

RNS Miscellaneous



## Proposed Acquisitions and Proposed Fundraise

### MATTIOLI WOODS PLC

Released 07:00:08 26 May 2021

RNS Number : 8563Z  
Mattioli Woods PLC  
26 May 2021

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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**26 May 2021**

#### **Mattioli Woods plc**

("Mattioli Woods", "the Company" or "the Group")

#### **Proposed Acquisitions**

**and**

#### **Proposed Fundraise to raise approximately £110 million**

**and**

#### **Broker Option**

*"Largest acquisitions to date, with significant expansion of product range, advice and distribution"*

Mattioli Woods plc (AIM: MTW.L), the specialist wealth and asset management business, is pleased to announce the proposed acquisitions of Maven Capital Partners UK LLP ("Maven") and LWMG Topco Limited (the holding company of Ludlow Wealth Management Group Ltd) ("Ludlow Wealth Management") (together, the "Acquisitions"), together with an equity fundraising to raise gross proceeds of approximately £110 million and an additional Broker Option (the "Fundraise").

#### **Acquisition Highlights:**

- Proposed acquisition of Maven, a leading private equity investor in UK SMEs<sup>1</sup> and alternative asset manager
  - Total committed assets under management ("AuM") of £772 million<sup>2</sup>
  - Consideration of up to £100.0 million, comprising:
    - Initial consideration of £80.0 million (to be satisfied as to £50.0 million in cash and £30.0 million by the issue of new ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares")) (the "Initial Maven Consideration"), equating to a multiple of 11.3x FY20 EBITDA<sup>3</sup>; and
    - Deferred consideration of up to £20.0 million payable in cash contingent upon the future EBITDA performance of Maven in the first four years post completion (the "Deferred Maven Consideration")
  - Complementary extension of the Group's investment proposition
  - Management expects profit growth for Maven in each of the two years ending 31 March 2021 and 2022
  - Expected revenue and cost synergies of at least £1.0 million when fully realised
- Proposed acquisition of Ludlow Wealth Management, a leading financial planning business in the North West of England

- Total assets under advice ("AuA") of £1.6 billion<sup>4</sup>
- Total consideration and other deferred payments of up to £43.5 million (on a cash-free, debt free basis, before a locked box adjustment mechanism), comprising:
  - Initial consideration of £36.1 million (to be satisfied as to £30.3 million in cash and £5.8 million by the issue of new Ordinary Shares) (the "Initial Ludlow Wealth Management Consideration"), equating to a multiple of 10.9x FY20 adjusted EBITDA<sup>5</sup>; and
  - Deferred contingent consideration of up to £6.4 million in cash, plus up to £1.0 million of bonuses payable to non-shareholder employees, in each case, based on 8.25x EBITDA in the 12 months ending 30 September 2023 less the Initial Ludlow Wealth Management Consideration and less certain other agreed deductions (the "Deferred Ludlow Wealth Management Consideration")
- Adds scale and critical mass in the North West of England through Ludlow Wealth Management's five office locations and 22 advisers, extending the Group's distribution capacity
- Management expects material profit growth for Ludlow Wealth Management for the year ending 30 September 2021
- Expected revenue and cost synergies of at least £1.0 million when fully realised
- Acquisitions in line with the Group's strategy to accelerate growth through strategic acquisitions while enhancing organic growth opportunities; adding scale, distribution and product:
  - Enhances investment proposition and product range
  - Adds scale and opportunities to widen distribution of products and services
- The Acquisitions are expected to be earnings accretive in the first full year of ownership<sup>6</sup>
- Both Acquisitions offer synergies across each element of the Group's responsibly integrated proposition and between themselves
- Both Acquisitions expand the Company's platform to drive organic growth, increasing total client assets to £13.6 billion (pro forma)<sup>7</sup>, representing meaningful progress towards the Company's strategic goals
- Completion of the Acquisitions is conditional upon, *inter alia* (i) approval of shareholders of the Company to the issue of new Ordinary Shares pursuant to the Conditional Placing, the Broker Option and the PrimaryBid Offer and (ii) the admission to AIM of the new Ordinary Shares comprised in the Fundraise becoming effective. Completion of the acquisition of Ludlow Wealth Management is also conditional upon Financial Conduct Authority ("FCA") approval of the change of control of Ludlow Wealth Management; the application to the FCA for approval of which is currently in process and may be received either before or after Second Admission has occurred (note that FCA approval of the change in control of Maven has already been obtained).

1. Later stage private companies, normally with an enterprise value of up to £25 million pre-investment.
2. Total committed AuM of £772 million at 31 March 2021: AuM of £598 million plus (a) £125 million of undrawn, committed funds available to invest on behalf of the Maven UK Regional Buyout Fund, regional private equity and debt funds, and (b) £50 million of unregulated property projects. AuM includes £40 million raised by two VCT offers for subscription that closed on 24 March 2021 and 1 April 2021 respectively.
3. For the year ended 31 March 2020.
4. As at 31 March 2021.
5. For the year ended 30 September 2020.
6. £60 million of Placing proceeds allocated to the Maven acquisition. £26 million of Placing proceeds allocated to the Ludlow Wealth Management acquisition.
7. Pro forma enlarged Group, comprising Mattioli Woods as at 30 November 2020, including Hurley Partners, plus client assets of the EPUT administration business of BDO Northern Ireland, Montagu, Pole Arnold Financial Management and Caledonia Asset Management as reported on acquisition and the proposed acquisitions of Maven and Ludlow Wealth Management.

#### Fundraise Highlights:

- Proposed Fundraise by way of the issue of new Ordinary Shares (the "Fundraise Shares") at a fixed issue price of 660 pence per Fundraise Share (the "Issue Price"):
  - to raise gross proceeds of approximately £110 million, before expenses, comprising:
    - Firm placing to raise approximately £18.5 million before expenses through the issue of 2,800,800 new Ordinary Shares to be placed at the Issue Price, such new Ordinary Shares to be allotted pursuant to the Company's existing authorities to allot Ordinary Shares (the "Firm Placing");
    - Conditional placing through the issue of new Ordinary Shares to be placed at the Issue Price (the "Conditional Placing", and together with the Firm Placing, the "Placing"); and
    - Retail offer of new Ordinary Shares (the "PrimaryBid Shares") at the Issue Price, to be made by the Company via the PrimaryBid platform, to provide certain existing retail shareholders in the Company and other retail investors with an opportunity to participate in the Fundraise (the "PrimaryBid Offer"); and
  - by way of a broker option (the "Broker Option") to subscribe for up to 303,030 new Ordinary Shares (the "Broker Option Shares"), such Broker Option to be exercisable from the publication of this Announcement until approximately 4:45 p.m. on 2 June 2021. To the extent that the Broker Option is exercised, the Broker Option Shares will be issued at the Issue Price. Orders for the Broker Option must be submitted to either of the Joint Bookrunners and will only be accepted from institutional investors or private client brokers.
- The Issue Price represents a discount of 10.2 per cent. to the closing middle market price of 735 pence per Ordinary Share on 25 May 2021
- Proceeds of the Fundraise to fund the Acquisitions and provide additional funds for the Company's recent and near-term acquisition pipeline, as well as maintaining a regulatory capital surplus and for general working capital purposes
- The Placing is being conducted via an accelerated book building process which will commence immediately following the publication of this Announcement in accordance with the terms and conditions set out in Appendix II to this Announcement
- Certain Directors and PDMRs intend to participate in the Placing, contributing approximately £1.6 million in aggregate

- The issue of new Ordinary Shares pursuant to the Conditional Placing, the Broker Option and the PrimaryBid Offer will be conditional on shareholder approval and, together with the shares issued pursuant to the Firm Placing, such new Ordinary Shares will, when issued, rank *pari passu* with the existing Ordinary Shares, including the right to receive future dividends
- Canaccord Genuity Limited ("Canaccord Genuity") is acting as Nomad, Joint Bookrunner and Joint Broker, and Nplus1 Singer Capital Markets Limited ("N+1 Singer") is acting as Joint Bookrunner and Joint Broker, in connection with the Firm Placing, Conditional Placing and Broker Option (Canaccord Genuity and N+1 Singer together, the "Joint Bookrunners")

#### Current trading

- Positive investment performance and sustained inflows into the Group's discretionary portfolio management services in the second half
- Increased client activity and improved billing recoveries in core pension business since Mattioli Woods' interim results announcement in February 2021
- Recent acquisitions of the EPUT administration business of BDO Northern Ireland and of Montagu bedding-in well
- Subsequent acquisitions of Pole Arnold Financial Management and Caledonia Asset Management completed in April 2021
- Pro forma client assets of £11.2 billion following recent acquisitions<sup>8</sup>
- Continued focus on close management of costs
- Estimated acquisition-related costs of £1.6 million in current financial year<sup>9</sup>
- Net cash of £16.7 million at 30 April 2021<sup>10</sup>
- The Group's trading outlook for the current financial year ending 31 May 2021 remains in line with management's expectations

8. Mattioli Woods as at 30 November 2020, including Hurley Partners, plus client assets of the EPUT administration business of BDO Northern Ireland, Montagu, Pole Arnold Financial Management and Caledonia Asset Management as reported on acquisition.

9. Including recent acquisitions. Estimated total transaction expenses of the Placing, Maven and Ludlow Wealth Management acquisitions of £5.5 million (including stamp duty and VAT).

10. Cash balances at bank of £18.0m less uncleared payments.

#### Ian Mattioli MBE, Chief Executive Officer of Mattioli Woods, said:

*"These acquisitions mark significant milestones in Mattioli Woods' journey. Since our admission to AIM in 2005 we have seen significant expansion in both the size and nature of our business, responsibly integrating asset management, financial planning and employee benefit services to serve personal and corporate clients throughout the UK.*

*"The acquisitions of Maven and Ludlow Wealth Management represent meaningful progress towards our ambitious medium-term goals. We have a strong track record of combining like-minded businesses that share the same culture and ethos of putting clients first. The teams at Maven and Ludlow Wealth Management share our passion for delivering exceptional client outcomes and going the extra mile. Throughout our discussions with Bill Nixon at Maven and Ian Hemingway at Ludlow Wealth Management, it has been apparent that we share a desire to continue growing the enlarged Group, further enhancing our client proposition and delivering sustainable shareholder returns.*

*"These transactions represent a complementary extension of the Group's existing investment proposition and add to our distribution capacity, allowing us to continue developing our product offering, accelerate organic growth and realise both revenue and cost synergies. I believe we are better-positioned than ever to provide our clients with the proactive advice and bespoke investment solutions they require."*

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain. The person responsible for making this announcement is Ravi Tara, Chief Financial Officer.*

*This announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this announcement.*

**- Ends -**

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[www.camarco.com](http://www.camarco.com)**ADDITIONAL INFORMATION****1. Expected Timetable**

The expected timetable relating to the Acquisitions and the Fundraise is set out below.

Announcement of the Acquisitions and the Fundraise	26 May 2021
Admission of the Firm Placing Shares	2 June 2021
Last time for submission of orders through Joint Bookrunners for the Broker Option	4.45 p.m. on 2 June 2021
Expected date for CREST accounts to be credited in relation to the Firm Placing Shares	2 June 2021
Latest time and date for receipt of Forms of Proxy for the General Meeting	11:00 a.m. on 14 June 2021
General Meeting	11:00 a.m. on 16 June 2021
Announcement of the results of the General Meeting	16 June 2021
Admission of the Conditional Placing Shares, PrimaryBid Offer Shares and Broker Option Shares	17 June 2021
Expected date for CREST accounts to be credited in relation to the Conditional Placing Shares, PrimaryBid Offer Shares and Broker Option Shares	17 June 2021
Dispatch of definitive share certificates (where applicable) in relation to Fundraise Shares	by 25 June 2021

Completion of the Acquisitions is conditional upon, *inter alia*, approval of shareholders of the Company to the issue of new Ordinary Shares pursuant to the Conditional Placing, the Broker Option and the PrimaryBid Offer and admission to AIM of the new Ordinary Shares comprised in the Fundraise becoming effective.

Completion of the acquisition of Ludlow Wealth Management is also conditional upon FCA approval of the change of control of Ludlow Wealth Management; the application to the FCA for approval of which is currently in process and may be received either before or after Second Admission has occurred (note that FCA approval of change in control of Maven has already been obtained).

**Notes:**

1. Certain of the events in the above timetable are conditional upon, amongst other things, the passing of the Resolutions at the general meeting of the Company to be held at 11:00 a.m. on 16 June 2021 (the "General Meeting").
2. If any of the events contained in the indicative timetable should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.
3. All references to time in this document are to time in London, United Kingdom.

**2. Background on the Company**

Mattioli Woods is a diversified specialist wealth and asset management business. Its core proposition integrates asset management and financial planning to serve the market sector predominantly consisting of the mass affluent, high-net worth individuals and above including controlling directors and owner-managers, professionals, executives and affluent retirees. Its comprehensive range of employee benefit services is particularly suitable for medium-sized to larger corporates.

The Group's broader wealth management proposition has grown from its strong pensions advisory and administration expertise, with a client base of over 11,000 self-invested personal pensions ("SIPP") and small self-administered pension schemes ("SSAS") throughout the UK. As at 30 November 2020, the Group's assets under management, administration and advice totalled over £10.6 billion, with income derived from four key service lines:

1. Pension consultancy and administration;
2. Investment and asset management;
3. Employee benefits; and
4. Property management.

The Group's strategic vision to drive continued growth is focussed on:

1. New client wins and greater integration across the value-chain for existing clients;
2. Enhancing the Group's investment proposition;
3. Further investment in developing the Group's digital platform and client portal;
4. Simplifying administration processes and improved productivity; and
5. Accelerating growth through strategic acquisitions.

The Group has a proven track record of successful integration and realising synergies; having completed 28 earnings enhancing transactions since its IPO, maintaining an average ROIE of 20+ per cent<sup>11</sup>.

The Group benefits from a resilient operating model, with over 90 per cent. of revenue being recurring<sup>12</sup>, the majority of which represents fee-based revenues.

11. Return on invested equity to 31 May 2020, calculated as Cash PBT divided by equity less intangibles at book value plus intangibles at consideration paid. Cash PBT defined as profit before taxation, amortization and impairment of intangibles, share based payments, profit/(loss) on disposals and acquisition-related costs
12. Recurring revenues in H121 of 94.3 per cent. Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual management charges.

### 3. Proposed acquisition of Maven

#### Acquisition

The Company has conditionally agreed to acquire all the membership interests in Maven, for an aggregate maximum consideration of up to £100.0 million (including, subject to certain conditions being satisfied, up to £20.0 million of deferred consideration), comprised of a combination of cash and new Ordinary Shares (the "Maven Acquisition"). Further details outlining the terms of the Maven Acquisition are set out in paragraph 7 below.

The Maven Acquisition is expected to be earnings enhancing in the first full year of ownership following completion<sup>13</sup> and, in addition, the Company expects to realise significant revenue synergies.

13. £60 million of Placing proceeds allocated to the Maven acquisition.

#### Information on Maven

Maven is one of the UK's leading private equity and alternative asset managers, providing funding options to UK SMEs<sup>14</sup>, and offering investment opportunities in VCTs, private equity and property. The owner-led business comprises 12 partners, with a regionally based team of 91 investment executives and support professionals. Maven operates across 10 offices in Glasgow, Edinburgh, Manchester, Birmingham, London, Newcastle, Bristol, Nottingham, Durham and Reading.

