



DSW Capital plc

Half Year Results H1 FY25

November 2024

Disclaimer



The following presentation, including a hard copy of these slides/the talks given by the presenters, the information communicated during any delivery of the presentation and any question and answer session and any document or material distributed at or in connection with the presentation (together, the "Presentation"), has been prepared by DSW Capital Plc (the "Company"). The information in the Presentation is not intended to form the basis of any contract.

The content of this Presentation has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). Reliance on this Presentation for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested. This Presentation does not constitute or form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities (including, without limitation in any jurisdiction to whom or in which such offer or solicitation is unlawful) nor shall it or any part of it form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever or constitute an invitation or inducement to engage in investment activity under section 21 of FSMA.

Notwithstanding the above, in the United Kingdom, this Presentation is only being given to persons reasonably believed by the Company to be persons who are permitted by law to receive it, (all such persons together being referred to as relevant persons). This Presentation is only being sent to persons reasonably believed by the Company to be relevant persons. If you are not such a relevant person (i) you should not have received this Presentation and (ii) please return this Presentation to the Company's registered office as soon as possible and take no other action. By accepting this Presentation the recipient represents and warrants that they are a relevant person entitled to receive this Presentation.

The distribution of this Presentation may, in certain jurisdictions, be restricted by law. Persons in possession of this Presentation are required to inform themselves about and to observe any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of any documents or any amendment or supplement thereto (including but not limited to this Presentation) in any country or jurisdiction where specific action for that purpose is required.

The Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended, and investors will not be entitled to the benefits of that Act. Neither this Presentation nor any copy of it may be taken or transmitted into the United States of America or its territories or possessions (the "United States"), or distributed, directly or indirectly, in the United States, or to any U.S Person as defined in Regulation S under the United States Of America Securities Act 1933 as amended, including U.S resident corporations or other entities organised under the laws of the United States or any state thereof or non-U.S branches or agencies of such corporations or entities or into Canada, Australia, Japan, South Africa or the Republic of Ireland. Neither this Presentation nor any copy of it may be taken or transmitted into or distributed in Canada, Australia, Japan, South Africa or the Republic of Ireland, or any other jurisdiction which prohibits the same except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of United States or other national securities law.

The Presentation is provided for general information only and does not purport to contain all the information that may be required to evaluate the Company. The information in the Presentation is provided as at the date of the Presentation (unless stated otherwise) and is subject to updating, completion, revision and further verification. In furnishing the Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update the Presentation or to correct any inaccuracies in, or omissions from the Presentation which may become apparent. No reliance may be placed for any purpose whatsoever on the information or opinions contained or expressed in the Presentation or on the accuracy, completeness or fairness of such information and opinions.

Nothing in the Presentation is, or should be relied on as, a promise or representation as to the future. This Presentation contains certain forward looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward looking statements concern future circumstances, not historical facts and are sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward looking statements contained in this Presentation (including assumptions, opinions and views of the Company or opinions cited from third party sources) are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or any officers, directors, or employees of the Company provides any assurance that the assumptions underlying such forward looking statements are free from errors, nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments described herein. No representations or warranties of any kind are made by any person as to the accuracy of such statements, estimates or projections, or that any of the events expressed or implied in any such statements, estimates or projections will actually occur. The Company is not under any obligation, and expressly disclaims any intention, to update or revise any such statements, estimates or projections. No statement in the Presentation is intended as a profit forecast or a profit estimate.

AN INVESTMENT IN THE COMPANY INVOLVES RISK. SEVERAL FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE PREDICTED OR IMPLIED BY STATEMENTS AND INFORMATION IN THIS PRESENTATION. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, THE ACTUAL RESULTS OF THE COMPANY MAY VARY MATERIALLY FROM THOSE FORECASTED IN THIS PRESENTATION.

This Presentation and its contents are confidential and you and your directors, officers, employees, agents and affiliates must hold this Presentation and any oral information provided in connection with this Presentation in strict confidence. This Presentation must not be distributed, published, copied or reproduced (in whole or in part) or disclosed by recipients, directly or indirectly, to any other person.

By accepting these slides and/or attending this Presentation, you agree to be bound by the provisions, the limitations and conditions set out in this disclaimer and, in particular, you have represented, warranted and undertaken that: (i) you are a relevant person and you will observe the foregoing provisions, limitations and conditions, (ii) you have read and agree to comply with the contents of this disclaimer; and (iii) you agree to keep permanently confidential the information contained in the Presentation or made available in connection with further enquiries to the extent such information is not made publicly available (otherwise through a breach by you of this provision).

Today's Presenters

Executive Directors



James Dow

Chief Executive Officer

James established Dow Schofield Watts LLP in 2002.

James is qualified as both a Chartered Accountant and Management Accountant.

James joined KPMG in 1983 and after qualifying focussed on corporate finance becoming a partner at 33. After approximately 8 years as a partner leading Corporate Finance in the North West, James left to found Dow Schofield Watts LLP.

