

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

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire share capital, issued and to be issued pursuant to the Placing and Acquisition, of finnCap Group plc. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise, and has not been drawn up in accordance with the Prospectus Rules or filed with or approved by the FCA or any other competent authority.

**Application has been made for the Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 5 December 2018 (or such later date as the Company and Grant Thornton may agree, not being later than the Longstop Date).**

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

The Company and the Directors, whose names appear on page 103 of this document, accept responsibility in accordance with the AIM Rules for Companies for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

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

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# finnCap Group plc

*(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 11540126)*

**Placing of 13,392,857 New Shares and 4,465,000 Sale Shares at 28 pence per Share  
and**

**Admission to trading on AIM**

**Nominated Adviser**



**Grant Thornton**  
An instinct for growth™

**Broker**



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The Selling Shareholders have agreed to sell 4,465,000 Sale Shares in aggregate and the Company has agreed to issue up to 13,392,857 New Shares pursuant to the Placing. All of the Shares, including the New Shares and Consideration Shares will, on Admission, rank equally in all respects, including the right to receive all dividends or other distributions declared, made or paid on the Shares after Admission.

Grant Thornton UK LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser in connection with the Placing and Admission, and will not be responsible to any other person for providing the protections afforded to customers of Grant Thornton or advising any other person in connection with the Placing and Admission. Grant Thornton's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to London Stock Exchange and not to the Company, the Directors or to any other person in respect of such person's decision to subscribe for or acquire New Shares in reliance on any part of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Grant Thornton by the FSMA or the regulatory regime established under it, Grant Thornton does not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by Grant Thornton with respect to the accuracy or completeness of this document or any part of it.

finnCap Limited, a firm which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as broker in connection with the Placing and Admission, and will not be responsible to any other person for providing the protections afforded to customers of finnCap or advising any other person in connection with the Placing and Admission. Apart from the responsibilities and liabilities, if any, which may be imposed on finnCap by the FSMA or the regulatory regime established under it, finnCap does not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by finnCap with respect to the accuracy or completeness of this document or any part of it.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States. The Shares are being offered and sold solely outside the United States in "offshore transactions" as defined in and pursuant to Regulation S under the Securities Act. No public offering of securities is being made in the United States.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Shares have not been and will not be registered under the applicable securities laws of any province or territory of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, the Shares may not be offered or sold directly or indirectly in or into Canada, Australia, New Zealand, South Africa, Japan or to any resident of Canada, Australia, New Zealand, South Africa or Japan.

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

Copies of the document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered offices of the Company and the offices of Grant Thornton at 30 Finsbury Square, London, EC2A 1AG for one month from the date of this document. This document is also available on the Company's website, [www.finnCap.com](http://www.finnCap.com).

## IMPORTANT INFORMATION

### General

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

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

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser. The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing and Admission, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

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

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

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

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

None of the Company, the Directors, Grant Thornton, finnCap or any of their respective representatives makes any representation to any subscriber of New Shares or purchaser of Sale Shares regarding the legality of an investment by such person.

## **Notice to overseas investors**

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Shares have not been nor will they be, registered under the Securities Act, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan, New Zealand or South Africa. Subject to certain exceptions, the Shares may not be offered or sold in the United States, Australia, Canada, Japan, New Zealand or South Africa or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan, New Zealand or South Africa or any person located in the United States. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction and is not for distribution in, or into, the United States, Australia, Canada, Japan, New Zealand or South Africa.

## **Forward looking statements**

Certain statements in this document are or may constitute forward looking statements, including statements about current beliefs and expectations of the Directors. In particular, the words “expect”, “anticipate”, “estimate”, “may”, “should”, “plan”, “intend”, “will”, “would”, “could”, “target”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements are based on the Board’s expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations, and estimates and projections of the Group’s financial performance. Though the Board believes these expectations to be reasonable at the date of this document they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements.

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

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

## **Presentation of financial information**

The historical financial information of finnCap and Cavendish for the three years ended 30 April 2018 and three years ended 31 March 2018 respectively is set out in Part III of this document has been prepared in accordance with IFRS.

Both finnCap and Cavendish have historically reported under UK Generally Accepted Accounting Practices (“**UK GAAP**”), and financial information has been prepared under IFRS for the first time for the purpose of presentation in this document. An explanation of the changes to finnCap’s financial information on transition from UK GAAP to IFRS is presented in note 29 of the Historical Financial Information. An explanation of the changes to Cavendish’s financial information on transition from UK GAAP to IFRS is presented in note 16 of the Historical Financial Information.

## **Rounding**

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

## **Market, industry and economic data**

Unless the source is otherwise identified, the market, industry and economic and industry data and statistics in this document constitute the Directors' estimates, using underlying data from third parties. The Company has obtained market and economic data and certain industry statistics from internal reports, as well as from third-party sources as described in the footnotes to such information. The Company confirms that all third-party information set out in this document has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. Such third-party information has not been audited or independently verified by the Company or its advisers.

Grant Thornton has not authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Grant Thornton for the accuracy or completeness of any market or industry data which is included in this document.

## **No incorporation of website information**

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

## **Notice to distributors**

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

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, finnCap 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 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 Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

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## ADMISSION STATISTICS AND EXPECTED TIMETABLE

### Admission statistics

Placing Price per Placing Share	28 pence
Number of Existing Shares in issue as at the date of this document	120,653,826
Number of Consideration Shares	33,403,406
Number of Placing Shares	
(i) Number of New Shares to be issued by the Company	13,392,857
(ii) Number of Sale Shares to be sold by the Selling Shareholders	4,465,000
Consideration Shares expressed as a percentage of the Enlarged Share Capital	19.9 per cent.
New Shares expressed as a percentage of the Enlarged Share Capital	8.0 per cent.
Sale Shares expressed as a percentage of the Enlarged Share Capital	2.7 per cent.
Number of Shares in issue immediately following Admission <sup>(1)</sup>	168,230,089
Market capitalisation of the Company at the Placing Price immediately following Admission	£47.1 million
TIDM	FCAP
ISIN	GB00BGKPX309
SEDOL	BGKPX30
Legal Entity Identifier ("LEI")	213800DLRUJW6JVNS533

Notes:

(1) This assumes that 780,000 Options are exercised between the date of this document and Admission.

### Expected timetable

Publication of this document	29 November 2018
Completion of the Acquisition	5 December 2018
Admission and commencement of dealings in the Shares on AIM	5 December 2018
CREST accounts credited with uncertificated Shares (where applicable)	8.00 a.m. on 5 December 2018
Despatch of definitive share certificates (where applicable)	19 December 2018
Longstop Date	31 January 2019

*All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change at the absolute discretion of the Company. If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on a Regulatory Information Service.*

## COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Jon Moulton, <i>Non-Executive Chairman</i> Howard Leigh, Baron Leigh of Hurley, <i>Deputy Chairman</i> Sam Smith, <i>Chief Executive Officer</i> Tom Hayward, <i>Chief Financial Officer</i> Joe Stelzer, <i>Chief Commercial Officer</i> Stuart Andrews, <i>Head of Corporate</i> Vin Murria, <i>Non-Executive Director</i> Andy Hogarth, <i>Independent Non-Executive Director</i> Barbara Firth, <i>Independent Non-Executive Director</i>
<b>Company secretary</b>	Judith McDowell
<b>Registered office</b>	60 New Broad Street London EC2M 1JJ
<b>Website</b>	<a href="http://www.finnCap.com">www.finnCap.com</a>
<b>Nominated Adviser</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
<b>Broker</b>	finnCap Limited 60 New Broad Street London EC2M 1JJ
<b>Legal advisers to the Company</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Legal advisers to the Nominated Adviser</b>	K&L Gates LLP One New Change London EC4M 9AF
<b>Reporting Accountant and Statutory Auditor of finnCap</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Statutory Auditor of Cavendish</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
<b>IFRS accounting advisers</b>	Bennett Brooks & Co Limited 50 Eastcastle Street London W1W 8EA
<b>Registrars</b>	Share Registrars Limited 17 West Street Farnham GU9 7DR
<b>PR advisers to the Company</b>	Sapience Communications Limited 280 High Holborn London WC1V 7EE



## DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document, unless the context otherwise requires:

<b>Acquisition</b>	the proposed acquisition of the entire issued share capital of Cavendish Corporate and members' interests of Cavendish Partnership respectively by the Company pursuant to the terms of the Acquisition Documents
<b>Acquisition Agreement</b>	the conditional share purchase agreement dated 22 October 2018 between (1) the Company (2) finnCap (3) the Cavendish Shareholders (4) Cavendish Corporate (5) Cavendish Partnership (6) Joe Stelzer relating to the transfer of the entire issued share capital in Cavendish Corporate and certain members' interests in Cavendish Partnership to the Company
<b>Acquisition Documents</b>	the Acquisition Agreement and the LLP Deed of Assignment
<b>Admission</b>	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
<b>AIM</b>	the AIM Market of the London Stock Exchange
<b>AIM Rules for Companies</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) and those other rules of the London Stock Exchange which govern the admission of securities to trading on, and the regulation of AIM
<b>AIM Rules for Nominated Advisers</b>	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
<b>Board</b>	the board of Directors of the Company
<b>CAGR</b>	compound annual growth rate
<b>Cash Consideration</b>	the cash consideration payable by the Company under the Acquisition Documents
<b>Cavendish or Cavendish Group</b>	Cavendish Partnership and Cavendish Corporate
<b>Cavendish Call Options</b>	the call option agreements between the EBT and certain Cavendish Shareholders as set out in paragraph 4(d) of Part V of this document
<b>Cavendish Concert Party</b>	the Cavendish equity holders set out in paragraph 11(a) of Part V of this document
<b>Cavendish Corporate</b>	Cavendish Corporate Finance (UK) Limited, a company incorporated and registered in England and Wales under the Companies Act with registered number 02234889
<b>Cavendish Lock-in Agreements</b>	the lock-in and transfer deeds between the Company and the Cavendish Shareholders (other than Cros Associates Limited, Philip Barker and Media Rights Limited) pursuant to the Acquisition Agreement
<b>Cavendish Partnership</b>	Cavendish Corporate Finance LLP, a limited liability partnership with registered number OC333044



<b>Cavendish Shareholder</b>	each of the persons as set out in paragraph 11(a) of Part V of this document
<b>Cavendish Total Shares</b>	has the meaning given that term in paragraph 11(e) in Part V of this document
<b>Companies Act</b>	the Companies Act 2006 (as amended)
<b>Company</b>	finnCap Group plc, a company incorporated and registered in England and Wales under the Companies Act with registered number 11540126
<b>Company Share Incentive Plans</b>	the Company's employee share schemes, comprising the Group Share Option Plan, the Group EMI Plan and the Group SAYE
<b>Consideration Shares</b>	the 33,403,406 Shares to be issued to certain sellers pursuant to the Acquisition Agreement
<b>CREST</b>	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by Euroclear UK & Ireland Limited
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
<b>Directors</b>	the directors of the Company as at the date of this document, whose names appear on page 103 of this document
<b>EBT</b>	the finnCap Group Employee Benefit Trust established for the benefit of the Group's employees
<b>EEA</b>	the European Economic Area
<b>Enlarged Share Capital</b>	the issued share capital of the Company immediately following Admission, comprising the Existing Shares, the Consideration Shares and the New Shares
<b>EU</b>	the European Union
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Executive Directors</b>	the executive Directors of the Company as at Admission, namely Sam Smith, Tom Hayward, Baron Leigh of Hurley, Stuart Andrews and Joe Stelzer
<b>Existing Shares</b>	the 120,653,826 Shares in issue as at the date of this document
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom
<b>FCA Approval</b>	has the meaning given to that term in paragraph 8 of Part I of this document
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>finnCap</b>	finnCap Limited, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06198898

<b>finnCap Concert Party</b>	Sam Smith, Jon Moulton, Tom Hayward, Mark Tubby and the EBT together with their respective families and other connected persons
<b>finnCap Lock-in Agreements</b>	the lock-in agreements between the Company, its Directors and certain employees of the Group, details of which are set out in paragraph 11 of Part V of this document
<b>finnCap Share Incentive Plans</b>	finnCap's employee share schemes, comprising the finnCap Unapproved Plan, the finnCap EMI Plan and the finnCap SAYE as further described in paragraph 4 of Part V of this document
<b>finnCap Unapproved Plan</b>	finnCap's unapproved share option plan
<b>finnCap EMI Plan</b>	finnCap's enterprise management incentive plan
<b>finnCap SAYE</b>	finnCap's share save plan
<b>Grant Thornton</b>	Grant Thornton UK LLP
<b>Group</b>	as from Admission, means the Company, finnCap and the Cavendish Group and, prior to Admission, means the Company and finnCap
<b>Group EMI Plan</b>	the Company's enterprise management incentive plan
<b>Group SAYE</b>	the Company's save as you earn share option plan
<b>Group Share Option Plan</b>	the Company's share option plan
<b>Historical Financial Information</b>	the audited consolidated financial information of finnCap and Cavendish for the three years ended 30 April 2018 and 31 March 2018 respectively, as set out in Section B and Section D of Part III of this document
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>IFRS</b>	International Financial Reporting Standards as adopted by the European Union
<b>Incentive Plans</b>	the Company's Share Incentive Plans and the finnCap Share Incentive Plans
<b>Introduction Agreement</b>	the conditional agreement entered into on or about the date of this document between (1) the Company, (2) finnCap, (3) Grant Thornton, and (4) the Directors in relation to Admission, details of which are set out in paragraph 11 of Part V of this document
<b>IPO</b>	initial public offering
<b>LLP Deed of Assignment</b>	the conditional membership interest deed of assignment dated 22 October 2018 between (1) the Company, (2) the Cavendish Partnership, (3) Crossroads Partners Limited, (4) Michael Jewell, (5) Duncan Chandler, and (6) Alistair Hay relating to the transfer of certain members interests in Cavendish Partnership to the Company
<b>Lock-in Agreements</b>	the finnCap Lock-in Agreements, the Cavendish Lock-in Agreements and the Orderly Marketing Deeds
<b>London Stock Exchange</b>	London Stock Exchange plc

<b>Longstop Date</b>	has the meaning given to that term in paragraph 11(b) of Part V of this document
<b>MAR</b>	the EU Market Abuse Regulation (Regulation 596/2014)
<b>Member State</b>	a member state of the EEA
<b>New Shares</b>	13,392,857 new Shares to be allotted and issued at the Placing Price by the Company pursuant to the Placing
<b>Non-Executive Directors</b>	the non-executive Directors of the Company as at Admission, namely Jon Moulton, Vin Murria, Andy Hogarth and Barbara Firth
<b>Oaklins</b>	the collective trade name of independent member firms affiliated with Oaklins International Inc., a Delaware company operating under a trademark licence from Oaklins Swiss Verein
<b>Official List</b>	the Official List of the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA
<b>Options</b>	options over Shares
<b>Orderly Marketing Deeds</b>	the orderly marketing deeds between the Company and certain employees of the Group, details of which are set out in paragraph 11 of Part V of this document
<b>Placing</b>	the conditional placing of the Placing Shares at the Placing Price
<b>Placing Price</b>	28 pence per Placing Share
<b>Placing Shares</b>	the Sale Shares and the New Shares
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, and including any relevant implementing measures in a Member State)
<b>Prospectus Rules</b>	the prospectus rules made by the FCA under Part VI of the FSMA, as amended
<b>QCA</b>	the Quoted Companies Alliance
<b>QCA Code</b>	the QCA Corporate Governance Code published in 2018
<b>RIS</b>	regulatory information service
<b>Reorganisation</b>	the reorganisation of the Group with effect from Admission, as further described in paragraph 2 in Part V of this document
<b>Sale Shares</b>	4,465,000 Existing Shares be sold by the Selling Shareholders
<b>Selling Shareholders</b>	the shareholders of finnCap whose names are set out in paragraph 12 of Part V of this document
<b>Shareholders</b>	a holder or holders of Shares following Admission
<b>Shares</b>	ordinary shares of one pence each (£0.01) in the capital of the Company
<b>Subsidiary</b>	has the meaning given in the Companies Act
<b>Takeover Code</b>	the City Code on Takeovers and Mergers

<b>Takeover Panel</b>	the UK Panel on Takeovers and Mergers
<b>Trustee</b>	means the trustee of the EBT for the time being, currently Georgian Trust Limited
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>Uncertificated</b> or <b>Uncertificated Form</b>	Shares recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST
<b>United States</b> or <b>US</b>	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
<b>£</b> and <b>p</b>	United Kingdom pounds Sterling and pence, respectively

## **PART I**

### **INFORMATION ON THE GROUP**

#### **1. Introduction**

finnCap's core focus is on providing financial services expertise to ambitious growth companies, whether public or private. finnCap's principal activities have until recently been equity capital markets focused and consisted of advising companies, promoting them to investors and accessing capital on their behalf whilst providing trade execution to a broad base of institutional clients. These activities have been delivered through teams specialising in corporate finance and broking, equity sales, trading and market making and research. As at the date of this document, finnCap had raised over £2.6 billion for its clients since 2007 and was retained as financial adviser or broker to 127 quoted companies. In the year ended 30 April 2018, finnCap recorded revenue of £22.1 million and operating profit of £3.0 million compared to £9.1 million and £0.1 million respectively in the year ended 30 April 2012, representing a revenue and operating profit CAGR of 15.9 per cent. and 81.7 per cent. respectively.