Maven and its indirect subsidiary company Maven Property Investments Limited ("MPIL") are authorised and regulated by the FCA as Alternative Investment Fund Managers ("AIFMs"). Maven Capital Investments Limited ("MCIL"), a direct subsidiary of Maven, is an investment holding company with co-investment commitments into a number of regional funds. MCIL also generates management fees from property deals. MPIL is a subsidiary of MCIL and is the regulated manager for property deals and generates monitoring and accounting fees from those transactions.

Maven manages approximately £772 million in AuM<sup>15</sup>, comprising:

- Four evergreen VCTs, listed on the London Stock Exchange, providing growth capital for UK based younger companies.
- Seven regional funds, providing equity and debt growth capital for SMEs in specific UK regions
- An MBO fund, supporting management buyouts in the UK smaller and lower mid-market
- Maven Investor Partners ("MIP"), funding individual private equity and property deals, on a deal by deal basis:
  - Equity capital for smaller MBO transactions of later stage SMEs across the UK
  - Equity capital for the development of hotels, purpose-built student accommodation, offices, residential construction and strategic land transactions

Maven primarily generates revenue from management fees and General Partner's Priority Share which are annual management charges generated on the VCTs, regional funds, MBO fund and MIP deals.

Performance fees may be generated on the VCT funds based on increases in net asset value and is structured as carried interest for MIP deals.

Other income is generated from director and monitoring fees, third party administration and investment income.

<b>Revenue and fund split</b>	<b>Fees<sup>16</sup></b>	<b>AuM<sup>15</sup></b>
	<i>(YE Mar 20)</i>	<i>(31 March 2021)</i>
VCT	£6.3m	£255m
Regional funds	£4.5m	£233m
MBO fund	£1.8m	£94m
Investor partners - property	£1.7m	£109m
Investor partners - private equity	£1.5m	£82m
Other Income	£2.9m	-
<b>TOTAL</b>	<b>£18.7m</b>	<b>£772m</b>

14. Later stage private companies, normally with an enterprise value of up to £25 million pre investment.
15. Includes £125 million of undrawn, committed funds available to invest on behalf of the Maven UK Regional Buyout Fund, regional private equity and debt funds, and £50m of unregulated property projects where Maven acts as asset manager under the terms of a service agreement with a third party investor. AuM includes £40 million raised by two VCT offers for subscription that closed on 24 March 2021 and 1 April 2021 respectively. Figures may not add due to rounding.
16. Revenue for the year ended 31 March 2020.

In the year ended 31 March 2020, Maven generated revenue of £18.7 million. EBITDA for the period was £7.1 million, with an associated EBITDA margin of 38 per cent. As at 31 March 2020, Maven had gross assets of £10.6 million and net assets of £7.3 million. Maven benefits from a high proportion of recurring revenues (83 per cent in the year ended 31 March 2020), is cash generative, and its margins can be increased through performance fees. In addition, there is significant embedded value in the carried interests in the existing Maven Investor Partners' investments being acquired. Management expects profit growth for Maven in each of the two years ending 31 March 2021 and 2022.

Summary financial information for Maven:

<i>£m, Year ended 31 March<sup>17, 18</sup></i>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Revenue before performance fees	16.4	17.4	17.6
Performance fees	1.2	2.2	1.1
<b>Revenue</b>	<b>17.6</b>	<b>19.6</b>	<b>18.7</b>
Administrative expenses <sup>19</sup>	(9.1)	(10.6)	(11.3)
Fair value loss on investments	-	(0.1)	(0.3)
<b>EBITDA</b>	<b>8.5</b>	<b>8.9</b>	<b>7.1</b>
<b>EBITDA margin</b>	<b>48%</b>	<b>45%</b>	<b>38%</b>
Depreciation	(0.1)	(0.0)	(0.1)
Net finance income	(0.0)	(0.0)	(0.0)
Profit before tax	8.5	8.9	7.1
<b>Net assets</b>	<b>8.1</b>	<b>6.9</b>	<b>7.3</b>

17. Figures as reported in consolidated financial statements of Maven Capital Partners UK LLP for each of the three years ended 31 March 2020.

18. Figures may not add due to rounding.

19. Includes members' remuneration charged as an expense

#### *Rationale for the Maven Acquisition*

Maven's service offering, inherent profitability and ability to extend existing and win new investment mandates, coupled with the potential to enhance projected returns through the delivery of material performance-related fees, makes this a significant acquisition that is well aligned to Mattioli Woods' stated strategic ambitions.

#### Strategic

- Opportunity to add scale through the addition of over £770 million in AuM;
- Complements Mattioli Woods' existing team with Maven's regionally-based, experienced investment team of 53 staff, adding private equity and additional property investment expertise;
- Offers Maven audience with Mattioli Woods' wealth management clients, increasing distribution opportunities for its listed VCTs and individual private equity and property deals; and
- Enhances investment proposition and product range available to existing and prospective clients through the enlarged Group.

#### Synergies

- Potential revenue synergies from engagement of Maven's professional clients with a broader range of products and services;
- Offers Mattioli Woods' clients access to new investment solutions, adding to Amati, Custodian REIT, MW Structured Products Fund and alternative investment strategies;
- Synergies with Custodian Capital;
- Opportunity to consolidate offices in a number of locations without any intended changes to underlying personnel; and
- Expected revenue and cost synergies of at least £1.0 million when fully realised.

#### Financial

- Recurring revenue and strong margins with low capital intensity;
- Opportunity to enhance shareholder returns through performance fees;
- Cross-selling revenue and cost synergies already identified; and
- Demonstrated ability of Maven consistently to raise funds.

#### **4. Proposed acquisition of Ludlow Wealth Management**

##### *Acquisition*

The Company has conditionally agreed to acquire Ludlow Wealth Management (the "Ludlow Wealth Management Acquisition"), for an aggregate consideration and other deferred payments of up to £43.5 million on a cash free, debt free basis as at the agreed "locked box" balance sheet date of 30 September 2020. The amount payable in respect of the Ludlow

Wealth Management Acquisition includes, subject to the satisfaction of certain performance conditions following completion of the Ludlow Wealth Management Acquisition, up to £6.4 million of deferred consideration and up to £1.0m of bonuses payable to non-shareholder employees. In addition, in accordance with the locked box adjustment mechanism, in respect of the period commencing on the locked box date of 30 September 2020 and ending on the date of completion of the Ludlow Wealth Management Acquisition, the Company will pay to the sellers of Ludlow Wealth Management an amount in respect of the estimated cash profits of Ludlow Wealth Management during such post-locked box date period calculated at a daily rate of £6,173.24 for the total number of days during such period. The consideration for the Ludlow Wealth Management Acquisition will be satisfied by a combination of cash and new Ordinary Shares. Further details outlining the terms of the Ludlow Wealth Management Acquisition are set out in paragraph 7 below.

Ludlow Wealth Management's experienced management team will be retained by Mattioli Woods following the Ludlow Wealth Management Acquisition, which is expected to be earnings enhancing in the first full year of ownership. In addition, the Company expects to realise revenue and cost synergies from first full year onwards, including investment in Mattioli Woods' discretionary portfolio management service and alternative investment strategies by certain of Ludlow Wealth Management's clients.

#### *Information on Ludlow Wealth Management*

Established in 1993, Ludlow Wealth Management is one of the largest providers of investment, financial planning and pension advice in the North West of England. Ludlow Wealth Management has 61 employees, including 22 advisers operating from offices in Fylde, Preston, Burnley, Liverpool and Southport.

Ludlow Wealth Management manages £1,622 million of assets under advice ("AuA") as at 31 March 2021 for 3,371 clients, with an average of £74 million AuA per adviser and an average client size of £0.48 million AuA. Ludlow Wealth Management has delivered growth, organically and by acquisition; completing 16 acquisitions in the last 12 years, adding £588 million of AuA and £2.4 million of recurring revenue. Ludlow Wealth Management currently outsources investment management.

In the year ended 30 September 2020, Ludlow Wealth Management generated revenue of £9.4 million, of which 91 per cent. was recurring. Adjusted EBITDA for the period was approximately £3.3 million (adding back monitoring and directors' fees incurred to oversee private equity investment in business), with an associated adjusted EBITDA margin of 35 per cent and a high cash conversion. As at 30 September 2020, Ludlow Wealth Management had gross assets of £16.8 million and net liabilities of £0.5 million (including net debt of £13.7 million). Ludlow Wealth Management has maintained momentum despite adverse market conditions and management expects material profit growth for the year ending 30 September 2021.

#### Summary financial information for Ludlow Wealth Management

<i>£m, Year ending 30 September<sup>20</sup></i>	FY18	FY19	FY20
<b>Revenue</b>	<b>7.8</b>	<b>8.3</b>	<b>9.4</b>
Administrative expenses	(5.7)	(5.6)	(6.2)
Normalisation adjustments <sup>21</sup>	0.3	0.1	0.1
<b>Adjusted EBITDA</b>	<b>2.4</b>	<b>2.7</b>	<b>3.3</b>
<b>Adjusted EBITDA margin</b>	<b>31%</b>	<b>33%</b>	<b>35%</b>
Depreciation and amortisation	(0.9)	(1.1)	(1.4)
Net finance costs	(1.3)	(1.2)	(1.2)
(Loss)/profit before tax	(0.1)	0.3	0.7
<b>Net assets<sup>22</sup></b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(0.5)</b>

20. Figures as reported in consolidated financial statements of LWMG Topco Limited (holding company of Ludlow Wealth Management Group Ltd) for each of the three years ended 30 September 2018, 2019 and 2020. Figures may not add due to rounding.

21. Adding back monitoring and directors' fees incurred to oversee private equity investment in business each year, plus £280,000 of acquisition-related costs and £115,000 of one-off revenue in 2018.

22. Net assets of Ludlow Wealth Management Group Ltd were £4.2 million, £7.8 million and £8.7 million at 30 September 2018, 2019 and 2020 respectively.

Ludlow Wealth Management Group Ltd is authorised and regulated by the FCA in respect of a number of regulated activities.

#### *Rationale for the Ludlow Wealth Management Acquisition*

The Ludlow Wealth Management Acquisition is in line with the Company's strategy to accelerate growth, alongside continuing to focus on organic growth. In particular:

##### Strategic

- Opportunity to acquire a sizeable financial planning business with over £1.6 billion of AuA;
- Gains critical mass in the North West of England through Ludlow Wealth Management's team of 22 financial advisers operating across offices in five locations, extending distribution for existing and new Mattioli Woods' client services;
- Provides a hub for further acquisitions to take advantage of significant consolidation opportunity; and
- Adds an experienced adviser team, with an average age<sup>23</sup> of 43 and average tenure of 11 years.

##### Synergies

- Potential revenue synergies from the distribution of Mattioli Woods' bespoke investment products (including discretionary portfolio management), specialist pension consultancy, Employee Benefits services and alternative investment strategies to Ludlow Wealth Management's client base;
- Integration of investment proposition and leveraging investment in support services;
- Opportunity for elimination of duplicated costs and opportunity to realise economies of scale;

- Strong cultural fit, with advice-led client-centric ethos aligned with Mattioli Woods' approach; and
- Expected revenue and cost synergies of at least £1.0 million when fully realised.

#### Financial

- Further strengthens Mattioli Woods' earnings quality, with high levels of recurring income (c. 90 per cent.);
- Expected to be earnings accretive in first full year of ownership following completion;
- Competitive client total expense ratios;
- Resilient business model, with net inflows throughout the Covid-19 pandemic in the year to 30 September 2020; and
- Well-established joint venture and introducer agreements in place with a number of professional services firms.

23. Average age of a financial adviser in the UK is 58 years old (source: Quilter).

### 5. Financial effects of the Acquisitions

The Acquisitions will result in a material increase in the financial and operational scale of the Group, by broadening its range of products and services, and increasing its distribution capability. The Acquisitions will provide the Group with a broader platform to drive organic growth and progress towards the Group's strategic goals.

On a historical pro forma basis and prior to achieving expected synergies and execution of the growth plan, the Acquisitions will add over £28 million to revenue, further diversifying the revenue mix while retaining a high proportion of recurring revenues and offering the opportunity to realise significant revenue and cost synergies. Adjusted EBITDA will increase by over £10 million, on a historical pro forma basis, with attractive and sustainable margins prior to the realisation of expected synergies for Ludlow Wealth Management, Maven and the enlarged Group collectively.

The table below illustrates the AuM and total client assets of the enlarged Group, highlighting the meaningful progress towards the Group's strategic goals that the Acquisitions offer:

	Mattioli Woods as at 30 Nov 2020 <sup>24</sup> £bn	Enlarged Group following recent acquisitions <sup>25</sup> £bn	Enlarged Group following proposed transactions <sup>26</sup> £bn
Total client assets	10.6	11.2	13.6
AuM/Advice	5.3	6.0	7.6
AuM	3.3	3.5	4.3

24. Mattioli Woods at 30 November 2020 includes Hurley Partners.

25. Pro forma figures comprising Mattioli Woods (per note above) plus client assets of the EPUT administration business of BDO Northern Ireland, Montagu, Pole Arnold Financial Management and Caledonia Asset Management as reported on acquisition.

26. Pro forma figures (per note above) following completion of Maven and Ludlow Wealth Management acquisitions.

The table below shows illustrative historical pro forma financial information for the enlarged Group:

2020 financial years <sup>27</sup>	Mattioli Woods £m	Recent acquisitions £m	Maven £m	Ludlow Wealth Management £m	Pro forma £m
Revenue	58.4	9.7	18.7	9.4	96.2
Adjusted EBITDA <sup>28</sup>	18.9	2.5	7.1	3.3	31.8
Adjusted EBITDA margin	32%	26%	38%	35%	33%
Depreciation and amortisation <sup>29</sup>	(5.0)	(0.1)	(0.1)	(1.4)	(6.5)
Profit before tax	13.4	2.4	7.1	0.7	23.6

27. Year end of 31 May for Mattioli Woods; 30 April for Hurley Partners; 31 March for EPUT business; Pole Arnold Financial Management and Maven; 31 July for Montagu; 31 December for Caledonia Asset Management; and 30 September for Ludlow Wealth Management. Figures may not add due to rounding.

28. Adding back acquisition-related costs, plus monitoring and directors' fees incurred to oversee private equity investment in Ludlow Wealth Management. Mattioli Woods' adjusted EBITDA positively impacted by one-off response to COVID-19, with £2.4 million reduction in bonuses, £0.3 million of managed cost savings and £0.1 million reduction in directors' salaries.

29. Excludes amortisation of separately identifiable intangibles to be recognised on consolidation of the recent acquisitions, Maven and Ludlow Wealth Management.

### 6. Reasons for the proposed Fundraise and use of proceeds

#### *Rationale for the Fundraise and use of proceeds*

The Directors believe the proposed Fundraise will enable the Company to make significant progress towards its recently articulated medium-term goals of £300 million revenue, £30 billion of client assets and £100 million of EBITDA by funding the Acquisitions and providing the flexibility for the Company to fund its near-term acquisition pipeline, as well as maintaining a surplus on the enlarged Group's regulatory capital requirements.

The Company currently intends to use the net proceeds of the Fundraise as outlined below:



- £60 million to fund the cash component of the Initial Maven Consideration and also to fund part of the Deferred Maven Consideration which is payable in cash, if certain performance criteria for payment of the Deferred Maven Consideration are met;
- £26 million to fund the cash component of the Initial Ludlow Wealth Management Consideration and also to fund part of the Deferred Ludlow Wealth Management Consideration which is payable in cash, if certain performance criteria for payment of the Deferred Ludlow Wealth Management Consideration are met; and
- Residual net proceeds for recent and near-term acquisition pipeline, maintaining regulatory capital surplus and for general working capital purposes.

