortisation of debt issue costs	–	(2)	(14)
Other finance costs	–	(1)	(25)
	<u>–</u>	<u>(13)</u>	<u>(103)</u>

11. Income Tax

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Corporation income tax:			
Current year	200	210	329
Adjustments in respect of prior years	–	(2)	12
	<u>200</u>	<u>208</u>	<u>341</u>
Deferred tax (see note 22)			
Origination and reversal of temporary differences	3	(1)	(14)
	<u>203</u>	<u>207</u>	<u>327</u>

The standard rate of corporation tax applied to reported profit is 19 per cent. (2020: 19 per cent., 2019: 19 per cent).

The charge for the year can be reconciled to the profit before tax as follows:

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Profit before tax on continuing operations	892	996	1,585
Tax at the UK corporation tax rate of 19 per cent. (2019: 19 per cent., 2020: 19 per cent)	169	189	301
Tax effect of expenses that are not deductible in determining taxable profit	1	6	11
Depreciation in excess of capital allowances	(4)	–	11
Other tax effects	4	4	6
Tax effect of adjustments in relation to prior periods	–	(3)	12
Tax effect of income not taxable in determining taxable profit	(5)	(5)	–
Movement in deferred tax assets/liabilities	3	(1)	(14)
Non-trade loan relationship	35	17	–
Tax expense for the year	203	207	327

On 26 October 2015, the UK corporation tax rate was reduced to 19 per cent. for the years beginning 1 April 2020 and 1 April 2021. As a result of the March 2021 Budget, the UK corporation tax rate will increase to 25 per cent. for the financial year beginning 1 April 2023.

12. Dividends

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Amounts recognised as distributions to equity holders in the year:			
Interim dividend for the year	333	380	–
Final dividend for the year (2021: £390 per share)	427	523	370
Special dividend for the year (2021: £0.005 per share, 2020: £10 per share, 2019: £10 per share)	19	19	10
	779	922	380

13. Earnings per share

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	689	789	1,258
Effect of dilutive potential ordinary shares:	—	—	—
Earnings for the purposes of diluted earnings per share	<u>689</u>	<u>789</u>	<u>1,258</u>

On 11 March 2021, the Company subdivided its existing share capital from 1,900 £1 shares into 1.9 million £0.001 ordinary shares. On top of this, 218,541 C shares and 45,479 D shares were issued as part of a growth share scheme.

	<i>Year ended 31 March 2019</i>	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2021</i>
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,900,000</u>

The calculations have been adjusted for the share split which occurred on 11 March 2020. Further details can be found within Note 24, which should be viewed for further details.

From continuing operations

	<i>Year ended 31 March 2019</i>	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2021</i>
Earnings			
Basic earnings per share	<u>£ 0.36</u>	<u>£ 0.42</u>	<u>£ 0.66</u>
Diluted earnings per share	<u>0.36</u>	<u>0.42</u>	<u>0.66</u>

14. Intangible assets

	<i>Total £'000</i>
Cost	
At 1 April 2018	49
Additions	100
At 31 March 2019	149
Additions	558
At 31 March 2020	707
Additions	40
At 31 March 2021	747
Amortisation	
At 1 April 2019	8
Charge for the year	10
At 31 March 2019	18
Charge for the year	19
At 31 March 2020	37
Charge for the year	37
At 31 March 2021	74
Carrying amount	
At 1 April 2018	41
At 31 March 2019	131
At 31 March 2020	670
At 31 March 2021	673

All intangible assets relate to intellectual property on which licence fees are charged.

15. Property, plant and equipment

	Office Fixtures, Fittings & Equipment £'000	Total £'000
Cost		
At 1 April 2018	67	67
Additions	52	52
At 31 March 2019	119	119
Additions	49	49
At 31 March 2020	168	168
Additions	16	16
At 31 March 2021	184	184
Accumulated depreciation		
At 1 April 2018	34	34
Charge for the year	23	23
At 31 March 2019	57	57
Charge for the year	36	36
At 31 March 2020	93	93
Charge for the year	36	36
At 31 March 2021	129	129
Carrying amount		
At 1 April 2018	33	33
At 31 March 2019	62	62
At 31 March 2020	76	76
At 31 March 2021	56	56

16. Associates

As none of the individual associates generate more than 15 per cent. of the Group's revenue, they are not deemed to be material associates and therefore can be grouped together in aggregate below.

Aggregate information of associates that are not individually material

	As at 31 March 2019 £'000	As at 31 March 2020 £'000	As at 31 March 2021 £'000
The Group's share of profit from continuing operations	58	65	102
The Group's share of profit and total comprehensive income	58	65	102

Change in the Group's ownership interest in an associate

Where the Company is a member of a licensee's business, a profit share arrangement is in place which entitles the Company to profits over a contractual threshold which is stated within an LLP agreement. The Group accounts for associates based on their economic share as stated in the legal agreements, rather than based on the Company's voting rights. Therefore, the accounting always mirrors the economic arrangement. When there is a change in profit share, this is not deemed to constitute a change in the Group's ownership interest in an associate as this relates to a change in economic interest only, hence there is no

change to the equity accounting basis. A change in the Group's ownership interest therefore is only recognised where there is a change in the Company's voting rights.

17. Jointly controlled entities

As the jointly controlled entity does not generate more than 15 per cent. of the Group's revenue, it is not deemed to be a material jointly controlled entity.

Information of jointly controlled entity that is not individually material

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
The Group's share of profit from continuing operations	26	25	15
The Group's share of profit and total comprehensive income	<u>26</u>	<u>25</u>	<u>15</u>

18. Investments

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Financial assets measured under the equity method			
Investment in Associates	176	187	97
Investment in jointly controlled entities	10	18	19
Financial assets measured at amortised cost			
Other investments	<u>1</u>	<u>922</u>	<u>922</u>
Total Investments	<u>187</u>	<u>1,127</u>	<u>1,038</u>

Where long-term loans are made to licensees, which are disclosed within "Other investments" above, the Directors of the Company have accounted for them as investments under IFRS 9. These loans are accounted for using the amortised cost method.

19. Trade and other receivables

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Trade receivables	226	430	1,330
Loss allowance	(24)	(59)	(88)
	<u>202</u>	<u>371</u>	<u>1,242</u>
Other receivables	374	614	305
Loss Allowance	(123)	(252)	(39)
	<u>251</u>	<u>362</u>	<u>266</u>
Prepayments and Accrued Income	78	88	355
Loss Allowance	(78)	(78)	(78)
	<u>–</u>	<u>10</u>	<u>277</u>
	<u>453</u>	<u>743</u>	<u>1,785</u>
Balances owed from related parties (Note 30)	249	187	272
	<u>702</u>	<u>930</u>	<u>2,057</u>

Trade receivables

The Group assessed each licensee individually as to their probability of default based on previous credit loss history which is adjusted for current and forward-looking information. It is not appropriate to group the licensee trade receivable balances as there are specific circumstances associated with each business, notably, service line, sector, location and maturity of the business.

Average Credit Period taken is 64 Days (2020: 69 days, 2019: 105 days) and no interest is charged on the receivables.

The ageing of trade receivables net of the loss allowance at the reporting date was as followed:

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Not past due	162	251	1,153
Past due 61 to 90 days	17	7	9
Past due 91 to 120 days	2	74	20
Past due over 120 days	21	39	60
	<u>202</u>	<u>371</u>	<u>1,242</u>

The provision for impairment of trade receivables is the difference between the carrying value and the present value of the expected proceeds. The Directors consider that the carrying value of trade receivables approximates to fair value.

20. Borrowings

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Secured borrowing at amortised cost			
Bank loans	–	1,160	942
Debt issue costs	–	(56)	(41)
Other loan	–	–	50
Total borrowings	<u>–</u>	<u>1,104</u>	<u>951</u>
Non-current	<u>–</u>	<u>829</u>	<u>625</u>
Current	<u>–</u>	<u>275</u>	<u>326</u>

The other principal features of the Group's borrowings are as follows.

(i) The Group has one principal bank loan:

- (a) A loan of £1.16 million was taken out by the Company on 10 February 2020. The loan is secured by a debenture from each Obligor over all its assets and a security from the Shareholders over the entire issued share capital of the Company. The rate of interest on the loan is the aggregate of the 5.25 per cent. Margin and 3 month LIBOR (subject to a LIBOR floor of 0.75 per cent.). Capital repayments of £72k are paid quarterly in January, April, July, October. £14k of capitalised debt issue costs were amortised to finance charges in 2021 (2020: £2k). This loan will be repaid from IPO proceeds. (See Note 10).
- (b) DSW Services took advantage of the Bounce Back Loan Scheme in which a loan of £50,000 was taken out in October 2020 to enable it to access finance more quickly during the coronavirus outbreak. The loan carries an interest rate at 2.5 per cent., however there is no interest payable for the first 12 months from the date the loan is drawn. This loan was repaid in full in September 2021.

The convertible loan note is classified as a non-current liability. Refer to Note 21 for more details.

The weighted average interest rates paid during the year were as follows:

	<i>As at 31 March 2019 %</i>	<i>As at 31 March 2020 %</i>	<i>As at 31 March 2021 %</i>
Bank loans	0.0	6.0	6.2

The convertible loan notes have a 0 per cent. interest rate.

Analysis of changes in net debt

	1 April 2018	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2019
Cash & bank balances	891	(209)	–	–	682
Net Debt	<u>891</u>	<u>(209)</u>	<u>–</u>	<u>–</u>	<u>682</u>

	1 April 2019	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2020
Cash & bank balances	682	(340)	–	–	342
Bank Loans	–	(1,160)	–	(9)	(1,169)
Convertible Loan Notes	–	–	–	(396)	(396)
Debt issue costs	–	57	(2)	–	55
Net Debt	<u>682</u>	<u>(1,443)</u>	<u>(2)</u>	<u>(405)</u>	<u>(1,168)</u>

	1 April 2020	Cash flow	Amortisation of debt issue costs	Non-cash debt items	31 March 2021
Cash & bank balances	342	267	–	–	609
Bank Loans	(1,169)	217	–	–	(952)
Debt issue costs	55	–	(14)	–	41
Convertible Loan Notes	(396)	–	–	(144)	(540)
New Loans	–	(50)	–	–	(50)
Net Debt	<u>(1,168)</u>	<u>434</u>	<u>(14)</u>	<u>(144)</u>	<u>(892)</u>

Balances at 31 March 2021 comprise:

	Current assets £'000	Current liabilities £'000	Non-current liabilities £'000	Total £'000
Cash and bank balances	609	–	–	609
Principal Loan	–	(276)	(625)	(901)
Accrued Interest on Loan	–	(9)	–	(9)
Convertible Loan Notes	–	–	(540)	(540)
Bounce Back Loan	–	(50)	–	(50)
At 31 March 2021	<u>609</u>	<u>(335)</u>	<u>(1,165)</u>	<u>(892)</u>

21. Convertible loan notes

The Group issued £500k of convertible loan notes to the founders of a licensee which are convertible to equity in capital on an IPO. If the float happens within 4 years, the value of the loan notes will be uplifted to £700k. Given that the uplift value is fixed, it is in effect a 'known' outcome which is only contingent upon an event and therefore a provision should be recognised. A provision of £40k has been recognised due to the Group's estimation that there was a 20 per cent. chance of the float occurring as at 31 March 2021.

The net proceeds received from the issue of the convertible loan notes have been fully allocated as a financial liability because the conversion terms fail the 'fixed for fixed' test because a variable number of shares will be issued on conversion, based on the market value of the shares on conversion date.

22. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
At the beginning of the year (asset/(liability))	(9)	(12)	(11)
Charge in the year	(3)	–	–
Released in the year	–	1	11
Credited in the year	–	–	3
At the end of the year (asset/(liability))	<u>(12)</u>	<u>(11)</u>	<u>3</u>

23. Trade and other payables

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Trade payables	85	83	81
Other taxation and social security	30	73	278
Other payables	82	9	24
Accruals and Deferred Income	2	19	88
Corporation Tax	93	123	262
	<u>292</u>	<u>307</u>	<u>733</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

24. Share capital

On 11 March 2021, the Company subdivided its existing share capital from 1,900 £1 shares into 1.9 million £0.001 ordinary shares.

	<i>As at 31 March 2019</i>		<i>As at 31 March 2020</i>		<i>As at 31 March 2021</i>	
	<i>Number</i>	<i>£'000</i>	<i>Number</i>	<i>£'000</i>	<i>Number</i>	<i>£'000</i>
Authorised, issued and fully paid:						
Ordinary A shares	950	1	950	1	950,000	1
Ordinary B shares	950	1	950	1	950,000	1
At 31 March	<u>1,900</u>	<u>2</u>	<u>1,900</u>	<u>2</u>	<u>1,900,000</u>	<u>2</u>
Authorised, issued and nil paid:						
Ordinary C shares	–	–	–	–	218,541	–
Ordinary D Shares	–	–	–	–	45,479	–
At 31 March	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>264,020</u>	<u>–</u>
Total	<u>1,900</u>	<u>2</u>	<u>1,900</u>	<u>2</u>	<u>2,164,020</u>	<u>2</u>

On 11 March, 218,541 C ordinary shares and 45,479 D ordinary shares were issued which were nil paid and have no voting rights. These shares were issued as part of the Growth Share Plan discussed in note 26.

25. Operating lease arrangements

The Group only has short-term leases and leases of low value which are out of scope for IFRS 16. The exception to this is that the Group identified one such arrangement where there is no formal lease agreement, but the Group continues to occupy the property. Judgement has been applied to determine whether or not the arrangement constitutes a lease which should be accounted for under IFRS 16. As part of this consideration, it has been assessed whether or not the Group has the right to direct the use of the asset, whether a long-term obligation exists. It has been concluded that the Group does not have the right to direct the use of the asset and both parties could terminate the arrangement with insignificant financial penalties. Therefore, it is the Directors' judgement that the IFRS 16 criteria have not been met and this lease has therefore been accounted for as a tenancy at will arrangement.

Maturity analysis of operating lease payments:

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Year 1	85	95	87
Year 2	–	1	–
Total	<u>85</u>	<u>96</u>	<u>87</u>

As the property leases are all short-term (1- or 3-months' notice), for the purposes of the maturity analysis, we have assumed a 12-month term.

The following table presents the amounts reported in profit or loss.

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Lease payments on operating leases	150	159	130

26. Share-based payments

Equity-settled share option plan

DSW Capital implemented a Growth Share Plan (the "Plan") in March 2021 for key members of its management team and a number of the licensees in the LLPs from which DSW receives licence fees.

As part of the implementation of the Plan, individuals were invited to subscribe for Growth Shares in DSW Capital Limited at their unrestricted market value ("UMV") which are 'nil paid'. On a future realisation event, their total subscription price would be deducted from their share of the sale proceeds.

Any value received for the Growth Shares is conditional on a future Exit event taking place; the individual remaining in employment/continuing to be a partner in a DSW Network entity until the IPO and for 2 years after; a trademark agreement with DSW Capital being in place with their employing entity/partnership and, for partners only, any outstanding amounts owing under the trademark agreement with DSW Capital being paid up to date.

On 11 March 2021, 218,541 C ordinary shares and 45,479 D ordinary shares were issued.

The Group recognised total expenses of £6,850 related to equity-settled share-based payment transactions in the year ended 31 March 2021.

27. Retirement benefit plans

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees.

The employees of the Group are members of a workplace pension scheme operated by the government. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in profit or loss of £1,710 (2020: £1,518; 2019: £0) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 March 2021, there were no contributions due in respect of the current reporting period which had not been paid over to the plans.

28. Financial Instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this Historical Financial Information.

The significant accounting policies regarding financial instruments are disclosed in Note 3.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Financial assets

	<i>Held at amortised cost</i>		
	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2020</i>	<i>2021</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash and cash equivalents	682	342	609
Trade and other receivables	659	808	1,618
	<u>1,341</u>	<u>1,150</u>	<u>2,227</u>

Financial liabilities

	<i>Held at amortised cost</i>		
	<i>As at</i>	<i>As at</i>	<i>As at</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2019</i>	<i>2020</i>	<i>2021</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade and other payables	169	111	193
Borrowings	–	1,104	951
	<u>169</u>	<u>1,215</u>	<u>1,144</u>

There is no significant difference between the fair value and carrying value of the financial instruments.