In 2019, James was nominated for the North West Insider Top Dealmakers of the last 25 years and is the author of six books focussed on private equity, corporate finance and deal structuring.

James is also a non-executive director of the Liverpool Institute of Performing Arts.



Shru Morris

Chief Executive Officer Designate

She joined Dow Schofield Watts in 2024, bringing experience in M&A, financial due diligence, debt and equity fundraising, and private equity-backed businesses.

Shru is a Chartered Accountant who has spent time at Baker Tilly (now part of RSM), Napthens, and Pick Everard.

During her time at Napthens, she served as Finance Director and later as CEO. She led the Firm's growth strategy, revenue increase, strategic recruitment, national profile enhancement, and service expansion through organic growth and acquisitions.

As CEO Designate of DSW Capital plc, Shru's role will be to aid in the growth, leadership and future development of the Group.



Pete Fendall

Chief Finance & Operating Officer

Pete joined DSW Capital in September 2021 to support with the IPO, and joined the board as COO earlier this year.

Pete previously spent 8 years with Deloitte in the North West. He was responsible for leading the audits of some of the region's largest and most complex international businesses, whilst also delivering projects for clients and providing transaction support.

In his new role as CFOO, he oversees day-to-day operations, financial reporting and leads our partner recruitment campaign. He also oversees the integration of new licensees as well as relationship management of the existing portfolio.

Pete also developed our ESG Strategy, and now chairs our ESG committee.

Overview of DSW

- **Challenger “Big 4” mid market professional services network.**
- **112 licenced fee earners (“FE”)** predominantly trading under the DSW brand with 12 locations across the UK.
- **Licence fee** is charged typically on a **percentage of revenue.**
- Provide the infrastructure to **empower ambitious professionals to build their own business.**
- **Scalable** model with **low operational gearing.**
- **Predictable cost base** – 9.8 full time equivalent employees (“FTE”) plus executive directors.
- Capital light and have **declared dividends of 10.98p per share since IPO**, with the H1 FY25 interim dividend due in January 2025.
- **67%** revenue exposure to **SME M&A** (H1 FY24: 73%).



Joined AIM
Dec 21



Key Financials H1 FY25

7.7%
YoY growth in FE

6.8%
YoY growth in
Network Revenue

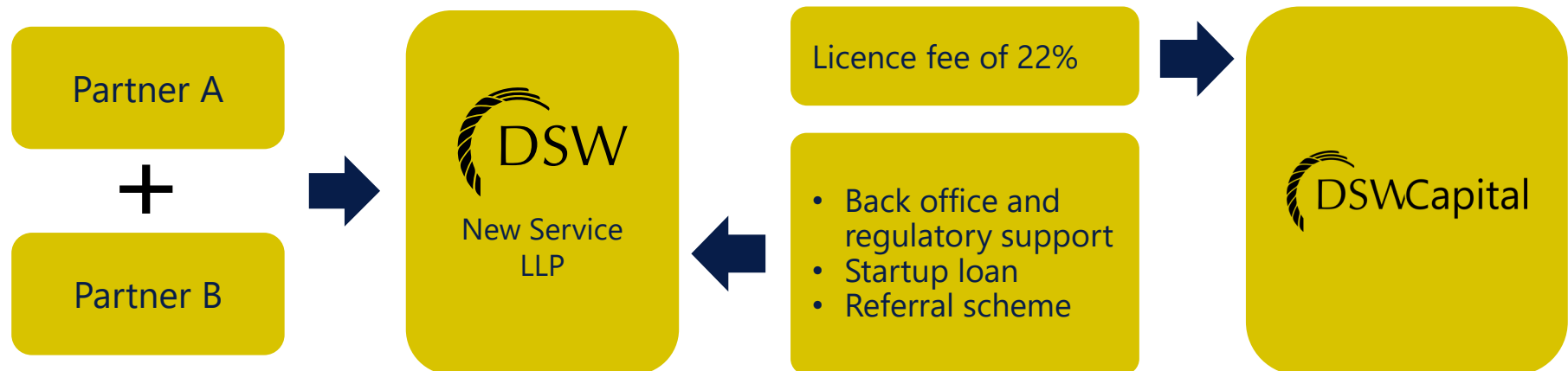
£151k Revenue
per FE (LTM)

The DSW Licence Model



Empowering ambitious professionals to build their own business

We recruit highly skilled professionals (typically “Big 4”) in focussed niches of expertise to run their own business and provide services to small to mid market corporates and their owner managers.





The DSW Licence Model




Strengths to DSW Capital

£ Recurring licence fees

 Minimal exposure to property and employee costs.

 Licensees are "self-starters".


 Flexible licence agreements to introduce new partners.


 Referrals and back-office support ties businesses in.


 Capital light.


Strengths to the Licensee

★ Strong perceptions of credentials and capability.

 Cross referrals and access to multidisciplinary services.

 Easier recruitment, central marketing and PR support.

 In-house talent development to aid retention and engagement of employees.

 Back-office support - focus on growing their business.