The estimated total transaction expenses of the Fundraise and of the Maven and Ludlow Wealth Management acquisitions are £5.5 million (including stamp duty and VAT).

#### *Pipeline*

The Company has an attractive, near-term pipeline of acquisition opportunities. The Board believes that these opportunities present strong cultural fits, provide high earnings visibility owing to a high proportion of recurring revenues and, if these opportunities are completed, they would be expected to be earnings accretive in the first full year of acquisition. The pipeline acquisitions would extend the Group's geographical footprint, broaden its distribution capability and, as a consequence, be expected to deliver revenue synergies with the Company's existing investment proposition and other existing service offerings.

Target	Description	Headline Price <sup>30</sup> (£m)	Initial (£m)	Contingent deferred (£m)	Revenue <sup>31</sup> (£m)	EBITDA <sup>31</sup> (£m)	AuA <sup>32</sup> (£m)	Status
A	Financial planning and wealth management business working with private clients	1.8	0.9	0.9	0.7	0.3	83	Signed heads of terms, with due diligence in progress
B	Investment-led wealth management business, opportunity to extend geographic footprint into a new strategic location	2.5	2.5	-	0.7	0.4	128	Signed heads of terms
C	Chartered financial planner providing wealth management to individuals and families, and employee benefits advice to corporates	4.7	2.0	2.7	1.0	0.7	96	Signed heads of terms
D	SSAS and SIPP administrator	3.0	2.0	1.0	2.0	0.8	1,662	Finalising heads of terms

30. On a cash-free, debt-free basis.

31. Revenue and EBITDA as reported in the most recent statutory accounts for target.

32. Assets under advice or administration per relevant target's management.

#### *Regulatory capital requirement*

The Group's regulatory capital requirement has increased in recent years, with its increasing scale driven by both organic and acquired growth. As the Group makes acquisitions, its regulatory capital is reduced due to the requirement for intangible assets arising on acquisition to be deducted from Core Equity Tier 1 ("CET1") Capital.

In January 2022, following the anticipated introduction of the Investment Firm Prudential Regime ("IFPR") it is estimated that the Group's CET1 Capital will be reduced by circa £2.5 million due to the removal of the reliefs on deduction of deferred tax assets and significant investments in financial services entities.

### **7. Key terms of the Acquisitions**

#### *The Maven Acquisition*

The total consideration of up to £100.0 million for the Maven Acquisition is comprised of the Initial Maven Consideration and contingent Deferred Maven Consideration as follows:

- 1) Subject to any post-completion net asset adjustments, Initial Maven Consideration of £80.0 million (calculated on the basis that Maven has £2.0 million of net assets at completion of the acquisition of Maven) is payable on completion of the Maven Acquisition ("Maven Completion") to be satisfied as to £50.0 million in cash and £30.0 million in new Ordinary Shares; plus
- 2) Deferred Maven Consideration of up to £20.0 million payable in cash contingent upon future EBITDA performance of Maven in the first four years post Maven Completion.

Maven Completion is conditional upon the admission of the Conditional Placing Shares, the PrimaryBid Shares and the Broker Option Shares to trading on AIM becoming effective. If the approval of shareholders of the Company to the issue of

new Ordinary Shares pursuant to the Conditional Placing, the PrimaryBid Offer and the Broker Option is not obtained and/or admission to AIM of such new Ordinary Shares does not become effective on or before 30 June 2021 (or such later date as may be agreed between the Company and the Maven sellers) and, as a consequence, the acquisition of Maven does not complete, the Company has agreed to pay to the Maven sellers an amount of up to £250,000 (plus VAT) in respect of their aborted transaction costs. Under the terms of the agreement for the acquisition of Maven, the Company has the right to terminate the agreement in certain circumstances including where, prior to completion of the Maven Acquisition, there has been a material breach by the sellers of Maven of certain provisions of that agreement or there has been a material adverse change in the regulatory position of Maven.

The consideration shares to be issued pursuant to the terms of the Maven Acquisition, being 4,545,455 new Ordinary Shares (the "Maven Consideration Shares"), will be allotted on Maven Completion subject only to admission of such shares to trading on AIM becoming effective and will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid after their admission to AIM. The number of Maven Consideration Shares has been calculated by reference to the Issue Price.

The Maven Consideration Shares will be subject to a 12-month lock-in period following completion of the Maven Acquisition during which period the sellers of Maven will not be able to dispose of any interest in the Maven Consideration Shares, save in circumstances which are customarily permitted. Following the initial 12 month lock-in period, the sellers of Maven will be released from the lock-in in respect of, and become free to dispose of, 25 per cent of the Maven Consideration Shares in each of the three years following the first anniversary of completion.

Ian Mattioli, in respect of the Ordinary Shares in the Company in which he and his connected persons are beneficially interested, comprising 3,372,622 Ordinary Shares representing 11.94 per cent. of the issued share capital of the Company, has given an irrevocable undertaking to vote in favour of the Resolutions at the General Meeting.

#### *The Ludlow Wealth Management Acquisition*

The Company has conditionally agreed to acquire Ludlow Wealth Management for an aggregate consideration and other deferred payments as follows:

- 1) on completion of the acquisition of Ludlow Wealth Management ("Ludlow Wealth Management Completion"):
  - a. the Company has agreed to pay an amount of £36.1 million, calculated on a cash free, debt free basis as at the agreed "locked box" balance sheet date of 30 September 2020, and which will be satisfied as follows:
    - i. an aggregate amount of £30.3 million will be payable in cash on Ludlow Wealth Management Completion in respect of consideration for the acquisition of Ludlow Wealth Management and repayment of indebtedness and borrowings of Ludlow Wealth Management; and
    - ii. £5.8 million will be satisfied by the issue of new Ordinary Shares to certain individual sellers who are members of the Ludlow Wealth Management management team; and, in addition
  - b. in accordance with the locked boxed adjustment mechanism, in respect of the period commencing on the locked box date of 30 September 2020 and ending on the date of completion of the Ludlow Wealth Management Acquisition, the Company has agreed to pay to the sellers of Ludlow Wealth Management an amount in respect of the estimated cash profits of Ludlow Wealth Management during such post-locked box date period calculated at a daily rate of £6,173.24 for the total number of days during such period; and
- 2) following Ludlow Wealth Management Completion and subject to the satisfaction of certain performance conditions, up to £6.4 million of deferred consideration and up to £1.0m of bonuses payable to non-shareholder employees of Ludlow Wealth Management, in each case, payable in cash and calculated on the basis of (a) the amount of the adjusted EBITDA of Ludlow Wealth Management for the 12 months ending 30 September 2023 multiplied by 8.25; less (b) the amount of the Initial Ludlow Wealth Management Consideration; and less (c) the aggregate value of all consideration paid or payable by Mattioli Woods in respect of any eligible acquisition of any company or business that is integrated into Ludlow Wealth Management and which completes between Ludlow Wealth Management Completion and 30 September 2023.

Ludlow Wealth Management Completion is conditional upon (i) the admission of the Conditional Placing Shares, the PrimaryBid Shares and the Broker Option Shares to trading on AIM becoming effective and (ii) FCA approval of the change of control of Ludlow Wealth Management (the application to the FCA for approval of which is currently in process and may be received either before or after Second Admission has occurred). The Company has agreed to use its commercially reasonable endeavours to procure the satisfaction of the conditions to completion of the acquisition of Ludlow Wealth Management on or before 31 August 2021 (or such later date as may be agreed between the parties) and, if such conditions are not satisfied and the Company is in breach of its obligation to use commercially reasonable endeavours to procure the satisfaction of such conditions, the Company has agreed to pay to the sellers of Ludlow Wealth Management an amount of up to £340,000 in respect of their aborted transaction costs. Under the terms of the agreement for the acquisition of Ludlow Wealth Management, the Company has the right to terminate the agreement in certain circumstances including where, prior to completion of the acquisition, there has been a material breach by the sellers of Ludlow Wealth Management of certain provisions of that agreement or there has been a material adverse change in the regulatory position of Ludlow Wealth Management.

The consideration shares relating to the Ludlow Wealth Management Acquisition, being 780,250 new Ordinary Shares (the "Ludlow Wealth Management Consideration Shares") will be allotted on Ludlow Wealth Management Completion subject only to admission of such shares to trading on AIM becoming effective and will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive any dividend or other distribution declared, made or paid after their admission to AIM. The number of Ludlow Wealth Management Consideration Shares has been calculated by reference to the average closing mid-price of an Ordinary Share for the 10 days prior to the date on which the purchase agreement for the Ludlow Wealth Management Acquisition was entered into.

The Ludlow Wealth Management Consideration Shares will be subject to a 12-month lock-in period following completion of the Ludlow Wealth Management Acquisition during which period the individual sellers of Ludlow Wealth Management to whom the Ludlow Wealth Management Consideration Shares will be allotted and issued will not be able to dispose of any interest in the Ludlow Wealth Management Consideration Shares, save in circumstances which are customarily permitted. Following the initial 12 month lock-in period, the relevant individuals may only dispose of up to 25 per cent of the Ludlow Wealth Management Consideration Shares in each of the two years following the first anniversary of completion.

## 8. Details of the Fundraise

### *The Fundraise*

The Company is seeking to carry out the Fundraise at the Issue Price:

- to raise gross proceeds of approximately £110 million, before expenses, by way of:
  - the Firm Placing to raise approximately £18.5 million before expenses through the issue of 2,800,800 new Ordinary Shares (the "Firm Placing Shares");
  - the Conditional Placing through the issue of new Ordinary Shares (the "Conditional Placing Shares"); and
  - the PrimaryBid Offer to be made by the Company via the PrimaryBid platform at the Issue Price to provide certain existing retail shareholders in the Company and other retail investors with an opportunity to participate in the Fundraise, through the issue of new Ordinary Shares (the "PrimaryBid Offer Shares"); and
- by way of the Broker Option and the issue of Broker Option Shares, such Broker Option to be exercisable from the publication of this Announcement until approximately 4:45 p.m. on the 2 June 2021.

The Issue Price of 660 pence per Fundraise Share represents a discount of 10.2 per cent. to the middle market closing price of an Ordinary Share of 735 pence on 25 May 2021 (being the last practical date prior to the publication of this Announcement).

Canaccord Genuity Limited ("Canaccord Genuity") is acting as Nomad, Joint Bookrunner and Joint Broker, and Nplus1 Singer Capital Markets Limited ("N+1 Singer") is acting as Joint Bookrunner and Joint Broker in connection with the Firm Placing, Conditional Placing and Broker Option (Canaccord Genuity and N+1 Singer together, the "Joint Bookrunners").

### *The Firm and Conditional Placing*

The Firm Placing and the Conditional Placing will be conducted through an accelerated book building process (the "Bookbuild") which will commence immediately following this Announcement. The Bookbuild is expected to close by 11.00 a.m. on 26 May 2021, but may be closed at such earlier or later time as the Joint Bookrunners may, in their absolute discretion (after consultation with the Company), determine. A further announcement will be made following the close of the Bookbuild.

The Placing is subject to the terms and conditions set out in Appendix II to this Announcement.

### *Details of the Broker Option*

The Company has granted the Broker Option to Canaccord Genuity and N+1 Singer in order to enable Canaccord Genuity and N+1 Singer to deal with any additional demand under the Placing in the event that requests to participate in the Placing are received during the period from the date of this Announcement to 4:45 p.m. on 2 June 2021 from institutional and certain other investors who are persons of the type listed in paragraphs 20 to 22 (inclusive) in the section of Appendix II to this Announcement headed "Representations, Warranties and Further Terms". The primary purpose of the Broker Option is to facilitate demand from those investors who were unable to participate in the Firm Placing, the Conditional Placing or the PrimaryBid Offer. The Broker Option is exercisable by Canaccord Genuity and N+1 Singer any number of times up to that time and date.

Any Broker Option Shares issued pursuant to the exercise of the Broker Option will be issued on the same terms and conditions as the Conditional Placing Shares, which terms are set out in Appendix II to this Announcement. Orders from investors pursuant to the Broker Option to either of Canaccord Genuity or N+1 Singer will only be accepted from institutional investors or private client brokers.

The Broker Option may be exercised by Canaccord Genuity and N+1 Singer in their absolute discretion, but there is no obligation on either Canaccord Genuity or N+1 Singer to exercise the Broker Option or to seek to procure subscribers for any Broker Option Shares pursuant to the Broker Option. The maximum number of Broker Option Shares which may be issued pursuant to the exercise of the Broker Option is 303,030 Ordinary Shares.

### *PrimaryBid Offer*

In conjunction with the Placing, the PrimaryBid Offer will provide retail investors with an opportunity to participate in the Fundraise alongside institutional investors. PrimaryBid intends to conduct an offer for subscription on behalf of the Company. The PrimaryBid Offer is not being made subject to the terms and conditions set out in Appendix II to this Announcement and instead will be made on the terms outlined in a separate announcement to be made shortly regarding the PrimaryBid Offer and its terms.

The PrimaryBid Offer is conditional upon (amongst other things) the Placing Agreement not having been terminated and Second Admission (as defined below) occurring on or before 17 June 2021 (or such later date and/or time as the Joint Bookrunners and the Company may agree, being no later than 30 June 2021).

The Joint Bookrunners are playing no role in connection with the PrimaryBid Offer.

#### *Admission and Settlement*

The issue of new Ordinary Shares in connection with the Conditional Placing, the Broker Option and the PrimaryBid Offer will be made on a non pre-emptive basis and is conditional upon, *inter alia*, the passing of the Resolutions at the General Meeting and also upon the admission to AIM of the Conditional Placing Shares, the Broker Option Shares and the PrimaryBid Offer Shares becoming effective. The Firm Placing is not conditional upon the Conditional Placing, the Broker Option or the PrimaryBid Offer taking place or on any shareholder approval. The General Meeting is expected to be convened for 11:00 a.m. on 16 June 2021.

The Fundraise is not conditional on the completion of the Acquisitions. The Acquisitions are conditional on the Firm Placing and Conditional Placing being completed. The Ludlow Wealth Management Acquisition is conditional on FCA approval of the change of control of Ludlow Wealth Management, which approval may be received either before or after Second Admission. If, after the Fundraise has completed, either of the Acquisitions does not complete (because it fails to become unconditional (in the case of the Ludlow Wealth Management Acquisition) or it is terminated in accordance with its terms) the Company's intention would be to deploy the capital raised but not used in relation to other potential acquisitions and for general working capital purposes.

The new Ordinary Shares to be issued in connection with the Firm Placing, the Conditional Placing, the Broker Option and the PrimaryBid Offer will, when issued, rank *pari passu* with the existing Ordinary Shares, including the right to receive future dividends.

Applications will be made in due course to the London Stock Exchange for the new Ordinary Shares being issued pursuant to the Fundraise to be admitted to trading on AIM. Admission of the Firm Placing Shares is expected to become effective on or around 8.00 a.m. on 2 June 2021 (or such later date as the Company and the Joint Bookrunners may agree, being no later than 30 June 2021), and assuming that, *inter alia*, the Resolutions are passed, it is expected that admission of the Conditional Placing Shares, the Broker Option Shares and the PrimaryBid Offer Shares will become effective on or around 17 June 2021 (or such later date as the Company and the Joint Bookrunners may agree, being no later than 30 June 2021).

Admission of the Maven Consideration Shares and the Ludlow Wealth Management Consideration Shares to trading on AIM will become effective following Maven Completion and Ludlow Wealth Management Completion, respectively.