(a) Financial risk management objectives

The Board has overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Board, who also monitor the status of agreed actions to

mitigate key risks. The Board's objective in managing financial risks is to ensure the long-term sustainability of the Group.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its start-up loans provided to licensees. The Group mitigates this risk by encouraging ongoing engagement of senior management with Network members and monthly reporting which allows close monitoring of emerging credit risks and facilitates early support and advice to mitigate or remediate performance.

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

(i) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group recognises a loss allowance for expected credit losses on the Group's loans to licensees and trade receivables.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The expected loss rates for these financial assets are based on the Group's historical credit losses experienced over the three-year period prior to the period end.

An additional portfolio expected loss provision is calculated in which the historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the changing insolvency rates in the UK as the key macroeconomic factor.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

(c) 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 Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows.

Network members in difficulty are asked to provide short-term cash flow forecasts on a monthly basis to support risk monitoring and potential funding requirements and Partners may be asked to reduce drawings on a temporary basis.

(i) Liquidity and interest risk

The bank loan is subject to a variable interest rate however, given the amount of interest rate payable, there is no significant interest rate risk. There is no interest payable on trade payable balances and the operations of the Group are not dependent on the finance income received.

(ii) Financing facilities

The Group is using combination of the cash inflows from the financial assets and the available bank facilities to manage liquidity.

(d) Capital risk management

The Group considers its capital to comprise its ordinary share capital and retained profits as its equity capital. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income.

The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs.

In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital are disclosed in the Statement of Changes in Equity and Note 24.

29. Events after the reporting period

The events after the reporting period note reflects all events occurring after 30 September 2021, on the basis that the interim results for the six months period to 30 September 2021 have been presented in Section D of Part IV of this Admission Document.

On 24 October, the following transaction took place in relation to the Company's share capital:

- (i) 4,233 Ordinary C Shares were fully paid up, bought back by the Company and subsequently cancelled.

On 26 October, the following transactions took place in relation to the Company's share capital:

- (i) 17,268 Ordinary E Shares were issued which were nil paid and have no voting rights. These shares were issued as part of the Growth Share Plan discussed in note 26.
- (ii) 50,000 Redeemable preference shares with a nominal value of £1.00 were issued and were quarter paid. These shares have no voting rights.

On 1 November, the Company formally re-registered as a public company under the name of DSW Capital plc.

Since 31 March 2021 the Directors have declared an interim dividend of 13.3 pence per fully paid ordinary share. The aggregate amount of this dividend which was paid on 13 October 2021 out of retained earnings at 30 September 2021, but not recognised as a liability at the end of the half-year, was £253,328.

The partner of DSW Wealth Advisory LLP has made the Directors aware his intention to leave the partnership with effect from 31 March 2022. This will not have a material impact on the results of the Group.

30. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

Revenue and Cost Recharges

Group entities entered into the following transactions with related parties who are not members of the Group. All entities other than DSW Investments 2 LLP are licensee businesses. DSW Investments 2 LLP is an entity owned by current shareholders.

	<i>Year ended 31 March 2019 Revenue and Cost Charges £'000</i>	<i>Year ended 31 March 2020 Revenue and Cost Charges £'000</i>	<i>Year ended 31 March 2021 Revenue and Cost Charges £'000</i>
PHD Equity Partners	129	168	127
PHD Industrial Holdings	–	–	12
DSW Investments 2 LLP	87	87	65
Other investments ¹	426	419	485
Totals	642	674	689

¹ Other Investments relate to routine and similar transactions which arose in the ordinary course of business, with DSW CF Leeds, DSW Wealth Advisory, DSW TS Leeds and DSW Business Recovery.

Amounts due from/to related parties

Group entities had the following balances, including loans to related parties, outstanding at year end with related parties who are not members of the Group:

	<i>As at 31 March 2019 Amounts due from/(to) related parties £'000</i>	<i>As at 31 March 2020 Amounts due from/(to) related parties £'000</i>	<i>As at 31 March 2021 Amounts due from/(to) related parties £'000</i>
PHD Equity Partners	14	–	19
PHD Industrial Holdings	–	–	14
DSW Investments 2 LLP	26	–	26
Other investments ¹	209	187	213
Totals	249	187	272

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IFRS.

	<i>Year ended 31 March 2019 £'000</i>	<i>Year ended 31 March 2020 £'000</i>	<i>Year ended 31 March 2021 £'000</i>
Wages and salaries	138	191	259
Social security costs	18	24	28
Other pension costs (see note 27)	–	1	1
	156	216	288

Loans to related parties

Included within the amounts due to/from related parties above, are the following loan balances outstanding as at the year end with related parties who are not members of the Group.

	<i>As at 31 March 2019 £'000</i>	<i>As at 31 March 2020 £'000</i>	<i>As at 31 March 2021 £'000</i>
Loans to Other investments ¹ :	53	8	–

¹ Other Investments relate to routine and similar transactions which arose in the ordinary course of business, with DSW CF Leeds, DSW Wealth Advisory, DSW TS Leeds and DSW Business Recovery.

Section C – Review report on the unaudited interim financial information on the Group in respect of the 6 months ended 30 September 2021



BDO LLP
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M3 3AT

The Directors
DSW Capital plc
7700 Daresbury Park
Daresbury
Warrington
WA4 4BS

13 December 2021

Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Dear Sir or Madam

DSW Capital plc (the “Company”) and its subsidiary undertaking (together the “Group”)

Introduction

We report on the interim financial information set out in Section D of Part IV. This financial information has been prepared for inclusion in the admission document dated 13 December 2021 of the Company (the “Admission Document”) on the basis of the accounting policies set out in note 3 to the interim financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the six months ended 30 September 2020 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company are responsible for preparing the interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the United Kingdom.

It is our responsibility to express a conclusion based on our review of the interim financial information.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity” (ISRE 2410) issued by the Financial Reporting Council for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing

(UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the United Kingdom.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section D – Unaudited interim financial information on the Group in respect of the 6 months ended 30 September 2021

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000
	Note		
Continuing operations			
Revenue	5	1,119	784
Gross profit		1,119	784
Share of results of associates	12	44	15
Share of results of jointly controlled entity		17	–
Administrative expenses		(525)	(305)
Operating profit		655	494
Adjusted operating profit⁽¹⁾		850	494
IPO Costs		(92)	–
Share based payments expense		(103)	–
Operating profit		655	494
Finance income		42	42
Finance costs		(46)	(53)
Profit before tax		651	483
Income tax	7	(135)	(85)
Profit for the half-year		516	398
Total comprehensive income for the half-year attributable to owners of the Company		516	398
Earnings per share			
From continuing operations			
Basic	9	£0.27	£0.21
Diluted	9	£0.27	£0.21

(1) Adjusted operating profit, which is defined as operating profit adjusted for items not considered part of underlying trading including IPO costs and share based payments, is a non GAAP metric used by management and is not an IFRS disclosure.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2021 £'000	As at 31 March 2021 £'000
	Note		
Non-current assets			
Intangible assets	10	714	673
Property, plant and equipment	11	53	56
Investments		922	922
Investments in associates	12	141	97
Interests in jointly controlled entities		19	19
Deferred Tax asset		3	3
		<u>1,852</u>	<u>1,770</u>
Current assets			
Trade receivables		883	1,352
Prepayments and Accrued Income		373	439
Other receivables		350	266
Cash and bank balances		1,169	609
		<u>2,775</u>	<u>2,666</u>
Total assets		<u>4,627</u>	<u>4,436</u>
Current liabilities			
Trade payables		82	81
Other taxation		227	278
Other payables		21	24
Accruals and Deferred Income		89	88
Current tax liabilities		140	262
Borrowings	13	276	326
		<u>835</u>	<u>1,059</u>
Net current assets		<u>1,940</u>	<u>1,607</u>
Non current liabilities			
Borrowings	13	488	625
Convertible loan notes	14	600	540
		<u>1,088</u>	<u>1,165</u>
Total liabilities		<u>1,923</u>	<u>2,224</u>
Net assets		<u>2,704</u>	<u>2,212</u>
Equity			
Share capital		2	2
Share-based payment reserve		110	7
Retained earnings		2,592	2,203
Total Equity attributable to owners of the Company		<u>2,704</u>	<u>2,212</u>

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share capital £'000</i>	<i>Share- based payments reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Balance at 1 April 2020	2	–	1,325	1,327
Profit for the half-year	–	–	398	398
Dividends	–	–	–	–
Share-based payments	–	–	–	–
Balance at 30 September 2020	<u>2</u>	<u>–</u>	<u>1,723</u>	<u>1,725</u>

	<i>Share capital £'000</i>	<i>Share- based payments reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Balance at 1 April 2021	2	7	2,203	2,212
Profit for the half-year	–	–	516	516
Dividends	–	–	(127)	(127)
Share-based payments	–	103	–	103
Balance at 30 September 2021	<u>2</u>	<u>110</u>	<u>2,592</u>	<u>2,704</u>

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000
	Note		
Profit for the half-year		516	398
Adjustments for:			
Income tax expense	7	135	85
Net interest expense		4	11
Depreciation of property, plant and equipment	11	18	18
Amortisation of intangible assets	10	19	19
Share-based payment expense		103	–
Operating cash flows before movements in working capital		795	531
(Increase)/decrease in trade and other receivables		450	(275)
Increase/(decrease) in trade and other payables		(63)	142
(Increase)/decrease in loans to licensees		(44)	9
Cash generated by operations		1,138	407
Income taxes paid		(257)	(120)
Net cash from operating activities		881	287
Investing activities			
Purchases of property, plant and equipment	11	(15)	(8)
Net cash used in investing activities		(15)	(8)
Financing activities			
Dividends paid	8	(127)	–
Interest received		42	42
Interest (paid)		(26)	(34)
Repayments of loans and borrowings		(195)	(73)
Net cash used in financing activities		(306)	(65)
Net increase in cash and cash equivalents		560	214
Cash and cash equivalents at beginning of half-year		609	342
Cash and cash equivalents at end of half-year		1,169	556

Notes to the interim consolidated financial information

1. General Information

DSW Capital plc ("the Company") is a public company limited by shares, registered in England and Wales and domiciled in the UK, with company registration number 7200401. The principal activity is the licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector. The registered office is 7400 Daresbury Park, Warrington, WA4 4BS.

2. Basis of preparation

This condensed consolidated interim financial information for the 6 months to 30 September 2021 has been prepared in accordance with IAS 34 'Interim financial reporting' and also in accordance with the measurement and recognition principles of UK adopted international accounting standards. It does not include all of the information required for full annual financial statements and should be read in conjunction with the Historical Financial Information provided in Section B of Part IV of this Admission Document. This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The interim condensed consolidated financial information is presented in the Group's functional currency of pounds Sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

3. Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in the Historical Financial Information provided in Section B of Part IV of this Admission Document.

Use of estimates and judgements

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 March 2022 (the date on which the Company's next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

4. Significant events and transactions

The Directors are satisfied that there were no significant events or transactions that have occurred since 30 September 2021, other than those set out in Note 18.

5. Revenue

The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see note 5 of the Historical Financial Information in Section B of Part IV of this Admission Document).

Disaggregation of revenue

	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000
External revenue by product line		
License Fee Income	1,094	770
Profit Share Income	25	4
Other Income	–	10
Total	1,119	784

A further breakdown of revenue by reporting line is shown below:

	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000
External revenue by reporting line		
Licence fees attributable to M&A	769	603
Licence fees attributable to Other	325	167
Profit share attributable to M&A	25	4
Profit share attributable to Other	–	–
Total Revenue by reporting line	1,119	774
Other income	–	10
Total Revenue	1,119	784

6. Segment information

Products and services from which reportable segments derive their revenues

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive.

The Group has 4 reporting lines, identified above, which divide licence fees and profit share income between those attributable to M&A and Other, but the Group only has one operating segment due to the nature of services provided across the whole Group being the same, being revenue derived from licensing of the Dow Schofield Watts brand and associated brand names for use in the professional services sector. The Group's revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment.

Internal management reports are reviewed by the Directors monthly, including revenue information by licensee. Such revenue information alone does not constitute sufficient information upon which to base resource allocation decisions.

Performance of the segment is assessed based on revenue data only.

As the Group only has one reportable segment, all segmented information is provided by the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

Geographical information

The Group has operations in one geographic location, the United Kingdom, and therefore the Group only has one reporting geographic operating segment. This is in line with internal reporting.

Information about major customers

Included in revenues arising from Licence fees attributable to M&A are revenues of approximately £299,244 (September 2020: £307,330) which arose from licence fee income from the Group's largest licensee in the six months to 30 September 2021. In the six months to 30 September 2020, a further two licensee businesses contributed revenues of £109,998 and £81,034. In the six months to 30 September 2021, a further licensee business contributed revenues of approximately £110,000. No other single licensee contributed 10 per cent. or more to the Group's revenue in either period.

7. Tax

Tax is charged at 19 per cent. for the six months ended 30 September 2021 (30 September 2020: 19 per cent.) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six-month period.

8. Dividends

	<i>6 months ended 30 September 2021 £'000</i>	<i>6 months ended 30 September 2020 £'000</i>
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the period (2021: 6.67 pence per share)	127	–
	<u>127</u>	<u>–</u>

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 13.33 pence per fully paid ordinary share. The aggregate amount of the proposed dividend on 13 October 2021 out of retained earnings at 30 September 2021, but not recognised as a liability at the end of the half-year, is £253,328 (September 2020: £0).

9. Earnings per share

From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

	<i>6 months ended 30 September 2021 £'000</i>	<i>6 months ended 30 September 2020 £'000</i>
Earnings		
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	516	398
Effect of dilutive potential ordinary shares:	–	–
Earnings for the purposes of diluted earnings per share	<u>516</u>	<u>398</u>

On 11 March 2021, the Company subdivided its existing share capital from 1,900 £1 shares into 1.9 million £0.001 ordinary shares. On top of this, 218,541 C shares and 45,479 D shares were issued as part of a growth share scheme.

	6 months ended 30 September 2021	6 months ended 30 September 2020
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	<u>1,900,000</u>	<u>1,900,000</u>

The calculations have been adjusted for the share split which occurred on 11 March 2020 as noted above.

	6 months ended 30 September 2021 £	6 months ended 30 September 2020 £
From continuing operations		
Earnings		
Basic earnings per share	<u>0.27</u>	<u>0.21</u>
Diluted earnings per share	<u>0.27</u>	<u>0.21</u>

10. Intangible assets

	Total £'000
Cost	
At 31 March 2021	<u>747</u>
Additions	<u>60</u>
At 30 September 2021	<u>807</u>
Amortisation	
At 31 March 2021	<u>74</u>
Charge for the year	<u>19</u>
At 30 September 2021	<u>93</u>
Carrying amount	
At 30 September 2021	<u>714</u>
At 31 March 2021	<u>673</u>

The addition above relates to the amendment of the consideration for a prior period acquisition arising from the change in fair value of the convertible loan note (note 14).

11. Property, plant and equipment

	Office Fixtures, Fittings & Equipment £'000	Total £'000
Cost		
At 31 March 2021	185	185
Additions	15	15
At 30 September 2021	200	200
Accumulated depreciation		
At 31 March 2021	129	129
Charge for the year	18	18
At 30 September 2021	147	147
Carrying amount		
At 30 September 2021	53	53
At 31 March 2021	56	56

12. Associates

As none of the individual associates generate more than 15 per cent. of the Group's revenue, they are not deemed to be material associates and therefore can be grouped together in aggregate below.

Aggregate information of associates that are not individually material

	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000
The Group's share of profit from continuing operations	44	15
The Group's share of profit and total comprehensive income	44	15

Change in the Group's ownership interest in an associate

Where the Company is a member of a licensee's business, a profit share arrangement is in place which entitles the Company to profits over a contractual threshold which is stated within an LLP agreement. The Group accounts for associates based on their economic share as stated in the legal agreements, rather than based on the Company's voting rights. Therefore, the accounting always mirrors the economic arrangement. When there is a change in profit share, this is not deemed to constitute a change in the Group's ownership interest in an associate as this relates to a change in economic interest only, hence there is no change to the equity accounting basis. A change in the Group's ownership interest therefore is only recognised where there is a change in the Company's voting rights.

