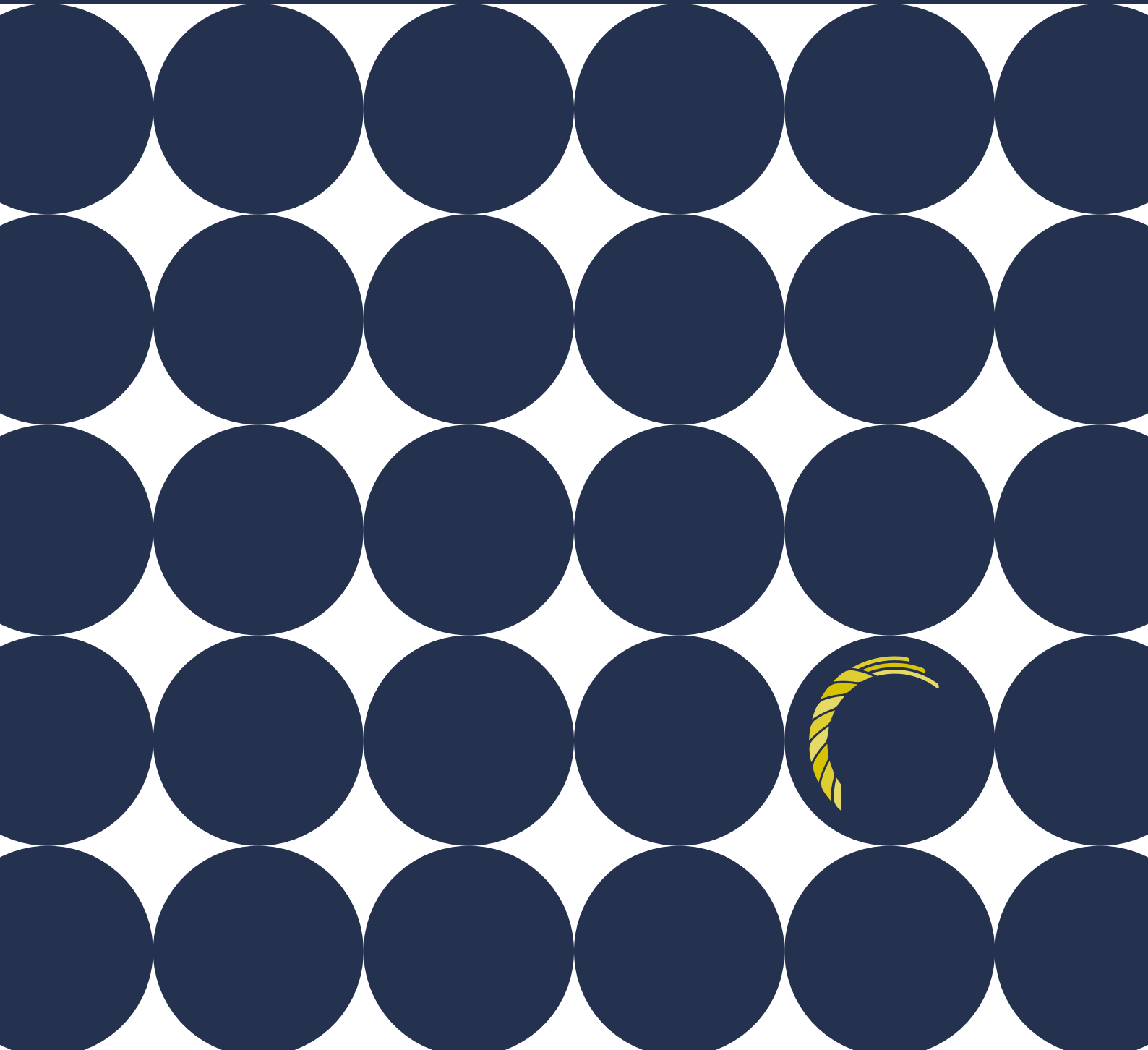


AS AT 30 SEPTEMBER 22



Half Year Results



DSW CAPITAL PLC
("DSW Capital", "DSW" or the "Group")
(AIM: DSW)

Definitions

Company or DSW Capital or DSW	DSW Capital plc, registered as a public company in England and Wales, with registered number: 07200401
Group or DSW Group	The Company and its Subsidiary, Dow Schofield Watts Services LLP (Registered number: OC397251)
Network or DSW Network	The Group and its licensees

HALF YEAR RESULTS

Heightened profile following IPO helped to drive Network growth

DSW Capital, a profitable, fast growing, mid-market, challenger professional services licence network and owner of the Dow Schofield Watts brand, is pleased to announce its half year results for the six-month period ended 30 September 2022 ("H1 23" or the "Period").