#### *The Placing Agreement*

The Joint Bookrunners are acting as joint bookrunners in connection with the Placing and the Broker Option and have today entered into the Placing Agreement with the Company under which, on the terms and subject to the conditions set out in the Placing Agreement, the Joint Bookrunners, as agents for and on behalf of the Company, have severally (and not jointly or jointly and severally) agreed to use their respective reasonable endeavours to procure placees for the new Ordinary Shares which are the subject of the Placing (the "Placing Shares") at the Issue Price. Neither the Placing nor the Broker Option is being underwritten by the Joint Bookrunners or any other person.

The final number of Firm Placing Shares and Conditional Placing Shares will be set out in a share placing supplement agreed between the Bookrunners and the Company following the Bookbuild. The number of Broker Option Shares (if any) to be issued will be announced following the exercise (or expiry) of the Broker Option.

The Placing Shares will, when issued, be credited as fully paid up and will be issued subject to the Company's articles of association and rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the respective dates of issue of the Placing Shares, and will on issue be free of all claims, liens, charges, encumbrances and equities.

Under the terms of the Placing Agreement, the Joint Bookrunners have the right in certain circumstances to terminate the Placing Agreement and their respective obligations to procure placees for the Placing Shares (to the extent that such obligations have not already been performed prior to such termination). The rights of termination include the right of the Joint Bookrunners to terminate the Placing Agreement in customary circumstances such as the occurrence of a material adverse change in financial markets.

## **9. Director Intentions**

Certain Directors and PDMRs of the Company, including Ian Mattioli, Chief Executive Officer of Mattioli Woods, intend to participate in the Firm Placing and the Conditional Placing, contributing in aggregate approximately £1.6 million.

Ian Mattioli also intends to exercise options over 137,840 Ordinary Shares, which are held pursuant to the Mattioli Woods 2010 Long Term Incentive Plan.

#### **10. General Meeting**

The Conditional Placing, the Broker Option and the PrimaryBid Offer are conditional upon, *inter alia*, the passing at the General Meeting of resolutions (the "Resolutions") to authorise the directors of the Company to allot new Ordinary Shares in connection with the Conditional Placing, the Broker Option and the PrimaryBid Offer and to disapply statutory pre-emption rights in connection with the allotment and issue of such new Ordinary Shares.

A circular is expected to be posted by the Company to its shareholders shortly which will contain a notice convening the General Meeting. The General Meeting is expected to be convened for 11:00 a.m. on 16 June 2021.

The authorities to be granted pursuant to the Resolutions shall expire on the date of the next annual general meeting of the Company.

#### **11. Risk Factors**

Appendix I to this Announcement contains what the Directors believe, in addition to the usual risks associated with an investment in a business, to be the principal risk factors associated with an investment in the Company and the additional risks which may arise in connection with the Acquisitions and the Fundraise. These risk factors do not purport to be a complete list or explanation of all the risks involved in investing in the Ordinary Shares or that may affect the Group's business and these risk factors are not set out in any particular order of priority. There may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

#### **12. Current trading**

As anticipated, revenue in the first half of the current financial year was slightly lower than in the equivalent period last year owing to the adverse impact of weaker financial markets and the suspension of certain statutory requirements for pension schemes resulting in lower fee-based revenues. However, continued cost management and the positive contribution of The Turriss Partnership and Hurley Partners for part of the period more than offset the impact of reduced revenues on adjusted EBITDA.

With a Brexit trade deal, the Directors expected an increase in investment activity in the second half of the current financial year, which together with positive investment performance has driven sustained inflows into the Group's discretionary portfolio management services.

Despite much press speculation about changes to the current capital gains tax and inheritance tax regimes, the focus of the March 2021 budget was the "road to recovery" and, since Mattioli Woods' interim results announcement in February 2021, the Group has continued to see increased client activity and improved billing recoveries in its core pension business.

The Group continues to progress its strategic initiatives and has partnered with the Tiller Group to enhance its client proposition through developing a streamlined digital investment solution for its discretionary investment management service.

In January 2021, the Company was pleased to announce the acquisition of the Exempt Property Unit Trust ("EPUT") administration business of BDO Northern Ireland which complements the Group's core SSAS and SIPP proposition, and the acquisition of Montagu Limited, specialising in the provision of fee-based financial planning advice.

The subsequent acquisitions of Pole Arnold Financial Management and Caledonia Asset Management in April 2021 further build on the Group's long track record of successful acquisitions.

The Group remains committed to its culture of putting clients first and to delivering its ambitious growth plans for the business. The Group's trading outlook for the current financial year remains in line with management's expectations and the Group remains well-positioned to deliver sustainable shareholder returns.

As at 30 April 2021, the Group had net cash of £16.7 million<sup>33</sup>. The Group estimates that acquisition-related costs in the current financial year (that is, year ending 31 May 2021 and including the acquisition costs of the acquisitions completed during such year and certain acquisition costs of the Maven and Ludlow Wealth Management acquisitions) will be £1.6 million and that estimated total transaction expenses of the Fundraising and of the Maven and Ludlow Wealth Management acquisitions are £5.5 million (including stamp duty and VAT and assuming a £110 million gross Fundraise).

<sup>33</sup>. Cash balances at bank of £18.0m less uncleared payments.

#### **13. Recommendation**

The Board believes the Acquisitions and the Fundraise to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that shareholders of the Company vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings amounting, in

aggregate, to 3,383,750 Ordinary Shares and representing approximately 11.98% per cent. of the Company's existing Ordinary Share capital.

As referenced at paragraph 7 above, Ian Mattioli, in respect of the Ordinary Shares in the Company in which he and his connected persons are beneficially interested, comprising 3,372,622 Ordinary Shares and representing approximately 11.94 per cent. of the Company's existing issued Ordinary Share capital has given an irrevocable undertaking to vote in favour of the Resolutions at the General Meeting.

**Appendix II to this Announcement sets out the terms and conditions of the Placing. Persons participating in the Placing, by making an oral or written offer to subscribe for Placing Shares, will be deemed to have read and understood this Announcement in its entirety and to be making such offer to acquire Placing Shares on the terms and subject to the conditions set out in this Announcement and to be providing the representations, warranties, undertakings and acknowledgements contained in Appendix II to this Announcement.**

#### IMPORTANT NOTICES

Neither this Announcement, nor any copy of it, may be taken or transmitted, published or distributed, directly or indirectly, in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to any persons in any of those jurisdictions or any other jurisdiction where to do so would constitute a violation of the relevant securities laws of such jurisdiction. This Announcement is for information purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any shares in the capital of the Company in the United States, Australia, Canada, Japan or the Republic of South Africa or any other state or jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Any failure to comply with these restrictions may constitute a violation of securities laws of such jurisdictions.

The Placing Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States.

There is no intention to register any portion of the Placing in the United States or to conduct any public offering of securities in the United States or elsewhere. All offers of Placing Shares will be made pursuant to an exemption under the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") (and in the UK, the UK version of that regulation) as amended from time to time from the requirement to produce a prospectus. No prospectus will be made available in connection with the matters contained in this Announcement and no such prospectus is required (in accordance with the Prospectus Regulation) to be published. Persons needing advice should consult an independent financial adviser.

Members of the public are not eligible to take part in the Placing. This Announcement and the terms and conditions set out in this Appendix are for information purposes only and are directed only at: (a) persons in Member States of the Economic European Area who are qualified investors within the meaning of article 2(e) of the Prospectus Regulation ("**Qualified Investors**"); and (b) in the United Kingdom, persons who are qualified investors within the meaning of the UK version of the Prospectus Regulation and who (i) have professional experience in matters relating to investments falling within the definition of "investments professional" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the Order; or (iii) are persons to whom it may otherwise be lawfully communicated; (all such persons together being referred to as "**Relevant Persons**"). This Announcement must not be acted on or relied on by persons in any EEA member state by persons who are not Qualified Investors or by persons in the UK who are not Relevant Persons.

The distribution of this Announcement (including the Appendices) and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, and/or the Joint Bookrunners that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Joint Bookrunners to inform themselves about, and to observe, such restrictions.

This Announcement is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**"), by a person authorised under FSMA. This Announcement is being distributed to persons in the United Kingdom only in circumstances in which section 21(1) of FSMA does not apply.

Persons (including without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

This Announcement has been issued by, and is the sole responsibility of, the Company. No representation or warranty, express or implied, is or will be made by the Joint Bookrunners, or by any of its partners, directors, officers, employees, advisers, consultants, affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to any interested person or its advisers, and any liability therefore is expressly disclaimed. None of the information in this Announcement has been independently verified or approved by the Joint Bookrunners or any of its partners, directors, officers, employees, advisers, consultants, affiliates or agents. Save for any responsibilities or liabilities, if any, imposed on the Joint Bookrunners by FSMA or by the regulator regime established under it, no responsibility or liability is accepted by the Joint Bookrunners or any of its partners, directors, officers, employees, advisers, consultants, affiliates or agents for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this Announcement or its contents or otherwise in connection with this Announcement or from any acts or omissions of the Company in relation to the Placing.

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### Cautionary statements

This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. The information contained in this Announcement is subject to change without notice and except as required by applicable law or regulation (including to meet the requirements of the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time) governing admission to and the operation of AIM ("AIM Rules"), MAR, the Prospectus Regulation Rules and/or FSMA), the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based. Statements contained in this Announcement regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Announcement.

No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

This Announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Placing Shares. Any investment decisions to buy Placing Shares in the Placing must be made solely on the basis of publicly available information, which has not been independently verified by the Joint Bookrunners.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than AIM, a market operated by the London Stock Exchange plc.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this Announcement.

### Information to Distributors

Solely for the purposes of the product governance requirements contained of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**") and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements and/or any equivalent requirements elsewhere to the extent determined to be applicable) may otherwise have with respect thereto, the Placing Shares the subject of the Placing have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing 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. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; 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 Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of EU Directive 2014/65/EU on markets in financial instruments, as amended and as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MiFID II"); 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 Placing Shares.

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

Canaccord Genuity, which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is acting as nominated adviser, joint broker and joint bookrunner to the Company in connection with the Placing and the Broker Option. Canaccord Genuity is not acting for any other person in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord Genuity or for giving advice in relation to the matters referred to in this Announcement. Canaccord Genuity has not authorised the contents of this Announcement and no representation or warranty, express or implied, is made by Canaccord Genuity as to any of the contents or the completeness of this Announcement and Canaccord Genuity does not accept responsibility for this Announcement and accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Announcement.

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## APPENDIX I

### RISK FACTORS

**An investment in Ordinary Shares may not be suitable for all recipients of this document and involves a number of risks. Prospective investors should carefully consider the risks associated with any investment in securities including, in particular, the Ordinary Shares, as well as the Group's business and the industry in which it operates, together with all other information in this document including, in particular the risk factors set out below before making a decision to invest in the Company. Accordingly, you are strongly recommended to consult an investment adviser authorised under FSMA if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser, who specialises in the acquisition of shares and other securities, before making a decision to invest. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.**

**This Appendix I contains what the Directors believe, in addition to the usual risks associated with an investment in a business, to be the principal risk factors associated with an investment in the Company and the additional risks which may arise in connection with the Acquisitions and the Fundraise. These risk factors do not purport to be a complete list or explanation of all the risks involved in investing in the Ordinary Shares or that may affect the Group's business and these risk factors are not set out in any particular order of priority. There may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.**

**If any of the circumstances identified in this Appendix I were to materialise, the Group's business, financial condition and operating results could be materially affected. In addition, the Group's performance is likely to be affected by changes to the market and/or economic conditions and/or legal, accounting, regulatory and tax requirements currently unknown by the Company. Investors should note that the trading price of the Ordinary Shares could decline due to any of these risks and investors may lose all or part of their investment.**

**There can be no certainty that the Company will be able to implement the strategy set out in this document successfully. No representation is or can be made as to the future of the Company or the Group and there can be no assurance that the Company will achieve its objectives.**

#### **1. Industry risks relating to the Company and the Group**

##### *1.1. Changes in market conditions and poor investment performance*

Difficult global market conditions, or a recession could materially reduce the Group's assets under management, administration and advice due to a reduction in the value of the underlying assets, fund outflows or the inability to attract new funds, in each case reducing the fee income receivable by the Group. The global market and economic climate may deteriorate due to many factors beyond the control of the Group, including global epidemics or pandemics, rising interest rates or inflation, terrorism, armed conflicts or political uncertainty.

In addition, volatility in the investment markets may adversely affect trading and/or the value of the Group's assets under management, administration and advice, which in turn could have an adverse impact on the Group's revenues. The market prices and values of publicly traded securities of companies and collective investment schemes in which the Group's clients have investments and/or, in the case of private equity investments, use as valuations for comparable investee companies may be volatile and are likely to fluctuate due to a number of factors beyond the Group's control, including actual or anticipated fluctuations in the quarterly and annual results of such companies or of other companies in the industries in which they operate, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, industry conditions, changes in government regulation, changes in the tax treatment of the underlying private or public companies or for investors in the debt and equity of such companies including (without limitation) changes in withholding tax rules, shortfalls in operating results from levels forecast by securities analysts, the general state of the securities markets and other material events, such as significant management changes, re-financings, acquisitions and disposals.

The investment performance and returns the Group achieves will vary over time and this variance may be significant. The opportunities and general market conditions from which the Group has benefitted may not sustain or repeat themselves.

##### *1.2. Changing markets and increased competition*

The Group operates in a highly competitive environment with evolving characteristics and trends. The market for investment opportunities and investors is very competitive. Identifying and completing investment opportunities involves a high degree of uncertainty. The Group competes for clients and investors in a highly fragmented market populated by a large number of advisers and investment and asset managers.

Some of the Group's competitors and potential competitors may have, in certain markets, larger customer bases, more established name recognition and greater financial, marketing, technology and personnel resources than the Group might have, or may be able to offer services that are disruptive to current market structures and assumptions.

In addition, new or existing competitors could gain access to markets or products in which the Group currently enjoys a competitive advantage. Competitors may have a greater ability to offer new services, or existing services to more diverse customers. This may erode the Group's market share. Even if new or existing competitors do not significantly erode the Group's market share, they may offer their services on a cheaper or otherwise more attractive basis and the Group may then be required to reduce its charges to remain competitive, which could have a material adverse effect on its profitability.



The Group's continued success depends on its ability to attract, train and retain highly skilled professionals and other key personnel. The Group currently competes with competitors for personnel. The effect of such competition can be to increase personnel costs significantly or can result in the loss of capability, customer relationships and expertise to competitors through the loss of personnel to competitors.

### 1.3. *Evolving technology*

The Group needs to maintain the computer and communications systems and networks that the Group currently operates. The Group's technology could become obsolete or ineffective if it is unable to develop its systems to accommodate changing client needs, new products and the emergence of new industry standards. Its failure to maintain these systems and networks adequately could have a material effect on the performance and reliability of such systems and networks, which in turn could materially harm its business.

Any upgrades or expansions in technology and the use of technology may require significant expenditure of funds. In the longer term, the Group may not have sufficient funds to update and expand its systems adequately, and any upgrade or expansion attempts may not be successful and may not be accepted by the marketplace and its customers. Any failure by the Group to update and expand its systems and technology adequately or to adapt its systems and technology to evolving customer demands or emerging industry standards would have a material effect on the Group's ability to compete effectively which could reduce its revenue and profitability.

### 1.4. *Regulatory risk*

The Group operates in a highly regulated industry and is subject to laws and regulations enacted by supra-national, national, regional and local governments and regulatory bodies, including laws and regulations concerning the operation of financial advisory and asset management businesses generally, regulatory capital requirements, anti-bribery and anti-money laundering laws and regulation, securities laws regulating the raising of capital from investors and laws and regulations governing certain primary markets in which the Group's funds operate.