13. Borrowings

	<i>As at 30 September 2021 £'000</i>	<i>As at 31 March 2021 £'000</i>
Secured borrowing at amortised cost		
Bank loans	798	942
Debt issue costs	(34)	(41)
Other loan	–	50
Total borrowings	<u>764</u>	<u>951</u>
Non-current	<u>488</u>	<u>625</u>
Current	<u>276</u>	<u>326</u>

The other principal features of the Group's borrowings are as follows.

The Group has one principal bank loan:

A loan of £1.16 million was taken out by the Company on 10 February 2020. The loan is secured by a debenture from each Obligor over all its assets and a security from the Shareholders over the entire issued share capital of the Company. The rate of interest on the loan is the aggregate of the 5.25 per cent. Margin and 3 month LIBOR (subject to a LIBOR floor of 0.75 per cent.). Capital repayments of £72k are paid quarterly in January, April, July, October. £7k of capitalised debt issue costs were amortised to finance charges in the first half of 2021 (2020: £7k).

14. Convertible loan notes

The Group issued £500k of convertible loan notes to the founders of a licensee which are convertible to equity in capital on listing. If the float happens within 4 years, the value of the loan notes will be uplifted to £700k. Given that the uplift value is fixed, it is in effect a 'known' outcome which is only contingent upon an event and therefore a provision should be recognised. A provision of £100k has been recognised due to the Group's estimation that there was a 50 per cent. chance of the float occurring as at 30 September 2021.

The net proceeds received from the issue of the convertible loan notes have been fully allocated as a financial liability because the conversion terms fail the 'fixed for fixed' test because a variable number of shares will be issued on conversion, based on the market value of the shares on conversion date.

The convertible loan note is classified as a non-current liability.

Analysis of changes in net debt

	<i>1 April 2021</i>	<i>Cash flow</i>	<i>Amortisation of debt issue costs</i>	<i>Non-cash debt items</i>	<i>30 September 2021</i>
Cash & bank balances	609	560	–	–	1,169
Bank Loans	(951)	195	–	(8)	(764)
Debt issue costs	41	–	(7)	–	34
Convertible Loan Notes	(540)	–	–	(60)	(600)
Net Debt	<u>(841)</u>	<u>755</u>	<u>(7)</u>	<u>(68)</u>	<u>(161)</u>

Balances at 30 September 2021 comprise:

	<i>Current assets £'000</i>	<i>Current liabilities £'000</i>	<i>Non-current liabilities £'000</i>	<i>Total £'000</i>
Cash and bank balances	1,169	–	–	1,169
Principal Loan	–	(276)	(488)	(764)
Accrued Interest on Loan	–	(8)	–	(8)
Convertible Loan Notes	–	–	(600)	(600)
At 30 September 2021	<u>1,169</u>	<u>(284)</u>	<u>(1,088)</u>	<u>(203)</u>

15. Share-based payments***Equity-settled share option plan***

The Company implemented a Growth Share Plan (the “Plan”) in March 2021 for key members of its management team and a number of the partners/directors in the licensees from which DSW receives licence fees.

As part of the implementation of the Plan, individuals were invited to subscribe for Growth Shares in DSW Capital Limited at their unrestricted market value (“UMV”) which are ‘nil paid’. On a future realisation event, their total subscription price would be deducted from their share of the sale proceeds.

Any value received for the Growth Shares is conditional on a future Exit event taking place; the individual remaining in employment/continuing to be a partner in a DSW Network or Group entity until the IPO and for 2 years after; a trademark agreement with the Company being in place with their employing entity/partnership and, for partners only, any outstanding amounts owing under the trademark agreement with the Company being paid up to date.

On 11 March 2021, 218,541 C ordinary shares and 45,479 D ordinary shares were issued.

The Group recognised total expenses of £103,202 related to equity-settled share-based payment transactions for the period ended 30 September 2021. This brings the cumulative expense recognised to £110,052.

16. Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Financial assets

	<i>Held at amortised cost</i>	
	<i>As at 30 September 2021 £'000</i>	<i>As at 31 March 2021 £'000</i>
Cash and cash equivalents	1,169	609
Trade and other receivables	<u>1,233</u>	<u>1,618</u>
	<u>2,402</u>	<u>2,227</u>

Financial liabilities

	<i>Held at amortised cost</i>	
	<i>As at 30 September 2021 £'000</i>	<i>As at 31 March 2021 £'000</i>
Trade and other payables	192	193
Borrowings	764	951
	<u>956</u>	<u>1,144</u>

There is no significant difference between the fair value and carrying value of the financial instruments.

17. Related party transactions

Balances and transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

Revenue and Cost Recharges

The Group entities entered into the following transactions with related parties who are not members of the Group. All entities other than DSW Investments 2 LLP are licensee businesses. DSW Investments 2 LLP is an entity owned by current shareholders.

	<i>6 months ended 30 September 2021 Revenue and Cost Recharges £'000</i>	<i>6 months ended 30 September 2020 Revenue and Cost Recharges £'000</i>
PHD Equity Partners	5	66
PHD Industrial Holdings	83	–
DSW Investments 2 LLP	43	43
Other investments ¹	300	154
Totals	<u>431</u>	<u>263</u>

¹ Other Investments relate to routine and similar transactions which arose in the ordinary course of business, with DSW CF Leeds, DSW Wealth Advisory, DSW TS Leeds and DSW Business Recovery.

Amounts due from/to related parties

The group entities had the following balances, including loans to related parties, outstanding at year end with related parties who are not members of the Group:

	<i>As at 30 September 2021 Amounts due from/(to) related parties £'000</i>	<i>As at 31 March 2021 Amounts due from/(to) related parties £'000</i>
PHD Equity Partners	3	19
PHD Industrial Holdings	28	14
DSW Investments 2 LLP	–	26
Other investments ²	259	213
Totals	290	272

18. Events after the reporting period

On 24 October, the following transaction took place in relation to the Company's share capital:

- 4,233 Ordinary C Shares were fully paid up, bought back by the Company and subsequently cancelled.

On 26 October, the following transactions took place in relation to the Company's share capital:

- 17,268 Ordinary E Shares were issued which were nil paid and have no voting rights. These shares were issued as part of the Growth Share Plan discussed in note 26.
- 50,000 Redeemable preference shares with a nominal value of £1.00 were issued and were quarter paid. These shares have no voting rights.

On 1 November 2021, the Company formally re-registered as a public company under the name of DSW Capital plc.

Since the end of the half-year the Directors have declared an interim dividend of 13.3 pence per fully paid ordinary share. The aggregate amount of this dividend which was paid on 13 October 2021 out of retained earnings at 30 September 2021, but not recognised as a liability at the end of the half-year, was £253,328.

The partner of DSW Wealth Advisory LLP has made the Directors aware of his intention to leave the partnership with effect from 31 March 2022. The Directors believe that this will not have a material impact on the results of the Group.

PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited pro forma statement of net assets of the Group (the “unaudited pro forma statement of net assets”) has been prepared by the Directors to illustrate the effect on the net assets of the Group as if the receipt of the placing proceeds (“**Placing**”), the repayment of the debt from the Placing proceeds and the conversion of the Camlee Loan Notes had taken place on 30 September 2021.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and illustrates the impact of the Placing, the repayment of debt from the Placing proceeds and the conversion of the Camlee Loan Notes as if they had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the unaudited pro forma statement of net assets may differ from the Group’s actual financial position or results.

The unaudited pro forma statement of net assets is based on the net assets of the Group as at 30 September 2021 as set out in the interim financial information of the Group set out in Section D of Part IV of this document.

The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing such information, and on the basis set out in the notes below.

	<i>Adjustments</i>				<i>Pro forma net assets of the Group as at</i>
	<i>The Group as at</i>	<i>Conversion</i>	<i>Net Placing</i>	<i>Repayment</i>	<i>30 September</i>
	<i>30 September</i>	<i>of Camlee</i>	<i>Proceeds</i>	<i>of borrowings</i>	<i>2021</i>
	<i>2021</i>	<i>Loan Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	
Non-current assets					
Intangible assets	714	100	–	–	814
Property, plant and equipment	53	–	–	–	53
Investments	922	–	–	–	922
Investments in associates	141	–	–	–	141
Interests in jointly controlled entities	19	–	–	–	19
Deferred Tax asset	3	–	–	–	3
	<u>1,852</u>	<u>100</u>	<u>–</u>	<u>–</u>	<u>1,952</u>
Current assets					
Trade receivables	883	–	–	–	883
Prepayments and Accrued Income	373	–	–	–	373
Other receivables	350	–	–	–	350
Cash and bank balances	1,169	–	3,783	(764)	4,188
	<u>2,775</u>	<u>–</u>	<u>3,783</u>	<u>(764)</u>	<u>5,794</u>
Total assets	<u>4,627</u>	<u>100</u>	<u>3,783</u>	<u>(764)</u>	<u>7,746</u>
Current liabilities					
Trade payables	(82)	–	–	–	(82)
Other taxation	(227)	–	–	–	(227)
Other payables	(21)	–	–	–	(21)
Accruals and Deferred Income	(89)	–	–	–	(89)
Current tax liabilities	(140)	–	–	–	(140)
Borrowings	(276)	–	–	276	–
	<u>(835)</u>	<u>–</u>	<u>–</u>	<u>276</u>	<u>(559)</u>
Net current assets	<u>1,940</u>	<u>–</u>	<u>3,783</u>	<u>(488)</u>	<u>5,235</u>

	<i>As at 30 September 2021 £'000 (Note 1)</i>	<i>Conversion of Camlee Loan Notes £'000 (Note 2)</i>	<i>Net Placing Proceeds £'000 (Note 3)</i>	<i>Repayment of borrowings £'000 (Note 4)</i>	<i>Pro forma net assets of the Group as at 30 September 2021 £'000</i>
Non-current liabilities					
Borrowings	(488)		–	488	–
Convertible loan notes	(600)	600	–	–	–
Deferred tax provision	–	–	–	–	–
	<u>(1,088)</u>	<u>600</u>	<u>–</u>	<u>488</u>	<u>–</u>
Total liabilities	<u>(1,923)</u>	<u>600</u>	<u>–</u>	<u>764</u>	<u>(559)</u>
Net assets	<u>2,704</u>	<u>700</u>	<u>3,783</u>	<u>–</u>	<u>7,187</u>

Notes:

1. The net assets of the Group at 30 September 2021 have been extracted without adjustment from the interim financial information of the Group set out in Section D of Part IV of this Admission Document.

Adjustments

2. The Camlee Loan Notes will be converted into Shares in the Company immediately upon Admission.
3. The Placing is estimated to raise net proceeds of £3.8 million (£5 million of gross primary proceeds less £1.2 million of transaction fees and expenses. Such fees and expenses include the bonus of £155,820 payable to Nicole Burstow conditional upon Admission further details of which are set out in paragraph 11.1.3 of Part VI of this Admission Document).
4. The Placing proceeds will be partially used to repay the Group's existing borrowings with OakNorth. The amounts shown in the table above are based on the balances owed at 30 September 2021. The actual amount repaid will be based on the actual balance at the date of repayment.
5. No account has been taken of the financial performance of the Group since 30 September 2021, nor of any other event save as disclosed above.

PART VI

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names and functions appear on pages 10 and 109 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

- 2.1 The Company is domiciled in the United Kingdom and was incorporated and registered in England and Wales as a private company limited by shares on 23 March 2010 under the Companies Act with the name DSW Capital Limited and with registered number 07200401.
- 2.2 On 1 November 2021, the Company was re-registered as a public limited company under the Companies Act as DSW Capital plc.
- 2.3 The Company has no administrative, management or supervisory bodies other than the Board, the Remuneration and Nomination Committee and the Audit and Risk Committee. The Company is governed by the Articles and the principal legislation under which the Company operates, and pursuant to which the Placing Shares will be issued, is the Companies Act and subordinate legislation made under the Companies Act.
- 2.4 The Company's registered office and principal place of business is 7400 Daresbury Park, Daresbury, Warrington WA4 4BS. The telephone number at that address is 01928 378100.
- 2.5 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is www.dswcapital.com.
- 2.6 The principal activity of the Company and the Group is the licence of intellectual property.
- 2.7 The liability of the members of the Company is limited.
- 2.8 The Company is the ultimate holding company of the Group. The Company has one subsidiary details of which are set out below:

<i>Name</i>	<i>Date of incorporation</i>	<i>Entity</i>	<i>Country of incorporation</i>	<i>Issued share capital (if applicable)</i>	<i>Principal activity</i>	<i>% of issued share capital held by the Company or % capital interest (as at Admission)</i>
Dow Schofield Watts Services LLP (registered number: OC397251)	22 December 2014	Limited liability partnership	England and Wales	N/A	Group operations	99%^

^ Jonathan Schofield owns the remaining 1 per cent. of this entity.

3. SHARE CAPITAL

- 3.1 At the date of its incorporation, the issued share capital of the Company was £11.00, comprising of eleven ordinary shares of £1.00.
- 3.2 There have been the following changes in the Company's share capital since incorporation:
- 3.2.1 on 21 March 2011, the Company's existing eleven ordinary shares of £1.00 each were redesignated into eleven A ordinary shares of £1.00 each and the Company issued and allotted a further 989 A ordinary shares of £1.00 each and 1,000 B ordinary shares of £1.00 each in its capital;
- 3.2.2 on 31 January 2013, the Company purchased 100 A ordinary shares of £1.00 each and 100 B ordinary shares of £1.00 each in its own share capital and subsequently cancelled such shares;
- 3.2.3 on 30 September 2014, the Company issued and allotted a further 50 A ordinary shares of £1.00 each and 50 B ordinary shares of £1.00 each;
- 3.2.4 on 11 March 2021, the Company sub-divided its share capital from 950 A ordinary shares of £1.00 each and 950 B ordinary shares of £1.00 each into 950,000 A ordinary shares of £0.001 each ("**A Ordinary Shares**") and 950,000 B ordinary shares of £0.001 each ("**B Ordinary Shares**"). The Company also issued and allotted 218,541 C ordinary shares of £0.0001 each ("**C Ordinary Shares**") and 45,479 D ordinary shares of £0.0001 each ("**D Ordinary Shares**");
- 3.2.5 on 24 October 2021, the Company purchased 4,233 C Ordinary Shares in its own share capital and subsequently cancelled such shares; and
- 3.2.6 on 26 October 2021, the Company issued and allotted 17,268 E ordinary shares of £0.0001 each ("**E Ordinary Shares**") and 50,000 redeemable preference shares of £1.00 each ("**Redeemable Preference Shares**").
- 3.3 The issued share capital of the Company at the date of this document is as follows (all of which are fully paid save for the Redeemable Preference Shares which are quarter-paid up to £12,500):

<i>Class</i>	<i>Number</i>	<i>Aggregate nominal value</i>
A Ordinary Shares	950,000	£950
B Ordinary Shares	950,000	£950
C Ordinary Shares	214,308	£21.4308
D Ordinary Shares	45,479	£4.5479
E Ordinary Shares	17,268	£1.7268
Redeemable Preference Shares	50,000	£50,000

- 3.4 In connection with Admission, the Company will take certain steps as part of a reorganisation of its corporate structure ("**Pre-IPO Reorganisation**"). By resolutions of the Company passed on 30 November 2021, conditional upon and subject to Admission (to take effect immediately prior to Admission):
- 3.4.1 the Company will undertake a bonus issue (utilising its share premium account and/or distributable reserves) and consolidation of shares such that there will be 950,000 A ordinary shares of £0.0025 each, 950,000 B ordinary shares of £0.0025 each, 214,308 C ordinary shares of £0.0025 each and 17,268 E ordinary shares of £0.0025 each in issue. The D Ordinary Shares shall not be affected;
- 3.4.2 the Company will then undertake a further bonus issue (utilising its share premium account and/or distributable reserves) such that there will be 7,104,480 A ordinary shares of £0.0025 each, 7,104,480 B ordinary shares of £0.0025 each, 1,117,661 C ordinary shares of £0.0025 each and 32,887 E ordinary shares of £0.0025 each in issue. The Company will then immediately redesignate all such shares into 15,359,508 ordinary shares of £0.0025 each ("**Shares**"). The D Ordinary Shares shall be separately redesignated into deferred shares of £0.0001 each in the capital of the Company ("**Deferred Shares**") which shall have no rights to vote or income and shall only be entitled to receive their nominal value in the event of a capital distribution;