The Group has delivered a strong performance in the Period with network revenue rising to £9.8m, up 34.5% compared to the same period in the prior year (H1 22: £7.3m), and is currently on track to deliver results for the year ended 31 March 2023 ("FY23") in line with market expectations.

Financial highlights

- Network Revenue up 34.5% at £9.8m (H1 22: £7.3m)
- Total income from licensees up 40.4% at £1.6m (H1 22: £1.2m)
- Adjusted Pre-Tax Profit £0.9m (H1 22: £0.8m)
- Statutory Profit before tax £0.6m (H1 22: £0.7m)
- Strong operating cash conversion of 85.1% with £4.6m cash at period end
- Strong balance sheet with Net Assets of £7.8m (H1 22: £2.7m)
- Interim dividend of 1.76p per share

Operational highlights

- Fee Earners at the Period end increased to 93 (HY 22: 81), up 14.8% YoY, demonstrating the attractiveness of the licence model and the network's heightened profile following IPO, which are negating wider challenges in the recruitment market
- Presence in Scotland expanded with two new offices, Edinburgh and Glasgow, and three new partners
- Additional partner welcomed to the Wealth Planning service line post Period end in October 2022
- The Group has also entered into a commercial support arrangement with Freelands Finance Ltd, an Investor Relations Advisory business. Working in collaboration with this business is expected to provide a source of referral opportunities to the DSW Network
- Named by Experian¹ as the 10th most active corporate finance adviser in the UK in the first half of 2022, compared to 13th in the first half of 2021
- Shortlisted for a number of awards, including 'Best Newcomer Award' at the AIM Awards 2022 and 'Flotation of the Year' at the Insider North West Dealmakers Awards 2022

Current trading and outlook

- Demand for the DSW Network's services, which are primarily SME focused, remains strong and the Business Recovery team is continuing to see an increase in activity
- Fee Earners at 31 October 2022 increased to 97, as teams continue to recruit high calibre candidates
- Opportunity for organic and acquisition driven growth remains significant and the Directors remain confident in the strength and resilience of the Group's business model
- Currently on track to meet market expectations for FY23

¹ Experian Market IQ: H1 2022

James Dow, Chief Executive Officer, said:

"Activity in the network's primary market, the SME sector, has remained strong to date and resilient to the many economic challenges facing the UK. Whilst a downturn is likely to affect corporate finance and transaction services within the Network we would expect some of that to be offset by an increase in the demand for insolvency, restructuring and debt advisory services, which we are already seeing strong demand for as corporate distress levels rise.

We continue to seek to grow the business through diversification with the addition and expansion of new service lines, and we are continuing to seek to recruit professionals in other disciplines to reduce the M&A weighting of our licence fees."

Definitions:

Network Revenue - Network Revenue is defined as total revenue earned by licensees, as opposed to total revenue reported by the Company

Adjusted Pre-Tax Profit - Adjusted Pre-Tax Profit is defined as profit before tax adjusted to add back the items not considered part of underlying trading including share-based payment expense and IPO costs. It is a non-GAAP metric used by management and is not an IFRS disclosure.

Cash conversion - Cash conversion is calculated as cash generated by operations divided by operating cash flows before movements in working capital

Total income from licensees - Total income from licensees represents statutory revenue plus share of results in associates

DSW Capital

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CHIEF EXECUTIVE OFFICER'S STATEMENT



I am pleased to report that the Group traded strongly in the Period under review to deliver a positive set of results, which were in line with the Board's expectations. The Board would like to thank all our Network Partners and Employees for their hard work and commitment to the DSW brand.

Network Revenue rose to £9.8m, an increase of 34.5% compared to the same period in the prior year (H1 22: £7.3m), as the Group benefitted from its heightened profile following IPO. This generated a 40.4% increase in Total Income from Licensees² in the Period of £1.6m (H1 22: £1.2m), more than covering the additional costs of the Group's AIM listing, with Adjusted Pre-Tax Profit³ rising by 12.5% to £0.9m (H1 22: £0.8m).

The largest increase in costs can be attributed to the costs of being listed, including professional fees, AIM Listing fees and PR. Further costs are a result of investment in central infrastructure and an increased share based-payment expense. We are generally protected from the impact of wage and cost inflation as our licensee partners bear most of these risks.

Vision and strategy

DSW Capital is the owner of the Dow Schofield Watts brand, which is the predominant brand it licences to licensee businesses. Our vision is to become the most sought-after

destination for ambitious, entrepreneurial professionals to start and develop their own businesses. We aim to scale the business through organic growth, new service lines and geographic locations, and investing in "Break Outs" (existing teams in larger firms).