 Start-up funding provided.

Current Service Lines



**Corporate
Finance
Advisory**

FE=40



**Business
Recovery**

FE=24



**Financial
Due Diligence**

FE=17



**Business
Planning**

FE=7



Tax Advisory

FE=6



**Venture Capital
Funding**

FE=6



Debt Advisory

FE=4



Equity Finance

FE=4



**ABL Risk
Management**

FE=2



**Fractional
Support**

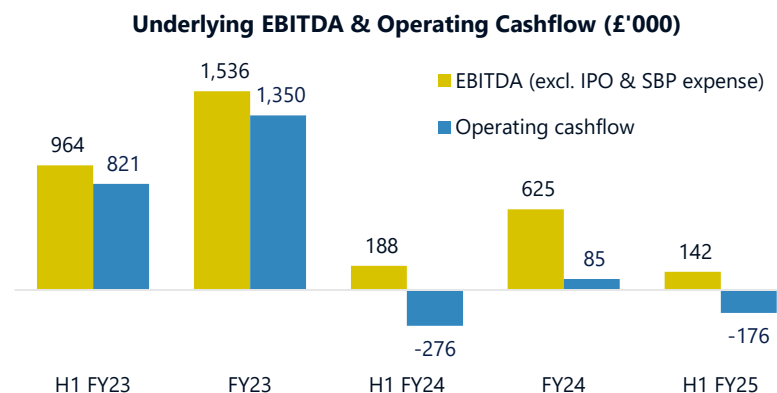
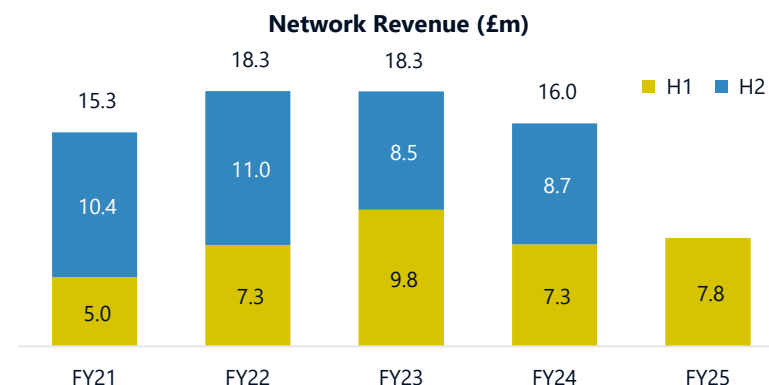
FE = 2



H1 FY25 Performance Highlights



- Network Revenue of £7.8m (H1 FY24: £7.3m)
- Results typically weighted to H2
- Income from licensees* was in line with prior year at £1.1m (H1 FY24: £1.1m)
- Underlying EBITDA⁺ decreased by 24.3% to £0.1m, reflecting reduced income due to lower levels of profitability whilst M&A markets were subdued
- £2.3m cash at period end, reflecting reduced income, and a dividend payment of £0.2m in September 2024.
- Proposed interim dividend of 1.0p.
- Total dividends declared post IPO of 10.98p, including H1 FY25 proposed Interim Dividend



112 FE
(7.7% YoY Growth)



2.1%
Growth in No. Of Partner YoY



*Income from licensees defined as statutory revenue plus share of results of associates.

+ Underlying EBITDA is defined as profit before tax adjusted to add back impairment of loans due from associated undertakings, depreciation, amortisation and interest and other the items not considered part of underlying trading (including share-based payment expense) and to deduct finance income.

H1 FY25 Income Statement



£000s	Sept-24	Sept-23
Portfolio Income	7,782	7,309
Licence Income	1,081	1,108
Profit Share Income*	16	20
Total Income	1,097	1,128
Income from jointly controlled entity	37	44
Central Overheads	(992)	(984)
Adj. EBITDA	142	188
Depreciation and amortisation	(100)	(93)
Adj. Operating Profit	42	95
Finance income/(costs)	111	93
Loan Impairments	-	2
Adj. Profit Before Tax**	153	190
Tax	(35)	(40)
Adj. Profit After Tax	118	150

Key Highlights

- Total income in line with prior year, with activity levels picking up in Sep-24
- Profit share income marginally reduced due to lower levels of transactions
- Overheads consistent with prior year
- Adjusted Pre-tax Profit of £0.2m, a decrease of 19% on the prior year, reflecting reduced activity

* Includes share of results in associates (H1 FY25: £9k, H1 FY24: £20k) classed separately below Gross Profit in the statutory accounts.