Conditional on Admission, the Company has agreed to acquire Cavendish, a leading independent M&A adviser to the UK mid-market, bringing into the Group a capability in sell side M&A advisory services, exit planning and debt advisory services. Cavendish was founded in 1988 and has a team of 40 people primarily focused on sell-side M&A advisory services on mandates up to £500 million in enterprise value. In the years ended 31 March 2017 and 31 March 2018, Cavendish advised on a total of 24 completed company sales.

Post Admission, the Group will provide an integrated offering to growth companies for raising private and public equity and debt, alongside advice on acquisitions and disposals with a strategy to provide the full range of financial services expertise to ambitious growth companies. Its strategy will be to expand its successful equity capital markets business, add additional services of which the acquisition of Cavendish forms a key part, and to focus on the enhancement of its brand in its core markets.

The Company is seeking to raise £3.75 million (before expenses) through the Placing, the net proceeds of which, together with the Company's existing cash resources, will be used to fund the cash consideration payable under the Acquisition Agreement to acquire Cavendish; and to fund the expenses of Admission. In addition 4,465,000 Sale Shares will be sold raising approximately £1.25 million (before expenses) for the Selling Shareholders. Further details are set out in paragraph 16 of this Part I.

#### **2. History and background**

finnCap was incorporated in 2007 to undertake a partial buyout of the corporate finance and corporate broking business of JM Finn & Co Limited, a private client stockbroker. At that time, finnCap had a small team focused on raising capital for micro-cap companies. Jon Moulton was appointed as Non-Executive Chairman in 2010 and later in the same year acquired a significant interest in the Company when the directors and employees of finnCap purchased the 50.1 per cent. of the equity that had been retained by JM Finn & Co Limited post the initial buy out. Since 2010, finnCap has been predominantly staff-owned and post Admission will remain majority owned by directors and employees of the Group. Between 2011 and 2018 the client base has grown from 82 to 127 companies, and funds raised have increased from £105 million raised in 2008 to £613 million raised to date in 2018. finnCap currently has 92 full time employees.

Since 2011, finnCap has focused on adding additional services to its offering. It has established a market making team, an investment company team, a private company advisory team targeting the high-growth £2 million to £50 million fundraising market for private businesses, and launched the Slide Rule Fund. The Slide Rule Fund is based on finnCap's proprietary Slide Rule research tool that analyses quoted companies for quality, value, growth and momentum.

Conditional on Admission, the Company will acquire Cavendish, a leading UK independent M&A adviser to vendors of businesses with an enterprise value of up to £500 million. Cavendish is a UK member firm of Oaklins, a membership organisation comprised of 49 specialised M&A firms in 60 offices around the world. Cavendish was co-founded by Howard Leigh in 1988 and now has a team of 40 people with expertise in the consumer, technology, support services, financials, healthcare and industrial sectors representing a considerable overlap with the sector focus of finnCap.

### **3. Key strengths of the Group**

The Directors believe that the Group has the following attributes that provide a strong base for future success:

*A leading market position in the UK equity capital markets* – since it was founded, finnCap has in aggregate raised over £2.6 billion for its clients, built a client portfolio of 127 retained corporate clients, and has seen the combined market capitalisation of its retained clients reach over £11 billion as at 28 November 2018. As at the date of this document finnCap acted as nominated adviser to 93 AIM quoted companies representing approximately 10 per cent. of the 928 companies admitted to trading on AIM as at 31 October 2018. The average market capitalisation of these clients is approximately £89 million.

*A leading M&A adviser to the UK mid-market* – Cavendish is an established independent M&A practice with a 30 year track record primarily in sell side advisory for private companies, financial institutions and listed companies with transactions ranging from £10 million to £300 million in enterprise value. Cavendish also offers debt advisory services and exit planning. The Company's membership of Oaklins network provides access to overseas trade buyers. The Directors believe that there is a compelling opportunity to offer all of these services to existing clients and contacts of finnCap.

*Robust track record of revenue and profitability growth* – finnCap has delivered a revenue CAGR of 15.9 per cent. from £9.1 million for the year ended 30 April 2012 to £22.1 million for the year ended 30 April 2018. This significant revenue growth has been accompanied by a CAGR in operating profit of 81.7 per cent. over the same period, from £0.1 million for the year ended 30 April 2012 reaching £3.0 million for the year ended 30 April 2018. Cavendish has delivered a robust track record of revenue and profit albeit with a degree of volatility reflecting the transactional nature of its business.

*Breadth of service offering* – finnCap has continued to broaden its service offering by the addition of further revenue streams that are complementary to its core service, including establishing a market making division, an investment company team, a private company advisory team targeting the high-growth £2 million to £50 million fundraising market for private businesses and launching the Slide Rule Fund. The Directors believe that the combination of the existing services provided by finnCap and Cavendish will be instrumental in the delivery of new mandates to the Group as well as additive to the services offered to the Group's existing client base.

*Proven, experienced high-calibre management team and Board* – the Group benefits from a high-calibre senior management team with substantial industry experience. Together, the combined management team has driven the growth and strong financial performance of the business of both finnCap and Cavendish and has a proven track record of delivering results. Further details of the Board are set out in paragraph 10 of this Part I.

*High levels of equity ownership by employees and Board* – at Admission, the Executive Directors will have an interest in 25.0 per cent. of the issued share capital and the Board as a whole will have an interest of 48.4 per cent. in the issued share capital. In addition, a significant number of employees have an equity interest in the Company, providing strong alignment with other Shareholders. The Directors and certain employees are subject to lock-in provisions as further detailed in paragraph 17 of this Part 1.

*Client service* – both finnCap and Cavendish have business models focused on client service. The Directors believe that this has resulted in historically low levels of churn in finnCap's client base as a result. For the two years ended 30 April 2018 finnCap had a total of 37 companies cease to be clients of the firm but only 13 appointed a new adviser with the remainder being either taken over, delisted or not appointing a replacement adviser. Over the same period, finnCap took on a total of 43 new clients.

*Culture* – finnCap and Cavendish have benefitted from a culture in which people are rewarded for both their own contribution and for the success of the businesses as a whole. The Directors believe that the Group's reputation is key to continuing to attract talented individuals at all levels of the business. To develop and support high performance, the Group will continue to improve its recruitment processes and training and development plans, with a strong focus on employee wellbeing and maintaining the existing culture.

*Brand name* – the Directors believe that both the finnCap and Cavendish brand names are strong in their respective markets.

The Directors believe that the strengths as described above will enable the Group to continue to be successful in its chosen markets. This is further detailed in the description of the Group's growth strategy in paragraph 5 of this Part I.

#### **4. The Group's operations**

The revenue model for the Group is based on (i) retainer fees, (ii) trading commissions, research payments and market making profits from trade execution and principal trading, and (iii) deal fees for fund raisings and advisory mandates which are either a percentage of funds raised or deal value, or a fixed fee or a combination of both. The Directors believe that the retainer base and trading commissions provide a stable base which underpins the Group's revenue. The Group's principal costs are its people, premises and IT infrastructure, the largest element by a significant margin is the cost of its people.

Employees in finnCap are remunerated with a market-aligned basic salary and awarded discretionary bonuses. Historically the total bonus distributed to staff has been approximately half of the pre-tax profits of the business, prior to any bonus payment. The Directors believe that this practice, alongside significant employee ownership, has resulted in the optimal level of alignment between Shareholder and employee interests given the large teams required to execute fundraising mandates and service a retained corporate client base.

Employees of Cavendish are paid a lower basic salary than employees in finnCap with incentive fees for originating and executing deal mandates. The Directors believe that this structure creates the optimal alignment between the interests of Shareholders and employees in an environment where the focus is on deal origination and execution for which small teams are responsible.

#### ***finnCap***

- *Equity Capital Markets and Corporate Finance*

The team currently employs 30 people with a focus on the UK equity markets and provides equity capital markets advice to largely quoted companies on a wide range of transactions. These include taking companies public on UK equity markets, raising equity finance in the public markets, and advising on public company takeovers, mergers and acquisitions, disposals and restructurings. In addition to transactional work, the team provides day to day advice to quoted companies on market sentiment and likely reactions to market communications and strategy updates based on an extensive base of institutional investor contacts. The team is also responsible for the active promotion of finnCap's client base to institutional fund managers.

The team operates across a variety of industry sectors, including technology, life sciences, industrials, support services, consumer, mining, energy and financials. finnCap is authorised by the London Stock Exchange to act as a nominated adviser allowing it to advise issuers seeking admission to, and trading on, AIM. As at the date of this document, the Corporate Finance team act as nominated adviser to 93 AIM companies. finnCap is also authorised by the UK Listing Authority to act as sponsor to issuers seeking a listing on, or conducting transactions on, the Official List. It is also a NEX corporate adviser and a member firm of the London Stock Exchange.

finnCap was Top 5 ranked in the 2018 Extel awards for Small & Mid Cap Corporate Broking.

- *Equity Sales*

The Equity Sales team currently employs 4 people and serves institutional clients including long-only funds, specialist investors, wealth managers, and hedge funds both in the UK and Europe. The team seeks to target the full breadth of the investor universe to create the right balance between stable, long-term investors and those who provide trading liquidity on behalf of the finnCap's retained corporate clients. The team also provides trading ideas and strategies for institutional clients. finnCap was Top 5 ranked in the 2018 Extel awards for Small & Mid Cap Sales.

- *Trading and Market Making*

The Trading and Market Making team currently employs 8 people. The team works together to provide trade execution services to the firm's institutional clients as well as making a market in over 190 securities. The team supports the other services provided to the Group's clients by providing real time information on trading in retained corporate clients' securities.



- *Research*

The Research team consists of 15 people and issues reports daily to create institutional interest in the securities of the Group's retained corporate clients and other equity securities. The team is focused on the technology, support services, life sciences, energy, industrials, mining, consumer and financial sectors and special situations. The focus is predominantly, but not exclusively, on companies quoted on a UK equity capital market with a market capitalisation of between £10 million and £500 million. The team delivers active coverage of over 160 securities that includes covering results, corporate actions, morning notes, sector quarterlies, and thematic pieces. The team was awarded Best Research at the AIM Awards in 2012 and 2015.

- *finnCap Funds*

In 2017, the finnCap Research team launched the Slide Rule, a proprietary research product designed to simplify the identification of the best companies in the UK small/mid-cap sector by making a quantitative assessment of the relative potential of each company. Using this methodology, in 2018 finnCap launched and acts as investment adviser to the finnCap Slide Rule UCITS Fund, an open-ended fund with the objective of delivering capital growth through a largely quantitative approach to investing in UK quoted smaller companies. This division is currently not profitable due to the very limited funds under management as revenue is earned as a percentage of funds under management. The Directors are encouraged by the recent performance of the fund and believe that with continued strong performance, particularly once a 12 month track record is established, further funds will be attracted from both private client platforms and from institutional capital. Given the relatively fixed cost base of this division, the Directors believe that, if further funds are attracted, this would provide the business with recurring profits and cash flow, and the opportunity to expand into new markets. The Directors believe that the Slide Rule analysis tool is applicable to a variety of global growth markets.

- *Investment Companies*

The Company started an Investment Companies team in 2016 which currently comprises 5 people. This team provides a full-service offering of trading, sales, research and corporate finance advice to quoted funds, with a strong focus on the emerging market and alternative funds sectors. The team currently has 6 retained investment company clients which are included in the total number of clients set out above.

- *Private Growth Capital*

finnCap has a team currently consisting of two dedicated individuals focused on raising funds for private companies of between £2 million and £50 million, to scale up existing businesses that have clear commercial traction. finnCap has advised on transactions raising approximately £45 million for 7 companies since its first private fundraising in 2016.

## ***Cavendish***

### *Sell Side M&A Advisory*

The Cavendish M&A advisory team specialises in pre-sale exit planning, exit reviews and the delivery of sell side advisory mandates. This activity extends to the full management of the sales process and identification of the most appropriate purchaser for private businesses. The team has particular expertise in technology, business services, consumer/retail, financial services, industrials and healthcare. Over the last three financial years the team has advised on an average of 15 transactions per annum of businesses with an enterprise value between £6 million and £250 million. Cavendish typically charges a small retainer at the commencement of a mandate and a success fee normally based on the value achieved on sale with incremental fees paid as value increases.

### ***Advisory***

As part of its existing corporate finance business, finnCap has advised its retained clients on acquisitions, in addition to providing this service to other parties. Nearly all of these mandates have involved advice on the City Code and the number of mandates for non-retained clients has increased from one in the year ended 30 April 2017 to two in the financial year to date, with further transactions contemplated.

Cavendish has recently expanded into the debt advisory market which contributed £0.6 million to Cavendish revenue for the year ended 31 March 2018. The Directors believe that there is an opportunity to expand the existing advice offering on City Code transactions and debt advisory services into a larger division focused on buy side M&A advisory.

## 5. Growth strategy

The Group's objective is to become a full-service provider of financial services to ambitious publicly quoted and private companies. The Group has set three core objectives to drive growth: (i) capitalise on the existing successful Equity Capital Markets platform; (ii) expand the service offering to clients and into new markets; and (iii) increase its reach through brand development.

- **Capitalising on the Equity Capital Markets platform** – the Group has expanded the number of retained clients from 40 retained corporate clients in 2008 to 127 as at 28 November 2018. Fees generated from these clients has increased from £3.7 million in the year ended 30 April 2008 to £11.2 million in the year ended 30 April 2018. During this period, finnCap has invested in its market making capabilities to ensure that it can continue to offer the best possible trade execution in the securities of its clients and other issuers.

finnCap has focused on increasing the number of its retained corporate clients that have ambitious management teams with plans to use the capital markets to grow resulting in an increase in deal fees for finnCap. The Directors intend to expand the client base by continuing to win corporate advisory mandates of active clients, maintaining a high level of client service to minimise churn and identifying businesses that wish to access the capital markets through an IPO. The Directors believe that focusing on these businesses will also increase trading revenues as the majority of finnCap's trading revenues come from corporate clients. In contrast to some of its competitors, finnCap does not seek to maximise revenue from its research coverage by charging institutions but has instead opted to maximise distribution of its retained client coverage by making it free to access and therefore of more value to the retained corporate client. The Directors intend that growth of the corporate client base and number of IPOs will be driven by a continued focus on sector teams.

- **Expanding the service offering** – as detailed above, finnCap has a track record of successfully adding additional service lines to its existing platform. This includes market making, investment companies, the Slide Rule Fund and private company funding, each of which the Directors believe will contribute to growth either as part of the existing platform or in addition to it. The acquisition of Cavendish represents the first acquisition that finnCap has made. Following Admission, the Group will continue to invest in each of the areas below:
  - *Private Company Team* – as set out above, this offering is at an early stage. The Directors believe that an increasing number of companies will access capital privately rather than on the public markets and note that, in 2017, 761 growth companies raised between £2 million and £25 million privately in the UK. The Directors also believe that this is a fragmented market which is likely to prove more resilient in the event of a decline in public market activities or a reduction in the value of quoted markets. To date, the operations of this division have been limited and the Directors believe that the acquisition of Cavendish will deliver further opportunities. It is the current intention that staffing levels will be increased in line with successful deal execution.
  - *Investment Company Team* – as at the date of this document the team has six retained clients and has completed one significant fundraising alongside several advisory mandates. The Directors believe that the current team can secure further retained clients, conduct several fundraisings of size per annum and grow its advisory base.
  - *Sell-Side Advisory* – the Directors believe that there is a significant opportunity to expand its sell side M&A capability to UK corporates and also geographically from the very strong base that Cavendish provides in the UK.
  - *Debt Advisory* – the Directors believe that there is a compelling opportunity to offer Cavendish's debt advisory offering into finnCap's existing retained client base and to use the offering to market to new clients.
  - *Buy-Side Advisory* – in addition the Directors believe that the existing success in advising on City Code transactions can be combined with the advisory capability of Cavendish to create a more significant buy side M&A business.

- *Slide Rule Fund* – whilst currently very early stage, the Directors believe that the Slide Rule Fund has significant growth potential both in the existing fund and in international markets that lend themselves to the Slide Rule methodology.
- **Brand development** – the Directors believe that one of the Group's key assets is the finnCap brand. In order to develop the brand the Group has recently invested more in its marketing to drive event driven brand recognition projects in addition to developing a greater social media presence. The strategy also relies on seeking partnerships with organisations that are already engaged with potential clients. The Directors recognise that in order to expand, particularly private company fund raisings and M&A advisory, the finnCap brand needs to become more recognisable to end users outside of its traditional core market.

The principal campaign is Ambition Nation, which is founded on the proposition that ambition is the fuel that drives growth orientated companies. The campaign has identified key economic regions such as Manchester and Cambridge and a variety of entrepreneurial business leaders who have built businesses in the UK. The intention is to bring the experiences of these business leaders to regional markets as well as using their experiences and success to inspire the next generation of business leaders. The Ambition Nation campaign is supported by the Female Leaders series as well as partnerships with Stepping in to Business and the Supper Club (a network of entrepreneurs) which is also supported by Cavendish. These initiatives provide a forum to promote the finnCap brand, an opportunity to benefit various communities in a positive way and a potential source of business opportunities from IPOs, sale mandates and private fundraising opportunities.