We further executed on our strategy in the Period. Fee earners within our 20 licensed businesses rose by five in the Period to 93 at 30 September 2022, as the Group continued to benefit from its heightened profile following flotation (Fee earners at IPO: 82), and investment in a central recruitment resource. The growth in fee earners in the first half of the year was organic, underpinned by the continuous work of our existing partners, supported by our central team, to develop and build their own businesses through the recruitment of additional partners and fee earners.

As at 31 October 2022, the number of fee earners has increased to 97, bringing the increase in heads since IPO to 15, or 18.3%. Since the Period end, we have also seen the launch of our new Wealth Planning business, which will work with the existing network to further enhance our multi-disciplinary offering.

The Group remains focused on attracting "breakout" teams to augment its organic growth and also the acquisition of licence fees. We are in constant dialogue to encourage teams to join DSW and are confident that our efforts will begin to bear fruit in the second half of the current financial year. Our geographical expansion in Scotland continued with the opening of a Glasgow and an Edinburgh office earlier in the period, strengthening our presence in the region and serving as a platform for further growth.

DSW's achievements and capabilities remain most noticeable in its original core service disciplines of corporate finance and due diligence. Our prominence and progression in M&A were highlighted, once again, by Experian, which marked DSW as the 10th Most Active Corporate Finance Advisor in the UK in the first half of 2022⁴ compared to 13th for the first half of 2021.

² Total income from licensees represents statutory revenue plus share of results in associates

³ Adjusted Pre-Tax Profit is defined as profit before tax adjusted to add back the items not considered part of underlying trading including share-based payment expense and IPO costs. It is a non-GAAP metric used by management and is not an IFRS disclosure.

⁴ Experian Market IQ: H1 2022 Report

Dividend

We maintain a robust cash position with strong cash generation and are pleased to declare an interim dividend of 1.76p per share.

Current trading and outlook

Activity in the network's primary market, the SME sector, has remained strong to date and resilient to the many economic challenges facing the UK. Whilst we continue to seek to grow the business through diversification with the addition and expansion of new service lines, corporate finance and due diligence currently comprise most of our network activity. As such, we are not immune from a downturn in M&A activity, should this begin to impact the SME marketplace.

The Directors are mindful of the current economic uncertainty and the impact this may have on M&A activity. However, whilst a downturn might effect corporate finance and transaction services within the Network it would increase the demand for insolvency, restructuring and debt advisory services.

We remain confident in the strength and resilience of our business model and short-term macro challenges should give rise to long-term opportunities, as our candidate pool of new partners and employees is fueled as much by personal dissatisfaction as it is by significant opportunity.

With trading remaining strong, the Board believes the Group is currently on track to deliver FY23 results in line with market expectations.

James Dow

Chief Executive Officer

30 November 2022

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 September 2022

	Note	Six months ended 30 Sept 2022 £'000	Six months ended 30 Sept 2021 £'000
Continuing operations			
Revenue	5	1,509	1,119
Gross profit		1,509	1,119
Share of results of associates		124	44
Share of results of jointly controlled entity		-	17
Administrative expenses		(1,075)	(525)
Operating profit		558	655
Adjusted operating profit⁴		872	850
IPO Expenses		-	(92)
Share based payments expense		(314)	(103)
Operating profit		558	655
Finance income		43	42
Impairment of loans due from associated undertakings		-	-
Finance costs		(13)	(46)
Profit before tax		588	651
Income tax		(170)	(135)
Profit for the half-year		418	516
Total comprehensive income for the half-year attributable to owners of the Company		418	516
Earnings per share			
From continuing operations			
Basic	3	£0.02	£0.27
Diluted	3	£0.02	£0.27

⁴ 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

For the six month period ended 30 September 2022

	Note	As at 30 Sept 2022 £'000	As at 31 March 2022 £'000
Non-current assets			
Intangible assets		770	794
Property, plant and equipment		470	525
Investments		922	922
Investments in associates		187	290
Interests in jointly controlled entities		31	23
Prepayments and Accrued Income	7	170	175
Deferred Tax asset		4	4
		2,554	2,733
Current assets			
Trade receivables	7	895	832
Prepayments and Accrued Income	7	393	362
Other receivables	7	451	369
Cash and bank balances		4,567	4,722
		6,306	6,285
Total assets		8,860	9,018
Current liabilities			
Trade payables		86	86
Other taxation		228	210
Other payables		61	54
Accruals and Deferred Income		70	163
Current tax liabilities		170	63
Lease liability		85	83
		700	659
Net current assets		5,606	5,626
Non-current liabilities			
Lease liability		259	302
Dilapidation provision		73	72
		332	374
Total liabilities		1,032	1,033
Net assets		7,828	7,985
Equity			
Share capital		55	54
Share premium		5,280	5,280
Share-based payment reserve		1,488	1,174
Retained earnings		1,005	1,477
Total Equity attributable to owners of the Company		7,828	7,985