- 3.4.3 328,000 Shares will be issued to Computershare Trustees (Jersey) Limited as trustee of the EBT in respect of the CFO Legacy Award and the Leeds Legacy Awards;
- 3.4.4 new articles of association of the Company will be adopted; and
- 3.4.5 700,000 Shares will be issued to the Camlee Noteholders in respect of the conversion of the Camlee Loan Notes.
- 3.5 Immediately following the Placing and Admission, the issued share capital of the Company will be as follows (all of which are fully paid save for the Redeemable Preference Shares which are quarter-paid up to £12,500):
- | | <i>Number</i> | <i>Aggregate nominal value*</i> |
|-------------------------------|---------------|---------------------------------|
| Shares* | 21,387,508 | £53,468.77 |
| Redeemable Preference Shares^ | 50,000 | £50,000 |
| Deferred Shares | 45,479 | £4.5479 |
- * 95,000 additional Shares will be issued to the Trustee following Admission, in relation to the IPO PSP Awards.
- ^ The Directors intend to redeem all of the Redeemable Preference Shares shortly following admission which will result in the payment of £12,500 to James Dow (being the aggregate amount paid up on such Redeemable Preference Shares).
- 3.6 Except as disclosed in paragraph 9 below, no share capital of the Company, or of any other company within the Group, is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.7 The Company does not have an authorised share capital and there is therefore no authorised but unissued share capital.
- 3.8 Save as disclosed in this Part VI:
- 3.8.1 no share or loan capital of the Company has been issued, or is now proposed to be issued (other than pursuant to the Placing or on the exercise of options to be issued under the Share Option Schemes), fully or partly paid, either for cash or other consideration to any person;
- 3.8.2 no person has any preferential subscription rights for any share capital of the Company;
- 3.8.3 the Company does not hold any treasury shares (i.e. shares held by the Company);
- 3.8.4 the Company's wholly owned subsidiary does not hold any of the Company's shares;
- 3.8.5 the Company has no convertible securities, exchangeable securities or securities with warrants in issue; and
- 3.8.6 there are no acquisition rights or obligations over the share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 3.9 The Shares have been created under the Companies Act.
- 3.10 By resolutions of the Company passed on 30 November 2021, conditional upon and subject to Admission:
- 3.10.1 the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act (the "**Section 551 Authority**") to exercise all and any powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into shares of the Company up to a maximum nominal amount of £32,892 being the sum of the shares to be issued in connection with the Pre-IPO Reorganisation, the Placing Shares plus approximately one-third of the issued share capital of the Company upon Admission. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired;

- 3.10.2 the Directors were given power pursuant to section 570 of the Companies Act (with such power expiring at the same time as the Section 551 Authority) to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the Section 551 Authority as if section 561 of the Companies Act did not apply to any such allotment save that the power was limited to:
- (i) the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Shares held by them;
 - (ii) the allotment (otherwise than pursuant to the above paragraph) for cash of equity securities up to an aggregate nominal amount of £17,743, being the sum of the shares to be issued in connection with the Pre-IPO Reorganisation, the Placing Shares plus approximately five per cent. of the issued share capital of the Company upon Admission.
- 3.10.3 the Directors were generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act) of Shares provided that:
- (i) the maximum aggregate number of Shares that may be purchased is 2,138,750;
 - (ii) the minimum price (excluding expenses) which may be paid for each Share is £0.0025;
 - (iii) the maximum price (excluding expenses) which may be paid for each Share is the higher of:
 - (A) 105 per cent. of the average market value of a Share in the Company for the five business days prior to the day the purchase is made; and
 - (B) the value of a Share calculated on the basis of the higher of the price quoted for:
 - a. the last independent trade of; and b. the highest current independent bid for, any number of the Shares on the trading venue where the purchase is carried out;
 - (iv) the authority conferred by this resolution shall expire 15 months from the date this resolution is passed or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.
- 3.11 The Placing Shares will on Admission rank *pari passu* in all respects with the Existing Shares, including as regards the right to receive all dividends and other distributions declared, made or paid after the date of this document. The Shares are freely transferable in accordance with the Articles.
- 3.12 The Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.
- 3.13 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises or a time limit after which entitlement to dividend lapses and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.14 The Company does not have in issue any securities not representing share capital.
- 3.15 There are no issued but not fully paid Shares, save for the Redeemable Preference Shares which were quarter paid up to £12,500.
- 3.16 Other than pursuant to the Placing, the Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.
- 3.17 The Existing Shares have not been admitted to listing or dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Shares on any such exchange other than the application to be made in connection with Admission.
- 3.18 Section 561 of the Companies Act gives the holders of Shares rights of pre-emption in respect of allotments of securities which are or are able to be paid up in cash (other than by way of allotments

to employees pursuant to an employee share scheme as defined under section 1166 of the Companies Act). Subject to limited exceptions and to the extent authorised pursuant to the resolutions of the Shareholders described in paragraph 3.10 above, unless Shareholders' approval is obtained in a general meeting of the Company, the Company must normally offer Shares which are to be issued for cash to existing Shareholders pro-rata to their shareholdings.

3.19 The currency of the issue is Sterling.

3.20 The expected issue date of the Placing Shares is 16 December 2021.

4. ARTICLES OF ASSOCIATION

The Articles, which are to be adopted immediately prior to, and conditional upon, Admission, contain provisions to the following effect.

For the purposes of this paragraph 4:

- (a) **"Director"** means a director of the Company;
- (b) **"Member"** means a member of the Company; and
- (c) **"Share"** means a share in the capital of the Company.

4.1 Objects

The Articles do not provide for: (i) any objects of the Company and accordingly, the Company's objects are unrestricted; or (ii) any purposes for which the Company was established.

4.2 Limited liability

The liability of the Shareholders is limited to any unpaid amount on the Shares held by them.

4.3 Share class rights

The rights attached to any class of Shares may be varied with the consent in writing of the holders of not less than three-quarters in nominal value of the issued Shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of the class.

4.4 Transfer of shares

4.4.1 Subject to the Articles, a Member may transfer all or any of his Shares:

- (i) in the case of certificated Shares, by an instrument of transfer in writing in any usual form or in another form approved by the Board signed by or on behalf of the transferor and (in the case of a transfer of a Share which is not fully paid) by or on behalf of the transferee; or
- (ii) in the case of uncertificated Shares, without a written instrument in accordance with the CREST Regulations.

4.4.2 The Company may refuse to register a transfer of certificated Shares unless (*inter alia*):

- (i) the instrument of transfer is properly stamped or is certified or otherwise shown to the Board's satisfaction to be exempt from stamp duty and is presented for registration to the Company at its registered office or such other place as the Board may decide, accompanied by the certificate for the Shares to which it relates (except in the case of a transfer by a person to whom the Company was not required to issue a share certificate and has not issued one in respect of the Share concerned) and any other evidence as the Board may require to show the right of the person signing the instrument to make the transfer or, if the instrument is signed by some other person on his behalf, the authority of such person to do so;
- (ii) all the Shares to which it relates are fully paid and of the same class;
- (iii) it is in favour of a single transferee or not more than four joint transferees, in each case being a natural or legal person; and

- (iv) the holding of such share(s) would not result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its shareholders as a whole.

4.4.3 The Redeemable Preference Shares and the Deferred Shares may not be transferred without prior written consent of the Board.

4.5 ***Dividends and other distributions***

All dividends on Shares are to be paid according to the amounts paid up (otherwise than in advance of calls) on their nominal value, or otherwise in accordance with the terms concerning entitlement to dividends on which Shares were issued. All unclaimed dividends may be made use of by the Board for the Company's benefit until claimed. Any dividend unclaimed for twelve years from the date the dividend was declared or became due for payment will be forfeited and shall revert to the Company. The Redeemable Preference Shares and Deferred Shares are not entitled to any dividends.

4.6 ***General meetings***

4.6.1 Every Member who is present at a general meeting in person or by proxy is entitled to one vote on a resolution put to the meeting on a show of hands (except that a proxy has one vote for and one vote against the resolution if he has been duly appointed by more than one Member entitled to vote on the resolution and has been instructed (or exercises a discretion given) by one or more of those Members to vote for it and by one or more other of those Members to vote against it) and to one vote for every Share of which he is the holder on a resolution put to the meeting on a poll. The vote of the senior of joint holders who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the holders appear in the Company's register of Members in respect of the joint holding. The Deferred Shares and the Redeemable Preference Shares are not entitled to receive notice, attend or vote at a general meeting.

4.6.2 The Articles require the Board to convene annual general meetings in accordance with company legislation. The Board may convene a general meeting which is not an annual general meeting whenever and wherever it considers appropriate. The Company is required to give notice of a general meeting to each Member (other than one who, under the Articles or any restrictions imposed on any Shares, is not entitled to receive it or to whom the Company has not sent and is not required to send its latest annual accounts and reports) at a time and date selected by the Board in accordance with the Articles and company legislation, to the Directors on the date of the notice and to the Auditors on that date.

4.6.3 A Member who is entitled to attend and vote at a general meeting is entitled to appoint another person, or two or more persons in respect of different Shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and to vote at the meeting.

4.6.4 A corporation which is a Member may, by resolution of its directors or other governing body, authorise one or more persons as it thinks fit to act as a representative for it at any general meeting of the Company. The Company may require such a representative to produce a certified copy of the authorising resolution or such other reasonable evidence of his authority before permitting him to exercise any powers on the corporation's behalf at the meeting.

4.7 ***Interests in Shares not disclosed to the Company***

If the Company gives notice under section 793 of the Companies Act in relation to any Shares to a Member or another person appearing to be interested in such Shares and the recipient fails to give the Company the information required within fourteen days afterwards, the holder of such Shares is not entitled to attend or vote at a general meeting or exercise any other rights in respect of them in relation to a general meeting or a poll. Where such Shares represent at least 0.25 per cent. of the issued Shares of their class (i) the Company may withhold payment of any dividend or other distribution or amount payable in respect of them, (ii) the Member is not entitled to elect to receive Shares instead of a dividend, and (iii) the Board may refuse to register the transfer of any such Shares unless (1) the Member is not himself in default in supplying the information required and proves to the satisfaction of the Board that no person in default of supplying the information required is interested in any Shares which are the subject of the transfer or (2) the transfer is shown to the Board's

satisfaction to be made by a Member to a third party unconnected with that Member or with any other person appearing to be interested in the Shares and made pursuant to (A) an acceptance of a takeover offer, (B) a sale through a recognised investment exchange or any other securities investment exchange outside the United Kingdom on which (in either case) such Shares have been admitted to trading on the Company's application or (C) a sale of the whole of the beneficial interest in the Shares.

4.8 **Return of capital**

4.8.1 On a winding up of the Company and subject to company legislation, the Company's assets available for distribution shall be divided among the Members in the following order of priority:

- (i) to the extent that the assets available for distribution are equal to or less than the paid up value of the Redeemable Preference Shares, such assets shall be distributed amongst the holders of the Redeemable Preference Shares *pro rata* to amount of such shares held;
- (ii) to the extent that the assets available for distribution are in excess of the paid up value of the Redeemable Preference Shares:
 - (A) the paid up amount on the Redeemable Preference Shares shall be distributed to the holders thereof *pro rata* to the number of Redeemable Preference Shares held;
 - (B) an amount equal to the aggregate nominal value of the Deferred Shares shall be distributed to the holders thereof *pro rata* to the number of Deferred Shares held; and
 - (C) the balance of surplus assets shall be distributed to the holders of the ordinary shares of £0.0025 each in the capital of the Company *pro rata* to the number of such shares held.

4.8.2 The Company may redeem some or all of the Redeemable Preference Shares upon giving not less than 10 business days' notice to the holders thereof. Upon redemption, the Company shall pay an amount equal to the paid up value on each Redeemable Preference Share redeemed.

4.9 **Lien and forfeiture**

4.9.1 The Company has a first and paramount lien on each partly paid Share for all amounts payable to the Company (whether due or not) in respect of such Share. The Board may sell any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the Share demanding payment and stating that if the notice is not complied with the Share may be sold.

4.9.2 Subject to the terms on which Shares are allotted, the Board may make calls on Members in respect of any money unpaid on their Shares. Each Member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his Shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.

4.10 **Board powers**

4.10.1 The Company's business is to be managed by the Board. The Board may exercise all the Company's powers and may do on the Company's behalf all such acts as may be done by it or on its behalf and which are not required to be exercised or done by the Company in general meeting subject (in all cases) to company legislation, the Articles and any direction that the Company gives to the Board by passing a special resolution.

- 4.10.2 The Board may delegate any of its powers under the Articles and any other of its powers that can be delegated:
- (i) to such person or persons or to any Board committee;
 - (ii) to such an extent (including in relation to any matter or any territory, region or country);
 - (iii) on such terms and subject to such conditions;
 - (iv) for such period or indefinitely; and
 - (v) by such means, as the Board considers appropriate.

4.10.3 The Board may:

- (i) grant to any person or persons or to any Board committee to whom it delegates any power the power to sub-delegate that power (with or without a power of further sub-delegation) to one or more persons or to a sub-committee;
- (ii) retain or exclude the right of the Board to exercise any delegated power collaterally with the person or persons or the Board committee to whom it has been delegated; and
- (iii) revoke the delegation or alter its terms or conditions.

4.11 ***Directors – appointment, retirement and removal***

4.11.1 At any one time the total number of Directors may not be less than two. This limit may be changed by ordinary resolution of the Company. The Company may by ordinary resolution appoint as a Director a person who is willing to act as such provided that:

- (i) notice is given of the resolution identifying the person concerned by name; and
- (ii) if that person is not recommended for appointment by the Board, the Company receives at the registered office that person's written confirmation of his willingness to be appointed as a Director at least seven days before the date appointed for the holding of the general meeting at which the resolution is to be considered.

The Board may appoint as a Director any person who is willing to act as such.

4.11.2 At each annual general meeting:

- (i) each person who is a Director on a date selected by the Board in relation to an annual general meeting that is not more than 14 clear days before, and no later than, the date of the notice of that meeting (the “**selection date**”) and was appointed as such after the previous annual general meeting is to be proposed for election as a Director;
- (ii) each other person who is a Director on the selection date and has remained as such without being appointed or elected or re-elected as such at one of the two previous annual general meetings is to be proposed for re-election as a Director; and
- (iii) if the Board so decides, any other person selected by the Board who is a Director on the selection date can be proposed for re-election as a Director

provided that, in each case, the person concerned is a Director immediately before the commencement of the meeting and has confirmed to the Board that he is willing to continue as a Director.

4.11.3 If a resolution for the election or re-election as a Director of any person who was a Director at the commencement of an annual general meeting is put to vote at that meeting but not passed, that person will remain in office until the meeting appoints someone in his place or (if it does not do so) until the end of the meeting, when (subject to the next paragraph) he will cease to be a Director.

- 4.11.4 If at the end of an annual general meeting there would otherwise be no Directors, each person to whom the previous paragraph applies:
- (i) shall remain in office as a Director until someone else who was not a Director at the commencement of that meeting is appointed as a Director by the Company in general meeting, when he will cease to be a Director; and
 - (ii) may, in his capacity as a Director for so long as he remains in office in accordance with this paragraph, act (with any other persons to whom this paragraph applies as the Board) only: (A) for the purposes of convening and holding a general meeting to appoint Directors; and (B) as he considers necessary or appropriate in order to comply with any legal or regulatory requirement applicable to the Company or the Directors or to him as a Director.
- 4.11.5 The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with company legislation, remove any Director before the expiration of his period of office.