The Directors consider that its people and technology are key drivers for growth:

- **People** – the Directors recognise that the Group's strategy will not be delivered without continued investment in its people and their capability. The Group has recently recruited a Head of Human Resources and is in the process of developing training programmes for graduate joiners and others to ensure that the skills of the Group's people remain relevant. The Directors believe that Admission will enhance the liquidity in and transparency of the valuation of its equity and enhance the Group's ability to attract and retain the right personnel.
- **Technology** – in order to benefit from the opportunities that the expansion of the Group presents, the Directors recognise that the Group will need to develop or buy technology in several key areas. These will include further development of the customer relationship management system and utilising information systems to assist in the harvesting of opportunities presented by the brand expansion activities.

Any investment in these areas will be funded from the Group's existing resources and balanced with the requirement to generate profits and returns to Shareholders.

## 6. Competition and markets

### *Competition*

The Group operates in a very competitive market place that includes numerous firms that offer similar services to the Group. These include other small institutional stockbrokers, M&A boutiques, mid-market stockbrokers, accounting firms and a variety of smaller firms in the private market. The Directors consider that the Group has demonstrated its ability to compete effectively in its core activities and markets based on the key strengths outlined above.

For finnCap, there are a number of regulatory barriers to entry on the trading, advisory and research sides that mean that whilst competition is strong, it is likely to be restricted.

For Cavendish, whilst there are fewer regulatory barriers to entry, the Cavendish brand name is well established. Its brand origination coupled with the Oaklins' reach and the fact that Cavendish to date has positioned itself as a sell-side specialist, provides it with a source of competitive advantage in the market.

The Directors will continue to review those competitors that provide the same or similar services to the Group and take steps to endeavour to ensure that its service offering is better than or equivalent to its competitors. However, the Directors also consider that it is as important to assess the viability of substitute

products particularly in the automation of fund raising and sales processes and the rise of funding platforms. The Company has made small investments in two small funding platforms to monitor developments in this area.

### *Markets*

The Group's Equity Capital Markets business primarily relates to AIM transactions and is dependent on both primary and secondary market activity. According to London Stock Exchange data, in 2017 the number of AIM company admissions increased to 80 (2016: 64) with the first half of 2018 reporting 35 AIM admissions. Primary market equity issuance on AIM increased substantially in 2017 to £1.585 billion (2016: £1.103 billion) with £0.78 billion raised in the first half of 2018. Secondary market equity issuance continued to strengthen in 2017 with £4.788 billion raised being the third highest figure for a decade (2016: £3.661 billion), and £2.425 billion raised in the first half of 2018.

The Group's addressable market for its M&A advisory services is very significant. According to Experian, 2017 saw 7,046 (2016: 7,489) M&A and equity capital market corporate transactions announced with the total value of £270 billion (2016: £289 billion). Trade acquisitions represented the major part of the number of transactions reported in 2017, accounting for just under half of all transactions. Transaction activity in the first half of 2018 remained robust with 3,279 (H1 2017: 3,807) transactions with a marked increase in activity in the second quarter of 2018 after a quieter first quarter.

## **7. Operations**

The Group employs 14 London based people across compliance, finance, risk management, settlement, information technology systems and human resources. Clearing and settlement functions for both primary and secondary trades and certain other associated services are outsourced to Pershing Limited, a wholly owned subsidiary of The Bank of New York Mellon Corporation. The Group's risk management and compliance activities include procedures to identify, control, measure and monitor the Group's risk exposure at all times. These principal risk areas relate to market risk, credit risk, operational risk and regulatory and legal risk. Further details of risks relating to the Group's business are set out in Part II of this document.

finnCap and Cavendish each have in place compliance and risk management frameworks to ensure compliance with the requirements of the FCA and, in the case of finnCap, the London Stock Exchange. Post Admission, these compliance and risk management frameworks will be rationalised into a single department.

finnCap and Cavendish each utilise off-the-shelf information technology which the Directors consider is appropriate to the size and complexity of the respective businesses, and which is supported by in-house employees. Post Admission, the information technology requirements of the Group will be rationalised.

## **8. Acquisition of the Cavendish Group**

The Company will acquire Cavendish Corporate and the Cavendish Partnership conditional, amongst other things, on Admission, for an effective consideration of approximately £13.9 million to be paid as to £4.5 million in cash, the issue of the Consideration Shares and an additional cash amount equivalent to net assets in excess of £0.5 million on completion in accordance with the terms of the Acquisition Agreement and the LLP Deed of Assignment. The Acquisition is conditional on, amongst other things, Admission, completion of the Placing and the Company having received the necessary regulatory approvals from the FCA to acquire the Cavendish Shareholders' respective membership interests in Cavendish Partnership and issued share capital in Cavendish Corporate (the "FCA Approval"). The Acquisition Agreement contains customary business warranties by certain of the Cavendish Shareholders to the Company and customary title and capacity warranties given by all of the Cavendish Shareholders. The Acquisition Agreement also contains customary limitations on liability including a cap on liability. Aside from Caroline Belcher, the current partners (and in the case of Silver Cloud Ventures Limited, Joe Stelzer) will stay with the business following the transaction and will be employed by the Cavendish Partnership or the Company (in the case of Joe Stelzer and Baron Leigh). Further details on the Acquisition Agreement and related material documents are in paragraph 11 of Part V of this document.

## **9. Corporate governance**

### ***Board***

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to adopt and fully comply with the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies. Further details are set out in the corporate governance statement on the Company's website.

On Admission, the Board will comprise nine Directors, five of whom shall be executive Directors and four of whom shall be non-executive Directors, reflecting a blend of different experiences and backgrounds as described in paragraph 10 of this Part I. The Directors believe that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision-making.

The Board regards Andy Hogarth and Barbara Firth as independent Non-Executive Directors. The Board has appointed Andy Hogarth as the senior independent Director to be available to Shareholders if they have concerns over an issue that the normal channels of communication (through the Chairman, the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate.

The Board does not consider either the Chairman, Jon Moulton, or Vin Murria, a Non-Executive Director, to be independent due to their material interest in Shares. After careful consideration, the Directors determined that Jon Moulton's appointment as Chairman and Vin Murria's appointment as a Non-Executive Director would be in the best interests of the Company and all of its Shareholders. Their wealth of experience in the capital markets and Jon Moulton's comprehensive understanding of the activities of the Group ensure they are better placed than many to consider both governance and corporate matters from the perspective of the wider Shareholder base and the market, whilst also being adequately separated from the day to day running of the business. The Directors have also determined that notwithstanding significant links with Vin Murria through involvement in other companies historically, Barbara Firth is considered to be independent of Vin Murria with respect to the Company as her remaining common directorships with Vin Murria are of non-trading entities, both of which are expected to be dissolved in the near future.

The Board will meet regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. The Company has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Risk and Compliance Committee, each with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

### ***Audit Committee***

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet not less than three times in each financial year and will have unrestricted access to the Group's external auditors. The Audit Committee comprises two independent Non-Executive Directors, Barbara Firth (as chair) and Andy Hogarth.

### ***Remuneration Committee***

The Remuneration Committee will review the performance of the Executive Directors, Chairman of the Board and senior management of the Group and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The Remuneration Committee comprises two Independent Non-Executive Directors, Andy Hogarth (as chair) and Barbara Firth.



### ***Nomination Committee***

The Nomination Committee will lead the process for board appointments and make recommendations to the Board. The Nomination Committee shall evaluate the balance of skills, experience, independence and knowledge on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee will meet as and when necessary, but at least once a year. The Nomination Committee comprises Andy Hogarth (as chair), Jon Moulton and Barbara Firth.

### ***Risk and Compliance Committee***

The Risk and Compliance committee meets not less than six times per year and considers and reviews the major risks emerging from the market and whether the processes and procedures adhered to within the Group adequately manage these risks and comply with the strict regulatory environment in which the Group operates. The committee is chaired by Jon Moulton and includes Barbara Firth, Tom Hayward, the Head of Compliance and the Director of Risk and Finance.

## **10. Directors**

The Board is comprised of five Executive Directors and four Non-Executive Directors.

### ***Jon Moulton (aged 68), Non-Executive Chairman***

Jon was appointed chairman of finnCap in January 2010. He is currently Chairman of The International Stock Exchange and Anti-Microbial Research Limited. He is a Chartered Accountant and a Fellow of the Institute for Turnaround Professionals. He chairs the Better Capital funds and Greensphere, an alternative energy infrastructure fund (which was partnered with the Texas Pacific Group). He is an active private investor and has been working in private equity since 1979. Jon is a member of the Board of the Corporate Finance Faculty of the Institute of Chartered Accountants and regularly writes, broadcasts and speaks on corporate finance and financial matters. He is a director of the think tank, The Centre for Policy Studies. Jon is also an Honorary Fellow of University College London and a Trustee of the UK Stem Cell Foundation and his own medical research charity. A former Managing Partner of Alchemy, Jon's career also included running Permira, CVC UK and the buy-out group of Apax, as well as being a director of numerous public and private companies, including Ashmore PLC. He was also a board member of the £3.8 billion UK Government Regional Growth Fund.

### ***Baron Leigh of Hurley (aged 59), Executive Deputy Chairman***

Howard is the senior partner and co-founder of Cavendish, and has built the business into a leading UK M&A advisory practice. He graduated in Economics and, after a short period in UK merchant banking, joined Deloitte Haskins & Sells where he qualified as a Chartered Accountant and further qualified with the Chartered Institute of Taxation. In early 1986 Howard helped establish Deloitte's Mergers and Acquisitions business and developed an expertise in selling corporates. In 1988 he left to set up Cavendish. He served as the Chairman of the Faculty of Corporate Finance of the ICAEW between 2000 and 2004. During this time he also served on the Takeover Panel as well as sitting on the Council of the ICAEW. In 2008 he was awarded the Faculty's Outstanding Achievement in Corporate Finance award. Howard was a Vice President of M&A International Inc., the global advisory M&A firm, and predecessor to Oaklins International Inc. He was elevated to the Peerage as Baron Leigh of Hurley in 2013 and speaks regularly in the House of Lords on business, finance and tax matters. Howard was appointed as a Treasurer of the Conservative Party in 2000, and subsequently as Senior Treasurer. Howard will continue to take an active role in his political and charitable activities following Admission.

### ***Sam Smith (aged 44), Chief Executive Officer***

Sam established finnCap in 2007, having orchestrated the management buy-out of a small broking division of JM Finn & Co Limited, a private client stockbroking firm. Sam is the first female chief executive of a City stockbroking firm and as such is a supporter of social enterprises designed to inspire and engage the next generation of female business leaders and entrepreneurs. Sam qualified as a Chartered Accountant at KPMG and is an alumna of the University of Bristol.

**Tom Hayward (aged 45), Chief Financial Officer**

Tom was appointed to the role of Chief Financial Officer of finnCap in 2010. He previously spent nearly 10 years as Venture Capital investor at Herald Investment Management Limited where he invested in early-stage information technology and media companies. Between 1998 and 2000, Tom was an Executive at J. Henry Schroder & Co, in the telecoms and technology M&A team. Tom trained as a Chartered Accountant (ACA) in KPMG's project finance team, and has a BA (Hons) in Natural Sciences from Trinity College, Cambridge, and an MSc in Computing from Imperial College, London.

**Joe Stelzer (aged 51), Chief Commercial Officer**

Joe began his career by starting a software republishing firm before merging this business with his family engineering firm where, as Chief Executive, he used this foundation to build a broad based industrial technology group comprising software distribution, nanotechnology, defence & aerospace, lighting controls and energy management businesses. The group was floated in 2004 on AIM as Polaron plc. In late 2006, Joe appointed Cavendish to sell Polaron and the company was sold in early 2007 to Cooper Industries, a Fortune 500 US Industrials group where he became global head of Cooper Controls. Joe joined Cavendish in 2010 as a partner and whilst he specialises in the technology, software and industrial sectors, has been involved in transactions in the chemicals, aviation, healthcare and financial services sectors. He offers a unique insight into the company sale process having worked as both client and adviser. He was appointed Managing Partner of Cavendish in 2013. He graduated from University College London with a degree in Electrical and Electronic Engineering with Computer Science.

**Stuart Andrews (aged 44), Head of Corporate**

Stuart joined finnCap in March 2012, was appointed Head of Corporate Finance in July 2012 and joined the board of finnCap in 2013. He qualified as a chartered accountant at PwC and subsequently worked in the corporate finance department of Beeson Gregory and Evolution Securities. Stuart has extensive knowledge of advisory roles for ambitious growth companies both on the public markets and privately which includes IPOs, all aspects of fundraising and M&A. Stuart was appointed Head of Corporate in May 2018. Stuart is currently a member of the London Stock Exchange AIM Advisory Group, an external committee of senior executives who provide input and advice on all matters affecting the operation and regulation of AIM.

**Vin Murria OBE (aged 56), Non-Executive Director**

Vin brings more than 25 years of venture capital, private equity, M&A, Chief Executive Officer and operational experience in the software sector. Vin has held Chief Executive Officer positions at Advanced Computer Software, which she founded in 2008 and sold seven years later to Vista Private Equity for £725 million, and at Computer Software Group. During her five-year tenure at Computer Software Group she took the company private, backed by HG Capital, then subsequently sold it to PE firm Hellman & Friedman in July 2007. Vin sits on the boards of two FTSE 250 companies, Sophos Plc and Softcat Plc and was previously on the board of ZPG plc. Her previous roles include acting as Chief Operating Officer at Kewill Systems plc, a partner at Elderstreet Investments and she holds non-executive director roles at Chime Plc, Greenko Plc, Concateno Plc (acquired by Providence), GIC Private equity and Inverness Medical. Vin has a BSc (Hons) in Computer Science and an MBA from the University of London and a Doctorate Business in Administration (Honorary) from Edinburgh Napier University.

**Andy Hogarth (aged 62), Senior Independent Non-Executive Director**

Andy was appointed to the board of Staffline Group plc as Finance Director in 2002, becoming Managing Director in 2003 and was appointed Chief Executive when the company was admitted to trading on AIM in 2004. During the 15 years of his leadership, the business grew from a turnover of £40 million in 2004 to nearly £1 billion in 2017, with underlying operating profits growing from £2 million to over £39 million during the same period. He has held senior roles in a wide range of businesses, including retail, support services, healthcare, hospitality and construction. As Finance Director, he led the management buy-out and subsequent trade sale (to Morgan Sindall in 2002) of Pipeline Constructors Group, a utility services business. He currently sits on the board of an elderly care charity, is a Governor of two RSA academy schools and is the Non-Executive Chairman of Ten10 Ltd, a Private Equity backed computer software testing consultancy. He is also a Director of Hogarths Hotels, two boutique hotels in Solihull and Kidderminster. He is a Fellow of the Association of Chartered Certified Accountants.



**Barbara Ann Firth (formerly Bebbington) (aged 66), Independent Non-Executive Director**

Barbara has decades of financial and management experience covering both private and quoted companies. Previous roles have included Chief Financial Officer and subsequently Chief Operating Officer of Advanced Computer Software Group plc ("ACS") from its early stages to the sale in 2015 to Vista for £725 million. Prior to her role at ACS, Barbara was Chief Financial Officer of Computer Software Group plc ("CSG") from the time of its float to its sale in 2007 to HG Capital. Prior to CSG, Barbara was the UK financial controller for Roberts Pharmaceutical Inc. and a member of the Roberts/Shire merger task force.

**11. Share dealing policy**

The Company has adopted a MAR compliant share dealing policy regulating trading and confidentiality of inside information for persons discharging managerial responsibility ("**PDMRs**") and persons closely associated with them which contains provisions appropriate for a company whose shares are admitted to trading on AIM in conformity with the requirements of Rule 21 of the AIM Rules for Companies.

**12. Employee incentive plans**

The Board considers employee share ownership to be an important part of its strategy for employee incentivisation and retention. As a result, the Company will operate the Group Share Option Plan, the Group EMI Plan and the Group SAYE scheme with effect from Admission. Further details relating to the Incentive Plans are set out in paragraph 4 of Part V of this document. The Company is also committed to satisfy options granted under the legacy finnCap Share Incentive Plans. Further details relating to these can also be found at paragraph 4 of Part V of this document.

As at 28 November 2018, being the last practicable date prior to publication of this document, the aggregate number of Options in issue under the finnCap Share Incentive Plans was 25,980,308. It is currently expected that 780,000 of these Options will be exercised between the date of this document and Admission. Immediately following Admission, the aggregate number of Options in issue under the finnCap Share Incentive Plans is expected to be 25,200,308. Of these Options, 1,800,000 will be satisfied by Shares held in the EBT and 23,400,308 will be satisfied using new issue Shares (as and when the Options vest and become exercisable). For further details please refer to paragraphs 4(a) to 4(c) of Part V of this document.

Conditional on Admission, Options have been granted to Joe Stelzer and certain other Cavendish employees under the Company Share Incentive Plans, as more particularly set out in paragraph 4(d) of Part V of this document. Joe Stelzer's Option over 2,523,451 Shares will be satisfied using new issue Shares, whilst the remaining Options over (in aggregate) 7,100,901 Shares will be satisfied using Shares held or to be held in the EBT (in each case as and when the Options vest and become exercisable). For further details please refer to paragraph 4(d) of Part V of this document.