The interim statements were approved and authorised for issue by the Board of Directors on 30 November 2022 and were signed on its behalf by James Dow, Chief Executive Officer.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 September 2022

	Share capital	Share premium	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 01 April 2021	2	-	7	2,203	2,212
Profit for the half-year	-	-	-	604	604
Dividends	-	-	-	(127)	(127)
Share-based payments	-	-	103	-	103
Balance at 30 Sept 2021	2	-	110	2,680	2,792
Loss for the half-year	-	-	-	(938)	(938)
Dividends	-	-	-	(253)	(253)
Share-based payments	-	-	1,064	-	1,064
Issue of shares in period	52	5,280	-	(12)	5,320
Balance at 1 April 2022	54	5,280	1,174	1,477	7,985
Profit for the half-year	-	-	-	418	418
Dividends	-	-	-	(890)	(890)
Share-based payments ⁵	-	-	314	-	314
Issue of shares in period	1	-	-	-	1
Balance at 30 Sept 2022	55	5,280	1,488	1,005	7,828

⁵ SBP issued within six month period from 01 April 2022 - 30 September 2022

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 September 2022

	Note	Six months ended 30 Sept 2022 £'000	Six months ended 30 Sept 2021 £'000
Profit for the half-year		418	516
Adjustments for:			
Income tax expense		170	135
Net interest (income)/expense		(30)	4
Depreciation of property, plant and equipment		69	18
Amortisation of intangible assets		23	19
Bonus shares / LTIP awards		1	-
Share-based payment expense		314	103
Operating cash flows before movements in working capital		965	795
(Increase)/decrease in trade and other receivables		(171)	450
Increase/(decrease) in trade and other payables		(68)	(63)
(Increase)/decrease in amounts owed from associates in relation to profit share		95	(44)
Cash generated by operations		821	1,138
Income taxes paid		(63)	(257)
Net cash from operating activities		758	881
Investing activities			
Purchases of property, plant and equipment		(14)	(15)
Net cash used in investing activities		(14)	(15)
Financing activities			
Dividends paid	6	(890)	(127)
Finance lease payments		(51)	-
Interest received		42	16
Repayments of loans and borrowings		-	(195)
Net cash used in financing activities		(899)	(306)
Net increase/(decrease) in cash and cash equivalents		(155)	560
Cash and cash equivalents at beginning of half-year		4,722	609
Cash and cash equivalents at end of half-year		4,567	1,169

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

1. General information

The Company was incorporated as DSW Capital Limited on 23 March 2010 under the Companies Act 2006 (Registration number: 07200401). The Company was re-registered as DSW Capital plc on 26 October 2021. The Company is incorporated and domiciled in England and Wales. The principal activity of the Company and its subsidiary, DSW Services LLP, (together referred to as 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

2. Basis of preparation

This condensed consolidated interim financial information for the 6 months to 30 September 2022 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 Annual Report and Accounts for the year ended 31 March 2022. This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Interim Report has not been audited or reviewed in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

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.

Significant Accounting Policies

The accounting policies used in the preparation of the interim financial information for the six months ended 30 September 2022 are in accordance with the recognition and measurement criteria of UK Adopted International Accounting Standards and are consistent with those which were adopted in the annual statutory financial statements for the year ending 31 March 2022.

Use of estimates and judgements

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

Going concern

The interim financial information has been prepared on a going concern basis as the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has no debt, £4.6m cash at 30 September 2022, is strongly cash generative, and has a strong trading performance. The Group's forecasts and projections show that the Group has sufficient resources for both current and anticipated cash requirements.

Accounting Developments

There have been no new standards or interpretations, relevant to the Group's operations, applied in the interim financial information for the first time.