** 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).

Reconciliation to Statutory Profit for the Year

£000s	Sept-24	Sept-23
Adj. Profit After Tax	118	150
SBP Charge	(52)	(253)
Statutory Profit/(Loss) for the year	66	(103)

H1 FY25 Balance Sheet



£000s	Sept-24	Mar-24
Non-current assets		
Intangible assets	677	696
Property, plant and equipment	319	363
Lease receivable	57	82
Investments	1,503	1,499
Investments in associates	73	145
Interests in jointly controlled entities	34	21
Prepayments and Accrued Income	782	800
Deferred tax asset	2	2
	3,447	3,608
Current assets		
Trade and other receivables	2,113	1,817
Prepayments and Accrued income	385	452
Current tax asset	-	30
Lease receivable	47	49
Cash and bank balances	2,331	2,632
	4,876	4,980
Total assets	8,323	8,588
Current liabilities		
Trade Payables and other payables	175	276
Other taxation	159	179
Accruals and Deferred Income	52	94
Current tax liabilities	15	-
Lease liability	154	153
	555	702

£000s	Sept-24	Mar-24
Net current assets	4,321	4,278
Non-current liabilities		
Lease liability	140	218
Dilapidation provision	83	80
	223	298
Total liabilities	778	1,000
Net Assets	7,545	7,588

Key Highlights

- Intangible assets represents licensed brands.
- Investments relate to the acquisition of Camlee in FY20 and Bridgewood in FY24.
- Prepayments and Accrued Income over one year relates to Breakout Incentives (£0.3m) and Below Market Element of Loans to licensees (£0.4m)
- £2.3m cash after payment of £0.2m dividends in the period.
- Robust balance sheet with net assets of £7.5m, and capital available to deploy in H2.

Cash Flow Statement



£000s	Sept-24	Sept-23
Cash flows from operating activities		
Profit for the year	66	(103)
Adjustments for tax, interest, non-cash items	76	292
Operating cash flows before working capital	142	189
Working capital movements	(321)	(465)
Cash generated by operations	(179)	(276)
Income taxes received/(paid)	9	(120)
Net cash from operating activities	(170)	(396)
Cash flows from investing activities		
Purchases of property, plant and equipment	(32)	(16)
Investments made in the period	-	(986)
Net cash used in investing activities	(32)	(1,002)
Cash flows from financing activities		
Dividends paid	(161)	(422)
Net lease receipts/(payments)	(58)	(53)
Interest received/(paid)	120	109
Cost of issue of ordinary shares	-	(3)
Net cash used in financing activities	(99)	(369)
Net cash flow	(301)	(1,767)
Closing cash	2,331	2,817

£000s	Sept-24	Sept-23
Operating cash conversion* (%)	(123%)	(146%)
Operating cash conversion before loans to new start-ups (%)	17%	(21)%

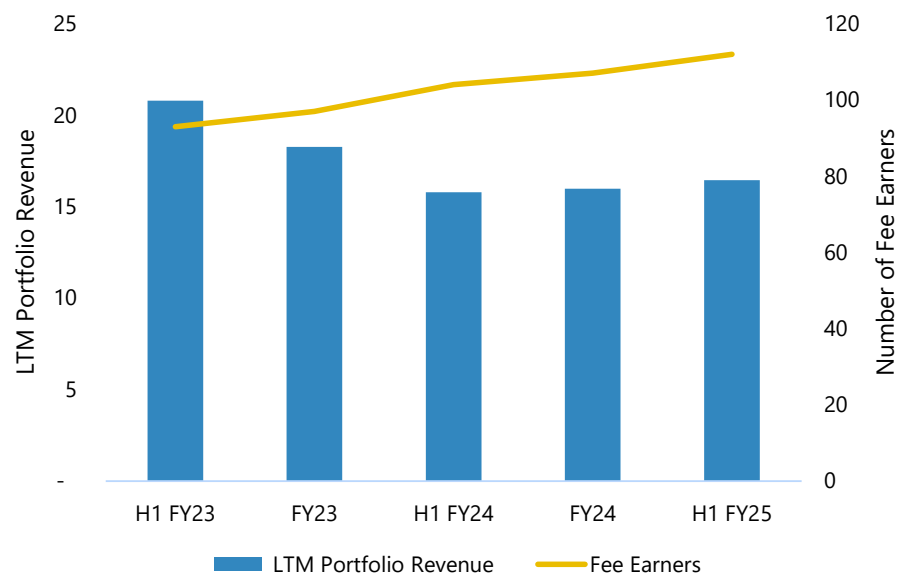
**Calculated as cash generated by operations divided by Operating cash flows before movements in working capital.*

Key Highlights

- Net cash used from operating activities includes £0.2m of start-up loans provided to new licensees within the period.
- Capital light
- Negative operating cash conversion is driven by increased loans to new licensees
- FY24 final dividend of £0.2m paid within the period
- Closing cash £2.3m.