The Board has resolved that future option grants under the Company Share Incentive Plans will not exceed 10 per cent. of the Company's issued share capital from time to time in any rolling ten year period (but not including the Options currently in existence nor the Options to be granted on Admission), as described above and in paragraphs 4(a) to (d) of Part V of this document.

**13. Dividend policy**

The Board intends to adopt a dividend policy to reflect the performance during the financial year, the expectation of future cash flow generation and long-term earnings potential of the Group. Based on the above expectations, and subject to the availability of distributable reserves and where the cash flow requirements of the Company mean it is prudent to do so, the Directors intend that the Group will pay an interim dividend and a final dividend to be notified at the time of the interim and annual results. The Board's current intention is to declare and pay a small dividend in January 2019 and declare a further dividend alongside its final results which it intends to announce in June 2019. Following this it is currently anticipated that the interim and final dividend will be paid as to a 30/70 split and the Directors are targeting a dividend payment of not less than a 5 per cent. yield based on the Placing Price for the year ended 31 March 2020.

Investors should note that there is no guarantee of any dividend payment and the Board may revise the Group's dividend policy at any time based on the trading performance of the Group. Given that the Company was incorporated on 28 August 2018, it has not previously paid any dividends.

## 14. Selected historical financial information

### ***finnCap***

The following financial information for finnCap for the three years ended 30 April 2018 has been derived from the financial information contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	<i>Year ended</i> <i>30 April 2018</i> <i>£'000</i>	<i>Year ended</i> <i>30 April 2017</i> <i>£'000</i>	<i>Year ended</i> <i>30 April 2016</i> <i>£'000</i>
Revenue	22,137	19,283	17,974
Other operating income	18	190	10
Administrative expenses	(19,137)	(16,629)	(15,086)
Operating profit	3,018	2,844	2,898
Finance Income	32	25	27
Profit before taxation	3,050	2,869	2,925

### ***Cavendish***

The following financial information for Cavendish for the three years ended 31 March 2018 has been derived from the financial information contained in Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	<i>Year ended</i> <i>31 March 2018</i> <i>£'000</i>	<i>Year ended</i> <i>31 March 2017</i> <i>£'000</i>	<i>Year ended</i> <i>31 March 2016</i> <i>£'000</i>
Revenue	10,204	6,421	12,095
Administrative expenses	(8,361)	(6,412)	(8,851)
Operating profit	1,843	9	3,244
Finance income	1	4	10
Profit before taxation	1,844	13	3,254

On Admission, the Company will change its accounting reference date and financial year-end from 30 April to 31 March. This will align finnCap's accounting reference period with that of Cavendish.

## 15. Current trading and prospects

For the six months ended 31 October 2018 finnCap has traded in line with its directors' expectations and, based on unaudited management accounts, finnCap has recorded revenue of £11.7 million in this period (six months to 31 October 2017: £13.1 million). The reduction in revenue compared to the same period in the prior year relates to the timing of one large corporate fee and a reduction in secondary commission. The reduction in secondary commission was expected and finnCap reduced its cost base in response to this. Retainers, trading commissions and deal fees have all been in line with the Directors' expectations with no single client accounting for more than six per cent. of revenue in the six month period. Based on the current pipeline of opportunities and their view of likely transactions from the retained client base, the Directors currently expect a satisfactory outcome for the 11 months ended 31 March 2019, and for turnover to be similar to the year ended 30 April 2018 (as adjusted to reflect the shorter period).

Cavendish has had an exceptional trading period in the six months ended 30 September 2018 and, based on unaudited management accounts, has recorded revenue of £9.4 million which compares favourably to total revenue in the year ended 31 March 2018 of £10.2 million. The Directors are optimistic about the current pipeline of opportunities for Cavendish.

Investors should be aware that the Group operates in a highly cyclical market and this can result in a substantial level of variation in revenue and profitability from quarter to quarter and year to year due to economic conditions, competition and various other market factors. Whilst the M&A Advisory business has been susceptible to this dynamic over the last three years, the core finnCap business has delivered consistent revenue growth in all but one year since being established in 2007 reflecting more widely diversified sources of income and the greater stability of retainer income. These market conditions and factors are beyond the Company's control and, accordingly, revenue and profitability will fluctuate.

## **16. Reasons for Admission, use of proceeds and the Placing**

The Directors believe that Admission will enhance the Group's profile and brand recognition amongst potential clients and will assist in the recruitment, retention and incentivisation of senior management and employees at all levels.

On Admission the Company will have 168,230,089 Shares in issue and a market capitalisation of approximately £47.1 million. The Placing will raise in total £3.75 million gross for the Company, the net proceeds of which will be used principally to (i) fund the Cash Consideration; and (ii) to fund the expenses of Admission.

The Placing will also provide the Selling Shareholders with a partial realisation of their investment in the Company. The Directors believe that the equity exposure of the Company's employees and senior management will not be materially reduced by the Placing. The cash realised from such sales will be used to pay back loans that had been made by finnCap over a number of years to employees for the purchase of shares.

As part of the marketing of the Placing, finnCap have made arrangements with PrimaryBid Limited (regulated and authorised by the FCA), to allow PrimaryBid's UK retail clients to access the Placing utilising its PrimaryBid website and app. PrimaryBid has given certain warranties, representations and undertakings to the Company in relation to such arrangements.

The Placing is conditional, amongst other things, upon the Introduction Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission and Admission becoming effective not later than the Longstop Date. The Shares issued under the Placing will rank *pari passu* in all respects with the Existing Shares and the Consideration Shares including the right to receive all dividends and other distributions declared, paid or made after the date of issue. None of the New Shares have been marketed to or will be made available in whole or in part to the public in conjunction with the application for Admission. Further details of the Introduction Agreement between the Company and Grant Thornton are set out in paragraph 11 of Part V of this document.

## **17. Lock-in and orderly market arrangements**

The Company has, conditional upon Admission, entered into the Cavendish Lock-in Agreements and the finnCap Lock-in Agreements with certain Shareholders, further details of which are set out in paragraph 11 of Part V of this document. In addition, a substantial number of the Group's employees (comprising in aggregate 9.7 per cent. of the Enlarged Issued Share Capital) have entered into orderly marketing deeds with the Company under which they have undertaken that they will observe orderly market restrictions with respect to the disposal of such shares in the period of 12 months following the date of Admission.

## **18. Admission, settlement and dealings**

Application has been made to the London Stock Exchange for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Shares will commence by 5 December 2018 (or such later date as the Company and Grant Thornton may agree following receipt of the FCA Approval, not being later than the Longstop Date). The Shares will be in registered form. The Articles permit the Company to issue Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer.

## 19. Taxation

Your attention is drawn to the taxation section contained in paragraph 10 of Part V of this document. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

## 20. The Takeover Code

The Takeover Code applies to the Company. The Takeover Code operates principally to ensure that the Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code also provides an orderly framework within which takeovers are conducted.

Rule 9 of the Takeover Code is designed to prevent the acquisition or consolidation of control of a company subject to the Takeover Code without a general offer being made to all shareholders. Rule 9 states that when any person or group of persons acting in concert acquires (whether by one transaction or a series of transactions) an interest in shares which carry 30 per cent. or more of the voting rights of the company, such person or persons acting in concert must normally make a general offer for the balance of the issued share capital of such company. Rule 9 also states that any person or group of persons acting in concert that is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights must normally make a general offer for the balance of the issued share capital should there be any increase in the percentage of the shares carrying voting rights in which they or any person acting in concert with them are interested. An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The finnCap Concert Party comprises of Sam Smith, Jon Moulton, Tom Hayward, Mark Tubby and the EBT together with their respective families and other connected persons. The Cavendish Concert Party comprises of the Cavendish Shareholders. The respective individual members of the finnCap Concert Party and of the Cavendish Concert Party are not deemed to be acting in concert with each other in relation to the Company.

Immediately following Admission, the finnCap Concert Party will hold, in aggregate, 55,352,235 Shares representing 32.9 per cent. of the Enlarged Share Capital and the Cavendish Concert Party will hold, in aggregate, 32,037,425 Shares representing 19.0 per cent. of the Enlarged Share Capital. As more fully described below, the finnCap Concert Party could (based on a number of assumptions) potentially come to hold 91,094,602 Shares in aggregate representing a maximum potential percentage interest of 58.8 per cent. in the Company's Share capital with voting rights at such time.

The finnCap Concert Party will therefore on Admission be interested in shares carrying more than 30 per cent. but will not hold more than 50 per cent. of the voting rights of the Company. Save as set out below, or with the consent of the Panel, any further increase in that aggregate interest in Shares will be subject to the provisions of Rule 9 of the Takeover Code.

To the extent that the finnCap Concert Party's interest in Shares increases through a Rule 9 threshold as a result of the action(s) described below, the Takeover Panel has confirmed that any such increase would not trigger an obligation to make a mandatory offer pursuant to Rule 9 of the Code on the basis that the consequences of such increases have been fully disclosed in this Admission Document:

- (a) Sam Smith, Tom Hayward and Mark Tubby are participants in the Group SAYE pursuant to which each holds 173,076 Options, being 519,228 Options in aggregate. Should all of these Options vest pursuant to the terms of the Group SAYE (as more fully described in paragraph 4 of Part V of this document) and be exercised in full together, the interest of the finnCap Concert Party in Shares would increase to 55,871,463 Shares representing 33.1 per cent. of the Enlarged Share Capital (as enlarged by that exercise);
- (b) the finnCap Concert Party holds in aggregate a further 3,185,714 Options (as more fully set out in paragraph 5(g) of Part V of this document). Should these Options be exercised in full pursuant to their terms, the interest of the finnCap Concert Party in Shares would increase to 58,537,949 Shares representing 34.1 per cent. of the Enlarged Share Capital (as enlarged by that exercise);

- (c) the Company may from time to time make market purchases of Shares pursuant to the limited authority set out in paragraph 2(c)(vi) of Part V of this document. Should this authority be exercised in full and 17,041,794 Shares be purchased in accordance with its terms (and no Shares be purchased from the finnCap Concert Party), the interest of the finnCap Concert Party would increase to represent 36.6 per cent. of the Company's voting rights at such time;
- (d) The Cavendish Lock-in Agreements are described more fully in paragraph 11(e) of part V of this document and apply to each of the members of the Cavendish Concert Party.

Should any member of the Cavendish Concert Party be deemed a "bad leaver" pursuant to the "claw back" operation of the Cavendish Lock-in Agreements, the Board can, at its sole discretion, direct the transfer of any Shares held by such "bad leaver" for nominal consideration to (*inter alia*) the EBT, the Company (subject to the Company having requisite Shareholder approvals at such time), any other company within the Group as principal, as agent for any other person, or any other person.

Should the maximum number of Shares held by the Cavendish Concert Party become subject to claw-back and the Board determine to:

- (i) direct these Shares to be transferred to the EBT or another member of the finnCap Concert Party, then the maximum possible total holding of Shares of the finnCap Concert Party would increase to 87,389,660 Shares, representing 51.9 per cent of the Enlarged Share Capital; or
  - (ii) direct for these Shares to be repurchased by the Company, then the Enlarged Share Capital would be reduced by 32,037,425 Shares and consequently the 55,352,235 Shares held in aggregate by the finnCap Concert Party would come to represent 40.6 per cent. of the Enlarged Share Capital; or
  - (iii) a combination of (i) and (ii) above, in which case the maximum interest of the finnCap Concert Party would be less than that set out in (i) or (ii).
- (e) Should all of (a), (b), (c) and (d) above occur simultaneously, the maximum potential shareholding of the finnCap Concert Party would be 91,094,602 Shares in aggregate representing 58.8 per cent. of the Enlarged Share Capital (as enlarged by the issue of new Shares pursuant to (a) and (b) and assuming with regard to (c) that the Board had determined that the Company should repurchase of Shares pursuant to (c)(ii) above).

In each of the above cases, it is assumed that there have been no other or prior changes to the Enlarged Share Capital or to the shareholding of the finnCap Concert Party.

In the event that the finnCap Concert Party's aggregate interest in Shares increases to above 50 per cent. of the Company's voting rights, it will generally be able to increase its interest in Shares without incurring any obligation on any member of the finnCap Concert Party under Rule 9 of the Takeover Code to make a general offer to Shareholders, although individual members of the finnCap Concert Party will not be able to increase their percentage interest in Shares through or between a Rule 9 threshold without Takeover Panel consent.

Further information on the key provisions of the Takeover Code is set out in paragraph 17 of Part V of this document.

## 21. Regulatory and compliance

As a regulated business, the Financial Services and Markets Act 2000 places restrictions on a change of control on the ownership of Shares or voting rights. For the purpose of these restrictions, a change of control is an interest of at least 10 per cent. in the issued share capital of the Company. On Admission, Jon Moulton and Vin Murria, and persons associated with them, will individually hold more than 10 per cent. of the Enlarged Share Capital and have satisfied the FCA requirements with regard to their holding of Shares. Attention is drawn to the Risk Factor headed "*Restrictions on holdings of 10 per cent. or more*" in Part II of this document for a further summary of the effect of these restrictions. Prospective investors should consider these restrictions carefully as failure to notify and obtain approval from the FCA in the circumstances described in that risk factor may result in a criminal offence.

## **22. Further information**

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



## **PART II**

### **RISK FACTORS**

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

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

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

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

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

#### **RISKS RELATING TO THE GROUP'S BUSINESS**

##### **Dependence on key personnel**

The Group's future success is substantially dependent on the continued services and continuing contributions of its Chief Executive, other senior management, Qualified Executives (as defined in the AIM Rules for Nominated Advisers) and other key personnel the loss of any of which could have a material adverse effect on the Group's business. The Company's future success is also substantially dependent on its ability to continue to attract, retain and motivate highly skilled and qualified personnel. There can be no guarantee that the Group will be able to continue to attract and retain such qualified employees, and failure to do so could result in a reduction in the Company's business and trading results.

While employees of the Group are subject to employment agreements (and certain employees/senior management have agreed to transfer some or all of their Shares to the EBT if they cease to be employed by the Group shortly after Admission), these agreements do not preclude such employees from terminating their employment at any time, subject to notice periods. Furthermore, where such employees are subject to certain post-termination restrictions such as competing with the Group and/or soliciting employees and/or customers, these may not be fully enforceable at law or may only apply for a limited time.



### **Litigation and regulatory proceedings**

Legal proceedings may arise from time to time in the course of the Group's businesses. The Directors cannot preclude that litigation may be brought against the Group and that such litigation could have a material adverse effect on reputation of the Group or its financial condition, results or operations. The Group's businesses may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Further, the FCA, the London Stock Exchange, the Takeover Panel and other regulatory authorities may from time to time make enquiries of companies within their jurisdiction regarding compliance with regulations governing the conduct of business or the operation of a regulated business and the handling and treatment of clients or conduct investigations when it is alleged that regulations have been breached. Responding to such enquiries may be time-consuming and expensive and the Group may face regulatory proceedings and damage to its reputation and ultimately its business if the FCA or any other regulatory body were to detect or allege any failure to comply with applicable regulations.

### **Acquisition of Cavendish**

Successful implementation of a smooth and efficient integration of Cavendish's operations following completion of the Acquisition will require a significant amount of management time and, as a result, may affect or impair the ability of the management team of the Group to run the business effectively during the period of integration. If the integration process takes longer, or proves more costly, than expected, or difficulties relating to the integration, of which the Directors are not yet aware, arise, there is a risk to the operations of the Group. These unforeseen difficulties in the integration may result in increased expenses, loss of staff or loss of clients. Furthermore, the Group may not have or be able to retain personnel with the appropriate skill set for the tasks associated with the integration programme, which may adversely affect the implementation of the Group's plans. In such circumstances, the profitability of the Group might be adversely affected, which could have a negative impact on the price of the Shares.

Achieving the advantages of the Acquisition will depend partly on the efficient management and co-ordination of the activities of the Group and Cavendish: two businesses that function independently, and with different business cultures and compensation structures. There is a risk that benefits from the Acquisition may fail to materialise, or that they may be materially lower than have been estimated by the Directors. In addition, the costs of the process necessary to achieve these strategic benefits may exceed expectations. Such eventualities may have a material adverse effect on the financial position of the Group.

Furthermore, the Acquisition and any uncertainty regarding the effect of the Acquisition could cause disruptions to the businesses of the Group. These uncertainties may materially and adversely affect the Group's business and its operations. Any such issues may adversely affect the financial position of the Group, and the trading price of the Shares.