4.12 **Directors – fees and remuneration**

- 4.12.1 The maximum aggregate amount of fees that the Company may pay to all the Directors who do not hold executive office for their services as such is £300,000 per annum, or such larger amount as the Company may by ordinary resolution decide. These fees are to be divided among the Directors as the Board decides or, if no decision is made, equally. An executive Director may receive from the Company, in addition to or instead of such fees, salary or other remuneration.
- 4.12.2 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the discharge of their duties as Directors, including any professional fees incurred by him.
- 4.12.3 The Board may provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances for persons who are or were directors of the Company and their relatives and dependants.

4.13 **Directors' interests**

- 4.13.1 A Director is not required (provided he has disclosed his interest in the matter to the other Directors in accordance with the Companies Act (if that act obliges him to do so)) to account to the Company for any profit, remuneration or other benefit which he derives from or in connection with (i) being a party to or otherwise interested in any arrangement or transaction with the Company or in which the Company is otherwise interested, (ii) holding any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and on such terms, including as to remuneration, as the Board may decide, (iii) acting by himself or through a firm with which he is associated in a professional capacity for the Company or any body corporate in which the Company is interested (other than as auditor), or (iv) being a director or other officer of, or employed by or otherwise interested in any body corporate in which the Company or any other undertaking in the group comprising the Company and its subsidiary undertakings (not including any parent undertaking of the Company) (a "**Group Undertaking**") is interested or which has an interest in the Company or in any other Group Undertaking. A Director or former Director will not be accountable to the Company for any benefit provided to him or his dependants in accordance with any provision in the Articles.
- 4.13.2 A Director shall not vote or be counted in the quorum on any resolution of the Board concerning any contract in which he has an interest (and, if he votes on it, his vote is not to be counted) unless that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or only arises from or relates to, *inter alia*, one or more of the following matters:
- (i) any termination or arrangement in what he is interested by means of an interest in shares, debentures or of the securities or otherwise in or through the Company;

- (ii) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of a Group Undertaking;
- (iii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of a Group Undertaking for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iv) an offer of securities by a Group Undertaking in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (v) a contract with or relating to another company in which he does not have to his knowledge an interest (as that term is used in Part 22 of the Companies Act) in Shares representing one per cent. or more of either any class of the equity share capital, or the voting rights in, such company;
- (vi) an arrangement for the benefit of employees of any Group Undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (vii) insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including any Director; or
- (viii) a proposal for the Company (1) to provide him with an indemnity permitted by company legislation, (2) to provide him with funds in circumstances permitted by company legislation to meet his defence expenditure in respect of any civil or criminal proceedings or regulatory investigation or other regulatory action or in connection with any application for any category of relief permitted by company legislation, or (3) to do anything to enable him to avoid incurring any such expenditure.

4.13.3 The Board may authorise any situation or matter relating to a particular Director to which section 175 of the Companies Act applies (each a “**Conflict Matter**”) on such terms as they think fit. For the Board to do so, a Director must propose to the Board that the Conflict Matter concerned be so authorised. The Board may terminate or withdraw any such authorisation by giving notice to the Director concerned. Any terms to which such an authorisation is made subject may include that the Director concerned (i) is not obliged to disclose to the Company confidential information obtained by him (other than in his capacity as its Director or as its employee or agent or, if the Directors so decide, in any other capacity that would otherwise oblige him to disclose it to the Company) in any situation to which such authorisation applies, nor to use any such information directly or indirectly for the Company’s benefit, where to do so would amount to a breach of a duty of confidence to any third party, where the Director concerned has previously disclosed to the Board the existence of the conflict and the third party’s identity, and (ii) may absent himself from any Board discussions, and make arrangements not to receive documents and information, relating to the Conflict Matter concerned for so long as he reasonably believes that he has or may have a conflict of interest in respect of it.

4.14 **Directors’ indemnity and insurance**

Subject to company legislation, the Company may:

- 4.14.1 indemnify any Director or any director of any associated company against any liability pursuant to any qualifying third party indemnity provision or any qualifying pension scheme indemnity provision, or on any other basis as is lawful, in each case on such terms as the Board may decide; and
- 4.14.2 purchase and maintain for any Director or any director of any associated company insurance against any liability.

4.15 **Borrowing powers**

The Board may exercise all the Company’s powers to borrow money and to mortgage or charge all or part of its undertaking, property and assets (present or future) and uncalled capital and to issue debentures and other securities and to give security, whether outright or as collateral for a debt, liability or obligation of the Company or of a third party.

4.16 **Untraced Shareholders**

Subject to the Articles, the Company may sell any Shares registered in the name of a Member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal and, on those Shares, no dividend is cashed and no dividend is paid on them through a completed funds transfer following such advertisement. Until the Company can account to the Member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

5. **MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT**

5.1 The Company is subject to the Code. Brief details of the Panel and the Code are described below.

5.2 **Mandatory takeover bids under the Code**

5.2.1 The obligation to make a mandatory bid is a requirement under Rule 9 of the Code. The Panel is an independent body which issues and administers the Code. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant its statutory functions, as are set out in Part 28 of the Companies Act.

5.2.2 The Code will apply to the Company from Admission. The Code is designed principally to ensure that shareholders in an offeree company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders in the offeree company of the same class are afforded equivalent treatment by an offeror.

5.2.3 The Code is based upon a number of general principles (the “**General Principles**”) which are essentially statements of standards of commercial behaviour. The General Principles are applied in accordance with their spirit in order to achieve the underlying purpose. In addition to the General Principles, the Code contains a series of rules. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected. Rule 9 of the Code provides that, except with the consent of the Panel, when:

- (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carries 30 per cent. or more of the voting rights of a company to which the Code applies; or
- (b) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested;

then, that person and, depending on the circumstances, the persons acting in concert with him, must extend offers in cash to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights, to acquire the balance of the shares not held by him and his concert parties.

The offer must be in cash at not less than the highest price paid for any shares by the person required to make the offer or any person acting in concert with him for any interest in shares of that class during the preceding 12 months.

5.3 **Compulsory acquisition – squeeze out under the Companies Act 2006**

Sections 974 to 991 of the Companies Act provide that, if following a takeover offer (as defined in section 974 of the Companies Act) an offeror acquires or contracts to acquire not less than 90 per cent. of the shares (both by value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares which the offeror has not acquired or contracted to

acquire. To do so, the offeror sends a notice to the holders of shares who had not accepted the offer informing them that it will compulsorily acquire their shares and six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which holds the consideration on trust for the relevant holders of shares. The consideration in respect of shares that are compulsorily acquired must, in general, be the same as the consideration that was available under the takeover offer.

5.4 **Compulsory acquisition – sell out under the Companies Act 2006**

Pursuant to sections 983 to 985 of the Companies Act if an offeror acquires or contracts to acquire not less than 90 per cent. of the shares (both by value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer subject to certain time limits. The offeror is required to give any such holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised by a shareholder after the end of the period of three months from the end of the period within which the offer can be accepted or, if later, three months from the date of the notice which is served on the holder of shares notifying the holder of the holder's sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5.5 **Concert Party**

5.5.1 Under the Code, a concert party arises when persons acting together pursuant to an agreement or understanding (whether formal or informal) cooperate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the Code. Control means an interest, or interests in, shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

5.5.2 In particular, people will be treated as having an interest in shares if:

- (i) they own them;
- (ii) they have the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or have general control of them;
- (iii) by virtue of any agreement to purchase an option or derivative they:
 - (A) have the right or option to acquire them or call for their delivery; or
 - (B) are under an obligation to take delivery of them;whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (iv) they are party to any derivative:
 - (A) whose value is determined by reference to its price; and
 - (B) which results, or may result, in their having a long position in it.

5.5.3 When a company undertakes an initial public offering all of its existing shareholders will be presumed to be acting in concert with each other unless the contrary is established. The Company has discussed these issues with the Panel and the Company has agreed with the Panel that the presumption that all of the Shareholders are acting in concert may be rebutted in part and that one distinct concert party exists at the time of the initial public offering. Details of this concert party are set out below.

5.5.4 The following table sets out the holdings and interests of the Concert Party and its respective members (including connected persons) as at the date of this document and upon Admission:

<i>Concert Party Member</i>	<i>At the date of this document</i>		<i>Upon Admission</i>	
	<i>No. and class of shares</i>	<i>Percentage of issued Shares</i>	<i>No. of Shares</i>	<i>Percentage of issued Shares</i>
James Dow	300,000 A Ordinary Shares	13.8%	2,344,620	11.0%
Beverley Dow	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Susannah Dow	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Adam Dow	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Jonathan Schofield	200,000 A Ordinary Shares	9.2%	1,495,680	7.0%
Fiona Schofield	50,000 B Ordinary Shares	2.3%	373,920	1.7%
Kate Schofield	50,000 B Ordinary Shares	2.3%	373,920	1.7%
Megan Schofield	50,000 B Ordinary Shares	2.3%	373,920	1.7%
Phoebe Schofield	50,000 B Ordinary Shares	2.3%	373,920	1.7%
Mark Watts	200,000 A Ordinary Shares	9.2%	1,495,680	7.0%
Julie Watts	200,000 B Ordinary Shares	9.2%	1,495,680	7.0%
Andrew Dodd	100,000 A Ordinary Shares	4.6%	747,840	3.5%
Joanne Dodd	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Craig Richardson	50,000 A Ordinary Shares and 50,000 B Ordinary Shares	4.6%	747,840	3.5%
Philip Price	100,000 A Ordinary Shares	4.6%	747,840	3.5%
Joanne Price	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Total		87.3%	14,310,060	66.9%

All shares to be redesignated as ordinary shares of £0.0025 each immediately prior to Admission.

Above table excludes Redeemable Preference Shares and James Dow's interests in the IPO PSP Awards as disclosed in paragraph 9.12 of this Part VI below.

6. DIRECTORS

6.1 *Interests in Shares*

The interests of the Directors and of members of their respective families (as defined in the glossary to the AIM Rules for Companies) (all of which were beneficial unless otherwise stated) in shares in the capital of the Company as at 10 December 2021 (being the most recent practicable date prior to the publication of this document) were as follows:

<i>Name</i>	<i>Number and class of shares</i>	<i>Percentage of issued Shares</i>
James Dow	300,000 A Ordinary Shares, 300,000 B Ordinary Shares* and 50,000 Redeemable Preference Shares	27.6%
Nicole Burstow	37,141 C Ordinary Shares and 45,479 D Ordinary Shares	3.8%
Jonathan Schofield	200,000 A Ordinary Shares and 200,000 B Ordinary Shares^	18.4%
Heather Lauder	7,428 C Ordinary Shares	0.3%
Jillian Jones	3,714 C Ordinary Shares and 9,593 E Ordinary Shares	0.6%

* includes 100,000 B Ordinary Shares each held by each of Beverley Dow, Adam Dow and Suzannah Dow.

^ includes 50,000 B Ordinary Shares each held by each of Fiona Schofield, Kate Schofield, Megan Schofield and Phoebe Schofield.

^ Jon Schofield holds all of the C Ordinary Shares, D Ordinary Shares and E Ordinary Shares as nominee for the Growth Shareholders as at the date of this document. Upon the pre-IPO reorganisation becoming effective, the relevant amount of Shares will be transferred to the relevant Growth Shareholders immediately prior to Admission.

The interests of the Directors and of members of their respective families (as defined in the glossary to the AIM Rules for Companies) (all of which will be beneficial unless otherwise stated) in Shares upon Admission will be:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of issued Shares</i>
James Dow	3,092,460*	14.5%
Nicole Burstow	193,698^	0.9%
Jonathan Schofield	1,869,600	8.7%
Heather Lauder	38,739	0.2%
Jillian Jones	37,639	0.2%

* James Dow will also hold 50,000 Redeemable Preference Shares. James Dow will be subscribing in the Placing for 101,100 shares which are reflected within the percentage of issued ordinary share capital in the tables above.

^ Nicole Burstow will also hold 45,479 Deferred Shares following the redesignation of her D Ordinary Shares immediately prior to Admission. Nicole Burstow has an additional indirect interest of 328,000 shares held by the Trustee in respect of the CFO Legacy Award. Details of this can be found in paragraph 9.6 of Part VI of this document.

6.2 **Directorships**

Other than in respect of the Company, the Directors currently hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the publication of this document:

<i>Name</i>	<i>Current directorships</i>	<i>Past directorships</i>
James Dow	DSW Angels (Carried Interest) LLP DSW Investments 2 LLP Dow Schofield Watts Corporate Finance (Leeds) Limited The Liverpool Institute for Performing Arts Dow Schofield Watts Corporate Finance Limited PHD EBS LLP PHD Core Investors LLP PHD Carried Interest LLP PHD Equity Partners LLP PHD Industrial Holdings Limited PHD Ventures LLP Dow Schofield Watts LLP	DSW Investments LLP DSW Founders LLP
Nicole Burstow	DSW CF Trustee Limited	
Jonathan Schofield	Dow Schofield Watts Services LLP DSW Investments 2 LLP PHD Core Investors LLP PHD Carried Interest LLP PHD Ventures LLP Dow Schofield Watts LLP Seddon Group Limited EA Technology Limited IVCC Seddon Real Estate Limited Liverpool Trekkers Limited	DSW Founders LLP Atlantic & Peninsula Marine Services Limited Dow Schofield Watts Corporate Finance Limited Liverpool School of Tropical Medicine PHD Equity Partners LLP Hafren Dyfrdwy Cyfyngedig Dee Valley Group Limited
Heather Lauder	Zurich Assurance Ltd Financial Ombudsman Service Limited	NML Foundation NML Trading Limited

<i>Name</i>	<i>Current directorships</i>	<i>Past directorships</i>
Jillian Jones	The Liverpool and Merseyside Theatres Trust Limited Local Solutions RHDJ Properties Limited Glass Ceramic Technologies Limited Cynergy Business Finance Ltd (from 1 January 2022)	RSM UK Holdings Limited RSM Tax and Advisory Services LLP RSM UK Group LLP Baker Tilly Executive Services LLP RSM UK Tax and Accounting Limited Arrandco Investments Limited Baker Tilly Financial Management Limited Baker Tilly Investment Solutions Limited Debt Lifeboat Limited Employer Services Limited Employer Services Management Limited G.B. Nominees Limited RSM Employer Services Limited RSM HR Limited RSM Insurance Services Limited Abercrombie Investments Limited Abercrombie Pension and Investment Planning (Scotland) Limited Arrandco Financial Management Limited Baker Tilly Corporate Finance Limited Baker Tilly Management Services Limited Baker Tilly Tax and Accounting Limited Baker Tilly UK Audit Limited Baker Tilly UK Group Limited Baker Tilly UK Holdings Limited Personal Investment Management Limited RSM Group (UK) Limited RSM Northern Ireland (UK) Limited RSM Pacec Limited RSM UK Management Limited Cass Beckman Trustee Company Limited RSM (Overseas) Limited RSM UK SIP Trustees Limited Cesto LLP Baker Tilly (East Anglia) Services Limited Baker Tilly Processing Limited Right Hand Human Resources Limited Stratus Marketing Limited Baker Tilly UK PBT Trustees Limited Public and Corporate Economic Consultants Limited

- 6.3 Save as disclosed in this paragraph 6.3, at the date of this document none of the Directors have:
- 6.3.1 had any unspent convictions in relation to indictable offences;
 - 6.3.2 been declared bankrupt or entered into an individual voluntary arrangement;

- 6.3.3 been a director of any company at the time of or within twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors, save that:
- (i) as a result of the administration of Cammell Laird Holdings in 2001 of which Mr Schofield was a director the following companies of which Mr Schofield was also a director went into administration, liquidation or receivership: CL Group Limited, Cammell Laird (Merseyside) Limited, Cammell Laird Group PLC, Cammell Laird Holdings Limited, CL Properties Limited, DG Electrical Limited, Gosport Realisations Limited, Jos Waddington & Co Limited, Warbreck Engineering Limited, Wright & Beyer Limited;
 - (ii) Jillian Jones was a director of each of the following companies that went into voluntary liquidation within 12 months of resigning: Cesto LLP, Stratus Marketing Limited, Baker Tilly Processing Limited, Public and Corporate Economic Consultants Limited, Baker Tilly (East Anglia) Services Limited, Baker Tilly UK PBT Trustees Limited and Right Hand Human Resources Limited.
- 6.3.4 been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;
- 6.3.5 had any his asset which has been the subject of a receivership or has been a partner of a partnership at the time of or within the twelve months preceding any asset of the partnership being the subject of a receivership; or
- 6.3.6 been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 6.4 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.
- 6.5 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.
- 6.6 None of the Directors or any member of their respective families (as defined in the glossary to the AIM Rules for Companies) is interested in any related financial product referenced to the Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Shares, including a contract for difference or a fixed odds bet).
- 6.7 Each of the Locked-in Shareholders have each given an undertaking not to dispose of any of their Shares, save in certain specified circumstances, for the period of 12 from the date of Admission and, for a further 12 month period, only to dispose, and that they shall procure that their associates will only dispose, of their Shares through Shore Capital or the Company's broker at the relevant time, in accordance with orderly market principles. Further details of these undertakings are set out in paragraph 16.7 of this Part VI. The Clawback Shareholders have also given undertakings to the Company such that, if they cease to be an employee, director or member of, or consultant to any member of the Group or any licensee within two years of Admission (save in certain circumstances), they will be required to transfer their Shares to such person nominated by the Company at the lower of the subscription price of the Shares and the average of the middle market price for such shares over the 90 day period (preceding the event triggering the transfer) as shown on the London Stock Exchange. Further details of these undertakings are set out in paragraph 16.8 of this Part VI.

7. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

7.1 Directors' details of title and dates of appointment of the Directors are set out below:

<i>Name</i>	<i>Title/function</i>	<i>Date of appointment</i>
James Dow	Chief Executive Officer	23 March 2010
Nicole Burstow	Chief Financial Officer	17 April 2019
Heather Lauder	Independent Non-Executive Chair	3 February 2020
Jillian Jones	Independent Non-Executive Director	7 January 2021
Jonathan Schofield	Non-Executive Director	23 March 2010

7.2 James Dow entered into a service agreement with the Company on 8 December 2021 appointing him as Chief Executive Officer of the Company with effect from Admission. The service agreement is subject to termination upon not less than 6 months' notice by either party and the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary of £176,000. The agreement also includes typical provisions which apply on termination, including the right to require him to work his notice period on garden leave, to resign as a Director on termination of his employment and restrictions applicable following the termination of his employment, including restrictions against working for a competitive business for a period of 12 months following the termination of his employment, and from soliciting customers and soliciting senior employees to leave the business for a period of 12 months following the termination of his employment. There is no contractual right to further benefits.

7.3 Nicole Burstow entered into a service agreement with the Company on 8 December 2021 appointing her as Chief Financial Officer of the Company with effect from Admission. The service agreement is subject to termination upon not less than 6 months' notice by either party and the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary of £110,000. The agreement also includes typical provisions which apply on termination, including the right to require her to work her notice period on garden leave, to resign as a Director on termination of her employment and restrictions applicable following the termination of her employment, including restrictions against working for a competitive business for a period of 12 months following the termination of her employment, and from soliciting customers and soliciting senior employees to leave the business for a period of 12 months following the termination of her employment. There is no contractual right to further benefits.

7.4 Heather Lauder entered into a letter of appointment with the Company on 8 December 2021 appointing her as a Non-Executive Director with effect from Admission. The appointment is for an initial fixed term of 3 years unless terminated by either party serving at least 3 month's notice on the other during or after such initial fixed term. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the director or where Heather Lauder ceases to be a director of the Company for any reason. The basic annual fee payable to Heather Lauder is £45,000, to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits.

7.5 Jillian Jones entered into a letter of appointment with the Company on 8 December 2021 appointing her as a Non-Executive Director with effect from Admission. The appointment is for an initial fixed term of 3 years unless terminated by either party serving at least 3 month's notice on the other during or after such initial fixed term. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the director or where Jillian Jones ceases to be a director of the Company for any reason. The basic annual fee payable to Jillian Jones is £30,000, to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits.

7.6 Jonathan Schofield entered into a letter of appointment with the Company on 8 December 2021 appointing him as a Non-Executive Director with effect from Admission. The appointment is for an initial fixed term of 3 years unless terminated by either party serving at least 3 month's notice on the other during or after such initial fixed term. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the director or where Jonathan Schofield ceases to be a director of the Company for any reason. The basic annual fee

payable to Jonathan Schofield is £30,000, to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits.

8. SIGNIFICANT SHAREHOLDERS

- 8.1 Other than the holdings of the Directors, which are set out in paragraph 6.1 above, the Directors are aware of the following persons who, as at 10 December 2021 (being the most recent practicable date prior to the publication of this document), were interested, directly or indirectly, in 3 per cent. or more of the Company's share capital or voting rights:

Name	Number and class of shares	At the date of this document	Upon Admission	
		Percentage of issued ordinary shares	Number of issued ordinary shares	Percentage of issued ordinary shares
Adam Dow	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Andrew Dodd	100,000 A Ordinary Shares	4.6%	747,840	3.5%
Craig Richardson	50,000 A Ordinary Shares	4.6%	747,840	3.5%
	50,000 B Ordinary Shares			
Joanne Price	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Joanne Dodd	100,000 B Ordinary Shares	4.6%	747,840	3.5%
Julie Watts	200,000 B Ordinary Shares	9.2%	1,495,680	7.0%
Mark Watts	200,000 A Ordinary Shares	9.2%	1,495,680	7.0%
Phillip Price	100,000 A Ordinary Shares	4.6%	747,840	3.5%
Susannah Dow	100,000 B Ordinary Shares	4.6%	747,840	3.5%

- 8.2 The Directors are not aware of any person (other than any Director, as referred to in paragraph 6.1 above) who is at the date of this document interested, directly or indirectly, in the Company's share capital or voting rights and who will on Admission be interested, directly or indirectly, in 3 per cent. or more of the Company share capital or voting rights.
- 8.3 The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 8.4 As at 10 December 2021 (being the latest practicable date prior to publication of this document) save as disclosed in this paragraph 8, the Company is not aware of any person or persons who, directly or indirectly, controls the Company.
- 8.5 The Company is not aware of any person or persons who on Admission will, directly or indirectly, control the Company.
- 8.6 None of the Company's major holders of Shares listed above have voting rights different from the other holders of Shares.

9. SHARE OPTION SCHEMES

Summary

- 9.1 The Board recognises the importance of ensuring that employees of the Group are effectively and appropriately incentivised and their interests aligned with those of the Company. Similarly, the Board believes that the ongoing success of the Company depends to a high degree on retaining and incentivising the performance of its key people.
- 9.2 To that end, prior to Admission the Company will adopt the Performance Share Plan ("**PSP**"), to align the interests of Executive Directors and key employees ("**Participants**") with those of the shareholders. The PSP will be a long-term incentive plan which will form the primary long-term incentive arrangement for the Participants. The Remuneration and Nomination Committee will consider the granting of PSP awards to the Participants on an annual basis.

- 9.3 To facilitate the grant of awards, the Company has established an employee benefit trust ("**EBT**"), which is a discretionary trust established for the benefit of employees and former employees of the Group. The main purpose of the EBT will be to facilitate the grant and vesting of awards granted under the Company's share plans. The trustee of the EBT is Computershare Trustee (Jersey) Limited ("**Trustee**").
- 9.4 Annual awards under the PSP will be determined by reference to a number of Shares equal in value to a maximum of 200 per cent. of base salary of Participants.
- 9.5 The PSP awards will normally vest after three years (subject to the satisfaction of the performance conditions and continued employment) and there will be a further 24 month holding period after vesting before Participants are able to sell any Shares. Challenging performance conditions will be set for each award under the PSP. For the first awards, the Remuneration and Nomination Committee intends that the awards will vest based on relative Total Shareholder Return ("**TSR**") targets against an applicable comparator group. PSP awards will be subject to malus and clawback provisions.
- 9.6 In addition to the PSP, a legacy award will continue to be held by the Chief Financial Officer following Admission (the "**CFO Legacy Award**"). Under pre-IPO incentive arrangements, the Chief Financial Officer was entitled to approximately 1.53 per cent. of equity value in excess of £26 million via a growth share structure (pursuant to the D Ordinary Shares which will be redesignated as Deferred Shares immediately prior to Admission). To facilitate the necessary IPO structure this existing award will be replaced with the CFO Legacy Award to retain the commercial structure of this incentive following Admission entitling the Chief Financial Officer to 1.53 per cent. of the equity value in excess of £26 million. The CFO Legacy Award will be granted to the Chief Financial Officer prior to Admission subject to continuing employment until 31 March 2023, with such award vesting on 31 March 2023. Further, it was agreed that, under further pre-IPO incentive arrangements certain employees of DSW CF Leeds were to be entitled to c.1.53 per cent. of equity value up to a maximum equity value of £26 million (the "**Leeds Legacy Awards**"). To fulfil these obligations those individuals will be granted options to acquire the interest below a £26 million equity value in the same 1.53 per cent. shareholding that the CFO Legacy Award is granted over, similarly vesting on 31 March 2023. The CFO Legacy Award and the Leeds Legacy Awards are referred to collectively as the "**Legacy Awards**".
- 9.7 The PSP and Legacy Awards are explained in further detail below.

Share Incentive Scheme – the PSP

Operation and eligibility

- 9.8 The PSP will be administered by the Remuneration and Nomination Committee.
- 9.9 Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the PSP at the discretion of the Remuneration and Nomination Committee. The Non-Executive Directors will not be entitled to be granted awards under the PSP.

Grant of awards under the PSP

- 9.10 Under the PSP, the Remuneration and Nomination Committee may grant awards in respect of Shares as:
- options to acquire Shares with an exercise price of either £nil or the nominal value of a Share ("**Nil-Cost Option Awards**" or "**Nominal Cost Options**" as appropriate);
 - a conditional right to acquire Shares ("**Conditional Share Awards**");
 - an interest in Shares held jointly with a nominee ("**JSOP Awards**"); and
 - market value options qualifying under Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 ("**CSOP Awards**").
- 9.11 The Remuneration and Nomination Committee may also decide to grant cash-based conditional awards of an equivalent value to share-based awards or to satisfy share-based awards in cash.

Timing of grants

- 9.12 The Remuneration and Nomination Committee may grant awards conditional on, on, or within six weeks of Admission. Thereafter, the Committee may grant awards within six weeks following the

Company's announcement of its results for any period. The Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards. The first awards under the PSP are planned for grant to the Executive Directors and other selected senior management conditional on, on or shortly following Admission (the "**IPO PSP Awards**"). The IPO PSP Awards will be granted over not more than 1 per cent. of the Company's share capital. James Dow and Nicole Burstow will be granted IPO PSP Awards following Admission which shall have a market value equivalent to £53,333 and £41,667 respectively. Shares equivalent to such value will be issued and allotted to the Trustee in respect of such IPO PSP Awards following Admission.

Individual limit

- 9.13 A Participant may not receive awards in any financial year over Shares having a market value in excess of 200 per cent. of their annual base salary in that financial year. In exceptional circumstances, this limit may be increased at the discretion of the Remuneration and Nomination Committee. The market value for such purposes shall be based on the middle market quotations of Shares on the dealing day immediately preceding the grant of an award (or by reference to a short averaging period).

Performance conditions

- 9.14 The extent of vesting of awards granted to Executive Directors of the Company will be subject to performance conditions set by the Remuneration and Nomination Committee. The extent of vesting of awards granted to other Participants may also be subject to performance conditions set by the Remuneration and Nomination Committee. It is intended that the performance condition applying to the IPO PSP awards will be based on relative TSR against a comparator group.
- 9.15 For the IPO PSP Awards, 25 per cent. of each PSP award will vest for achieving median relative TSR in relation to the comparator group, increasing to 100 per cent. where relative TSR is in the 75th percentile or higher. Where relative TSR is above the median but below the 75th percentile, a sliding scale of vesting will apply. The Remuneration and Nomination Committee may set different performance conditions from those described above for future awards.
- 9.16 The Remuneration and Nomination Committee is of the opinion that, given the commercial sensitivity of the detailed performance measures used for the PSP, disclosing precise targets for those conditions would often not be in the interests of the Group or its shareholders.
- 9.17 Actual targets, performance levels achieved, and the resulting payments made will therefore generally be disclosed retrospectively at the end of the performance period, unless the Remuneration and Nomination Committee considers that any particular targets are not commercially sensitive.
- 9.18 In determining whether the performance measures have been satisfied, the Remuneration and Nomination Committee shall take account of the extent to which the measured outcome reflects overall corporate performance and the experience of the shareholders of the Company in terms of value creation. Where the Remuneration and Nomination Committee is of the opinion that the formulaic application of any performance measure produces an outcome that is unjust to the Company, its shareholders or the Participant it shall be entitled, acting in its absolute discretion, to make such adjustments as it sees fit to its determination of whether (and, if relevant, to what extent) the performance measure has been satisfied, at all times having due regard to the interests of shareholders of the Company.
- 9.19 The Remuneration and Nomination Committee may vary the performance conditions applying to existing awards if an event has occurred that causes the Remuneration and Nomination Committee to consider it would be appropriate to amend the performance conditions, provided the Remuneration and Nomination Committee considers the varied conditions to be fair, no more difficult to satisfy and not materially easier than the original conditions would have been but for the event in question.

Vesting of Awards

- 9.20 Awards normally vest on the third anniversary of grant or, if later, when the Remuneration and Nomination Committee determines the extent to which any performance conditions have been satisfied. Shorter exercise periods may apply in the case of certain leavers and/or in respect of the vesting of awards in connection with corporate events.

Holding period

- 9.21 Participants will not be allowed to sell any of the Shares which vest (other than to pay any income tax or national insurance contributions due) before the fifth anniversary of the grant of any award.

Leaving employment

- 9.22 As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Group. However, if the participant ceases to be an employee or a director within the Group because of their injury, ill health, disability, their employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Remuneration and Nomination Committee, then their award will vest on the date when it would have vested if he had not so ceased (subject to certain adjustments). The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions (if any) have been satisfied at that time; and (ii) the pro-rating of the award to reflect the reduced period of time between its grant and vesting, although the Remuneration and Nomination Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances. Alternatively, if a participant ceases to be an employee or director in the Group for one of the “good leaver” reasons specified above (or in other circumstances at the discretion of the Remuneration and Nomination Committee), the Remuneration and Nomination Committee may decide that their award will vest on cessation, subject to: (i) the performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above. Such treatment shall also apply in the case of death.

Corporate events

- 9.23 In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early, subject to: (i) the extent that the performance conditions (if any) have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the period of time between their grant and vesting, although the Remuneration and Nomination Committee may decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances. In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Remuneration and Nomination Committee decides that awards should vest on the basis which would apply in the case of a takeover. If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration and Nomination Committee, would affect the market price of Shares to a material extent, then the Remuneration and Nomination Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Dividend equivalents

- 9.24 The Remuneration and Nomination Committee may decide that Participants will receive a payment (in cash and/or Shares) on or shortly following the vesting of their awards of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends. Alternatively, Participants may have their awards increased as if dividends were paid on the Shares subject to their award and then reinvested in further Shares.

Malus and clawback

- 9.25 Malus provisions apply for the duration of the performance period and shares held under the deferral arrangements, allowing the Remuneration and Nomination Committee to reduce to zero any unvested or deferred awards.
- 9.26 Clawback provisions apply until two years after the date upon which any entitlement becomes unconditional, allowing the Remuneration and Nomination Committee to claim back all or part of the value of any shares vested.
- 9.27 Malus and/or clawback provisions may be triggered in the following scenarios:
- the Participant has participated in or was responsible for conduct which resulted in significant losses to a Group company;
 - the Participant has failed to meet appropriate standards of fitness and propriety;

- the Remuneration and Nomination Committee has reasonable evidence of fraud or material dishonesty by the Participant;
- the Company has become aware of any material wrongdoing on the part of the Participant;
- the Participant has acted in any manner which in the opinion of the Remuneration and Nomination Committee has brought or is likely to bring any Group company into material disrepute or is materially adverse to the interests of any Group company;
- there is a breach of the Participant's employment contract that is a potentially fair reason for dismissal;
- the Participant is in breach of a fiduciary duty owed to any Group company;
- a Participant who has ceased employment was in breach of their employment contract or fiduciary duties in a manner that would have prevented the grant or release of an award had the Remuneration and Nomination Committee been aware (or fully aware) of that breach, and of which the Remuneration and Nomination Committee was not aware (or not fully aware) at the relevant time;
- there was a material error in determining whether an award should be made or in determining the size and nature of the award or in assessing the extent to which any performance measure was satisfied;
- a Group company misstated any financial information for any part of any year that was taken into account in determining whether an award should be made or in determining the size and nature of such award or assessing the extent to which any performance measure was satisfied; or
- a Group company or business unit that employs or employed the Participant, or for which the Participant is responsible, has suffered a material failure of risk management.