Network KPIs

LTM Portfolio Revenue vs. Fee Earners



Fee Earners



112

7.7% YOY growth

Network Revenue



£7.8M

6.8% increase on PY

14.1%
Average Licence Fee
(H1 FY24: 15.4%)

1:1.3
Partner to Employee ratio
(H1 FY24: 1:1.2)

42.0%
FE Ex Big Four
(H1 FY24: 50.0%)

£151k
LTM Revenue per FE
(H1 FY24: £160k)

4.7 FE per business
(H1 FY24: 4.2)

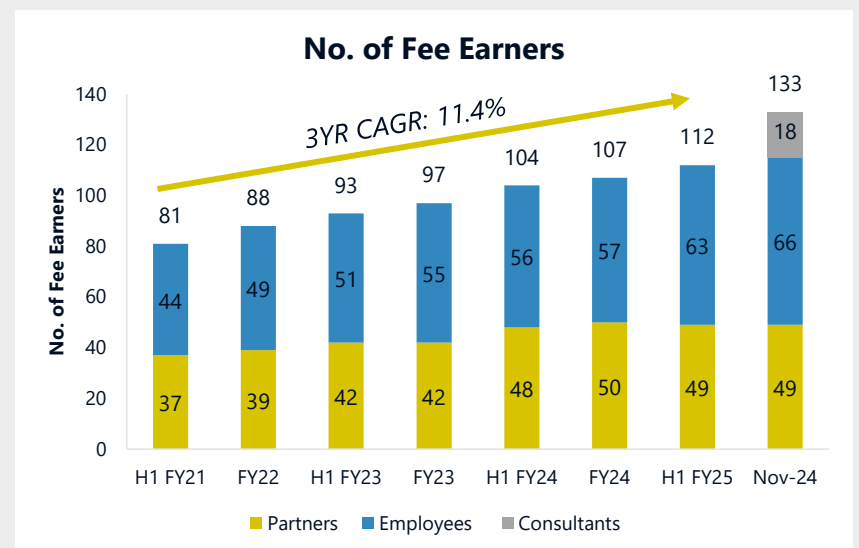
16%
Female Partners
(H1 FY24: 21%)

49
Average age per Partner
(H1 FY24: 48)

Recruitment

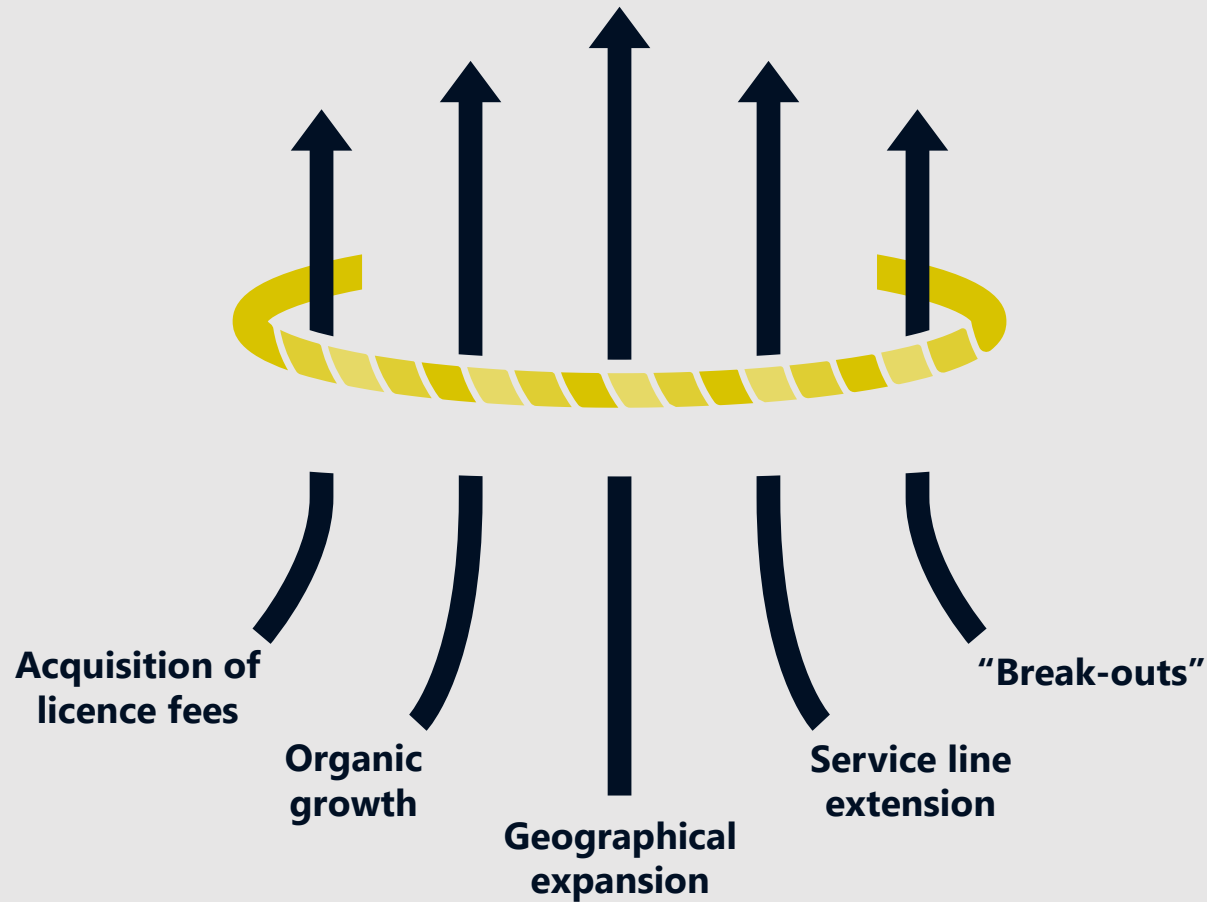
- Closed H1 FY25 with 112 Fee Earners – 7.7% growth YoY
- Partner recruitment has tightened, reflecting upturn in M&A activity
- Organic recruitment within licensee businesses has picked up
- FY24 investment in recruitment created platform for future growth
- Post period end, organic recruitment has continued