### **Adequacy of insurance arrangements**

The Group's business entails the risk of liability related to litigation from clients or third parties and actions taken by regulatory agencies. Specifically, there is a risk that claims may arise in relation to losses or damage resulting from the Group's employees' and/or agents' errors, negligence, or misconduct or misrepresentation. Although the Group maintains professional indemnity insurance against such risks of its employees or agents, there is no guarantee (i) that any insurance in place will cover all, or any part, of any liability incurred by the Group in any such circumstances, (ii) that any insurer will remain solvent and will meet its obligations to provide the Group with coverage, or (iii) that insurance coverage will continue to be available with sufficient limits at a reasonable cost. Renewals of insurance policies may expose the Group to additional costs through higher premiums or the assumption of higher deductibles or claims thresholds. The future costs of maintaining insurance cover or meeting liabilities not covered by insurance could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

### **Risk of damage to reputation and negative publicity**

The Group's ability to retain existing clients and to attract new business is dependent on the maintenance of its reputation. The Group's ability to retain employees and to attract new talent to the business is also dependent on the maintenance of its reputation. The Group is vulnerable to adverse market perception as it operates in an industry where a high level of integrity and client trust is paramount. Any perceived, actual or alleged mismanagement, fraud or failure to satisfy the Group's responsibilities to its clients or such behaviour by clients for which the Group is a nominated adviser or sponsor or the negative publicity resulting from such activities or the allegation by a third party of such activities (whether well founded or not) associated with the Group, could have a material adverse effect on the financial condition, results or operations of the Group.

### **Concentration ownership**

On Admission, the finnCap Concert Party will hold approximately 32.9 per cent. of the Enlarged Share Capital. Investors may negatively perceive this level and concentration of share ownership due to the influence that the finnCap Concert Party may resultantly exert, which may adversely affect the market value of the Shares. To illustrate this, should the finnCap Concert Party, in aggregate, hold greater than 25 per cent. of the Company's Shares in issue from time to time, and assuming the finnCap Concert Party acts together, the finnCap Concert Party could prevent the passing of any special resolution which the Company may propose (which at a meeting would require approval from a majority of at least 75 per cent. of the votes cast to be passed). Furthermore, the finnCap Concert Party's interest may not be aligned with those of the Group or the other Shareholders, which could, for example, delay or prevent an acquisition or change of control of the Group.

### **Information systems**

The Group is heavily reliant on its information technology systems to display, process and transmit information and manage business processes and activities relating to, for example, market making, equity trading, internal and external communication and financial management and reporting. The Group's information technology systems could be damaged, disrupted and shutdown due to problems with upgrading software, power outages, hardware issues, viruses, cyber-attacks, telecommunication failures, human error or other unanticipated events. Such damage, disruption or shutdown could, even on a temporary or short term basis, have a significant adverse effect on the Group's business operations. Additionally, security breaches may result in the unauthorised disclosure of confidential client information which could adversely affect client relationships and the Group's brands and reputation and expose the Group to liabilities for regulatory breaches in respect of data protection and other regulations. Although the Group has disaster recovery and backup systems in place, they may not adequately address every information technology risk and, in addition, the Group's insurance may not cover all loss and damage that it may suffer as a result of a system failure. Power failure or loss of critical information technology systems during a trading day could result in trading losses and failure to fulfill client orders which could lead to significant losses and reputational damage.

### **Risks of business activities, credit risks and exposure to losses**

The Group may be subject to substantial liabilities for material misstatements or omissions in AIM admission documents, in prospectuses, in takeover offer documentation and other communications with respect to equity issues, and may be exposed to claims and litigation arising from such offerings or takeovers or negligent advice or omissions in general. The Group is exposed to the risk that third parties that owe the Group money or securities will not perform their obligations. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure and other reasons. The settlement model primarily used by the Group does not, however, expose the Group to a direct risk as a principal to a trade; rather the Group's exposure lies only with Pershing Limited ("**Pershing**") as the Group's settlement agent. In the event that Pershing suffers loss as a result of a failure of a counterparty to a trade, the Group would be required to compensate Pershing for any loss. In addition, in circumstances in which the Group does act as principal, when acting as a market maker or carrying out proprietary trading, the counterparty will normally be a market counterparty, rather than an unregulated third party corporate or individual trader. Furthermore, default risk may arise from events or circumstances that are difficult to detect, such as fraud. The Group may also fail to receive full information with respect to the trading risks of a counterparty.

### **Dependence on availability of capital**

The Group's businesses, including its market-making activities, are dependent upon the availability of adequate funding and regulatory capital under applicable regulatory requirements. Although the Company expects to have sufficient capital to satisfy all of its capital requirements, there can be no assurance that any, or sufficient, funding or regulatory capital will continue to be available to the Group in the future on terms that are acceptable to it, if at all.

### **Dependence on third party service providers**

The Group is reliant upon third party service providers for certain aspects of its businesses (for example, Pershing for settlement of its trades). Any interruption or deterioration in the performance of these third party service providers could impair the timing and quality of the Group's services. In addition, if the contracts with any of these third party service providers are terminated, or any of the service providers become insolvent, the Group may not find alternative outsource providers on a timely basis or on equivalent terms. Pershing or other service providers may unilaterally change the terms on which they are willing to provide services, for example increasing deposits required from the Group which may have a material impact on the Group's cashflow or operations. The occurrence of any of these events could impact upon the Group's reputation and have a material adverse effect on the financial condition, results or operations of the Group.

### **Business continuity**

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fires, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft and other similar misconduct. The same is true of third party service providers on which the Group depends. The Group has in place disaster recovery plans covering current business requirements, which have been tested and are considered by the Board to be adequate. However, if the disaster recovery plans are found to be inadequate, there could be an adverse impact on the Group's financial condition, results or operations.

### **Competition risks**

The Group operates in a highly competitive market. Some of the Group's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. These competitors compete directly with the Group for both clients and employees. In particular, some of the Group's competitors are able to use their balance sheet to offer underwriting services and/or debt to client companies whilst the Group currently does not. Larger competitors are able to advertise their services on a regional, national or international basis. In addition, some competitors have a longer history of investment banking activities than the Group and, therefore, may possess a relative advantage with regard to access to deal flow and capital. This competition could have a material adverse effect on the Group's financial condition, results or operations as well as the Group's ability to attract and retain highly skilled individuals. There can be no assurance that the Group can, or will be able to, compete effectively in the future.

### **Employee misconduct or error**

The Group is subject to the risk of employee misconduct or error. Misconduct or error by employees could include binding the Group to transactions that exceed authorised limits or do not match client instructions or present unacceptable risks, or misconduct could include hiding unauthorised mistaken or unsuccessful transactions from the Group, which, in either case, may result in unknown or unmanaged risks or losses. Employee misconduct could also involve improper use or disclosure of confidential information, which could result in regulatory sanctions, serious reputational harm and as a consequence financial damage. It is not always possible to deter employee misconduct and the precautions which the Group takes to prevent and detect this activity (including taking references on recruitment of personnel, ongoing training and review processes and authorising only certain personnel to carry out certain actions on behalf of the Group) may not be effective in all cases. In addition, as the Group grows, such precautions may need to be updated and/or expanded to increase their effectiveness. Failure to do so, or to do so in a timely fashion, may lead to such precautions becoming ineffective, or less effective, against the risks against which it is intended they mitigate. The Group maintains professional indemnity insurance, but there can be

no guarantee that any loss suffered by the Group would be adequately covered by such insurance, particularly in the event of employee misconduct.

### **Estimates in financial statements**

Preparation of consolidated financial statements requires the Group to use estimates and assumptions. Accounting for estimates requires management to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. The Group's accounting policies require management to make certain estimates and assumptions as to future events and circumstances.

## **RISKS RELATING TO THE INDUSTRY AND ASSOCIATED REGULATORY REGIMES IN WHICH THE GROUP OPERATES**

### **Economic, political and market conditions**

The Group's future prospects are in part linked to the global economy and volatility in the stock market. Macroeconomic factors outside of the Group's control can greatly affect its clients and hence the Group's own performance and financial position. Reductions in the number and size of public offerings and mergers and acquisitions and reduced securities trading activities, due to changes in economic, political or market conditions could cause the Group's revenues from M&A advisory and capital markets activities to decline materially. Economic uncertainty caused by changes in political and fiscal regimes around the world could give rise to a material reduction in the financial performance and position of the clients that the Group serves, which in turn could result in a reduction in demand for the services provided by the Group. Clients may choose to delay planned mandates, cancel mandates altogether, or become more price sensitive if there is sustained downward pressure on their profitability caused by poor economic conditions. The amount and profitability of these activities are affected by many national and international factors, including economic, political and market conditions; level and volatility of interest rates; legislative and regulatory changes; exposure to fluctuations in currency values; inflation; inflows and outflows of funds into and out of investment companies, endowment funds, mutual funds, investment banks, brokerages, pension funds and insurance companies; and availability of short-term and long-term funding and capital.

### **Regulation and non-compliance**

The corporate finance and corporate broking industry is highly regulated and compliance with applicable regulations is costly. The Group's activities are regulated primarily by the FCA and the London Stock Exchange and it is dependent on FCA and London Stock Exchange authorisation to carry on such activities. The FCA has broad regulatory powers dealing with all aspects of financial services, including the authority to make enquiries of companies regarding compliance with applicable regulations, to grant and, in specific circumstances, to vary or cancel permissions and to regulate business practices and the maintenance of adequate financial resources.

The regulatory environment in which the Group operates frequently changes and has seen significantly increased regulation in recent years, and there is a risk that this trend will continue for the foreseeable future. The Group may be materially 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, and changes to the regulatory environment could also increase the compliance costs of the Group.

Any changes in the laws and regulations governing the Group's business, or revocation of relevant FCA or London Stock Exchange authorisations, could limit the services the Group is able to offer or the fees it is able to generate, or increase the costs of compliance. A revocation of the Group's authorisation to act as Nominated Adviser would have a very material impact on the Group's financial condition and prospects and could force the Group to restructure its operations to continue its business. A substantial change in regulatory capital requirements or the regulatory environment for the investment management industry could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

### **Tax risks**

The Group is subject to taxation and the application of such taxes and the tax status of the Company and its subsidiaries may change over time due to changes in tax legislation, which may adversely affect the Company's financial position and its ability to provide returns to Shareholders. The nature and amount of

tax that each subsidiary of the Company is expected to pay is dependent on a number of factors and assumptions, any one of which may change unexpectedly. Whilst no material changes are anticipated in such taxes, any unforeseen change in the future may have a material adverse effect on the Company's financial performance and position.

Over the last several years, there have been various issues of Shares by the Group and Cavendish, in particular to the employees and/or partners of the Group and Cavendish. Whether the Group has any resulting tax liability depends to a large extent upon whether the prices at which the transactions took place differed from the market value of the shares at the appropriate time. In many cases, as is not unusual, these values have not been agreed with HMRC. Were different values to be attributed to them from those used, the Group could be exposed to tax liabilities, which are not currently provided for.

Cavendish includes a limited liability partnership, which can in certain circumstances be required to treat its members as employees for tax purposes. Where its members are treated as employees this can lead to additional payroll tax liabilities for the partnership. Whilst Cavendish has implemented certain steps to minimise this risk, there is no certainty that these steps would be sufficient to eliminate any exposure to tax liabilities. Whilst the Acquisition Agreement contains customary warranties and indemnities in relation to Cavendish tax liabilities, there can be no assurance that such contractual protection would be sufficient to cover any such potential exposure.

Some of the Group's business and clients benefit from specific tax status such as enterprise investment schemes, venture capital trusts or investment trusts and investors in some of the Group's clients currently benefit from certain tax benefits such as entrepreneurs' relief and relief from inheritance tax or stamp duty and stamp duty reserve tax. Changes in government policy affecting such tax statuses or reliefs could have a material impact on the Group's clients and on the business which the Group receives from them which could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

### **Brexit risk**

On 23 June 2016, the UK held a referendum on the UK's continued membership of the EU. This resulted in a vote for the UK to exit the EU and the UK government formally served notice of the UK's intention to leave the European Union on 29 March 2017 in accordance with Article 50(2) of the Treaty on European Union, marking the start of the process of the UK's withdrawal from the EU ("**Brexit**"). Brexit could have a significant impact on the Group's business and financial condition. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the European Union following Brexit and the extent to which the UK continues to apply laws that are based on European Union legislation. In addition, the macroeconomic effect of Brexit on the Group's business and that of its clients is unknown. As such, it is not possible to state the impact that Brexit would have either on the Company or the Group as a whole and whether such impact would positively or adversely affect the business. Prolonged political and economic uncertainty and the potential negative economic trends that may follow could have a material adverse effect on the Group's overall business and financial condition.

### **The EU General Data Protection Regulation**

The EU General Data Protection Regulation ("**GDPR**") came into force and has applied directly to the legislation of all EU Member States from 25 May 2018 and replaced historic EU data privacy laws. The GDPR introduced a number of new more stringent obligations on data controllers and rights for data subjects as well as new and increased fines and penalties for breaches of its data privacy obligations. This increasingly restrictive and complex legal framework has resulted in a greater compliance burden for businesses with customers in Europe. The Group has incurred, and will continue to incur, costs and effort to ensure compliance with the GDPR and this could further increase compliance costs for the Group going forward.

If the Group is found not to comply with the data protection laws and regulations (including the GDPR) this may result in investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK and/or claims (including possible class actions) being brought against it by affected customers. This in turn could damage the Group's reputation, lead to negative publicity and result in the loss of the goodwill of its existing customers and deter new customers, all of which would have a material adverse effect on the Group's businesses, results of operations, financial condition and prospects.



## **Force majeure**

The Group's operations now or in the future may be adversely affected by risks outside the control or anticipation of the Group such as labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which could adversely affect the Group's present or future operations.

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

### **Funding and use of proceeds of the Placing**

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

### **Restrictions on holdings of 10 per cent. or more**

Prior approval of the FCA under section 178 of FSMA is required of any person proposing to acquire or increase "control" or a "qualifying holding" (respectively) of an FCA authorised person (being holdings of 10 per cent., 20 per cent. and 50 per cent.) and accordingly would apply in the case of any person acquiring Shares as a result of which such person's holding increased through the applicable threshold. For FCA regulated entities, the FCA has 60 working days from the day on which it acknowledges the receipt of a completed change of control notice to determine whether to approve the new controller or object to the transaction. However, this period may be extended by a further 30 working days where the FCA is awaiting the provision of further information that it may request from an applicant during the approval process. If approval is given, it may be given unconditionally or subject to such conditions as the FCA considers appropriate. These laws may change and may, in their current or any future form, discourage potential future acquisition proposals and may delay, deter or prevent potential acquirers of Shares which may, in turn, reduce the value of the Shares.

### **Share price volatility and liquidity**

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

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

Shareholders may sell their Shares in the future to realise their investment. Sales of substantial amounts of Shares following Admission and/or termination or expiry of the lock-in restrictions (the terms of which are summarised in paragraph 17 of Part I of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Shares available for sale compared to the demand to buy Shares. There can be no guarantee that the price of the Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Shares may decline below the Placing Price. Shareholders may be unable to realise their Shares at the quoted market price or at all.

**Investment risk**

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various investment opportunities are available, potential investors should consider the risks that pertain to professional services companies in general.

**Determination of Placing Price**

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

**Dilution**

If the Company were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Company may also in the future issue Shares, warrants and/or options to subscribe for new Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options may also result in dilution of the shareholdings of other investors. Further, there is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Shares at a price which is equal to or in excess of the Placing Price.

**Costs of compliance with AIM corporate governance and accounting requirements**

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

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

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

**Payment of dividends**

The dividend policy of the Company is dependent upon its and the Group's financial condition, cash requirements, future prospects, profits available for distribution (including whether profits in the various members of the Group can be legally distributed) and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates. There can be no guarantee that the Company will pay dividends in the foreseeable future or that it will be able to maintain its dividend policy.