The Group may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations. Failure to establish and maintain effective compliance and reporting systems in relation to applicable laws, rules and regulations may increase the risk that the Group could breach applicable laws, rules and regulations, thereby exposing it to the risk of litigation and investigations and possible sanctions by regulatory agencies.

In addition, changing regulation may also impact the activities of the Group or its customers, including through increased capital requirements, which may cause a reduction in overall trading activity or increased costs in certain markets which, in turn, may reduce the Group's revenue.

The inability of the Group to adapt or deliver services that are compliant with any new regulations could adversely affect its competitive position significantly and therefore reduce the revenue and profitability of the Group. To date, the Group has needed to incur certain costs to comply with new regulations, and even if it is successful in adapting its services to new regulations, the costs of making those adaptations or otherwise complying with those regulations may significantly increase the cost base of the Group. There is also a possibility that further regulations and reforms may be introduced that may adversely affect the role of the Group or may introduce requirements or rules that the Group is unable to meet. On completion of the acquisitions of Maven and Ludlow Wealth Management and as part of the Group's post-completion integration procedures, the Group will align the compliance policies and procedures of Maven and Ludlow Wealth Management with those of the Group.

#### *Advice in relation to defined benefit pension transfers*

In particular, the activities of firms advising pension scheme members on whether or not to transfer their defined benefit ("DB") pension to a defined contribution scheme have faced increasing regulatory scrutiny in recent years, with the FCA conducting an industry wide review of the advice being provided on transfers from DB schemes since October 2015 (the "Review"). Over this period the FCA has taken several steps to address the risks associated with DB transfers and to improve the quality of DB transfer advice. Despite these interventions, the FCA has stated that it considers the proportion of DB members who seek advice and then go on to transfer their benefits to be too high and the FCA therefore introduced new rules which came into force on 1 October 2020 intended to improve the quality of defined benefit transfer advice. As previously reported, following consideration of the increasing costs of professional indemnity insurance, additional regulatory controls and the resources the Group would have had to dedicate to this small part of its business, the Group stopped giving pension transfer advice to individuals with safeguarded or defined benefits in 2018. As previously announced in June 2018, the Group has been in dialogue with the FCA during the Review and the Board does not expect the impact on the Group's financial performance of the decision in 2018 to stop giving pension transfer advice to individuals with safeguarded or defined benefits or of the Review to be material. The Board expects increased regulatory scrutiny on DB transfers to continue, with further regulation a possibility.

#### *Unregulated introducers*

Recent case law in the UK (*Adams v Options UK Personal Pensions LLP* (formerly Carey Pensions (UK) LLP) (the "Adams case") and in respect of which the UK Court of Appeal gave its judgment in April 2021) has focussed on the scope of protection for consumers and the obligations of authorised persons operating SIPPs. The case concerned a SIPP operated by an authorised SIPP provider but where investments into that SIPP were facilitated by an unregulated introducer. The court determined that the SIPP agreement was unenforceable against the client and that the client was therefore entitled to unwind the arrangement and recover amounts invested in the SIPP and compensation to reflect losses suffered as a consequence.

The SIPP industry has faced a significant volume of complaints and claims for several years arising from facts similar to those in the Adams case. The judgment of the Court of Appeal in the Adams case therefore has potential significant consequences for the SIPP industry, including the Group.

The Group no longer accepts investments directly introduced by an unregulated introducer. Following the Court of Appeal's judgment in the Adams case, the Group is reviewing any investments that may have been introduced by unregulated third parties and its policies and procedures for dealing with such investments.

### *GDPR*

The potential financial penalties for any breaches of security relating to proprietary information and sensitive or confidential data have been significantly increased since the EU General Data Protection Regulation ("GDPR") came into force in May 2018. The GDPR (and, from 1 January 2021, the UK's equivalent domestic legislation, which mirrors the key principles, rights and obligations of the GDPR ("UK GDPR")) includes significant financial penalties of up to €20 million or four per cent. of annual worldwide turnover in the preceding financial year. Compensation claims against members of the Group may also be made by individuals whose privacy and personal data rights have been infringed. Whilst the Group has implemented policies designed to comply with the GDPR (and, from 1 January 2021, UK GDPR) (with such policies being subject to regular review), there can be no assurance that regulators will conclude that the Group is fully compliant with its obligations under the GDPR (and, from 1 January 2021, UK GDPR), and therefore in the event of any breach, the Group could be subject to regulatory action or financial penalties or compensation claims, which could also result in adverse publicity and reputational damage. Any such breaches, and the resulting costs and consequences, could have a material adverse effect on the Group's business, financial condition and results of operations.

### *Money Laundering Regulations*

Companies carrying out activities of the nature carried out by the Group, Ludlow Wealth Management and Maven are subject to obligations requiring them to identify and assess risks of money laundering and to complete various procedures relating to their clients and customers (including client risk assessments and client due diligence) in order to comply with relevant regulation including the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and guidance published by the Joint Money Laundering Steering Group and the FCA. Failure to comply with the regulation and guidance relating to money laundering risk compliance and/or to update on a periodic basis the procedures implemented to comply with the regulation and guidance may give rise to financial and other sanctions for the Group and persons in default. On completion of the acquisitions of Maven and Ludlow Wealth Management and as part of the Group's post-completion integration procedures, the Group will align the compliance policies and procedures of Maven and Ludlow Wealth Management with those of the Group.

#### *1.5. Changes in tax law*

The Group currently benefits from UK Government policies aimed at encouraging personal savings through the application of tax relief or particular tax regimes to certain types of investment. Changes in taxation legislation and policy in the UK or overseas could affect investor sentiment, making investment generally, and specific types of investment products in particular, either more or less appealing. In particular, changes in tax legislation could reduce the attractiveness of long-term savings via pension schemes, particularly SSASs and SIPPs, which in time could have an adverse impact on the revenue that the Group derives from these products.

In particular, HM Revenue & Customs ("HMRC") has alleged that incorrect procedures may have been followed by SIPP operators generally in respect of in specie contributions into SIPPs (that is, where non-cash assets such as property or shares are transferred into a SIPP) and, in such cases, is seeking to reclaim pension tax relief that has been claimed in respect of in specie contributions together with interest. This is an industry-wide issue and has been challenged by the sector as a whole. There are a number of tax relief claims made on behalf of the Group's clients that have been challenged with assessment notices received or expected to be received. These assessments have been appealed, with proceedings stayed. Following a favourable ruling for HMRC in a case affecting another SIPP operator, the Directors consider it is possible some cost associated with this issue could be incurred by the Group but, given that the underlying tax liability is a liability of the affected client, the expectation is that any impact on the financial position of the Group will not be significant.

In addition, the Group is exposed to changes in taxation rates and regimes which may result in an increased proportion of the Group's profit being paid in taxation or may result in parts of the Group's activities becoming less profitable or unprofitable through the imposition of higher transaction taxes or indirect taxes borne by the Group or its customers. Although the Directors believe that the Group's application and interpretation of tax laws, rules and regulations are appropriate, and the Group's tax estimates and methodologies are reasonable, tax authorities have become more assertive in their interpretation and enforcement of such laws, rules, and regulations over time, as tax authorities and governments are increasingly focused on ways to increase tax revenues. This has contributed to an increase in audit activity and more stringent interpretations by tax authorities. The Group may be required to modify its business practices to reduce its exposure to additional taxes going forward, any of which may have a material adverse effect on the Group's business, results of operations and financial condition.

## **2. Operational Risks relating to the Company and the Group**

### *2.1. Damage to the Group's reputation*

The Group operates in an industry where integrity and client trust and confidence are paramount. Any mismanagement or failure to satisfy fiduciary responsibilities, or the adverse publicity resulting from such activities or any allegation of such activities, could have a material adverse effect on the business, reputation and brand of the Group.

The Group has a responsibility to provide best advice in its provision of products and services to its clients. There is a risk that the Group fails to provide the required level of service to its clients (both existing and new) through the flawed design or mis-selling of products or services, or poor business conduct, resulting in client outcomes that do not meet their needs and circumstances.

There is a risk of reputational damage as a result of employee misconduct, failure to properly manage confidential information or conflicts of interest, fraud, improper practice, poor client service or poor advice.

The Group's ability to operate, to attract and retain customers and employees, or to raise appropriate financing or capital may be adversely affected as a result of its reputation becoming damaged. Clients will rely on the Group's integrity and probity. If the Group fails, or appears to fail, to deal promptly and effectively with issues that may give rise to reputational risk, its reputation and, in turn, its business prospects may be materially harmed.

Any failure by the Group to address these or any other issues which could adversely affect its reputation could result in losses of personnel and customers, a reduced ability to compete effectively, financial losses and potential litigation, regulatory actions and penalties against the Group.

## 2.2. *Errors, breakdown or security breaches in respect of the Group's software or information and communication technology systems*

The Group is reliant on the capacity and reliability of the communications, information and technology systems supporting its operations, including those owned and operated by third parties. Operational risks such as trading or operational errors or interruption of its financial, accounting, trading, compliance and other data processing systems could result in a disruption to the Group's business, liability to its clients, regulatory intervention or reputational damage, and, as a result, could have a material adverse effect on its business.

Serious or prolonged breaches, errors or breakdowns in the Group's software or information technology systems could negatively impact customer confidence. It could also breach contracts with customers and data protection laws, rendering the Group liable to disciplinary action by governmental and regulatory authorities, as well as to claims by clients.

The performance of the Group's computer and communications systems could deteriorate or fail for any number of reasons. These could include loss of power, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism, customer error or misuse, lack of proper maintenance or monitoring and similar events.

Failure or deterioration of the communications and computer systems and facilities on which the Group relies may lead to significant financial losses, litigation or arbitration claims filed by or on behalf of its customers and regulatory sanctions. Any such failure could also have a negative effect on the Group's reputation.

## 2.3. *Sustaining growth by acquisition*

The Group has grown in the past and is pursuing further growth from the completion of the Acquisitions and further pipeline opportunities. This growth has placed, and planned growth (if successful) will continue to place, significant demands on the Group's legal, compliance, accounting, tax and operational infrastructure, and may increase related expenses.

Further, if in the future the Group is unable to identify or complete strategic acquisitions or to integrate them effectively this could negatively impact its growth strategy, which could have an adverse effect on the Group's business, financial condition and results of operations.

Even if the Group is able to identify and successfully complete an acquisition, it may encounter unexpected difficulties or incur unexpected costs associated with integrating and overseeing the operations of the new business or activities. Additionally, while the Group conducts a significant review and due diligence exercise in connection with its acquisitions (including the Acquisitions), this due diligence exercise may not reveal all relevant facts which may, in turn, impact the value attributed to such acquisition and, ultimately, the success of such acquisition.

In addition, the Group may be required continuously to develop its systems and infrastructure in response to the increasing sophistication of its markets and to address legal, accounting, regulatory and tax developments or requirements. The Group's future growth will depend in part on its ability to maintain an operating platform and management system sufficient to address its growth and may require the Group to incur significant additional expenses and to commit additional management and operational resources.

There can be no assurance that the Group will be able to manage its growth effectively or that it will be able to continue to grow in line with historic and expected rates and any failure to do so could have a material adverse effect on the Group's business, financial condition and results of operations.

## 2.4. *Higher risk investments*

The Group arranges and manages funding for investments in property and other alternative assets. The value of these investments is dependent on general economic conditions as well as on the specific conditions of the commercial property, residential property and other markets. These markets are cyclical in nature and relate, in turn, to the condition of the economy as a whole. Deteriorating economic conditions may therefore adversely affect the value of these assets. In addition, negative economic conditions might also have an adverse effect on specific assets and diminish the ability to realise these investments (either at acceptable values or at all). The Group cannot predict how economic conditions will develop.

Investment in the higher risk investments the Group arranges and manages is restricted to clients certified as "relevant persons". Relevant persons are primarily certified high net worth individuals within the meaning of Category 2 of the table contained in Chapter 4.12 of the FCA's Conduct of Business Sourcebook ("COBS"); or certified/self-certified sophisticated investors within the meaning of Category 9 of the table contained in COBS 12. All investors are advised that such higher risk investments are only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested).

The UK and global economies have been impacted by COVID-19 and, there is the potential for clients to suffer a capital loss on certain of these higher-risk investments. In light of the prevailing economic conditions and in line with the Board's on-going review of the effectiveness of the Group's systems of internal control and risk management to ensure controls react to changes in the nature of the Group's operations, the Board is reviewing the systems and controls relating to this higher risk element of the business.

Pension schemes administered by the Group are permitted under HMRC rules to hold certain non-standard investments ("NSIs") within them. Such investments are considered to represent a higher level of risk compared to standard investments such as quoted equities. As high risk investments, NSIs are potentially far more volatile than standard investments and clients may look to the Group, as their pension provider, for compensation in the event that a NSI fails or suffers a significant decrease in value. Prior to being accepted as a qualifying investment by any pension schemes administered by the Group, all NSIs are screened to verify the acceptability of such investments, and comment on the suitability of these investments must be provided by a regulated adviser. Any NSIs that are permitted are subject to annual review and monitoring.

#### 2.5. *Business continuity and operational resilience*

In addition to the failure of IT systems, there is a risk of disruption to the business as a result of power failure, fire, flood, acts of terrorism, re-location problems and other problems.

Whilst the Group has disaster recovery and business continuity plans in place, these may not cover all activities within the Group or failures that may occur. If the Group's business continuity plans do not operate effectively, they may not be adequate to correct or mitigate the effects of any of the above eventualities.

#### 2.6. *Key personnel risk*

The Group depends on the diligence, skill, judgement and business contacts of the Directors and other key personnel and the information, deal flow, relationships and revenue they generate during the normal course of their activities. The industry in which the Group operates requires highly qualified and experienced employees. The Company's future success depends on the continued service of the existing individuals and its ability to strategically recruit, retain and motivate new talented personnel. The market for qualified successful investment professionals is extremely competitive. There is a risk that the Group's employees could be approached and solicited by competitors of the Group or other organisations or could otherwise choose to leave the Group. The loss of, or inability to recruit and retain key personnel could have a material adverse effect on the Group's business, results of operations or financial condition.

#### 2.7. *Fraud risk*

The Group, like others in the financial services industry, is susceptible to various forms of crime and misconduct, including theft, money laundering, tax evasion and fraud. The Group is also susceptible to such misconduct being engaged in by its employees, and the precautions the Group takes to detect and prevent employee misconduct may not always be effective.

There have been a number of highly publicised cases involving fraud or other misconduct by employees of financial services firms in recent years and various investigations have been conducted by the FCA in the United Kingdom. There is a risk that an employee defrauds either the Group or a client which may result in losses to the Group.

In addition, a third party could defraud either the Group or the Client, causing loss to the Group.

Were the Group to be a target of any such criminal activity or misconduct, it could suffer losses, incur fines, attract adverse publicity and/or suffer significant reputational damage.

#### 2.8. *Litigation or claims made against the Group*

The Group is exposed to the risk of liability relating to litigation from clients or third parties and assurance that a claim or claims will not be covered by insurance or, if covered, will exceed the limits of available insurance coverage, or that any insurer will become insolvent and will not meet its obligations to provide the Group with cover. Action taken may be protracted, involve the expenditure of significant financial and managerial resources, and may ultimately not be successful, which may result in an adverse impact on the Group's financial position.

#### 2.9. *Reliance on third parties or outsourcing risk*

Any regulatory breach or service failure on the part of an outsourced service provider could expose the Group to the risk of regulatory sanctions, fines, censure and other reputational damage.