	FY23	H1 FY24	FY24	H1 FY25
Partners	42	48	50	49
Employees	55	56	57	63
Total Fee Earners	97	104	107	112
Partner to Employee Ratio	1:1.3	1:1.2	1:1.1	1:1.3



*Nov-24 data in graph above is as at 25 November 2024 and reflects DR Solicitors acquisition

Opportunities for growth



Target Acquisition Service Lines



High margin, high growth, niche professional services where there is a strong synergistic fit.



Existing service lines in new locations.



Tax-related services and family office.

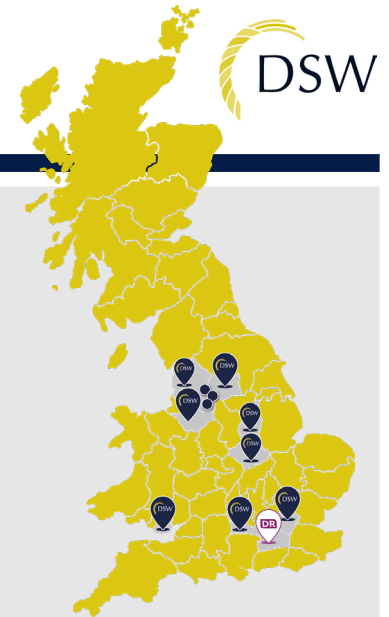


Other Big 4 (non-audit) service lines.



Niche legal services.

Acquisition of DR Solicitors Limited ('DR')



- **Award winning Law firm specialising in the Healthcare sector**
- **“One stop shop”** legal services for Primary care (GP’s, Primary Care Networks)
- **18 consultant fee earners (“FE”)** delivering work for DR Solicitors, who **keep a percentage of the revenue.**
- **Recurring revenue** with large database of clients
- **Scalable model** across new service lines and geographies – **mature systems and processes**, enabling “plug in and play” for lawyers
- **Highly cash generative**

Key Financials FY24

Revenue £3.1m

EBITDA £1.2m
(adjusted for management salaries)

£182k Revenue per FE

Transformational acquisition



- On 1 Nov 2024, DSW acquired **DR Solicitors** for **£6.1m satisfied by £1.8m of consideration shares and £4.3m of cash**
- Funded by a **Revolving Credit Facility** of **£3m**
- **DR** will be our new **legal services division**
- DSW Network now has **133 Fee earners**, representing **28% growth YoY**

Strategic fit:

Significantly
earnings
enhancing

Step change
in growth

Reduces
M&A
dependency
to one-third

Legal
Platform for
growth

Brand
enhancing

Cultural
synergies

*"The entrepreneurial culture
of Dow Schofield Watts is a strong
fit with our own."*

Daphne Robertson (Founder of DR Solicitors Ltd)

Management Changes



The board announces the following management changes as part of the Group's succession planning

- ▶ Pete Fendall is appointed Chief Finance and Operating Officer¹
- ▶ Shru Morris is appointed Chief Executive Officer Designate¹
- ▶ Shru Morris will succeed James Dow as Chief Executive Officer on 01 April 2025
- ▶ James Dow will remain on the board, as Executive Director from 01 April 2025

¹Effective from 25 November 2024

Summary and Outlook



Summary

- H1 FY25 in line with management expectations
- Network Revenue of £7.8m (+6.8%) – M&A gradually improved with strong momentum in September 2024.
- 112 Fee earners -36.6% increase in FEs since the admission to AIM in December 2021.
- Recruitment has tightened –with increases in H1 being "organic" hires
- Continued cash generation has enabled 10.98p dividend per share to be declared since the IPO.