## PART III

### HISTORICAL FINANCIAL INFORMATION

#### Section A – Accountant’s Report on the Historical Financial Information of finnCap Limited



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
finnCap Group plc  
60 New Broad Street  
London  
EC2M 1JJ

28 November 2018

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

Ladies and Gentlemen

**finnCap Group plc (the “Company”)**

**finnCap Limited**

#### **Introduction**

We report on the financial information on finnCap Limited set out in Section B of Part III of this document. This financial information has been prepared for inclusion in the admission document dated 28 November 2018 of the Company (the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

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

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

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

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

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

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of finnCap Limited as at 30 April 2016, 30 April 2017 and 30 April 2018 and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Declaration**

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

Yours faithfully

BDO LLP  
*Chartered Accountants*

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

## Section B: Historical financial information on finnCap Limited

### Statement of Comprehensive Income

For the years ended 30 April 2016, 2017 and 2018

	Note	Year ended 30 April 2016 £'000	Year ended 30 April 2017 £'000	Year ended 30 April 2018 £'000
Revenue	4	17,974	19,283	22,137
Other operating income	5	10	190	18
<b>Total income</b>		<b>17,984</b>	<b>19,473</b>	<b>22,155</b>
Administrative expenses	6	(15,086)	(16,629)	(19,137)
<b>Operating profit</b>		<b>2,898</b>	<b>2,844</b>	<b>3,018</b>
Finance income	8	27	25	32
<b>Profit before taxation</b>		<b>2,925</b>	<b>2,869</b>	<b>3,050</b>
Taxation	9	(604)	(563)	(615)
<b>Profit after taxation</b>		<b>2,321</b>	<b>2,306</b>	<b>2,435</b>
<b>Earnings per share (pence)</b>	10			
Basic		2.00	2.01	2.11
Diluted		1.96	1.94	2.04

There are no items of Other Comprehensive Income

*All results derive from continuing operations.*

## Balance Sheet

As at 1 May 2015, 30 April 2016, 2017 and 2018

	Note	As at 1 May 2015 £'000	As at 30 April 2016 £'000	As at 30 April 2017 £'000	As at 30 April 2018 £'000
<b>Non-current assets</b>					
Property, plant and equipment	11	233	436	555	445
Intangibles	12	55	48	66	121
Financial assets held at fair value through profit or loss	13	125	218	301	388
Total non-current assets		413	702	922	954
<b>Current assets</b>					
Trade and other receivables	14	8,973	6,113	6,876	9,242
Deferred tax asset	19	21	33	–	–
Current asset investments held at fair value through profit or loss		–	63	291	646
Cash and cash equivalents	15	3,206	5,171	5,279	4,521
Total current assets		12,200	11,380	12,446	14,409
<b>Total assets</b>		12,613	12,082	13,368	15,363
<b>Equity and liabilities</b>					
Share capital	16	1,153	1,174	1,175	1,180
Share premium		487	634	748	768
Capital redemption reserve		420	424	452	452
Own shares held	17	(252)	(255)	(96)	(676)
EBT reserve		(5)	(25)	(39)	(54)
Share based payments reserve		213	198	167	247
Retained earnings		2,395	2,569	4,014	5,418
<b>Total equity</b>		4,411	4,719	6,421	7,335
<b>Non-current liabilities</b>					
Provisions	18	162	120	141	73
Deferred tax liability	19	–	–	16	–
Total non-current liabilities		162	120	157	73
<b>Current liabilities</b>					
Borrowings	21	–	–	–	739
Corporation tax payable		185	666	320	298
Current liability investments held at fair value through profit or loss		106	–	–	–
Trade and other payables	20	7,749	6,577	6,470	6,918
Total current liabilities		8,040	7,243	6,790	7,955
<b>Total liabilities</b>		8,202	7,363	6,947	8,028
<b>Total equity and liabilities</b>		12,613	12,082	13,368	15,363

## Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	EBT reserve £'000	Share based payments reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 May 2015</b>	1,153	487	420	(252)	(5)	213	2,395	4,411
(Loss)/Profit for the year	–	–	–	–	(20)	–	2,341	2,321
<b>Total comprehensive (expense)/ income for the year</b>	–	–	–	–	(20)	–	2,341	2,321
<b>Transactions with owners:</b>								
Transfer of own shares	–	–	–	(3)	–	–	–	(3)
Share based payments charge	–	–	–	–	–	18	–	18
Dividends	–	–	–	–	–	–	(2,141)	(2,141)
Share options exercised	25	147	–	–	–	(33)	33	172
Share buy back	(4)	–	4	–	–	–	(59)	(59)
<b>Total transactions with owners, recognised directly in equity</b>	21	147	4	(3)	–	(15)	(2,167)	(2,013)
<b>Balance at 30 April 2016</b>	1,174	634	424	(255)	(25)	198	2,569	4,719
<b>Balance at 1 May 2016</b>	1,174	634	424	(255)	(25)	198	2,569	4,719
(Loss)/Profit for the year	–	–	–	–	(14)	–	2,320	2,306
<b>Total comprehensive (expense)/ income for the year</b>	–	–	–	–	(14)	–	2,320	2,306
<b>Transactions with owners:</b>								
Transfer of own shares	–	–	–	159	–	–	–	159
Share based payments charge	–	–	–	–	–	36	–	36
Dividends	–	–	–	–	–	–	(578)	(578)
Share options exercised	29	114	–	–	–	(67)	67	143
Share buy back	(28)	–	28	–	–	–	(364)	(364)
<b>Total transactions with owners, recognised directly in equity</b>	1	114	28	159	–	(31)	(875)	(604)
<b>Balance at 30 April 2017</b>	1,175	748	452	(96)	(39)	167	4,014	6,421
<b>Balance at 1 May 2017</b>	1,175	748	452	(96)	(39)	167	4,014	6,421
(Loss)/Profit for the year	–	–	–	–	(15)	–	2,450	2,435
<b>Total comprehensive (expense)/ income for the year</b>	–	–	–	–	(15)	–	2,450	2,435
<b>Transactions with owners:</b>								
Transfer of own shares	–	–	–	(580)	–	–	–	(580)
Share based payments charge	–	–	–	–	–	85	–	85
Dividends	–	–	–	–	–	–	(1,051)	(1,051)
Share options exercised	5	20	–	–	–	(5)	5	25
<b>Total transactions with owners, recognised directly in equity</b>	5	20	–	(580)	–	80	(1,046)	(1,521)
<b>Balance at 30 April 2018</b>	1,180	768	452	(676)	(54)	247	5,418	7,335

## Cash Flow Statement

For the years ended 30 April 2016, 2017 and 2018

	Note	Year ended 30 April 2016 £'000	Year ended 30 April 2017 £'000	Year ended 30 April 2018 £'000
<b>Cash flows from operating activities</b>				
Profit before taxation		2,925	2,869	3,050
Adjustments for:				
Depreciation	11	144	193	221
Amortisation of intangible assets	12	29	27	30
Finance income		(27)	(25)	(32)
Share based payments charge		18	36	85
Net fair value gains recognised in profit or loss		(140)	(246)	(142)
Payments received of non-cash assets		–	–	(160)
		2,949	2,854	3,052
Changes in working capital:				
Decrease/(increase) in trade and other receivables		2,848	(730)	(2,366)
(Decrease)/increase in trade and other payables		(1,172)	(91)	432
(Decrease)/increase in provisions		(42)	21	(68)
		4,583	2,054	1,050
<b>Cash generated from operations</b>				
Net cash payments for current asset investments held at fair value through profit or loss		(168)	(225)	(328)
Tax paid		(124)	(909)	(637)
		4,291	920	85
<b>Net cash inflow from operating activities</b>				
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(347)	(312)	(111)
Purchase of intangible assets		(22)	(45)	(85)
Acquisition of investments		(525)	(392)	–
Proceeds on sale of investments		572	552	188
Interest received		27	25	32
		(295)	(172)	24
<b>Net cash (outflow)/inflow from investing activities</b>				
<b>Cash flows from financing activities</b>				
Purchase of own shares by EBT		(3)	159	(580)
Equity dividends paid		(2,141)	(578)	(1,051)
Share buy back		(59)	(364)	–
Proceeds from exercise of options		172	143	25
Proceeds from borrowings		–	–	739
		(2,031)	(640)	(867)
<b>Net cash outflow from financing activities</b>				
Net increase/(decrease) in cash and cash equivalents		1,965	108	(758)
Cash and cash equivalents at beginning of year		3,206	5,171	5,279
<b>Cash and cash equivalents at end of year</b>	15	5,171	5,279	4,521



## Notes to the Historical Financial Information

### 1. GENERAL INFORMATION

finnCap Limited (the “Company”) is a private limited company incorporated and domiciled in England and Wales. The registered office of the Company is 60 New Broad Street, London, EC2M 1JJ. The registered company number is 06198898.

finnCap Limited is principally engaged in Corporate Advisory and Institutional Stockbroking.

### 2. ACCOUNTING POLICIES

#### (a) Basis of preparation

The historical financial information has been prepared on a going concern basis under the historical cost convention except for certain financial instruments that are measured at fair value. The historical financial information is presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated. The historical financial information does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006.

This Historical Financial Information presents the financial track record of the Company for the three years ended 30 April 2018 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange.

This basis of preparation describes how this historical financial information has been prepared in accordance with the requirements of the AIM Rules for Companies and International Financial Reporting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations (together “IFRS”).

The transition date, for the purposes of this historical financial information on the Company is 1 May 2015, which is the beginning of the first year presented. Details of the transition are set out in Note 29. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exceptions and exemptions in the application of particular standards to prior years in order to assist companies with the transition process. The Company has not applied any of the optional exemptions and has applied the exception with regard to restatement of past business combinations under IFRS 3.

#### (b) Going concern

The Company meets its day-to-day working capital requirements through its available banking facilities. The Directors have prepared cash flow forecasts and projections for the years ending 30 April 2020. Taking account of reasonably foreseeable changes in trading performance, these forecasts and projections show that the Company is expected to have a sufficient level of financial resources available through current and future facilities. Furthermore, the Directors have assessed the future funding requirements of the company and compared them with the level of available borrowing facilities. Based on this, the Directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the historical financial information.

#### (c) New standards, amendments and interpretations

The company has adopted the following new standards and interpretations in the historical financial information:

- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018 and early adopted); and
- IFRS 9 – Financial instruments (effective 1 January 2018 and early adopted).

The adoption of the above standards had no material impact on the results or financial position in any of the years presented. At the date of authorisation of this historical financial information, the following new standards and interpretations which have not been applied in this financial information were in issue but not yet effective:

- IFRS 16 – Leases (effective 1 January 2019)

The company has a number of leases in place, principally property leases. These leases will need to be assessed individually against the requirements of IFRS 16 before the impact of the standard can be quantified.

There are other standards in issue which are not expected to have an impact on the Company and therefore have not been included in the list above.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the Historical Financial Information together with estimates with a significant risk of material adjustment in the next year are discussed in note 3 to the Historical Financial Information.

(d) **Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Where consideration includes financial instruments or other non-cash items, revenue is measured at fair value using an appropriate valuation method. Revenue comprises:

- (i) Income from trading activities;
- (ii) Corporate finance fees and retainers; and;
- (iii) Other income, including trading profits from short term investments taken as consideration for core services.

To determine whether to recognise revenue, the Company follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The Company will also consider whether it is acting as a principal or an agent for each type of revenue. Revenue is recognised either at a point in time, or over time as the Company satisfies performance obligations by transferring the promised services to its customers as described below.

(i) ***Income from trading activities***

Income from trading activities includes commissions from agency dealing which are recognised on trade date. Trading activities also include gains and losses on market making, with trades recognised on trade date, with corresponding financial assets and financial liabilities until trade settlement. Market making positions are revalued to the closing market bid price (long positions) and offer price (short positions) on the London Stock Exchange as appropriate at the year end. Market making revenues thereby consist of the realised and unrealised profits and losses on financial assets and financial liabilities, arrived at after taking into account attributable dividends. Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

(ii) ***Corporate finance fees and retainers***

Corporate finance transaction fees and commission are recognised at a point in time when, under the terms of the contract, the conditions have been unconditionally met such that the company is entitled to the fees specified. Corporate finance retainer fees, including nominated adviser retainer fees, are recognised over time as the services are delivered.

(iii) ***Other income***

Revenue also includes the fair value of options and warrants over securities received as consideration for corporate finance services rendered.

Contract costs including commissions and referral fees paid to introducers of business are shown in administrative expenses.

(e) **Foreign currency**

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

(f) **Classification of instruments issued by the Company**

Instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the items are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

(g) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

*Depreciation*

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Fixtures, Fittings and Equipment	3-4 years straight line
Leasehold improvements	Over period of lease

It has been assumed that all assets will be used until the end of their economic life.

(h) **Intangible assets**

Intangible fixed assets comprise trademarks and computer software and are stated at cost net of accumulated amortisation and provision for any impairment in value. Computer software is depreciated on a straight-line basis over their useful economic lives of 4 years. Trademarks are held at cost less any provisions for impairment.

(i) **Impairment of non-financial assets**

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The reversal of the impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

(j) **Retirement benefits**

The company operates a defined contribution scheme for UK-based employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(k) **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) **Operating lease payments**

Operating leases are leases in which substantially all the risks and rewards of ownership related to the asset are not transferred to the Company.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

(m) **Financing costs**

Financing costs comprise interest payable. Interest payable is recognised in profit or loss as it accrues using the effective interest method.

(n) **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(o) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

(p) **Financial instruments**

***Financial assets***

The Company's financial assets comprise trading investments, derivative financial instruments, trade and other receivables, and cash and cash equivalents. The classification of financial assets at initial recognition depends upon the purpose for which they are acquired and their characteristic. Financial assets are measured initially at their fair value.

Financial assets held at fair value through profit or loss are held for trading, and are financial assets acquired or incurred principally for the purpose of selling or repurchasing. These include market making positions valued at the closing market bid price (long positions) or offer price (short positions) at the balance sheet date, and presented within current asset investments. The change in the value of investments held for trading is recognised in the profit and loss account. Purchases and sales of investments are recognised on trade date with the associated financial assets and liabilities presented as market making counterparty debtors and creditors up to settlement date.

Non-current financial assets held at fair value through profit or loss are derivative assets comprising equity shares, options and warrants that are initially accounted for and measured at fair value on the date the Company or Group becomes a party to the contractual provisions of the derivative contract and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement within revenue, as part of net trading gains or losses. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions and valuation techniques including discounted cash flow models and option pricing models as appropriate. The fair values of the warrants are determined using the Black Scholes model. These valuation techniques maximise the use of observable market data, such as the quoted share price. The variables used in the valuation include exercise price, expected life, share price at the date of grant, price volatility, dividend yield and risk free interest rate. All derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative

Gains and losses from the financial assets held at fair value through profit and loss are presented within revenue as income from trading activities, or other operating income for trading profit on short-term investments.

Financial assets also include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

***Financial liabilities***

The Group's financial liabilities comprise trade and other payables including market making counterparty creditors and provisions. The classification of financial liabilities at initial recognition depends upon the purpose for which they are acquired and their characteristic.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost

using the effective interest method. The Entities borrowings, finance leases, trade and most other payables fall into this category of financial instruments.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

(q) **Segmental reporting**

The Company is managed as an integrated corporate advisory and stockbroking business and although there are different revenue streams, the company's activities are considered to be subject to similar economic characteristics. Consequently, the company is managed as one business unit which is reported in a manner consistent with the internal reporting to the board of directors, which has been identified as the chief operating decision maker. The board of directors consists of the Executive Directors.

(r) **Share capital**

Share capital represents the nominal value of shares that have been issued.

(s) **Share premium**

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

(t) **Own shares held by the finnCap Limited Employee Benefit Trust**

Transactions of the Company-sponsored employee benefit trust are treated as being those of the Company and are therefore reflected in the historical financial information. In particular, the trust's purchases and sales of shares in the Company are debited and credited to equity.

(u) **Share-based payments**

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values using the Black Scholes model.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. Where vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current year. The number of vested options ultimately exercised by holders does not impact the expense recorded in any year.



Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

(v) **Retained earnings**

Retained earnings includes all current and prior year retained profits and losses.

(w) **Dividends**

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

### **3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the preparation of the historical financial information the Directors, in applying the accounting policies of the Company, make some judgements and estimates that effect the reported amounts in the historical financial information. The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

(a) **Accounting estimates**

There are no areas of significant estimation in applying the company's accounting policies.

(b) **Accounting judgements**

***Judgements in applying accounting policies and key sources of estimation uncertainty***

The following are the areas requiring the use of judgement that may significantly impact the historical financial information.

***Impairment of non-current assets***

The Directors apply judgement in the assessment as to whether the company's tangible and intangible assets are impaired at each reporting date, considering a number of factors including the economic viability and expected future financial performance of the asset.

***Provisions***

The calculation of provisions for employer's national insurance obligations requires the use of judgement and estimation in calculating the underlying fair value of the shares in the company.

***Estimated fair values of financial derivative assets where there is no quoted price***

The company holds options and warrants in unlisted entities which are not in an active market and cannot be valued by reference to unadjusted quoted prices for identical instruments. The Directors use judgement to select valuation techniques and make assumptions that are mainly based on observable market data in respect of equivalent instruments at the balance sheet date.

***Calculation of the fair value of share options***

The company issues share options to employees which are calculated using the Black Scholes valuation technique. This requires judgement in calculating the inputs into the model, including share price volatility, expected rates of return and future dividend declarations.

#### 4. SEGMENTAL ANALYSIS

The trading operations of the company comprise Corporate Advisory and Institutional Stockbroking. The Company's revenues are derived from activities conducted in the UK, although a number of its corporate and institutional investors and clients are situated overseas. All assets of the Company reside in the UK.

##### Analysis of revenue

All revenue has been generated from the UK.

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
Income from trading activities	5,335	5,010	5,080
Corporate finance income	12,637	14,192	16,945
Other fees and commissions	2	81	112
	<u>17,974</u>	<u>19,283</u>	<u>22,137</u>

  

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
Fees generated from contracts with customers	14,998	16,556	19,419
Fees not generated from contracts with customers	2,976	2,727	2,718
	<u>17,974</u>	<u>19,283</u>	<u>22,137</u>

##### Major customers

Throughout the track record period there have been no major customers that individually accounted for at least 10 per cent. of total revenues.

#### 5. OTHER OPERATING INCOME

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
<b>Other operating income</b>			
Trading profit on long term investments	–	180	8
Rental income	10	10	10
	<u>10</u>	<u>190</u>	<u>18</u>

## 6. EXPENSES BY NATURE

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
Employee benefit expense	10,120	11,898	13,017
Depreciation (note 10)	144	193	221
Amortisation (note 11)	29	27	30
Operating lease payments	342	375	375
Data subscriptions	1,118	1,246	1,422
Telecommunications and IT	216	223	286
Clearing fees	557	472	376
Marketing	473	478	762
Professional fees	353	323	714
Other expenses	1,734	1,394	1,934
<b>Total administrative expenses</b>	<b>15,086</b>	<b>16,629</b>	<b>19,137</b>

## 7. EMPLOYEES AND DIRECTORS

### Key management compensation

Key management of the Company is considered to be the board of directors. Remuneration paid to the Directors is as follows:

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
Short term benefits:			
Short term employee benefits	1,632	1,348	1,245
Social security contributions	225	186	172
Pension contributions	25	13	5
Share based payments	9	13	16
<b>Total remuneration</b>	<b>1,891</b>	<b>1,560</b>	<b>1,438</b>

### Highest paid director

The aggregate remuneration of the highest paid director was £461,000 (2017: £491,000; 2016: £438,000).