Life of the PSP

- 9.28 An award may not be granted more than ten years after the date on which the PSP was adopted. No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Participants' rights

- 9.29 Awards will not confer any shareholder rights until the awards have vested or the options have been exercised as relevant and the Participants have received their Shares.

Rights attaching to Shares

- 9.30 Any Shares allotted will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

- 9.31 In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Remuneration and Nomination Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award, the exercise price payable (if any) or other relevant terms.

Overall limits

- 9.32 The PSP may operate over newly issued Shares, Shares held in treasury or Shares purchased in the market. In any ten-calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the PSP and any other executive discretionary share plan adopted by the Company. In any ten-calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under any employees' share plan adopted by the Company.
- 9.33 Treasury shares will count as new issue Shares for the purposes of the 10 per cent. in ten years limit unless institutional investors decide that they need not count.

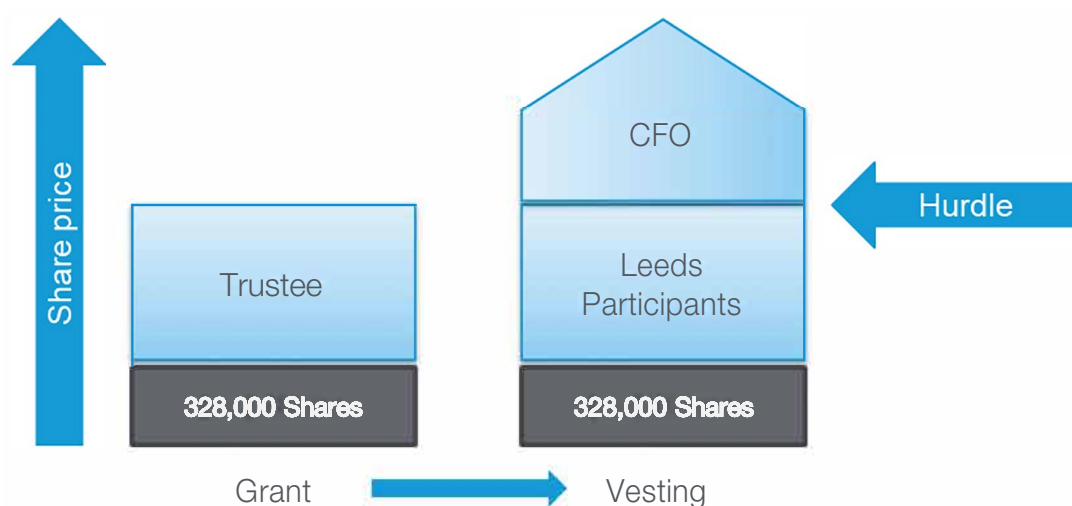
9.34 Shares issued or to be issued under awards or options granted before or in connection with Admission (i.e. the IPO PSP Awards and the Legacy Awards) will not count towards the 10 per cent. in ten years limit.

9.35 **Share Incentive Scheme – the Legacy Awards**

Background

9.36 Prior to Admission the Chief Financial Officer (“**CFO**”) held a growth share award (i.e. D Ordinary Shares) in the Company which entitled her to c.2 per cent. of the equity value of the Company above a £20 million hurdle (“**Previous Award**”). To facilitate the necessary IPO structure and to ensure that awards that will persist post-Admission contain provisions appropriate to share awards in a public company, the CFO has agreed to surrender her Previous Award in exchange for the grant of the CFO Legacy Award shortly prior to Admission.

9.37 Under other pre-IPO incentive arrangements, it has been agreed that certain employees of DSW CF Leeds (the “**Leeds Participants**”) should be entitled to c.1.53 per cent. of the Company’s equity value up to a maximum of £26 million. To fulfil these obligations those individuals will be granted the Leeds Legacy Awards shortly prior to Admission. The Leeds Legacy Awards will relate to the same shares as the CFO Legacy Awards Shares, the (“**Legacy Award Shares**”) meaning that a total of 1.53 per cent. of the Company’s issued share capital will be utilised across the Legacy Awards.



Operation and eligibility

9.38 The Legacy Awards will be administered by the Remuneration and Nomination Committee.

9.39 No further Legacy Awards will be granted following Admission.

9.40 In order to commercially replicate the terms of the Previous Award, the CFO Legacy Award will be granted as an interest in Shares held jointly with the Trustee. The Trustee will be entitled to the value of the Shares up to a value of 122p – i.e. equivalent of £26 million market cap per Share (the “**Hurdle**”) and the CFO will be entitled to any value above this Hurdle. The CFO will have no interest in, or right to acquire, any value below the Hurdle. The Leeds Participants will be granted nil cost options to acquire the value of the CFO Legacy Award Shares below the Hurdle.

Performance conditions

9.41 No performance conditions are attached to the CFO Legacy Award other than the Hurdle of 122p – i.e. equivalent of £26 million market cap.

Vesting

9.42 The Legacy Awards will vest on 31 March 2023. Following vesting, the CFO will be entitled to exchange a proportion of her interest in the Shares with the Trustee’s interest in Shares so that each party has a number of whole Shares Equivalent in value to their respective interests. For a period of

four years after vesting the Leeds Participants will be entitled to exercise their options to acquire the Legacy Shares beneath the Hurdle.

Holding period

- 9.43 No post-vesting holding period applies to the Legacy Awards.

Leaving employment

- 9.44 If the Chief Financial Officer ceases to be an employee or a director within the Group because of her death, injury, ill health, disability, their employing company or the business for which she works being sold out of the Group or in other circumstances at the discretion of the Remuneration and Nomination Committee, then her award will vest on the date when it would have vested if she had not so ceased to be employed. The award will not be pro-rated to reflect the reduced period of time between its grant and vesting.
- 9.45 If the CFO ceases to be an employee or a director within the Group for any other reason then her Legacy Award will lapse.
- 9.46 If a Leeds Participant ceases to be an employee or a director of DSW CF Leeds because of their death, injury, ill health, disability or in other circumstances at the discretion of the Remuneration and Nomination Committee, then their award will vest on the date when it would have vested if they had not so ceased to be employed. The award will not be pro-rated to reflect the reduced period of time between its grant and vesting.
- 9.47 If a Leeds Participant ceases to be an employee or director of DSW CF Leeds for any other reason, or if the trademark licence agreement between the Company and DSW CF Leeds is terminated or notice is given to terminate the trademark licence agreement in accordance with its terms then the Leeds Legacy Award of such Leeds Participant will lapse.

Corporate events

- 9.48 In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), the Legacy Awards will vest early with no pro-rating applied. In the event of an internal corporate reorganisation, the Legacy Awards will be replaced by an equivalent new award over shares in a new holding company unless the Remuneration and Nomination Committee decides that the award should vest on the basis which would apply in the case of a takeover. If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration and Nomination Committee, would affect the market price of Shares to a material extent, then the Remuneration and Nomination Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Dividend equivalents

- 9.49 The Hurdle applicable to the CFO Legacy Award will be reduced by an amount equal to the aggregate dividend paid to the holders of Shares from the date of grant to the date of vesting. On exercise of the Leeds Legacy Awards a dividend equivalent payment may be made to the Leeds Participants.

Malus

- 9.50 Malus provisions apply for the duration of the period prior to vesting and shares held under the deferral arrangements, allowing the Remuneration and Nomination Committee to reduce to zero any unvested awards.
- 9.51 Malus and/or clawback provisions may be triggered in the following scenarios:
- the CFO or Leeds Participants have participated in or was responsible for conduct which resulted in significant losses to a Group company;
 - the CFO or Leeds Participants have failed to meet appropriate standards of fitness and propriety;
 - the Remuneration and Nomination Committee has reasonable evidence of fraud or material dishonesty by the CFO or Leeds Participants;
 - the Company has become aware of any material wrongdoing on the part of the CFO or Leeds Participants;

- the CFO or Leeds Participants have acted in any manner which in the opinion of the Committee has brought or is likely to bring any Group company into material disrepute or is materially adverse to the interests of any Group company;
- there is a breach of the CFO or Leeds Participant's employment contract that is a potentially fair reason for dismissal;
- the CFO or Leeds Participants is in breach of a fiduciary duty owed to any Group company;
- a CFO or Leeds Participants who has ceased employment was in breach of their employment contract or fiduciary duties in a manner that would have prevented the grant or release of an award had the Remuneration and Nomination Committee been aware (or fully aware) of that breach, and of which the Remuneration and Nomination Committee was not aware (or not fully aware) at the relevant time;
- there was a material error in determining whether an award should be made or in determining the size and nature of the award or in assessing the extent to which any performance measure was satisfied;
- a Group company misstated any financial information for any part of any year that was taken into account in determining whether an award should be made or in determining the size and nature of such award or assessing the extent to which any performance measure was satisfied; or
- a Group company or business unit that employs or employed the CFO or Leeds Participants, or for which the Participant is responsible, has suffered a material failure of risk management.

Rights attaching to Shares

- 9.52 The Shares held jointly by the CFO or Leeds Participants and the Trustee will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

- 9.53 In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Remuneration and Nomination Committee may make such adjustment as it considers appropriate to the number of Shares subject to the Legacy Awards and/or the Hurdle Value.

Overall limits

- 9.54 The Legacy Awards will not count towards the 10 per cent. dilution limits referred to in the summary of the PSP above.

Alterations

- 9.55 The Remuneration and Nomination Committee may, at any time, amend the Legacy Awards in any respect, provided that the prior approval of the relevant award holder(s) is obtained in relation to any amendments that would adversely affect their interests. The requirement to obtain the prior approval of award holder(s) will not, however, apply to any minor alteration made to benefit the administration of the plans, for example, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Participant or for any company in the Group.

10. EMPLOYEES

As of 30 September 2021 the Group employed approximately 11 employees, categorised as central heads. The Group employed 1, 6 and 9 employees (categorised as central heads) as at 31 March 2019, 31 March 2020 and 31 March 2021 respectively.

11. RELATED PARTY TRANSACTIONS

- 11.1 Between 30 September 2021 and 10 December 2021, being the latest practicable date prior to publication of this document, there have been the following related party transactions:

11.1.1 *Daresbury Lease*

The Company's subsidiary, DSW Services, is party to a lease dated 5 November 2021 relating to 7400 Daresbury Park, Daresbury, Warrington WA4 4BS ("**Daresbury Office**"), which was entered into with the landlord, DSW Investments 2 LLP ("**Daresbury Lease**"). It is deemed to be a related party transaction as DSW Investments 2 LLP is connected to James Dow and Jonathan Schofield, both being directors of the Company. The Daresbury Lease, on normal commercial terms, is for a term of 10 years from 1 October 2021 to 30 September 2031 at a current rent of £102,400 per annum. The rent is subject to rent review provisions pursuant to which there may be an upwards adjustment based on the open market rent subject to agreement between the landlord and DSW Services, or, in the absence of agreement, as determined by an independent surveyor, acting as an expert, in accordance with the valuation principles set out in the Daresbury Lease. The rent reviews are on an annual basis and the next rent review is due on 1 October 2022. The landlord may unilaterally forfeit the Daresbury Lease if, *inter alia*, (1) DSW Services breaches any condition or tenant covenant of the lease; (2) DSW Services becomes insolvent; (3) a receiver or administrator is appointed in respect of DSW Services; (4) DSW Services enters into any arrangement with its creditors; or (5) DSW Services does not pay the rent due within 21 days (whether it has been formally demanded or not). This Daresbury Lease contains a break clause which can be exercised by DSW Services on the fifth anniversary of the Daresbury Lease by serving not less than six months' notice on the landlord. The Daresbury Lease has security of tenure under the provisions of the Landlord and Tenant Act 1954.

11.1.2 As at 30 September 2021, £10,102 has been paid to Susannah Dow for services provided to DSW Capital in the relevant period. Susannah is employed by the Company on a temporary basis to assist with the IPO process.

11.1.3 Conditional upon Admission the Company has agreed to pay Nicole Burstow a discretionary bonus of £155,820 in connection with the IPO process.

11.2 Save as disclosed in paragraph 11.1 above, paragraph 20 of Part I, paragraph 16 of this Part VI, in the notes to the Historical Financial Information (in particular, Note 30 and the notes to the interim financial information set out in Section D of Part V (in particular, Notes 17 and 18)), the Company has not entered into any related party transactions during the period covered by the Historical Financial Information and up to the date of this document.

12. **WORKING CAPITAL**

In the opinion of the Directors, having made due and careful enquiry, and taking into account the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the twelve months from the date of Admission.

13. **PREMISES**

The Group's key site is the Daresbury Office referred to at paragraph 11.1 above.

14. **INTELLECTUAL PROPERTY**

14.1 The Group is the registered owner of the following registered trademarks in the United Kingdom, which are "word" marks: "Dow Schofield Watts" (within Classes 16, 35 and 36), "DSW" (within Classes 16, 35 and 36), "PHD Equity Partners" (within Classes 16 and 35), "PHD Industrial Holdings" (within Classes 16, 35 and 36), "Pandea Global" (within Classes 16, 35 and 36) and "The Camlee Group" (within Class 36).

14.2 Save as set out in this paragraphs 14 there are no patents or other intellectual property rights which are of fundamental importance to the Group's business.

15. LEGAL AND ARBITRATION PROCEEDINGS

- 15.1 The Group is not, and has not been, engaged in any governmental, legal or arbitration proceedings in the previous twelve months and, so far as the Group is aware, there are no such proceedings pending or threatened, which may have or may have had in the recent past a significant effect on the Group's financial position or profitability.

16. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this document which are or may be material or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

16.1 ***Dow Schofield Watts Services LLP***

The Company is party to a limited liability partnership agreement dated 10 November 2021 with Jonathan Hugh Schofield and DSW Services in relation to DSW Services ("**DSW Services LLP Agreement**"). The DSW Services LLP Agreement contains customary provisions regulating the conduct of DSW Services. It also contains various consent matters, which require majority consent of the designated members of DSW Services (one of which must be the Company) before such action can be taken.

16.2 ***Directors and shareholders***

The Company is party to a shareholders' agreement dated 31 January 2019 with the Company's jointly controlled entity, Dow Schofield Watts Corporate Finance (Leeds) Limited ("**DSW CF Leeds**"), Roger Esler and Paul Herriot ("**DSW Leeds Shareholders' Agreement**"). The DSW Leeds Shareholders' Agreement contains certain provisions and restrictions in respect of the operation of DSW CF Leeds. Roger Esler and Paul Herriot have given certain restrictive covenants in favour of the Company in relation to the non-solicitation of employees of DSW CF Leeds. DSW Leeds may also not undertake certain actions without the prior written consent of each of the parties to the DSW Leeds Shareholders' Agreement. Under the DSW Leeds Shareholders' Agreement, the Company has a right to appoint three directors to the board of DSW CF Leeds and has an agreed fixed entitlement to capital and income relating to DSW CF Leeds. The Company also agrees to provide brand support and business development support services to DSW CF Leeds at no cost and there is provision for the Company to procure that DSW CF Leeds is to pay a commission of any income introduced by a "DSW Family Member" to DSW CF Leeds.