Outlook

- Exceptional levels of M&A activity in October 2024 to "beat the Autumn Budget"
- More subdued activity is expected in November/December, but guidance was uplifted for FY25
- Significantly earnings enhancing acquisition of a legal platform: DR Solicitors
- FY25 H2: Cautious optimism. The Group is more diversified and more resilient

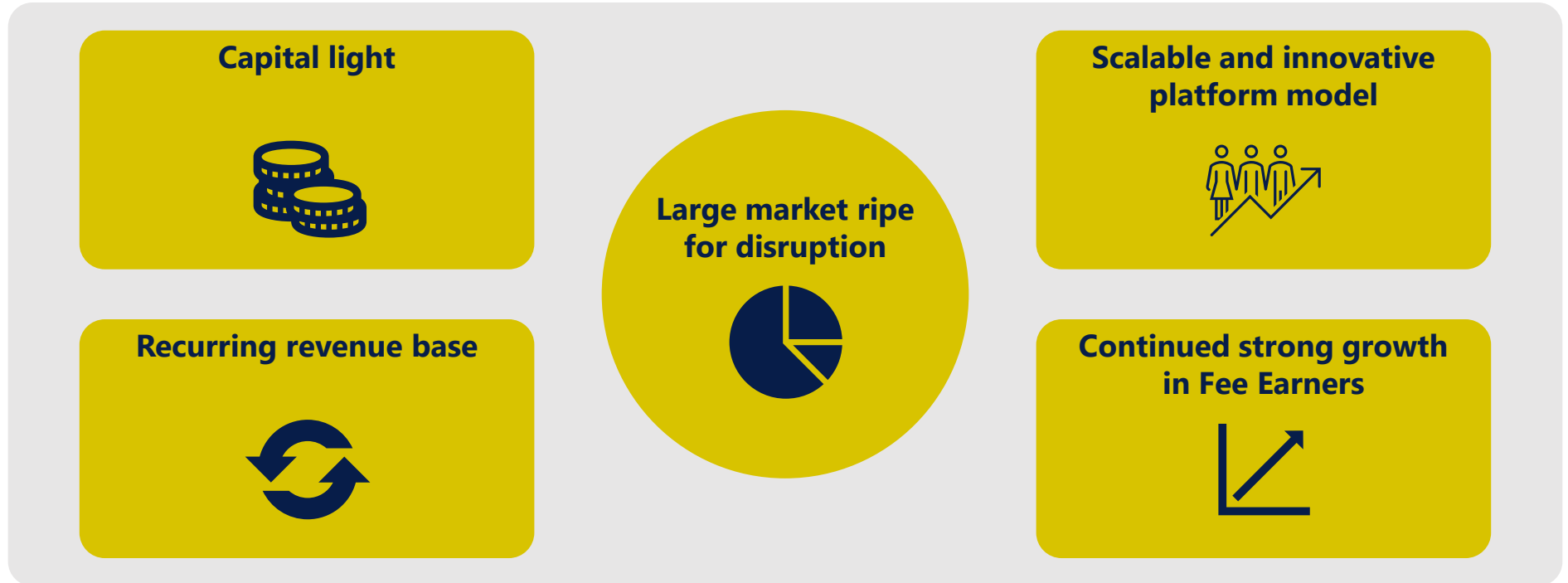
Questions





Appendices

Investment Case









The **AIM listing is important**. It has:

- increased our **profile** to partner candidates;
- provided **capital** for the acquisition of licence fee income from other existing businesses; and
- accelerated **organic growth** through recruitment and Network Revenue.

Summary Investment Thesis

Why invest?

-  Robust, recurring income stream.
-  Predictable cost base with low operational gearing.
-  Capital light.
-  Scalable platform model.
-  Significant opportunity for organic and acquisition driven growth.
-  Cash backed profits which have supported 9.98 pence per share to be paid to Shareholders post-IPO

The accountancy profession is ready for something new.....

The "Big 4" are under significant pressure to restructure

"Big four firm to freeze pay for 12,000 jobs as services slowdown continues." City AM, 24th November 2023

"The FRC has delivered a major step in the reform of the audit sector by setting principles for the operational separation of audit practices by 2024." 6 July 2020

KPMG sells pension arm
December 2019

Deloitte sells restructuring unit prior to audit reform
February 2021

EY UK warned to expect staff exits and cost cuts after failure of split
April 2023

KPMG sells restructuring business
May 2021

"KPMG to cut further 200 UK jobs amid market slowdown"
The Financial Times, 20th June 2024

DSW Differentiators:

Greater flexibility

A direct link between fees and reward

100% operational autonomy

Central infrastructure support

Being part of a multi-disciplinary network

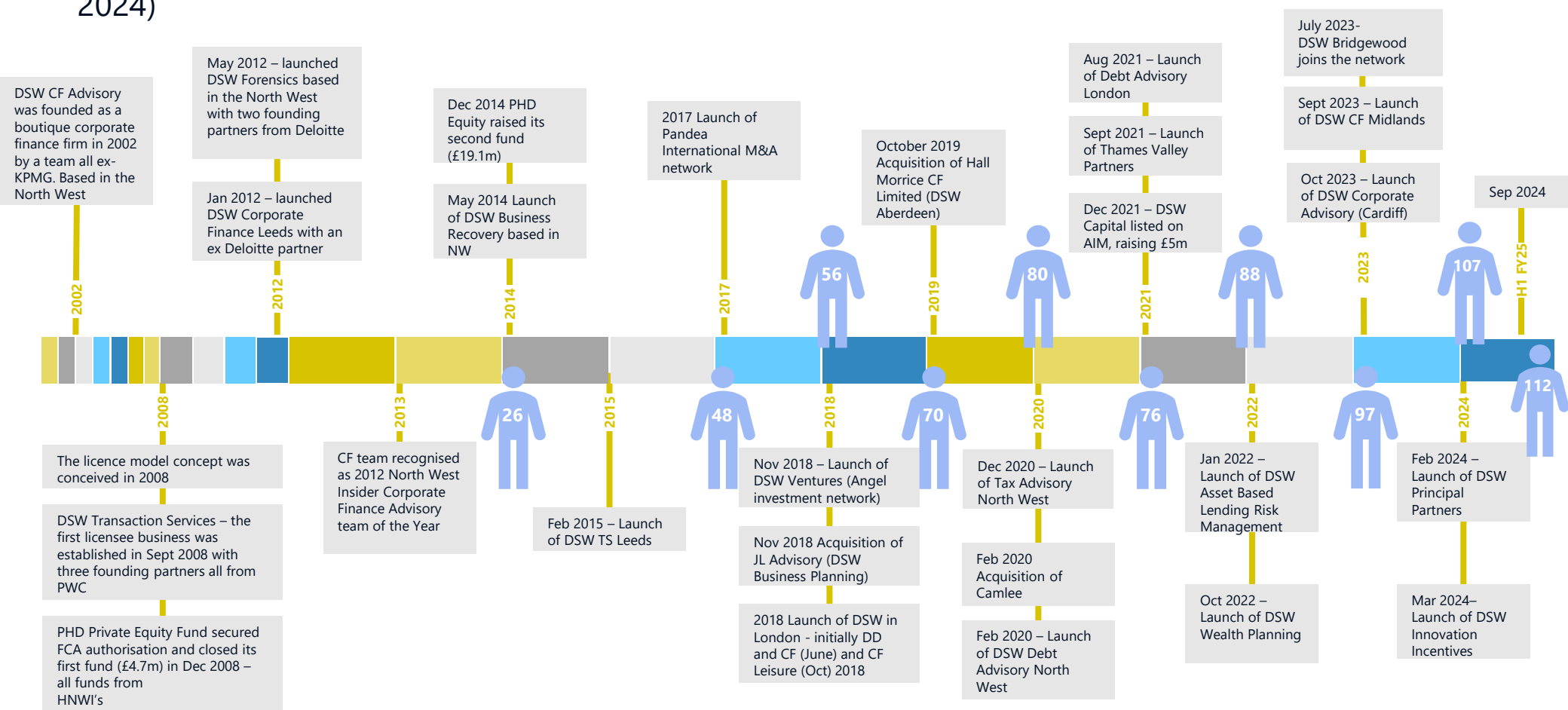
International network - Pandea Global

(M&A advisory firms in 33 key geographies)

Partners also continue to benefit from:

Timeline of the Business

DSW Network has grown steadily to a team of **107 FE** working in **11 service lines** (31 March 2024)



Our ESG journey



In FY24, we established our ESG Committee made up of representatives from across the organisation, to drive forward our ESG initiatives across all four cornerstones.

Social & Environmental Impact

- Reduced our Scope 1 Emissions by 53.4%
- Scope 1 & 2 Emissions reduced by 31.0%
- Charitable initiatives to be launched FY25

Diversity & Inclusion

- International Women's day panel event
- Ongoing awareness and training Programmes
- Apprentices, Graduates and Interns

Empowering Our People

- Group wide DSW employee conference
- DSW Mentor programme
- Future Leaders programme

Responsible Business Practices

- Code of Conduct
- Adopt QCA Code
- Whistleblowing & ABC policies
- Risk Management workshops
- Enhanced Supplier Due Diligence Procedures

We look forward to sharing our progress with you as we continue to demonstrate our commitment to our ESG journey, ensuring our strategy reflects our values, priorities and ambitions.

Contact Us

Burscough

702 Merlin Business Park
Ringtail Rd
Burscough
Ormskirk
L40 8JY

Cardiff

The Maltings
E Tyndall St
Cardiff
CF24 5EA

Cheadle

The Camlee Group
Eden Point
Three Acres Ln
Cheadle Hulme
SK8 6RL

Daresbury

7400 Daresbury Park
Daresbury
Warrington
WA4 4BS

Guildford

Weybourne House
Hitherbury Close
Guildford
Surrey
GU2 4DR

Leeds

Cubo, 3rd Floor
6 Wellington Place
Leeds
LS1 4AP

Leicester

Dock Space City
75 Exploration Drive
Leicester
LE4 5NU

London

1st Floor
44 Maiden Lane
Covent Garden
London
WC2E 7LN

Nottingham

Cumberland House
35 Park Row
Nottingham
NG1 6EE

Manchester

Regus 128, 1st Floor
St James House
7 Charlotte Street
Manchester
M1 4DZ

Reading

100 Berkshire Place
Winnersh
Wokingham
RG41 5RD

Stockport

The Mailbox,
Exchange Street
Stockport
SK3 0GA