#### 2.10. *Strategic risk*

The risk that management will pursue inappropriate strategies or implement the Group's strategy ineffectively may have a material effect on the Group's ability to compete effectively, which could reduce its revenue and profitability.

#### 2.11. *Underwriting risk*

When arranging new financial products for promotion to the Group's clients, the Group may need to guarantee a minimum aggregate investment to secure appropriate terms for the product.

If client investment made into a product that the Group has underwritten in this way is less than the amount the Group has underwritten, the Group may be required to purchase the underwritten element of the product which may result in an adverse impact on the Group's financial position.

#### 2.12. *Impact of Brexit*

The UK voted in favour of withdrawing from the EU in a referendum on 23 June 2016 and on 31 January 2020 the UK formally ceased to be a member of the EU ("Brexit"). Upon its departure, pursuant to an agreement reached between the UK and the EU, a transition period came into effect until 31 December 2020, during which period EU law continued to be applicable to and in the UK. That transition period has now ended.

Notwithstanding the trade agreement concluded on 24 December 2020 between the EU and the UK governing certain aspects of their relationship after Brexit (the "UK - EU Trade and Cooperation Agreement"), Brexit is likely to result in ongoing political, legal and economic uncertainty in the UK and wider European markets. In

particular, the economies of the UK and EU Member States, and individual businesses operating in one or more of those jurisdictions, may be adversely affected by the restrictions on the ability to provide cross-border services from the UK into the EU and vice versa; the introduction of non-tariff (and, in the future, potentially tariff) barriers; customs checks and/or duties, changes in tax (including withholding tax); restrictions on the movements of employees and restrictions on the transfer of personal data. There are likely to be changes in the legal rights and obligations of commercial parties across all industries, particularly in the services sector (including financial services), following the UK's exit from the EU despite the UK - EU Trade and Cooperation Agreement. Economic turbulence arising out of the changes in the relationship between the UK and EU, including under the terms of the UK - EU Trade and Cooperation Agreement could adversely affect the Group, the performance or value of the investments made by the Group's clients and the ability of the Group to fulfil its clients' investment objectives (especially where the clients' funds have been invested in businesses that have relied on access to the single market, that have benefited from harmonised regulation or whose value is otherwise affected adversely by the UK's future relationship with the EU).

The extent of the impact of Brexit on the Group will depend on the nature of the future relationship between the UK and the EU in relation to financial services and the extent to which the UK continues to apply laws that are based on EU regulation both in the short and long-term. Legal uncertainty and potentially divergent national laws and regulations following Brexit may increase compliance and operating costs for the Group.

### 2.13. *Impact of COVID-19*

The Group, and the financial services industry in general, have been subject to ongoing risks relating to the COVID-19 pandemic, which could have a material adverse effect on the Group's business and operations, and the Group may be exposed to such risks for an uncertain period of time.

While the Group has not experienced business interruption as a result of the restrictions put in place by the UK and other governments in response to the COVID-19 pandemic, it did implement business continuity and crisis management plans in response to the COVID-19 pandemic and related restrictions. As part of its response, employees have been, and may continue to be, required to work from home for extended periods and generally not able to travel, which has made, and may continue to make, interactions with clients more difficult. The ongoing impact of the COVID-19 pandemic may also result in increased employee sick-leave, serious illness or fatalities amongst the Group's employees (including key personnel) and may result in employees having less, or less effective, contact with control functions (such as risk and compliance) within the business.

The COVID-19 pandemic and restrictions put in place by the UK and other governments to contain it have also had an adverse impact on the UK and global economy generally and financial markets in particular. The COVID-19 pandemic has had a significant adverse impact across many sectors in the UK and elsewhere, with businesses experiencing significant operational disruption (including in some cases temporary closure), severely depressed financial performance and increased risk of insolvency.

There can be no certainty how long it will be until the COVID-19 pandemic is brought fully under control and restrictions put in place by the UK and other governments completely removed or relaxed. In any case, the adverse impact of the pandemic on the economy and financial markets is likely to continue for a period after the pandemic is brought under control and restrictions lifted. Therefore, as a result of any of the above factors, the COVID-19 pandemic may, directly or indirectly, have a material adverse effect on the ability of the Group to conduct its operations which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

## 3. **Financial Risks relating to the Company and the Group**

### 3.1. *Counterparty default*

The Group's profitability and retained earnings may be materially adversely affected in the event of a significant default by any of its customers and counterparties and this could be exacerbated where it has a concentrated exposure to the counterparty or where the default arises from, or gives rise to further losses as a result of systemic risk.

The Group is also exposed to counterparty credit risk in respect of cash deposits held with financial institutions and to concentration risk in that it may have exposures with a counterparty arising through a number of different activities in a number of different regions and may also have cash deposits with the same counterparty.

### 3.2. *Bank default*

Should a bank with which the Group does business fail the Group could be significantly exposed and the failure could severely impact the Group.

### 3.3. *Concentration risk*

The Group is exposed to concentration risk, which is a component of credit risk, either arising from a lack of diversity in business activities or a geographical risk. In addition, consolidation among the Group's customers may cause revenue to be dependent on a smaller number of customers and may result in additional pricing pressure. In that event, the Group's revenue may be dependent on its continued good relationships with those customers to a material extent and any adverse change in those relationships could materially reduce the Group's revenue.

### 3.4. *Liquidity risk*

The Group requires financial liquidity to facilitate its operations. In addition to maintaining significant cash balances, the Group might require to access credit facilities provided by the Group's bankers. Any such credit facilities may impose certain operating and financial restrictions on the Group, and contain covenants that require the Group to maintain specified financial ratios and satisfy specified financial tests, that may limit how the Group conducts its business. In the longer term, the Group may be unable to renew credit facilities or raise additional financing and the withdrawal, non-renewal or a lack of access to credit facilities, whether

as a result of market conditions, general market disruption or a failure by the Group itself, could severely impact the Group.

### 3.5. *Interest rate risk*

The Group is exposed to a decline in earnings due to a decline in interest rates. It is likely that low interest rates will make it harder for the Group to structure attractive capital-protected products for clients or general banking income.

## 4. **Risks relating to the Acquisitions and the Fundraise**

In addition to the risk factors set out in paragraphs 1 to 3 above and in paragraph 5 below which would also apply to Maven and Ludlow Wealth Management as well as to the Group, the following additional risks relating to the Acquisitions and the Fundraise are drawn to the attention of holders of Ordinary Shares ("Shareholders") and to potential investors in Ordinary Shares.

### 4.1 *Conditions to completion of the Acquisitions*

Completion of each of the Acquisitions is conditional upon the following matters:

4.1.1 Completion of the Acquisitions is conditional upon the Fundraise which requires Shareholders to approve the Resolutions. There can be no assurance that such approval will be obtained. The Board considers that the Acquisitions are in the best interests of the Company and Shareholders as a whole. However, if Shareholder approval is not obtained, the Acquisitions will not go ahead. In addition, the Joint Bookrunners have customary rights to terminate the Fundraise (such as after the occurrence of a material adverse change in financial markets or certain other material adverse changes, further details of which are set out in the terms and conditions relating to the Placing set out in Appendix II to this Announcement)) and, if such rights are exercised, the Acquisitions will not go ahead.

4.1.2 Completion of the acquisition of Ludlow Wealth Management is also conditional upon receipt of the relevant approvals from the FCA to the change of control of Ludlow Wealth Management Group Ltd which may occur before or after Second Admission (the approval from the FCA in respect of the change of control of Maven and MPIL has already been received).

In addition, pursuant to the agreed terms of each of the Acquisitions, the Buyer has certain rights to terminate the agreements relating to the Acquisitions if, prior to completion of the relevant Acquisition, there has been a material breach by the sellers of certain provisions of the relevant agreement or there has been a material adverse change in the regulatory position of Ludlow Wealth Management or Maven (as applicable).

### 4.2 *The Fundraise may complete prior to the other conditions to completion of the Acquisitions having been satisfied.*

The Fundraise is not conditional upon the completion of the Acquisitions. Consequently, the Acquisitions will complete after completion of the Fundraise and, at the time at which the Fundraise completes, the condition to completion of the acquisition of Ludlow Wealth Management referred to at paragraph 4.1.2 above may not have been satisfied. As such, and notwithstanding that the Fundraise has completed, there is a risk that the Acquisitions do not complete (either because, in the case of the acquisition of Ludlow Wealth Management, the condition referred to at paragraph 4.1.2 above is not satisfied or, in either case, the agreement for the Acquisition is terminated in accordance with its terms as referred to in paragraph 4.1 above). If, after the Fundraise has completed, either of the Acquisitions does not complete (because it fails to become unconditional (in the case of the Ludlow Wealth Management Acquisition) or it is terminated in accordance with its terms) the Company's intention would be to deploy the capital raised but not used in relation to other potential acquisitions and for general working capital purposes.

### 4.3 *The Fundraise and the issue of the Consideration Shares may dilute existing Shareholders' investment in the Company*

The Fundraise and the issue of the Maven Consideration Shares and the Ludlow Wealth Management Consideration Shares (together, the "Consideration Shares") are being carried out on a non-pre-emptive basis and therefore the issue of the Fundraise Shares and the Consideration Shares will, to the extent they do not participate in the Fundraise, reduce the proportionate ownership and voting interests of existing Shareholders in the Company and the power of existing Shareholders to affect the direction of the Group will, to such extent, be diminished.

### 4.4 *Retention of key personnel*

Both Ludlow Wealth Management and Maven, like the Company, are dependent upon the service and performance of their senior personnel. In particular, Ludlow Wealth Management depends on retaining its financial advisers who maintain relationships with Ludlow Wealth Management's clients and customers. The loss of the services of any of these senior personnel could cause disruption which could have a material adverse effect on the Group and the financial and other benefits it expects to realise from the Acquisitions.

### 4.5 *Termination of investment management agreements*

Certain of the investment management agreements to which Maven is a party are subject to ordinary course rights of termination exercisable by notice in writing given by the relevant counterparty to Maven with notice periods of between 6 and 12 months. Similarly, certain of the funds managed by Maven have an ordinary course right to terminate the appointment of Maven as investment manager where a resolution for the same is passed by a majority of investors for the time being in the relevant funds. The Company is not aware that notice of termination is intended to be served by any counterparty to those contracts or that any such resolution is intended to be proposed or passed. However, no guarantee can be given that one or more of such counterparties will not in the future serve notice or that any such resolution will not in the future be proposed and passed and which, in any such case, could then have a material adverse impact on the Group's business, financial condition and prospects.

Further, certain of these investment management agreements contain "key executive" clauses which allow the investors to terminate Maven's appointment or suspend Maven's management fees if certain of Maven's key executives cease to be employed or otherwise engaged by Maven. The termination of Maven's appointment or the suspension of Maven's management fees could severely impact the Group.

#### 4.6 *Ability to raise further funds*

Maven's investment management business depends on attracting adequate investment funds to manage. If Maven fails to attract sufficient assets then revenues generated from its investment management activities are likely to decline and this could have a material adverse effect on the Group's business, financial condition and prospects.

#### 4.7 *Realisation of investments*

Maven arranges and manages investments in securities that are not readily tradable, which may make it difficult for such investments to be sold. The investments arranged and managed by Maven are in the securities of small and medium sized companies. Such securities may involve a higher degree of risk than would be the case for the securities of larger companies. Shareholders should not expect that Maven will necessarily be able to realise, within a period which they would otherwise regard as reasonable, those investments, or that any realisation will be on a basis which necessarily reflects the Group's valuation of such investments.

#### 4.8 *Maven's property investments*

Maven arranges and manages funding for investments in a number of property assets. The value of these property investments is dependent on general economic conditions as well as on the specific conditions of the commercial property market. The property market is cyclical in nature and relates, in turn, to the condition of the economy as a whole. Deteriorating economic conditions may therefore adversely affect the value of these property assets. In addition, negative economic conditions might also have an adverse effect on rental revenues (either due to tenant defaults, unlet properties or decreasing rental values) and diminish the ability to dispose of properties (either at acceptable values or at all). The Company cannot predict how economic conditions will develop. Furthermore and in particular due to its small size and focus on specific sectors such as hotels and student accommodation, because the property portfolio in which Maven is invested is not and cannot be representative of the market as a whole, the value of such property portfolio may be even more adversely affected by any downturn in the property market or change in economic conditions affecting those sectors than the market average.

#### 4.9 *Performance related revenues*

Maven receives performance related profit shares and fees from its investment management and co-investment activities. These performance related revenues are dependent upon the returns achieved for investors in the various funds managed by Maven. Those returns are in turn dependent upon the realisations achieved in underlying investments. If realisations are not achieved or are achieved at lower valuations then Maven's performance related revenues are likely to reduce with a potential material adverse effect on the Group's financial condition.

### 5. **Risks Relating to the Ordinary Shares**

#### 5.1. *Possible volatility of the price, and trading volume, of the Ordinary Shares*

Following Admission, the market price of the Ordinary Shares may be affected by a variety of factors outside the control of the Group, including, but not limited to, changes in sentiment regarding the Ordinary Shares, variations in the Group's operating results compared with the expectations of market analysts and investors, its business development or those of its competitors, the operating performance of its competitors or speculation about the Group's business. The market value of the Ordinary Shares can fluctuate and may not always reflect the underlying value of the Company or prospects of the Group. Shareholders should therefore be aware that the value of the Ordinary Shares can go down as well as up and that they may not be able to realise their investment.

Furthermore, the trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Group or its business. If analysts who cover the Group downgrade the Ordinary Shares in their report, the market price of the Ordinary Shares may decline. If one or more of these analysts were to stop covering the Company or fail to publish reports regularly on the Company, the Company could lose visibility in the financial markets. This could cause a decline in the market price of the Ordinary Shares or trading volume.

#### 5.2. *Dilution of ownership of Ordinary Shares*

The Company has no current plans which involve the issuance of Ordinary Shares other than in connection with the Fundraise and the proposed Acquisitions (and other than pursuant to the Company's existing share options or share incentive schemes, or in respect of the Company's acquisition pipeline). It is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Issue Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares as a pre-emptive offer.

#### 5.3. *Future Funding*

Whilst the Directors have no current plans for raising additional capital immediately after Admission and are of the opinion that the working capital available to the Group will be sufficient for its present requirements, it is possible that the Group will need to raise extra capital in the future to develop the Group's business or to take advantage of acquisition opportunities. No assurance can be given that any

such additional financing will be available or that, if available, financing will be available on terms favourable to the Group or to its Shareholders.

If further financing is obtained by issuing equity securities or convertible debt securities, the existing shareholders' holdings of Ordinary Shares may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Directors may seek debt finance to fund all or part of any future acquisitions. There can be no assurance that the Group will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Group's ability to raise further finance and its ability to operate its business may be subject to restrictions.

A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Group's control) may make it difficult for the Group to obtain new financing on attractive terms or even at all. If the Group's borrowings become more expensive, then the Group's profits will be adversely affected.

#### 5.4. *Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline*

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares in the future. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

#### 5.5. *Exchange rate fluctuations*

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in UK pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk (and any associated tax risks). Any depreciation of sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in relation to such foreign currency.

#### 5.6. *Overseas shareholders*

UK company law provides for pre-emptive rights to be granted to Shareholders on future equity offerings, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions outside the United Kingdom, including the United States, may restrict the Company's ability to allow participation by Shareholders located in such jurisdictions in future equity offerings. In particular, Shareholders in the United States may not be entitled to exercise their pre-emption rights unless such an offering is registered under the US Securities Act or made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The holdings of Shareholders located outside the United Kingdom who are not able to participate in any future equity offerings could be diluted by any such offerings.