16.3 ***Banking and finance***

OakNorth Term Loan

The Company is party to a trading business loan facility with OakNorth Bank plc ("**OakNorth**") pursuant to which the Company borrowed £1,159,794 ("**OakNorth Term Loan**"). The OakNorth Term Loan was used by the Company to make a loan to Bizarre Holdings Limited ("**Bizarre Holdings**"), which is partly owned by one of the Group's licensees, DSW Corporate Finance Ltd ("**DSW Corporate Finance**"). Bizarre Holdings, in turn, utilised the loaned funds to acquire the entire issued share capital of The Camlee Group Limited ("**Camlee Group**"). Please refer to paragraph 16.4 of this Part VI below for further details of this acquisition.

The OakNorth Term Loan is subject to interest and certain other customary fees, costs and expenses and the Company has given certain customary warranties, representations and undertakings to OakNorth in connection with such borrowing (including financial covenants). The OakNorth Term Loan will become repayable upon Admission and the Company intends to use part of the proceeds of the Placing to discharge the OakNorth Term Loan.

Certain shareholders of the Company have granted a charge over their Shares in favour of OakNorth (including, without limitation, James Dow and Jonathan Schofield) ("**Share Charge**"). Such shareholders have entered into a deed of release, conditional only upon Admission, pursuant to which the Share Charge shall be discharged and released.

The Company has also granted a debenture dated 10 February 2020 in favour of OakNorth to secure the OakNorth Term Loan ("**OakNorth Debenture**"), which shall remain in effect on Admission. It is intended that the OakNorth Debenture will be discharged and released by OakNorth upon the repayment of the OakNorth Term Loan (and all accrued interest, fees and expense thereunder) following Admission.

Bizarre Holdings Loan

The Company entered into a term loan agreement with Bizarre Holdings on 10 February 2020 pursuant to which Bizarre Holdings borrowed £1,125,000 from the Company ("**Bizarre Holdings Loan**") to finance its acquisition of the entire issued share capital of the Camlee Group. The Bizarre Holdings Loan is repayable by 10 February 2040 or such earlier time as the parties may agree, but shall be immediately repayable if Bizarre Holdings or the Camlee Group undergoes a change of control. Bizarre Holdings gives certain customary warranties, representations and undertakings to the Company under the Bizarre Holdings Loan.

Camlee Loan Notes

The Company constituted £500,000 zero rate unsecured convertible loan notes ("**Camlee Loan Notes**") pursuant to a convertible loan note instrument entered into by the Company on 10 February 2020. The Camlee Loan Notes were issued to Cameron Varley and Lee Wojtkiw as consideration in relation to the acquisition by the Company of "The Camlee Group" trademarks. Please refer to paragraph 16.4 below for further details in relation to this acquisition. The Camlee Loan Notes will be converted into Shares in the Company immediately upon Admission in accordance with the formula which applies to the Camlee Loan Notes.

16.4 **Acquisition of "The Camlee Group" trademarks**

On 10 February 2020, the Company acquired the right, title and interest in "The Camlee Group" trademarks from Cameron Varley and Lee Wojtkiw (together, the "**Camlee Noteholders**") pursuant to a deed of assignment of trademarks ("**Trademark Assignment**"). The Company issued the Camlee Loan Notes to the Camlee Noteholders as consideration pursuant to the Trademark Assignment and the Camlee Noteholders gave certain customary warranties and undertakings to the Company in respect of the trademarks assigned thereunder.

Simultaneously, the Company entered into the Bizarre Holdings Loan which Bizarre Holdings used to acquire the entire issued share capital of the Camlee Group. A loan of £1,125,000 cash was loaned to Bizarre Holdings. Simultaneously, Bizarre Holdings acquired the Camlee Group for £4,500,000, consisting of £1,125,000 cash and £3,375,000 deferred consideration in the form of loan notes. The sellers of the Camlee Group hold 24 per cent. (collectively) in Bizarre Holdings with the remaining shareholding being held by employees of Bizarre Holdings in an employee benefit trust. The deferred consideration is paid out of the future profits of the Camlee Group which is dependent on the original owners remaining employed for 5 years.

16.5 **Daresbury Lease**

Please refer to paragraph 11.1.1 of this Part VI for further details of the Daresbury Lease.

16.6 **Nominated Adviser and Broker Agreement**

The nominated adviser and broker agreement between Shore Capital and the Company dated 13 December 2021 in respect of SCC acting as nominated adviser for the purposes of AIM and SCS acting as sole broker for an initial minimum period of 12 months (terminable on three months' notice thereafter by either party). The Company has agreed to pay Shore Capital an annual retainer fee for acting as nominated adviser and sole broker.

16.7 **Placing Agreement**

Pursuant to the Placing Agreement, Shore Capital have each agreed, subject to certain conditions including Admission, as agent for the Company, to use their reasonable endeavours to procure Placees for the Placing Shares at the Placing Price. The Placing Agreement is conditional on, *inter alia*, Admission occurring by 8.00 a.m. on 16 December 2021 or by such later date as is agreed in writing between the Company and Shore Capital, being not later than 8.00 a.m. on 23 December 2021.

The Placing Agreement contains certain customary representations and warranties from the Company and the Directors, in favour of Shore Capital, as to the accuracy of the information in this document and certain other matters concerning the Company and an indemnity from the Company to Shore Capital and their affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the Placing and Admission.

Shore Capital have the right to terminate the Placing Agreement prior to Admission in certain circumstances, including, *inter alia*, any breach by the Company, or any Director of any of their respective obligations or warranties in the Placing Agreement or in certain force majeure situations. If the Placing Agreement is terminated, the Placing will not proceed and no Placing Shares will be issued under the Placing. The Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

16.8 **Lock-in Agreements**

Each of the Directors, their immediate family members, Growth Shareholders and the Camlee Noteholders (together, the “**Locked-in Shareholders**”) have entered into lock-in agreements (“**Lock-in Agreements**”) pursuant to which they have undertaken to Shore Capital (subject to certain limited customary exceptions) not to dispose of the Shares held by each of them following Admission or any other Shares which they may acquire as a result of its or their holding of such Shares at any time prior to the date falling 12 months from Admission (the “**Lock-in Period**”) without the prior written consent of Shore Capital. Each of the Locked-in Shareholders have also undertaken to Shore Capital not to dispose of their Shares following the expiry of the Lock-in Period otherwise than through Shore Capital (subject to certain limited customary exceptions) for the period of 12 months.

16.9 **Clawback Agreements**

Each of the Clawback Shareholders have undertaken to the Company that in the event that either: (i) within two years of Admission such shareholder ceases to be an employee, director, member of or consultant to any member of the Group or any entity to which the Company has entered into a trademark licence agreement; or (ii) within two years of Admission any trademark licence agreement between the Company or the relevant licensee of which the Clawback Shareholder is an employee, director, member or consultant is terminated, or notice to terminate, is served (together, the “**Transfer Events**”), then the relevant Clawback Shareholder may be required by the Company to transfer all of the Shares held by him at Admission to such person nominated by the Company at the lower of the subscription price for such shares and the average of the middle market price for such shares as shown on the London Stock Exchange for the 90 day period preceding the relevant Transfer Event.

The Clawback Shareholders are not required to transfer such Shares held at Admission in the event that the relevant Transfer Event is as a result of either: (i) the death such shareholder; or (ii) the Board resolves, in its absolute discretion, that the shareholder shall not be required to transfer such shares.

17. **TAXATION**

- 17.1 The following statements are intended only as a general guide as at the date of this document to UK tax legislation and to the current practice of HMRC and do not constitute tax advice. These statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in the UK, who hold their Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Shares in connection with their office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold five per cent. or more of the Shares, are not addressed. Levels and bases of taxation are subject to change. **Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the UK is strongly recommended to consult his professional advisers immediately.**

17.2 **Stamp Duty and Stamp Duty Reserve Tax**

Save in relation to non-EU depository receipt arrangements or clearance services, where special rules apply, no charge to stamp duty or stamp duty reserve tax ("**SDRT**") should arise on the issue of Placing Shares or on their registration in the names of applicants following a change to the stamp duty and SDRT legislation from 28 April 2014 after the Finance Act 2014 received Royal Assent in July 2014 which introduced the exemption for shares on a recognised growth market.

As a result of the change to the legislation referred to above, a subsequent transfer on the sale of Shares will not be subject to stamp duty or SDRT for so long as the Company is admitted to trading on AIM, that AIM remains a recognised growth market and that the shares in the Company remain admitted to trading on AIM and no other market.

Should the recognised growth market exemption not apply, an agreement to transfer the shares in the Company will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser.

In addition, should the recognised growth market exemption not apply an instrument transferring the shares in the Company will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or consideration given for the transfer (rounded up to the nearest £5). The purchaser normally pays the stamp duty.

An exemption from stamp duty is also available on an instrument transferring the shares in the Company where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

If a duly stamped instrument completing an agreement to transfer the shares in the Company is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is generally repayable, normally with interest, provided that a claim for repayment is made and otherwise the SDRT charge is cancelled.

Special rules apply to market intermediaries, dealers and certain other persons and professional advice should be sought if these rules apply.

17.3 **Dividends**

The UK taxation implications relevant to the receipt of dividends on the Placing Shares are as follows:

There is no UK withholding tax on dividends.

Individual holders of Placing Shares will be taxable on the total of the dividend actually received. For the tax year 2019/20, the first £2,000 of dividend income received by an individual is subject to zero per cent. tax. The rate of tax payable on dividends in excess of the above threshold is 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers. These rates will increase to 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers, and 39.35 per cent. for additional rate taxpayers for dividends paid after 6 April 2022.

A holder of Placing Shares which is a company resident for tax purposes in the UK will have to pay corporation tax in respect of any dividends it receives from another company unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder, although it is expected that the dividends paid would normally be exempt when received by a UK resident company shareholder.

17.4 **Disposal of shares acquired under the Placing**

A Shareholder who is an individual resident for tax purposes in the UK who sells or otherwise disposes of his Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. The Shareholder's annual exemption if available and any capital losses they have may reduce

the capital gain subject to capital gains tax. Capital gains falls within the basic rate band will be subject to tax at a rate of 10 per cent. with capital gains falling into the upper and additional rate subject to tax at a rate of 20 per cent. Please note that the UK Government commissioned a review of the capital gains tax regime in July 2020 and these rates could increase in future years.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Shares. To the extent certain conditions are met, it may be possible for chargeable gains realised on the disposal of shares to be exempt from UK corporation tax as a result of the substantial shareholding exemption. However, this is dependent on the circumstances at the time of the disposal and advice should be sought from your professional advisers.

A Shareholder who is not resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Shares are to have been used, held or acquired for the purposes of such UK permanent establishment.

17.5 **Inheritance tax**

The Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees or settlements who hold Shares, bringing them within the charge to inheritance tax. Holders of Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Shares through such a company or trust arrangement, or in a situation where there is potential for a charge both to UK inheritance tax and to a similar tax in another jurisdiction, or if they are in any doubt about their UK inheritance tax position.

A relief from inheritance tax, known as business property relief, may apply to Shares in trading companies once these have been held for two years. Where applicable this relief applies notwithstanding that the Company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). Business property relief operates by reducing the value of shares by up to 100 per cent. for inheritance tax purposes.

17.6 Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

17.7 These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

18. **CONSENTS**

18.1 The nominated adviser and sole broker to the Company is Shore Capital, which is authorised and regulated in the UK by the FCA. Shore Capital has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and reference to it in the form and context in which it appears.

18.2 BDO LLP in the capacity of Reporting Accountant to the Company has given its consent to the inclusion in this document of its reports set out in sections A and C of Part IV of this document and has authorised the contents of those reports for the purposes of Schedule 2 of the AIM Rules for Companies.

19. OTHER INFORMATION

- 19.1 Save for the Placing and as disclosed in this document, there has been no significant change in the financial position or financial performance of the Group since 30 September 2021, the date to which the interim financial information in section D of Part IV of this document has been prepared.
- 19.2 BDO LLP of 3 Hardman Street, Manchester, M3 3AT, a member of and regulated by the Institute of Chartered Accountants in England and Wales, were auditors to the Company for the year ended 31 March 2021. The Company did not have auditors for the years ended 31 March 2019 and 2020.
- 19.3 The accounting reference date of the Company is 31 March.
- 19.4 The gross proceeds of the Placing receivable by the Company are expected to be £5 million with the net proceeds of the Placing receivable by the Company (after settling fees and expenses) expected to be approximately £3.8m¹.
- 19.5 The total costs, commissions and expenses relating to the Placing and Admission, payable by the Company, are estimated to amount to approximately £1.2m (excluding VAT).
- 19.6 It is expected that definitive share certificates will be despatched by first class no later than 10 business days after admission. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 16 December 2021. No temporary documents of title will be issued.
- 19.7 The Company confirms that where information in this document has been sourced from a third party, it has been accurately reproduced and the source of the information has been identified. So far as the Company is aware, and able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.8 Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the application procedures issued by Shore Capital until such time as the Placing becomes unconditional in all respects. If the Placing does not become unconditional in all respects by 23 December 2021 (or such later date as Shore Capital and the Company may agree), application monies will be returned to applicants as soon as practicable at their own risk and without interest. The period within which the Placing applications may be accepted pursuant to the Placing is set out in the placing letters issued pursuant to the Placing Agreement.
- 19.9 The Placing Price of 100 pence represents a premium of 99.75 pence above the nominal value of 0.25 pence per Share. The Placing Price is payable in full on application.
- 19.10 The Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. Prior to the despatch of share certificates following the Placing, transfers will be certified against the register of members. The Company has applied to Euroclear, the operator of CREST, for the Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under CREST. CREST is a voluntary system and holders of Shares who wish to retain share certificates will be able to do so.
- 19.11 Except as set out in this document, there are no arrangements relating to the Company, the operation of which may at a subsequent date result in a change of control of the Company.
- 19.12 Except as stated in this document (in particular, the Company's investments in Dow Schofield Watts Business Recovery LLP, Dow Schofield Watts Corporate Finance (Leeds) Limited, Dow Schofield Watts Transaction Services (Leeds) LLP, Dow Schofield Watts VAT Services LLP, Dow Schofield Watts Tax Consulting LLP and Dow Schofield Watts Wealth Advisory LLP), there have been no principal investments made by the Company during the last three financial years. Dow Schofield Watts Corporate Finance (Leeds) Limited is an investment in a joint controlled entity. The Company was formerly a designated member of the following entities from which it resigned during the last three

¹ Such fees and expenses include the bonus of £155,820 payable to Nicole Burstow conditional upon Admission.

financial years: Dow Schofield Watts Transaction Services LLP, Dow Schofield Watts Forensic LLP, Dow Schofield Watts Transaction Services (London) LLP, Dow Schofield Watts Business Planning LLP, Dow Schofield Watts Private Client Tax LLP, Dow Schofield Watts Tax Resolution LLP and Diligencia LLP. The Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.

- 19.13 Save as disclosed in this document, the Company is not dependent on any patents, licences, industrial or commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.
- 19.14 Save as disclosed in this document, there are no environmental issues that the Directors have determined may affect the Company's utilisation of tangible fixed assets and the Directors have not identified any events that have occurred since the end of the last financial year and which are considered to be likely have a material effect on the Company's prospects for the current financial year.
- 19.15 Save as disclosed in this document, no person (other than the professional advisers referred to in this document) has received, directly or indirectly, from the Company or has entered into a contractual arrangement to receive, directly or indirectly, from the Company on or after the date of this document, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more or any other benefit to the value of £10,000 or more in respect of services provided to the Company during the period between incorporation of the Company and the date of this document.
- 19.16 Save as disclosed in this document, there have been no significant recent trends in sales and inventory and cost and selling prices of the Group since 30 September 2021.
- 19.17 Save as disclosed in this document, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 19.18 The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act.
- 19.19 There are no arrangements under which future dividends are waived or agreed to be waived.

20. AVAILABILITY OF THIS DOCUMENT

Copies of this document will be available to the public free of charge from the registered office of the Company at 7400 Daresbury Park, Daresbury, Warrington, WA4 4BS and from the offices of Shore Capital and Corporate Limited, at Cassini House, 57 St. James's Street, London SW1A 1LD, during normal office hours (Saturdays, Sundays and public holidays excepted) for a period of at least one month from the date of Admission. A copy of this document is also available free of charge on the Company's website at www.dswcapital.com.

Dated: 13 December 2021