Adjusted PBT

Adjusted PBT is utilised as a key performance indication for the Group and is calculated as follows:

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000
Profit before tax	588	651
Share based payments	314	103
IPO costs	-	92
Adjusted PBT	902	846

3. Earnings per share

From continuing operations

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

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000
Earnings		
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	418	516
Effect of dilutive potential ordinary shares :	-	-
Earnings for the purposes of diluted earnings per share	418	516

	Six months ended 30 September 2022	Six months ended 30 September 2021
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	21,065,045	1,900,000
Effect of dilutive potential ordinary shares:		
Share Options	509,629	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	21,574,674	1,900,000

From continuing operations

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

	Six months ended 30 September 2022	Six months ended 30 September 2021
Earnings	£	£
Basic earnings per share	0.02	0.27
Diluted earnings per share	0.02	0.27

Adjusted earnings per share is included as an Alternative Performance Measure ('APM') and is not presented in accordance with IAS 33. It has been calculated using adjusted earnings calculated as profit after tax but before:

- Share-based payments expense;
- IPO costs; and
- The tax effect of the above items

The calculation of adjusted basic and adjusted diluted earnings per share is based on:

	Six months ended 30 September 2022	Six months ended 30 September 2021
	£	£
Profit after tax on continuing operations	418	516
Adjusted for:		
Share-based payment expense	314	103
IPO Costs		92
Tax effect of adjustments above	-	-
Adjusted earnings for the purposes of adjusted basic and adjusted diluted earnings per share	732	711

	Six months ended 30 September 2022	Six months ended 30 September 2021
Earnings	£	£
Adjusted basic earnings per share	0.03	0.37
Adjusted diluted earnings per share	0.03	0.37

Shares held in trust are issued shares that are owned by the Group's employee benefit trusts for future issue to employees as part of share incentive schemes. The future exercise of the share awards and options is the dilutive effect of share awards granted to employees that have not yet vested.

Shares held in trust are deducted from the weighted average number of shares for basic earnings per share. For its adjusted basic measure, the group uses the weighted average number of ordinary shares.

4. Profit for the year

Profit for the year has been arrived at after charging:

	Six months ended 30 September 2022	Six months ended 30 September 2021
	£	£
Depreciation of property, plant and equipment	69	18
Amortisation	23	19
Employee pension	3	1
IPO costs	-	92

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.

Disaggregation of revenue

	Six months ended 30 September 2022	Six months ended 30 September 2021
	£	£
External revenue by product line		
License Fee Income	1,491	1,094
Profit Share Income	18	25
Total	1,509	1,119

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

	Six months ended 30 September 2022	Six months ended 30 September 2021
	£	£
External revenue by reporting line		
License fees attributable to Mergers & Acquisitions (M&A)	1,142	769
License fees attributable to Other	349	325
Profit share attributable to M&A	18	23
Profit share attributable to Other	-	2
Total Revenue by reporting line	1,509	1,119
Other income	-	-
Total Revenue	1,509	1,119

6. Dividends

The final ordinary dividend for the year ended 31 March 2022 consisting of an interim catch up dividend of 0.56 pence per share and a final dividend of 3.66 pence per share as proposed in the 31 March 2022 financial statements and approved at the Group's AGM was paid on 30 September 2022.

In addition, since the end of the half-year the Directors have recommended the payment of an interim dividend of 1.76 pence per fully paid ordinary share. The dividend will be paid on 11 January 2023 to shareholders on the register on 16 December 2022 with the shares going ex-dividend on 15 December 2022. In accordance with IAS10 "Events after the Balance Sheet Date", these dividends have not been reflected in the Interim Report.

7. Trade and other receivables

	Group As at 30 September 2022 £'000	Group As at 31 March 2022 £'000
Trade receivables	973	910
Loss allowance	(78)	(78)
	895	832
Other receivables	753	686
Loss Allowance	(302)	(317)
	451	369
Prepayments and Accrued Income	655	629
Loss Allowance	(92)	(92)
	563	537
	1,909	1,738

Included in prepayments and accrued income are £170k (March 2022: £175k) due in greater than 1 year. Other receivables are made up from loans due from licensees and prepayments and accrued income relates to profit share due from licensees. Amounts due from subsidiary undertakings, in other receivables on the consolidated statement of financial position, are interest free and repayable on demand.

8. 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.

Related parties are those licensees where the Company is a member of the related LLP or has significant influence over an entity either via voting rights or shareholding.

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.

	Six months ended 30 September 2022 Revenue and Cost Recharges £'000	Six months ended 30 September 2021 Revenue and Cost Recharges £'000
PHD Equity Partners	-	5
PHD Industrial Holdings	137	83
DSW Investments 2 LLP	51	43
Other investments	320	300
Totals	508	431

Other investments relate to routine and similar transactions which arose in the ordinary course of business, with DSW CF Leeds, 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:

	30 September 2022 Amounts due from/(to) related parties £'000	30 September 2021 Amounts due from/(to) related parties £'000
PHD Equity Partners	-	3
PHD Industrial Holdings	24	28
DSW Investments 2 LLP	(32)	-
Other investments	290	259
Totals	282	290