#### 5.7. *There is no guarantee that the Company's Ordinary Shares will continue to be traded on AIM*

The Company cannot assure investors that the Company's Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

#### 5.8. *Investment in AIM traded securities*

The Ordinary Shares are, and the new Ordinary Shares will be, traded on AIM rather than admitted to the Official List of the UK Listing Authority. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List, and may not reflect the underlying value of the Company. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

## APPENDIX II

### TERMS AND CONDITIONS OF THE PLACING

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN (TOGETHER, THE "**ANNOUNCEMENT**"), AND THE INFORMATION IN IT IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, THE REPUBLIC OF IRELAND, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND IS DIRECTED ONLY AT: (A) IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, PERSONS WHO ARE, UNLESS OTHERWISE AGREED BY THE JOINT BOOKRUNNERS, "**QUALIFIED INVESTORS**" AS DEFINED IN ARTICLE 2(E) OF REGULATION (EU) 2017/1129, AS AMENDED FROM TIME TO TIME (THE "**PROSPECTUS REGULATION**"); AND (B) IN THE UNITED KINGDOM, PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF THE UK VERSION OF THE PROSPECTUS REGULATION WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS ANNOUNCEMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS.



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THIS ANNOUNCEMENT IS NOT AN OFFER FOR SALE OR SUBSCRIPTION IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF ANY JURISDICTION. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THIS ANNOUNCEMENT IS NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA. THIS ANNOUNCEMENT IS NOT AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM REGISTRATION. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE PRICE OF THE PLACING SHARES AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF THE PLACING SHARES.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance or the South African Reserve Bank; and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, New Zealand, the Republic of Ireland, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, New Zealand, the Republic of Ireland, Japan, the Republic of South Africa or any other jurisdiction in which such offer, sale, resale or delivery would be unlawful.

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK Product Governance Requirements") and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements and/or any equivalent requirements elsewhere to the extent determined applicable) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that the price of the Placing Shares may decline and investors could lose all or part of their investments; the Placing Shares offer no guaranteed income and no capital protection and any investment in the Placing 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. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Bookrunners will procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any action whatsoever with respect to the Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; 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 Placing Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

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

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Announcement should seek appropriate advice before taking any action.

These terms and conditions apply to persons making an offer to acquire Placing Shares. Each Placee hereby agrees with the Joint Bookrunners and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued or acquired. A Placee shall, without limitation, become so bound if the Joint Bookrunners confirms to such Placee its allocation of Placing Shares.

Upon being notified of its allocation of Placing Shares, a Placee shall be contractually committed to acquire the number of Placing Shares allocated to it at the Issue Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment.

In this Appendix, unless the context otherwise requires, terms defined in the Announcement to which this is an appendix have the same meanings when used in this Appendix. In addition, unless the context otherwise requires, "**Placee**" means a Relevant Person (including individuals, funds or others) who has been invited to participate in the Placing and on whose behalf a commitment to subscribe for or acquire Placing Shares has been given.

#### **Details of the Placing Agreement and the Placing Shares**

The Joint Bookrunners and the Company have entered into a Placing Agreement, under which the Joint Bookrunners have, on the terms and subject to the conditions set out therein, undertaken to use their respective reasonable endeavours, as agents for and on behalf of the Company, to procure subscribers for the Placing Shares at the Issue Price. The Placing is not being underwritten by the Joint Bookrunners or any other person.

The Firm Placing Shares and the Conditional Placing Shares (together with any Broker Option Shares) will be issued on or around 2 June 2021 and 17 June 2021, respectively. The Placing Shares will, when issued, be subject to the articles of association of the Company, be credited as fully paid and rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of Ordinary Shares after the respective dates of issue of the Placing Shares.

The Placing Shares will trade on AIM under the ticker MTW, with ISIN GB00B0MT3Y97 and LEI code 2138003LAM79SNI63R97.

#### **Details of the Broker Option**

The Company has granted the Broker Option to Canaccord Genuity and N+1 Singer in order to enable Canaccord Genuity and N+1 Singer to deal with any additional demand under the Placing during the period from the date of this Announcement until 4:45 p.m. on 2 June 2021.

The Broker Option is exercisable by either Canaccord Genuity or N+1 Singer any number of times up to that time and date and in such allocations as shall be agreed between the Joint Bookrunners. Any Broker Option Shares issued pursuant to the exercise of the Broker Option will be issued on the same terms and conditions as the Firm Placing Shares and Conditional Placing Shares. Persons who subscribe for Broker Option Shares shall therefore be treated as acquiring those new Ordinary Shares on the same terms as in the Placing as if Placing Shares and as if they were accordingly Placees for the purposes of this Appendix and, in particular, the representations, warranties and undertakings to be given by Placees shall also be given by subscribers for Broker Option Shares.

The maximum number of Broker Option Shares which may be issued pursuant to the exercise of the Broker Option is 303,030 Ordinary Shares. If the Broker Option is exercised, the expected date of admission of the Broker Option Shares to trading on AIM will be 17 June 2021.

The number of Broker Option Shares (if any) to be issued will be announced following the exercise (or expiry) of the Broker Option.

#### **Application for admission to trading of the Placing Shares**

Application will be made to the London Stock Exchange for the Firm Placing Shares to be admitted to trading on AIM (the "**Firm Application**"). Admission of the Firm Placing Shares to trading on AIM is expected to become effective in accordance with the AIM Rules ("**First Admission**") and dealings in such shares are expected to commence at 8.00 a.m. on or around 2 June 2021. In any event, the latest date for First Admission is 30 June 2021 (the "**First Long Stop Date**").

Application will be made to the London Stock Exchange for the Conditional Placing Shares, the Broker Option Shares and the PrimaryBid Offer Shares to be admitted to trading on AIM (the "**Conditional Application**"). Admission for the Conditional Placing Shares, the Broker Option Shares and the PrimaryBid Offer Shares is expected to become effective in accordance with the AIM Rules ("**Second Admission**") and dealings in such shares are expected to commence at 8.00 a.m. on or around 17 June 2021. In any event, the latest date for Second Admission is 30 June 2021 (the "**Second Long Stop Date**").

#### **Placing**

This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

Participation in, and principal terms of, the Placing are as follows:

1. the Joint Bookrunners are arranging the Placing as agents for, and joint brokers to, the Company on the terms and subject to the conditions of the Placing Agreement;
2. the number of Firm Placing Shares and Conditional Placing Shares to be issued will be agreed between the Joint Bookrunners and the Company following completion of a bookbuilding exercise by the Joint Bookrunners (the "**Bookbuild**");
3. the results of the Bookbuild will be released through a Regulatory Information Service following the completion of the Bookbuild;
4. the Joint Bookrunners shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their absolute discretion following consultation with the Company, determine;
5. the Bookbuild is expected to close no later than 11:00 a.m. on 26 May 2021 but may be closed earlier or later at the discretion of the Joint Bookrunners;
6. the Joint Bookrunners may, in agreement with the Company, accept bids received after the Bookbuild has closed;
7. participation in the Placing is only available to persons who are lawfully able to be, and have been, invited to participate by the Joint Bookrunners. Each of the Joint Bookrunners is entitled to participate in the Placing as principal;
8. each Placee's allocation has been or will be confirmed to Placees orally, or in writing (which can include email), by the Joint Bookrunners and a trade confirmation or contract note has been or will be dispatched as soon as possible thereafter. The Joint Bookrunners' oral or written confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of the Joint Bookrunners and the Company, under which it agrees to acquire by subscription the number of Placing Shares allocated to it at the Issue Price and otherwise on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Except with the Joint Bookrunners' consent, such commitment will not be capable of variation or revocation;
9. each Placee's allocation will, unless otherwise agreed between the Placee and the Joint Bookrunners, be evidenced by a trade confirmation or contract note issued to each such Placee by the Joint Bookrunners. The terms and conditions of this Announcement will be deemed to be incorporated in that trade confirmation, contract note or such other confirmation and will be legally binding on the Placee on behalf of which it is made and, except with the Joint Bookrunners' consent, will not be capable of variation or revocation from the time at which it is issued;
10. each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Joint Bookrunners (as agent for the Company), to pay to the Joint Bookrunners (or as the Joint Bookrunners may direct) in cleared funds an amount equal to the product of the Issue Price and the number of Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee;
11. except as required by law or regulation, no press release or other announcement will be made by the Joint Bookrunners or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent;
12. irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement";
13. all obligations of the Joint Bookrunners under the Placing will be subject to fulfilment of the conditions referred to below "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement";
14. by participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee; and

15. to the fullest extent permissible by law and the applicable rules of the Financial Conduct Authority, neither the Joint Bookrunners nor any of their respective Affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise whether or not a recipient of these terms and conditions) in respect of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and the Joint Bookrunners and their respective Affiliates shall have no liability to the Placees for the failure of the Company to fulfil those obligations. In particular, neither the Joint Bookrunners nor any of their respective Affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Placing or of such alternative method of effecting the Placing as the Joint Bookrunners and the Company may determine.

### **Conditions of the Placing**

The Joint Bookrunners' obligations under the Placing Agreement in respect of the Firm Placing are conditional on, inter alia:

1. the release of this Announcement to a Regulatory Information Service by no later than 7.00 a.m. on 26 May 2021;
2. the delivery by the Company to the Joint Bookrunners of certain documents required under the Placing Agreement;
3. the Company having complied with its obligations under the Placing Agreement to the extent that such obligations fall to be performed prior to First Admission;
4. the warranties given in the Placing Agreement being true, accurate and not misleading at all times between the date of the Placing Agreement and First Admission, as though they had been given and made on such date by reference to the facts and circumstances then subsisting, and no matter having arisen prior to First Admission which might reasonably render any of the warranties untrue or inaccurate or misleading in any respect if it was repeated as at First Admission;
5. in the opinion of the Joint Bookrunners there having been no material adverse change or any development reasonably likely to involve a prospective material adverse change, in the condition (financial, operational, legal or otherwise) or the earnings, business affairs or business prospects of the Company or the Group which is material in the context of the Group taken as a whole, whether or not arising in the ordinary course of business (a "Material Adverse Change"), since the date of the Placing Agreement, whether or not foreseeable at the date of the Placing Agreement;
6. the allotment of the Firm Placing Shares, conditional only upon admission of such Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of Part 1 of the AIM Rules;
7. admission of the Firm Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of Part 1 the AIM Rules not later than 8.00 a.m. on 2 June 2021 or such later date as may be agreed in writing between the Company and the Joint Bookrunners, but in any event not later than 8.00 a.m. on the First Long Stop Date; and
8. the Placing Agreement not having been terminated by the Joint Bookrunners prior to First Admission.

The Joint Bookrunners' obligations under the Placing Agreement in respect of the Conditional Placing and the Broker Option are conditional on, inter alia:

1. satisfaction or waiver of the Firm Placing Conditions having occurred;
2. the delivery by the Company to the Joint Bookrunners of certain documents required under the Placing Agreement;
3. an electronic copy of the circular to be sent by the Company to its shareholders on or around the date of this Announcement (the "Circular") being submitted to London Stock Exchange as required by Rule 20 of the AIM Rules;
4. the Conditional Application being submitted to the London Stock Exchange as required by Rule 29 of the AIM Rules in accordance with clause 3.4 of the Placing Agreement;
5. the London Stock Exchange agreeing to admit the Conditional Placing Shares and the Broker Option Shares to trading on AIM (subject only to allotment);
6. the warranties given in the Placing Agreement being true, accurate and not misleading at all times between the date of the Placing Agreement and Second Admission, as though they had been given and made on such date by reference to the facts and circumstances then subsisting, and no matter having arisen prior to Second Admission which might reasonably render any of the warranties untrue or inaccurate or misleading in any respect if it was repeated as at Second Admission;
7. the passing of the Resolutions at the General Meeting in the form set out in the notice of general meeting contained in the Circular, subject to any amendment approved by the Joint Bookrunners;
8. in the opinion of the Bookrunners there having been no Material Adverse Change since the date of the Placing Agreement (whether or not foreseeable at the date of the Placing Agreement);
9. Second Admission occurring not later than 8.00 a.m. on the Second Long Stop Date; and
10. the obligations of the Bookrunners not having been terminated in accordance with the Placing Agreement prior to Second Admission.

If: (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by the Joint Bookrunners by the respective time or date where specified (or such later time or date as the Joint Bookrunners may notify to the Company); (ii) any of such conditions becomes incapable of being fulfilled; or (iii) the Placing Agreement is terminated in the circumstances specified below, the Firm Placing and/or Conditional Placing and/or the Broker Option will not proceed and the Placees' rights and obligations hereunder in relation to the Firm Placing Shares, the Conditional Placing Shares or the Broker Option Shares (as applicable) shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

The Joint Bookrunners may, at their discretion and upon such terms as they think fit, waive, or extend the period for, compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement save that the condition relating to First Admission taking place by the First Long Stop Date and Second Admission taking place by the Second Long Stop Date may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither the Joint Bookrunners, the Company nor any of their respective Affiliates shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

### **Right to terminate the Placing Agreement**

The Joint Bookrunners are entitled to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, *inter alia*, if before First Admission (in respect of the Firm Placing, the Conditional Placing and the Broker Option) or if before the Second Admission (in respect of the Conditional Placing and the Broker Option):

1. the Company has failed to comply with any of its obligations under the Placing Agreement;
2. the Joint Bookrunners become aware that any of the warranties given in the Placing Agreement were not, when given, or have ceased to be true, accurate or not misleading (or would not be true, accurate or not misleading if repeated at any time prior to Second Admission) by reference to the facts subsisting at the time;
3. the Joint Bookrunners become aware that any statement contained in any of the Placing Documents or Retail Offer Documents (each as defined in the Placing Agreement) is incorrect or has become untrue, inaccurate or misleading as a result of a new matter or change or that a new matter has arisen or change has taken place which would, if the Placing Documents were published at that time, constitute a material omission from such documents;
4. there has occurred, in the reasonable opinion of the Joint Bookrunners, a Material Adverse Change;
5. either the application for First Admission or the application for Second Admission being refused by the London Stock Exchange; or
6. in the opinion of the Bookrunners, there has occurred or it is reasonably likely that there will occur: (i) a material adverse change in financial markets in the United States, the United Kingdom, any member or associate member of the European Union, or the international financial markets; any incident of terrorism or war; or the occurrence of any change in financial, political, market or economic conditions (including a material deterioration in, or a material escalation in response to, the COVID-19 pandemic), or currency exchange rates the effect of which make it, in the judgment of the Joint Bookrunners, impracticable or inadvisable to market the Ordinary Shares or to enforce contracts for the subscription and/or sale of the Ordinary Shares; (ii) there has been a breach by the Company of any of the warranties in the Placing Agreement or the Company fails to comply with any of its obligations contained in the Placing Agreement; or (iii) in the reasonable opinion of the Bookrunners, there has been a material adverse change in, or any development involving or reasonably likely to involve a prospective material adverse change in, or affecting, the condition (financial, operational, legal or otherwise) or the earnings, management, business affairs, solvency, credit rating or prospects of the Company, or of the Group (taken as a whole).

If the Placing Agreement is terminated prior to First Admission then no element of the Placing will occur. If the Placing Agreement is terminated following First Admission but prior to Second Admission then the Conditional Placing will not occur and the Broker Option will not be exercised. Following First Admission, the Placing Agreement is not capable of termination to the extent that it relates to the Firm Placing. Following Second Admission, the Placing Agreement is not capable of termination to the extent it relates to the Conditional Placing or the Broker Option. For the avoidance of doubt, First Admission is not conditional on Second Admission taking place.