The number of directors accruing pension benefits under a defined contribution plan was 1 (2017: 2; 2016: 3).

The highest paid director did not exercise any share options in the year (2017: nil; 2016: nil).

## 8. FINANCE INCOME

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
Interest receivable	27	25	32
	<b>27</b>	<b>25</b>	<b>32</b>

## 9. TAXATION

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
<b>Analysis of charge in year</b>			
<b>Current tax</b>			
Current taxation charge for the year	605	519	628
Adjustments in respect of prior periods	–	(5)	3
<b>Total current tax</b>	<u>605</u>	<u>514</u>	<u>631</u>
<b>Deferred tax</b>			
Origination and reversal of timing differences	(1)	49	(16)
<b>Total deferred tax</b>	<u>(1)</u>	<u>49</u>	<u>(16)</u>
<b>Tax on profit on ordinary activities</b>	<u>604</u>	<u>563</u>	<u>615</u>
<b>Reconciliation of total tax charge:</b>			
Profit on ordinary activities before tax	<u>2,925</u>	<u>2,869</u>	<u>3,050</u>
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2017: 19.92%, 2016: 20%)	585	572	580
Effects of:			
Expenses not deductible for tax purposes	45	42	51
Deduction for exercise of employee share options	(22)	(50)	(5)
Income not taxable for tax purposes	–	(36)	(20)
Capital allowances in excess of depreciation	11	11	9
Adjustment to tax charge in respect of previous years	4	(5)	3
Adjustments to take charge in respect of previous periods – deferred tax	(19)	30	(6)
Effect of change in tax rates on deferred tax	–	(1)	3
<b>Total taxation charge</b>	<u>604</u>	<u>563</u>	<u>615</u>

### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19 per cent. from 1 April 2017 and to 17 per cent. from 1 April 2020, and this has been reflected in this historical financial information.

## 10. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue.

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

	<i>Year ended 30 April 2016</i>	<i>Year ended 30 April 2017</i>	<i>Year ended 30 April 2018</i>
<b>Earnings (£'000)</b>			
Earnings for the purposes of basic and diluted earnings per share being profit for the year attributable to equity shareholders	2,321	2,306	2,435
<b>Number of shares</b>			
Weighted average number of shares for the purposes of basic earnings per share	115,767,021	114,757,293	115,433,113
Weighted average dilutive effect of conditional share awards	2,829,693	4,029,605	3,877,457
Weighted average number of shares for the purposes of diluted earnings per share	118,596,714	118,786,898	119,310,570
<b>Profit per ordinary share (pence)</b>			
Basic profit per ordinary share	2.00	2.01	2.11
Diluted profit per ordinary share	1.96	1.94	2.04

## 11. PROPERTY, PLANT AND EQUIPMENT

	<i>Fixtures and fittings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Total £'000</i>
<b>COST</b>			
<b>As at 1 May 2015</b>	574	481	1,055
Additions	139	208	347
<b>As at 30 April 2016</b>	713	689	1,402
Additions	115	197	312
<b>As at 30 April 2017</b>	828	886	1,714
Additions	87	24	111
<b>As at 30 April 2018</b>	915	910	1,825
<b>DEPRECIATION</b>			
<b>As at 1 May 2015</b>	381	441	822
Charge for the year	91	53	144
<b>As at 30 April 2016</b>	472	494	966
Charge for the year	118	75	193
<b>As at 30 April 2017</b>	590	569	1,159
Charge for the year	120	101	221
<b>As at 30 April 2018</b>	710	670	1,380
<b>NET BOOK VALUE</b>			
<b>As at 1 May 2015</b>	193	40	233
<b>As at 30 April 2016</b>	241	195	436
<b>As at 30 April 2017</b>	238	317	555
<b>As at 30 April 2018</b>	205	240	445

## 12. INTANGIBLES

	<i>Trademarks</i> £'000	<i>Computer software</i> £'000	<i>Total</i> £'000
<b>COST</b>			
<b>As at 1 May 2015</b>	–	384	384
Additions	–	22	22
<b>As at 30 April 2016</b>	–	406	406
Additions	15	30	45
<b>As at 30 April 2017</b>	15	436	451
Additions	5	80	85
<b>As at 30 April 2018</b>	20	516	536
<b>AMORTISATION</b>			
<b>As at 1 May 2015</b>	–	329	329
Charge for the year	–	29	29
<b>As at 30 April 2016</b>	–	358	358
Charge for the year	–	27	27
<b>As at 30 April 2017</b>	–	385	385
Charge for the year	–	30	30
<b>As at 30 April 2018</b>	–	415	415
<b>NET BOOK VALUE</b>			
<b>As at 1 May 2015</b>	–	55	55
<b>As at 30 April 2016</b>	–	48	48
<b>As at 30 April 2017</b>	15	51	66
<b>As at 30 April 2018</b>	20	101	121

The remaining amortisation period for items of computer software are up to 4 years. Trademarks are considered to have an indefinite life and have been reviewed for impairment. No impairment has occurred during the track record period.

## 13. INVESTMENTS

	<i>As at</i> <i>30 April 2016</i> £'000	<i>As at</i> <i>30 April 2017</i> £'000	<i>As at</i> <i>30 April 2018</i> £'000
<b>Financial assets held at fair value through profit or loss</b>			
At start of year	125	218	301
Acquisition of shares in listed companies	525	392	161
Change in market value recognised in profit or loss	140	243	114
Disposals	(572)	(552)	(188)
At end of year	218	301	388

The change in value of financial assets is presented within "Revenue" in the historical financial information.



## Sensitivity analysis

These financial assets include warrants valued at 30 April 2018 at £98,774 (2017: £1; 2016 : £27,012). If the future volatility of the quoted equity price had been 5 per cent. to 20 per cent. basis points higher or lower, the impact on fair value of the warrants would be as stated in the table below:

<b>2018</b>	20%	10%	5%	0%	-5%	-10%	-20%
Fair value of warrants	£58,048	£78,464	£88,687	£98,774	£108,957	£118,769	£137,788
<b>2017</b>	20%	10%	5%	0%	-5%	-10%	-20%
Fair value of warrants	£1	£1	£1	£1	£1	£1	£1
<b>2016</b>	20%	10%	5%	0%	-5%	-10%	-20%
Fair value of warrants	£37,020	£31,873	£29,392	£27,012	£24,778	£22,742	£19,468

## 14. TRADE AND OTHER RECEIVABLES

	<i>As at</i> <i>30 April 2016</i> <i>£'000</i>	<i>As at</i> <i>30 April 2017</i> <i>£'000</i>	<i>As at</i> <i>30 April 2018</i> <i>£'000</i>
<b>Amounts falling due within one year:</b>			
Trade receivables not past due	282	219	519
Trade receivables past due	206	463	261
Trade receivables past due and impaired	–	–	–
Less provision for credit losses on trade receivables	(73)	(203)	(28)
<b>Trade receivables net</b>	<b>415</b>	<b>479</b>	<b>752</b>
Market making counterparty debtors	3,359	2,199	4,419
Other debtors	1,811	3,348	3,145
Prepayments and accrued income	528	850	926
	<b>6,113</b>	<b>6,876</b>	<b>9,242</b>

The market making counterparty debtors are all not past due and not impaired. No provision for credit losses has been made against these debtors.

## Movement of provision for credit losses

	<i>As at</i> <i>30 April 2016</i> <i>£'000</i>	<i>As at</i> <i>30 April 2017</i> <i>£'000</i>	<i>As at</i> <i>30 April 2018</i> <i>£'000</i>
At start of year	(55)	(73)	(203)
Provision for credit losses	(18)	(191)	(13)
Receivables written off during the year as uncollectible	–	61	188
At end of year	<b>(73)</b>	<b>(203)</b>	<b>(28)</b>

The carrying amounts of the entity's trade and other receivables are all denominated in GBP.

## 15. CASH AND CASH EQUIVALENTS

	<i>As at</i> <i>30 April 2016</i> <i>£'000</i>	<i>As at</i> <i>30 April 2017</i> <i>£'000</i>	<i>As at</i> <i>30 April 2018</i> <i>£'000</i>
<b>Cash and cash equivalents</b>			
Cash at bank and in hand	5,171	5,279	4,521

Cash and cash equivalents were held in the following currencies:

	<i>As at</i> <i>30 April 2016</i> <i>£'000</i>	<i>As at</i> <i>30 April 2017</i> <i>£'000</i>	<i>As at</i> <i>30 April 2018</i> <i>£'000</i>
UK Pound	5,126	5,166	4,272
United States Dollar	41	84	157
Euros	4	29	92
	5,171	5,279	4,521

## 16. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>Ordinary shares £0.01 Number</i>	<i>Ordinary shares Total £'000</i>	<i>Ordinary shares £0.01 Number</i>	<i>Ordinary shares Total £'000</i>
<b>At 1 May 2015</b>	132,000,000	1,320	115,272,230	1,153
Issue of shares on exercise of options	–	–	2,542,219	25
Acquisition of own shares	–	–	(423,902)	(4)
<b>At 30 April 2016</b>	132,000,000	1,320	117,390,547	1,174
Issue of shares on exercise of options	–	–	2,861,704	29
Acquisition of own shares	–	–	(2,801,151)	(28)
<b>At 30 April 2017</b>	132,000,000	1,320	117,451,100	1,175
Issue of shares on exercise of options	–	–	500,000	5
<b>At 30 April 2018</b>	132,000,000	1,320	117,951,100	1,180

The Company was incorporated on 2 April 2007 with 1 ordinary share issued at its nominal value of £1. The Company has in issue only one class of ordinary shares, which is non-redeemable, carries one vote per share and has no right to dividends other than those recommended by the directors, and an unlimited right to share in the surplus remaining on a winding up.

The ordinary shares were issued in the year to satisfy share option obligations.

## 17, PURCHASE OF OWN SHARES HELD

The movement on the Own shares held is shown below.

	<i>Number of shares held</i>
<b>Own shares held</b>	
<b>At 1 May 2015</b>	1,678,667
Movement	139,226
<b>At 30 April 2016</b>	1,817,893
Movement	(1,179,315)
<b>At 30 April 2017</b>	638,578
Movement	3,864,592
<b>At 30 April 2018</b>	4,503,170

## 18. PROVISIONS

	<i>As at 30 April 2016 £'000</i>	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>
<b>Non-current provisions</b>			
At the start of year	162	120	141
Movement	(42)	21	(68)
At the end of year	120	141	73

The above provision relates to the Company's eventual obligation to pay employer's national insurance on any deemed income that arises on the exercise of options issued under the Company's Unapproved Share Option Scheme. The amount provided for recognises the full obligation that would arise if all such options were exercised at the board's current estimate of the value of the company's shares, which has been agreed with HMRC, but this obligation would increase were the shares to become valuable in the future. All options have a seven year lifespan, and the dates of grant of the company's options are given in note 24.

## 19. DEFERRED TAX

	<i>As at 30 April 2016 £'000</i>	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>
Asset/(liability) at start of year	21	33	(16)
Credit/(charge) to income statement	12	(49)	16
Asset/(liability) at end of year	33	(16)	–
The deferred tax relates to the following:			
Accelerated capital allowances on property, plant & equipment	23	(24)	(11)
Pensions contributions	10	8	11
	33	(16)	–

In addition, there is an unrecognised deferred tax asset relating to short term timing differences of £26,000 (2017: £26,000; 2016: £21,000).

## 20. TRADE AND OTHER PAYABLES

	<i>As at</i> <i>30 April 2016</i> <i>£'000</i>	<i>As at</i> <i>30 April 2017</i> <i>£'000</i>	<i>As at</i> <i>30 April 2018</i> <i>£'000</i>
<b>Current</b>			
Trade payables	830	919	989
Social security	271	320	397
Accruals	2,754	3,227	2,192
Deferred income	97	87	168
Market making counterparty creditors	2,279	1,605	2,762
Other creditors	346	312	410
	<u>6,577</u>	<u>6,470</u>	<u>6,918</u>

The fair value of financial liabilities approximates to their carrying value due to short maturities. All trade and other payables were held in GBP.

## 21. BORROWINGS

	<i>As at</i> <i>30 April 2016</i> <i>£'000</i>	<i>As at</i> <i>30 April 2017</i> <i>£'000</i>	<i>As at</i> <i>30 April 2018</i> <i>£'000</i>
<b>Current</b>			
Bank loans and overdrafts	—	—	739
	<u>—</u>	<u>—</u>	<u>739</u>
<b>Amount repayable</b>			
Within one year	—	—	739
	<u>—</u>	<u>—</u>	<u>739</u>

The above carrying values of the borrowings equate to the fair values.

## 22. FINANCIAL RISK MANAGEMENT

The main risks arising from the financial instruments are credit risk, liquidity and market risk. Market risk comprises currency risk, interest rate risk and other price risk. The Directors review and agree policies for managing each of these risks are summarised below.

### Credit risk

Credit risk is the risk that clients or other counterparties to a financial instrument will cause a financial loss by failing to meet their obligation.

Credit risk exposure therefore arises as a result of trading, investing, and financing activities. The primary source of credit risk faced by the Company is that arising from the settlement of equity trades carried out in the normal course of business.

The credit risk on a particular equity trade receivable is measured by reference to the original amount owed to the Company less any partial payments less any collateral to which the Company is entitled.

Credit risk exposures are managed by the use of individual counterparty limits applied initially on the categorisation of the counterparty and assessed further according to the results of relevant financial indicators and/or news flow.

Trade receivables relating to fees due on the Company's corporate finance and advisory activities are monitored on a monthly basis. Formal credit procedures include checking client creditworthiness before starting to trade with them, approval of material trades and chasing of overdue accounts.

The maximum exposure to credit risk on trade debtors at the end of the reporting period is equal to the balance sheet figure. In addition, the company has credit risk exposure to the gross value of unsettled trades (on a delivery versus payment basis) at its agency Settlement Agent, which were £35 million at the balance sheet date.

### Liquidity risk

Liquidity risk is the risk that obligations associated with financial liabilities will not be met. The company monitors its risk to a shortage of funds by considering the maturity of both its financial assets and projected cash flows from operations. The company's objective is to maintain adequate cash resources with a material contingency to meet its obligations as they fall due.

The table below analyses the entities non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<i>Less than 1 year £'000</i>	<i>Between 1 and 2 years £'000</i>	<i>Between 2 and 5 years £'000</i>	<i>Over 5 years £'000</i>
<b>At 30 April 2018</b>				
Borrowings	739	–	–	–
Trade and other payables	6,918	–	–	–
	<u>7,657</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<i>Less than 1 year £'000</i>	<i>Between 1 and 2 years £'000</i>	<i>Between 2 and 5 years £'000</i>	<i>Over 5 years £'000</i>
<b>At 30 April 2017</b>				
Borrowings	–	–	–	–
Trade and other payables	6,470	–	–	–
	<u>6,470</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<i>Less than 1 year £'000</i>	<i>Between 1 and 2 years £'000</i>	<i>Between 2 and 5 years £'000</i>	<i>Over 5 years £'000</i>
<b>At 30 April 2016</b>				
Borrowings	–	–	–	–
Trade and other payables	6,577	–	–	–
	<u>6,577</u>	<u>–</u>	<u>–</u>	<u>–</u>

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant currency risks at the balance sheet date.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks at the balance sheet date.

## Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The company manages market price risk by monitoring the value of its financial instruments on a daily basis. The risk of future losses is limited to the fair value of investments as at the balance sheet date.

## Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	As at 30 April 2016 £'000	As at 30 April 2017 £'000	As at 30 April 2018 £'000
<b>Financial assets</b>			
<i>Financial assets measured at fair value through profit or loss</i>			
Non-current financial assets – investments	218	301	388
Current asset investments	63	291	646
	<u>281</u>	<u>592</u>	<u>1,034</u>
<i>Financial assets measured at amortised cost</i>			
Market making counterparty debtors	3,359	2,199	4,419
Trade debtors	415	479	752
Other debtors	1,811	3,348	3,145
Cash and cash equivalents	5,171	5,279	4,521
	<u>10,756</u>	<u>11,305</u>	<u>12,837</u>
<b>Total financial assets</b>	<u>11,037</u>	<u>11,897</u>	<u>13,871</u>
<b>Financial liabilities</b>			
<i>Financial liabilities measured at amortised cost</i>			
<i>Current:</i>			
Borrowings	–	–	(739)
Market-making counterparty creditors	(2,279)	(1,605)	(2,762)
Trade and other payables	(830)	(919)	(989)
	<u>(3,109)</u>	<u>(2,524)</u>	<u>(4,490)</u>
<b>Net financial assets and liabilities</b>	<u>7,928</u>	<u>9,373</u>	<u>9,381</u>

Financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy are categorised as follows:

Level 1 – quoted equity investments : £647,275 (2017 – £311,168; 2016 – £63,000)

Level 2 – none

Level 3 – warrants and private company investments : £386,606 (2017 – £280,322; 2016 : £218,000)

The amounts are based on the values recognised in the statement of financial position.