The rights and obligations of the Placees will not be subject to termination by the Placees or any prospective Placees at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by the Joint Bookrunners of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Joint Bookrunners and that the Joint Bookrunners need not make any reference to Placees in this regard and that neither the Joint Bookrunners nor any of their respective Affiliates shall have any liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

#### **No Admission Document or Prospectus**

The Placing Shares have not been nor will be offered in such a way as to require the publication of an admission document or prospectus in the United Kingdom or any equivalent document in any other jurisdiction. No offering document, admission document or prospectus has been or will be submitted to be approved by the Financial Conduct Authority ("FCA") or the London Stock Exchange in relation to the Placing, and Placees' commitments will be made solely on the basis of the information contained in this Announcement and the business and financial information that the Company is required to publish in accordance with the AIM Rules and the Market Abuse Regulation (EU) 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**Market Abuse Regulation**") (the "**Exchange Information**") or has published via a Regulatory Information Service ("**Publicly Available Information**"). Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information (other than the Exchange Information and/or Publicly Available Information), representation, warranty or statement made by or on behalf of the Company or the Joint Bookrunners or any other person and neither the Joint Bookrunners, the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by the Joint Bookrunners, the Company or their respective officers, directors, employees or agents. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company nor the Joint Bookrunners are making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraud or fraudulent misrepresentation.

#### **Restrictions on share issues**

The Company has undertaken to the Joint Bookrunners that, from the date of the Placing Agreement and until the date falling 90 days following the first to occur of Conditional Admission and the Second Long Stop Date, it will not, without the prior written consent of the Joint Bookrunners, allot or issue any Ordinary Shares (or any other shares or securities in the capital of the Company) or issue any options over Ordinary Shares (or any securities exchangeable for, or convertible into, Ordinary Shares or other shares or other securities in the capital of the Company, save for (i) the issue of any options pursuant to (and in accordance with the rules of) the Company's existing share option or share incentive schemes or for the issue of Ordinary Shares pursuant to the exercise of any options under such schemes; (ii) the allotment and issue of the Placing Shares pursuant to the Placing and subject to the terms of this Agreement; (iii) the allotment and issue of the Retail Shares in accordance with the terms and conditions of the Retail Offer; and (iv) the allotment and issue of the Consideration Shares.

By participating in the Placing, Placees agree that the exercise by the Joint Bookrunners or any power to grant consent to the undertaking by the Company of a transaction which would otherwise be subject to restriction under the Placing Agreement shall be within the discretion of the Joint Bookrunners and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise of the power to grant consent.

#### **Registration and Settlement**

Settlement of transactions in the Placing Shares will, unless otherwise agreed, take place on a delivery versus payment basis within CREST. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by the Joint Bookrunners in accordance with the standing CREST settlement instructions which they have in place with the Joint Bookrunners.

Settlement of transactions in the Placing Shares following their respective dates of Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**") provided that, subject to certain exceptions, the Joint Bookrunners reserves the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof) to Placees

by such other means that it deems necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

It is expected that settlement of the Firm Placing Shares will be on 2 June 2021 unless otherwise notified by the Joint Bookrunners and First Admission is expected to occur by 2 June 2021 or such later time as may be agreed between the Company and the Joint Bookrunners, not being later than the First Long Stop Date.

It is expected that settlement of the Conditional Placing Shares and the Broker Option Shares will be on 17 June 2021 unless otherwise notified by the Joint Bookrunners and Second Admission is expected to occur by 17 June 2021 or such later time as may be agreed between the Company and the Joint Bookrunners, not being later than the Second Long Stop Date.

Subject to the conditions set out above, payment in respect of each Placee's allocation is due as set out below. Each Placee should provide its settlement details in order to enable instructions to be successfully matched in CREST. The relevant settlement details for the Placing Shares are as follows:

CREST Participant ID of Canaccord Genuity:	805
CREST Participant ID of N+1 Singer	ATMAY
Firm Placing Shares Expected Trade Date:	26 May 2021
Deadline for Placee to input instruction into CREST for Firm Placing	28 May 2021
Firm Placing Shares Expected Settlement Date:	2 June 2021
Conditional Placing Shares/Broker Option Shares Expected Trade Date:	26 May 2021
Deadline for Placee to input instruction into CREST for Conditional Placing/Broker Option Shares	16 June 2021
Conditional Placing Shares/Broker Option Shares Expected Settlement Date:	17 June 2021
ISIN code for the Placing Shares:	GB00B0MT3Y97

Each Placee is deemed to agree that, if it does not comply with these obligations, the Joint Bookrunners may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Joint Bookrunners account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable and shall indemnify the Joint Bookrunners on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares, each Placee confers on the Joint Bookrunners such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Joint Bookrunners lawfully takes in pursuance of such sale. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that any form of confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Neither the Joint Bookrunners nor the Company will be liable in any circumstances for the payment of stamp duty, stamp duty reserve tax or securities transfer tax in connection with any of the Placing Shares. Placees will not be entitled to receive any fee or commission in connection with the Placing.

#### **Representations, Warranties and Further Terms**

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to each of the Joint Bookrunners (for themselves and on behalf of the Company):

1. that it has read and understood this Announcement in its entirety and that its subscription for or purchase of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements, undertakings and other information contained herein and undertakes not to redistribute or duplicate this Announcement;
2. that the shares in the capital of the Company are admitted to trading on AIM, and the Company is therefore required to publish the Exchange Information, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
3. that its obligations are irrevocable and legally binding and shall not be capable of rescission or termination by it in any circumstances;
4. that the exercise by the Joint Bookrunners of any right or discretion under the Placing Agreement shall be within the absolute discretion of the Joint Bookrunners and the Joint Bookrunners need not have any reference to it and shall have no liability to it whatsoever in connection with any decision to exercise or not to exercise any such right and each Placee agrees that it has no rights against the Joint Bookrunners or the Company, or any of their respective officers, directors or employees, under the Placing Agreement pursuant to the Contracts (Rights of Third Parties Act) 1999;
5. that these terms and conditions represent the whole and only agreement between it, the Joint Bookrunners and the Company in relation to its participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, each Placee, in accepting its participation in the Placing, is not relying on any information or representation or warranty in relation to the Company or any of its subsidiaries or any of the Placing Shares other than as contained in this Announcement, the Exchange Information and the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares. Each Placee agrees that neither the Company, the Joint Bookrunners nor any of their respective officers, directors or employees will have any liability for any such other information, representation or warranty, express or implied;
6. that in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(2) of the Prospectus Regulation, (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area which has implemented the Prospectus Regulation other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where

Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;

7. that neither it nor, as the case may be, its clients expect the Joint Bookrunners to have any duties or responsibilities to such persons similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct of Business Source Book, and that the Joint Bookrunners are not acting for it or its clients, and that the Joint Bookrunners will not be responsible for providing the protections afforded to customers of the Joint Bookrunners or for providing advice in respect of the transactions described herein;
8. that it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither the Joint Bookrunners or the Company nor any of their respective Affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Announcement or the Publicly Available Information; nor has it requested the Joint Bookrunners, the Company or any of their respective Affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
9. that the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the Placing Shares is contained in this Announcement and the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on this Announcement and the Publicly Available Information;
10. that neither the Joint Bookrunners or the Company nor any of their respective Affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of this Announcement or the Publicly Available Information;
11. that it and the person(s), if any, for whose account or benefit it is subscribing for the Placing Shares is not subscribing for and/or purchasing Placing Shares as a result of any "directed selling efforts" as defined in Regulation S;
12. that, unless specifically agreed with the Joint Bookrunners, it is not and was not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to subscribe for and/or purchase Placing Shares was given and it is not acquiring Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Placing Shares into the United States and it will not reoffer, resell, pledge or otherwise transfer the Placing Shares except pursuant to an exemption from the registration requirements of the Securities Act and otherwise in accordance with any applicable securities laws of any state or jurisdiction of the United States;
13. that it is not a national or resident of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan or a corporation, partnership or other entity organised under the laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan and that it will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan or to or for the benefit of any person resident in Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan and each Placee acknowledges that the relevant exemptions are not being obtained from the Securities Commission of any province of Canada, that no document has been or will be lodged with, filed with or registered by the Australian Securities and Investments Commission or Japanese Ministry of Finance and that the Placing Shares are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in or into Canada, Australia, New Zealand, the Republic of Ireland, the Republic South Africa or Japan;
14. that it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
15. that it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted, and will not, directly or indirectly, distribute, forward, transfer or otherwise transmit, any presentation or offering materials concerning the Placing or the Placing Shares to any persons within the United States;
16. that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Joint Bookrunners may in their discretion determine and without liability to such Placee;
17. that it is entitled to subscribe for and/or purchase Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities and that it has not taken any action which will or may result in the Company or the Joint Bookrunners or any of their respective directors, officers, employees or agents acting in breach of any regulatory or legal requirements of any territory in connection with the Placing or its acceptance;
18. that it has obtained all necessary consents and authorities to enable it to give its commitment to subscribe for and/or purchase the Placing Shares and to perform its subscription and/or purchase obligations;
19. that where it is acquiring Placing Shares for one or more managed accounts, it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Appendix and this Announcement of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by the Joint Bookrunners;
20. that it is either: (a) a person of a kind described in paragraph 5 of Article 19 (persons having professional experience in matters relating to investments and who are investment professionals) of the Order; or (b) a person of a kind described in paragraph 2 of Article 49 (high net worth companies, unincorporated associations, partnerships or trusts or their respective directors, officers or employees) of the Order; or (c) a person to whom it is otherwise lawful for this Announcement to be communicated and, in the case of (a) and (b), undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
21. that, unless otherwise agreed by the Joint Bookrunners, it is a qualified investor (as defined in Article 2(e) of the Prospectus Regulation);
22. that, unless otherwise agreed by the Joint Bookrunners, it is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is subscribing for or purchasing Placing Shares for investment only and not with a view to resale or distribution;
23. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial

Services and Markets Act 2000 ("**FSMA**") relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that this Announcement has not been approved by the Joint Bookrunners in their capacity as authorised persons under section 21 of FSMA;

24. that any money held in an account with either of the Joint Bookrunners (or its nominees) on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the rules and regulations of the FCA. Each Placee further acknowledges that the money will not be subject to the protections conferred by the FCA's client money rules. As a consequence, this money will not be segregated from the money of either of the Joint Bookrunners (or its nominee) in accordance with such client money rules and will be used by either of the Joint Bookrunners in the course of its own business and each Placee will rank only as a general creditor of either of the Joint Bookrunners;
25. that either Joint Bookrunner may choose to invoke the CASS Delivery Versus Payment exemption (under CASS 7.11.14R within the FCA Handbook Client Assets Sourcebook) with regard to settlement of funds, in connection with the Placing, should it see fit;
26. that it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its ordinary shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;
27. that it is not, and it is not acting on behalf of, a person falling within subsections (6), (7) or (8) of sections 67 or 70 respectively or subsections (2) and (3) of section 93 or subsection (1) of section 96 of the Finance Act 1986;
28. that it will not deal or cause or permit any other person to deal in all or any of the Placing Shares which it is subscribing for and/or purchasing under the Placing unless and until Admission becomes effective;
29. that it appoints irrevocably any director of either of the Joint Bookrunners as its agent for the purpose of executing and delivering to the Company and/or its registrars any document on its behalf necessary to enable it to be registered as the holder of the Placing Shares;
30. that, as far as it is aware it is not acting in concert (within the meaning given in The City Code on Takeovers and Mergers) with any other person in relation to the Company, save as previously disclosed to a Joint Bookrunner;
31. that this Announcement does not constitute a securities recommendation or financial product advice and that neither the Joint Bookrunners nor the Company have considered its particular objectives, financial situation and needs;
32. that it has sufficient knowledge, sophistication and experience in financial, business and investment matters as is required to evaluate the merits and risks of subscribing for or purchasing the Placing Shares and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing;
33. that it will indemnify and hold the Company and the Joint Bookrunners and their respective Affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the Company and the Joint Bookrunners will rely on the truth and accuracy of the confirmations, warranties, acknowledgements, agreements, undertakings herein and, if any of the foregoing is or becomes no longer true or accurate, the Placee shall promptly notify the Joint Bookrunners and the Company. All confirmations, warranties, acknowledgements and undertakings given by the Placee, pursuant to this Announcement are given to each of the Joint Bookrunners for itself and on behalf of the Company and will survive completion of the Placing and Admission;
34. that time shall be of the essence as regards its obligations pursuant to this Announcement;
35. that it is responsible for obtaining any legal, financial, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or the Joint Bookrunners to provide any legal, financial, tax or other advice to it;
36. that all dates and times in this Announcement may be subject to amendment and that the Joint Bookrunners shall notify it of such amendments;
37. that (i) it has complied with its obligations under the Criminal Justice Act 1993, Part VIII of FSMA and the Market Abuse Regulation, (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and (iii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the "**Regulations**"); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the Joint Bookrunners such evidence, if any, as to the identity or location or legal status of any person which the Joint Bookrunners may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the Joint Bookrunners on the basis that any failure by it to do so may result in the number of Placing Shares that are to be subscribed for and/or purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Joint Bookrunners may decide in their absolute discretion;
38. that it will not make any offer to the public of those Placing Shares to be subscribed for and/or purchased by it for the purposes of the Prospectus Regulation Rules made by the FCA pursuant to Prospectus Regulation Rules Instrument 2019 (FCA 2019/80);
39. that it will not distribute any document relating to the Placing Shares and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only and it does not have any contract, understanding or arrangement with any person to sell, pledge, transfer or grant a participation therein to such person or any third person with respect of any Placing Shares; save that if it is a private client stockbroker or fund manager it confirms that in purchasing the Placing Shares it is acting under the terms of one or more discretionary mandates granted to it by private clients and it is not acting on an execution only basis or under specific instructions to purchase the Placing Shares for the account of any third party;
40. that it acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of

the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which its assets are located or any of its securities have a quotation on a recognised stock exchange;

41. any person who confirms to a relevant Joint Bookrunner on behalf of a Placee an agreement to subscribe for Placing Shares and/or who authorises a Joint Bookrunner to notify the Placee's name to the Company's registrar, has authority to do so on behalf of the Placee;
42. that any documents sent to Placees will be sent at the Placees' risk. They may be sent by post to such Placees at an address notified to the Joint Bookrunners;
43. that neither of the Joint Bookrunners owes any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
44. that either of the Joint Bookrunners or any of their respective Affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares;
45. that no prospectus, admission document or other offering document has been or will be prepared in connection with the Placing and it has not received and will not receive a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares; and
46. that if it has received any confidential price sensitive information concerning the Company in advance of the publication of this Announcement, it has not: (i) dealt in the securities of the Company; (ii) encouraged, required, recommended or induced another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to such information being made publicly available.

The Company, the Joint Bookrunners and their respective Affiliates will rely upon the truth and accuracy of each of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Joint Bookrunners for themselves and on behalf of the Company and are irrevocable.

The provisions of this Appendix may be waived, varied or modified as regards specific Placees or on a general basis by the Joint Bookrunners.

The agreement to settle a Placee's subscription and/or purchase (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company or the Joint Bookrunners will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Bookrunners in the event that any of the Company and/or the Joint Bookrunners have incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Joint Bookrunners accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription or purchase by them of any Placing Shares or the agreement by them to subscribe for or purchase any Placing Shares.

This Announcement has been issued by, and is the sole responsibility, of the Company. No representation or warranty express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners or by any of their respective Affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

No statement in the Placing Documents is intended to be a profit forecast or estimate, and no statement in the Placing Documents should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than AIM, a market operated by the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, the Placing Documents.

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