**Movements in financial assets categorised as Level 3 during the year were:**

	<i>As at 30 April 2016 £'000</i>	<i>As at 30 April 2017 £'000</i>	<i>As at 30 April 2018 £'000</i>
At start of year	125	218	280
Net (losses)/gains included in other operating income in the income statement	140	242	108
Additions	525	367	160
Disposals	(572)	(547)	(161)
At end of year	<u>218</u>	<u>280</u>	<u>387</u>

Level 3 financial instruments comprise investments in unquoted companies. The determination of fair value requires judgement, particularly in determining whether changes in fair value have occurred since the last observable transaction in the company's shares. In making this judgement the Company evaluates amongst other factors the materiality of each individual holding, the stage of the company's development, financial information of each company and relevant discussions with the company's management.

The remaining balance of the investments are categorised as Level 1 financial instruments and have therefore not been shown in the table above.

**Capital management policies and procedures**

The Company's capital management objectives are:

- To ensure the Company ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the board based on the requirements of the business.

Capital for the reporting period under review is shown as total equity in the balance sheet. This was £7,335,000 as at 30 April 2018 (2017: £6,421,000; 2016: £4,719,000).

**23. RELATED PARTY TRANSACTIONS**

The Directors consider there to be no ultimate controlling party. Related party transactions and balances with the Company are as follows:

The Company has a secured loan outstanding to S A Andrews, a director of the Company. The amount outstanding on the loan at 30 April 2018 was £43,618 (2017: £44,111; 2016: £50,630). No interest was charged in the year (2017: £nil; 2016: £nil). The loan is due for repayment for cash consideration in December 2019.

The Company had a secured loan outstanding to M J McNamara, who was a director of the Company until 22nd November 2016. The amount outstanding on the loan at 30 April 2018 was £nil (2017: £106,723; 2016: £115,323). No interest was charged in the year (2017: £905; 2016: £1,741).

The Company had a secured loan outstanding to T A J Jenkins, who was a director of the Company until 22nd November 2016. The amount outstanding on the loan at 30 April 2018 was £nil (2017: £174,358; 2016: £302,826). No interest was charged in the year (2017: £2,107; 2016: £4,571).

During the year to 31 March 2016, J P Moulton, a director of the Company, participated in a number of placings raised by the Company for its clients, on the same terms as all other parties in those placings.

Key management compensation is given in note 7.

## 24. SHARE BASED PAYMENTS

### Equity-settled share option scheme

The Company has a share option scheme for employees of the Company. Options are exercisable at a price equal to the average market price of the Company's ordinary shares, as valued by external consultants, on the date of grant. If the options remain unexercised after a period of 7 years from the date of grant the options expire without value. Options are forfeited if the employee leaves the Company before the options vest. Details of the share options outstanding during the year are as follows:

	<i>Number of share options 2018</i>	<i>Weighted average exercise price £ 2018</i>	<i>Number of share options 2017</i>	<i>Weighted average exercise price £ 2017</i>	<i>Number of share options 2016</i>	<i>Weighted average exercise price £ 2016</i>
Outstanding at beginning of year	24,491,316	0.108	11,561,683	0.066	13,180,000	0.061
Granted during the year	–	n/a	16,541,316	0.125	500,000	0.150
Forfeited during the year	(444,805)	0.104	(500,000)	0.055	–	0.000
Exercised during the year	(250,000)	0.050	(3,111,683)	0.050	(2,118,317)	0.054
Outstanding at the end of the year	23,796,511	0.109	24,491,316	0.108	11,561,683	0.066
Exercisable at the end of the year	6,100,000		5,600,000		7,711,683	

During the year, 250,000 (2017: 3,112,000; 2016: 2,118,317) options were exercised. As a result, an amount of £5,418 (2017: £67,000; 2016: £33,000) relating to these ordinary shares in the Share Based Payments reserve was transferred to the Profit and Loss reserve during the year (see Statement of Changes in Equity).

No options were granted in the year (2017: all 16,541,316 share options granted were granted over new shares by the Company at a weighted average exercise price of £0.125; 2016: 500,000 share options granted were granted over new shares by the Company at a weighted average exercise price of £0.150).

The options outstanding at the year end were:

<b>Grant date</b>	<i>Shares under option Number</i>	<i>Exercise price Per share £</i>	<i>Vesting period</i>	<i>Exercise period</i>
15 June 2011	3,500,000	£0.05	4 years	7 years
19-March 2012	600,000	£0.06	4 years	7 years
25 September 2012	500,000	£0.06	4 years	7 years
18 December 2012	750,000	£0.06	4 years	7 years
1 July 2013	750,000	£0.06	4 years	7 years
28 May 2014	1,100,000	£0.15	4 years	7 years
1 July 2015	500,000	£0.15	4 years	7 years
6 May 2016	4,350,000	£0.14	4 years	7 years
1 February 2017	2,000,000	£0.13	4 years	7 years
1 March 2017	2,000,000	£0.13	4 years	7 years
8 March 2017	4,496,511	£0.10	3 years	4 years
27 March 2017	3,250,000	£0.13	4 years	7 years

The options outstanding at 30 April 2018 had a weighted average exercise price of £0.109 (2017: £0.108; 2016: £0.066), and a weighted average remaining contractual life of 3.5 years (2017: 4.4 years;

2016: 2.9 years). The aggregate of the estimated fair values of the options granted on those dates is £450,000 (2017: £465,000; 2016: £220,000). The fair value of the options were calculated using the Black-Scholes model and the inputs into the model were as follows:

	2018	2017	2016
Weighted average share price	n/a	13.3p	14.8p
Weighted average exercise price	n/a	10.9p	6.6p
Expected volatility	n/a	44%	41%
Expected life	n/a	Up to 7 years	Up to 7 years
Risk-free rate	n/a	1.50%	2.23%
Expected dividend yields	n/a	10.00%	10.00%

Expected volatility was determined by calculating the historical volatility of a basket of listed competitor companies' share prices over the previous year. There are varying vesting conditions attached to the options.

## 25. COMMITMENTS AND CONTINGENCIES

	<i>As at</i> 30 April 2016 £'000	<i>As at</i> 30 April 2017 £'000	<i>As at</i> 30 April 2018 £'000
<b>Operating lease commitments</b>			
Within 1 year	243	485	485
Later than 1 year and less than 5 years	1,617	1,132	647
	<u>1,860</u>	<u>1,617</u>	<u>1,132</u>

The Company operated from offices under non-cancellable operating lease agreements. The original lease terms were between 5 and 10 years and expire in 2 years.

Throughout the track record period there have been no capital commitments contracted for but not provided in the financial statements.

## 26. ANALYSIS OF CHANGES IN NET DEBT

	<i>As at</i> 1 May 2017 £'000	<i>Cash</i> <i>flows</i> £'000	<i>As at</i> 30 April 2018 £'000
Borrowings	<u>–</u>	<u>(739)</u>	<u>(739)</u>
	<i>As at</i> 1 May 2016 £'000	<i>Cash</i> <i>flows</i> £'000	<i>As at</i> 30 April 2017 £'000
Borrowings	<u>–</u>	<u>–</u>	<u>–</u>
	<i>As at</i> 1 May 2015 £'000	<i>Cash</i> <i>flows</i> £'000	<i>As at</i> 30 April 2016 £'000
Borrowings	<u>–</u>	<u>–</u>	<u>–</u>

## 27. DIVIDENDS

	<i>Year ended 30 April 2016 £'000</i>	<i>Year ended 30 April 2017 £'000</i>	<i>Year ended 30 April 2018 £'000</i>
Dividend of 0.91p (2017: 0.50p; 2016: 1.85p) per share proposed and paid during the year	2,141	578	1,051
	<u>2,141</u>	<u>578</u>	<u>1,051</u>

Dividends are declared at the discretion of the board of directors.

## 28. POST BALANCE SHEET EVENTS

### Dividends

On 21 May 2018, the board of directors declared a dividend of 1.05p per share, or £1.18 million in total, with record date of 29 May 2018 and payment date of 1 June 2018.

On 22 November 2018, the board of directors declared a dividend of 0.207p per share, or £249,753 in total, with record date of 22 November 2018. Payment of this dividend is subject to Admission occurring.

### Pre-Admission Reorganisation

In connection with Admission and the Placing, the Company undertook a reorganisation, the material steps of which are summarised in paragraph 2 of Part V of this document and in relation to which finnCap Group plc issued shares to existing shareholders of finnCap Limited to enable finnCap Group plc to become the parent company of the Group.

## 29. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2 this Historical Financial Information has been prepared in accordance with IFRS. The date of the transition to IFRS is 1 May 2015 (the "Transition date").

The accounting policies described in note 2 were applied when preparing the Historical Financial Information for the years ended 30 April 2016, 2017 and 2018 and the Balance Sheet as at the Transition Date.

In preparing its opening IFRS Balance Sheet and adjusting amounts reported previously in the financial statements prepared in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (previous GAAP), the Company has applied IFRS 1 First-Time Adoption of International Financial Reporting Standards, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

### Exceptions and exemptions used during transition to IFRS

The Company has applied the following exceptions as set out in IFRS 1 in the conversion from UK GAAP to IFRS:

### Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under UK GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

### Business combinations

IFRS 3 "Business combinations" has not been applied to business combinations that occurred before the date of transition to IFRS. As a result, the carrying value of goodwill in the opening balance sheet under IFRS is the same as the carrying value under UK GAAP.

## Exemptions

The Company has not applied any optional exemptions in the conversion from UK GAAP to IFRS.

## Adjustments made in connection with transition to IFRS

There were no adjustments to the UK GAAP balance sheet at the date of transition to IFRS. The only adjustment made to the UK GAAP financial statements in connection with the transition to IFRS was in respect of goodwill, which is not amortised under IFRS, but subject to an annual impairment test. Following the annual impairment test at the date of transition the goodwill was found to be fully impaired. This decreased shareholders' funds at 30 April 2015 by £118,000.

A number of balance sheet reclassifications have been made as set out below:

### UK GAAP to IFRS reconciliation of the Statement of Comprehensive Income for the year ended 30 April 2018

	<i>UK GAAP</i>	<i>Adjustments</i>	<i>IFRS</i> <i>£'000</i>
Revenue	22,137	–	22,137
Other operating income	18	–	18
<b>Total income</b>	22,155	–	22,155
Administrative expenses	(19,137)	–	(19,137)
<b>Operating profit</b>	3,018	–	3,018
Finance income	32	–	32
<b>Profit before taxation</b>	3,050	–	3,050
Taxation	(615)	–	(615)
<b>Profit after taxation</b>	2,435	–	2,435

**UK GAAP to IFRS reconciliation of the Statement of Comprehensive Income for the year ended 30 April 2017**

	<i>UK GAAP</i>	<i>Adjustments</i>	<i>IFRS £'000</i>
Revenue	19,283	–	19,283
Other operating income	190	–	190
<b>Total income</b>	19,473	–	19,473
Administrative expenses	(16,629)	–	(16,629)
<b>Operating profit</b>	2,844	–	2,844
Finance income	25	–	25
<b>Profit before taxation</b>	2,869	–	2,869
Taxation	(563)	–	(563)
<b>Profit after taxation</b>	2,306	–	2,306

**UK GAAP to IFRS reconciliation of the Statement of Comprehensive Income for the year ended 30 April 2016**

	<i>UK GAAP</i>	<i>Adjustments</i>	<i>IFRS £'000</i>
Revenue	17,824	–	17,824
Other operating income	160	–	160
<b>Total income</b>	17,984	–	17,984
Administrative expenses	(15,204)	118	(15,086)
<b>Operating profit</b>	2,780	118	2,898
Finance income	27	–	27
<b>Profit before taxation</b>	2,807	118	2,925
Taxation	(604)	–	(604)
<b>Profit after taxation</b>	2,203	118	2,321



# **UK GAAP to IFRS reconciliation of the Balance Sheet as at 30 April 2018**

	<i>UK GAAP</i> £'000	<i>Adjustments</i> £'000	<i>IFRS</i> £'000
<b>Non-current assets</b>			
Property, plant and equipment	445	–	445
Goodwill and other intangibles	121	–	121
Financial assets held at fair value through profit or loss	388	–	388
Total non-current assets	954	–	954
<b>Current assets</b>			
Trade and other receivables	9,242	–	9,242
Deferred tax asset	–	–	–
Current asset investments held at fair value through profit or loss	646	–	646
Cash and cash equivalents	4,521	–	4,521
Total current assets	14,409	–	14,409
<b>Total assets</b>	15,363	–	15,363
<b>Equity and liabilities</b>			
Share capital	1,180	–	1,180
Share premium	768	–	768
Capital redemption reserve	452	–	452
Own shares held	(676)	–	(676)
EBT reserve	(54)	–	(54)
Share based payments reserve	247	–	247
Retained earnings	5,418	–	5,418
<b>Total equity</b>	7,335	–	7,335
<b>Non-current liabilities</b>			
Provisions	73	–	73
Deferred tax liability	–	–	–
Total non-current liabilities	73	–	73
<b>Current liabilities</b>			
Borrowings	–	739	739
Corporation tax payable	–	298	298
Current liability investments held at fair value through profit or loss	–	–	–
Trade and other payables	7,955	(1,037)	6,918
Total current liabilities	7,955	–	7,955
<b>Total liabilities</b>	8,028	–	8,028
<b>Total equity and liabilities</b>	15,363	–	15,363

# **UK GAAP to IFRS reconciliation of the Balance Sheet as at 30 April 2017**

	<i>UK GAAP £'000</i>	<i>Adjustments £'000</i>	<i>IFRS £'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	555	–	555
Goodwill and other intangibles	66	–	66
Financial assets held at fair value through profit or loss	301	–	301
Total non-current assets	922	–	922
<b>Current assets</b>			
Trade and other receivables	6,876	–	6,876
Deferred tax asset	–	–	–
Current asset investments held at fair value through profit or loss	291	–	291
Cash and cash equivalents	5,279	–	5,279
Total current assets	12,446	–	12,446
<b>Total assets</b>	13,368	–	13,368
<b>Equity and liabilities</b>			
Share capital	1,175	–	1,175
Share premium	748	–	748
Capital redemption reserve	452	–	452
Own shares held	(96)	–	(96)
EBT reserve	(39)	–	(39)
Share based payments reserve	167	–	167
Retained earnings	4,014	–	4,014
<b>Total equity</b>	6,421	–	6,421
<b>Non-current liabilities</b>			
Provisions	141	–	141
Deferred tax liability	–	16	16
Total non-current liabilities	141	16	157
<b>Current liabilities</b>			
Borrowings	–	–	–
Corporation tax payable	–	320	320
Current liability investments held at fair value through profit or loss	–	–	–
Trade and other payables	6,806	(336)	6,470
Total current liabilities	6,806	(16)	6,790
<b>Total liabilities</b>	6,947	–	6,947
<b>Total equity and liabilities</b>	13,368	–	13,368

# **UK GAAP to IFRS reconciliation of the Balance Sheet as at 30 April 2016**

	<i>UK GAAP £'000</i>	<i>Adjustments £'000</i>	<i>IFRS £'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	484	(48)	436
Goodwill and other intangibles	–	48	48
Financial assets held at fair value through profit or loss	218	–	218
Total non-current assets	702	–	702
<b>Current assets</b>			
Trade and other receivables	6,146	(33)	6,113
Deferred tax asset	–	33	33
Current asset investments held at fair value through profit or loss	63	–	63
Cash and cash equivalents	5,171	–	5,171
Total current assets	11,380	–	11,380
<b>Total assets</b>	12,082	–	12,082
<b>Equity and liabilities</b>			
Share capital	1,174	–	1,174
Share premium	634	–	634
Capital redemption reserve	424	–	424
Own shares held	(255)	–	(255)
EBT reserve	(25)	–	(25)
Share based payments reserve	198	–	198
Retained earnings	2,569	–	2,569
<b>Total equity</b>	4,719	–	4,719
<b>Non-current liabilities</b>			
Provisions	120	–	120
Deferred tax liability	–	–	–
Total non-current liabilities	120	–	120
<b>Current liabilities</b>			
Borrowings	–	–	–
Corporation tax payable	–	666	666
Current liability investments held at fair value through profit or loss	–	–	–
Trade and other payables	7,243	(666)	6,577
Total current liabilities	7,243	–	7,243
<b>Total liabilities</b>	7,363	–	7,363
<b>Total equity and liabilities</b>	12,082	–	12,082

## UK GAAP to IFRS reconciliation of the Balance Sheet as at 30 April 2015

	UK GAAP £'000	Adjustments £'000	IFRS £'000
<b>Non-current assets</b>			
Property, plant and equipment	288	(55)	233
Goodwill and other intangibles	118	(63)	55
Financial assets held at fair value through profit or loss	125	–	125
Total non-current assets	531	(118)	413
<b>Current assets</b>			
Trade and other receivables	8,994	(21)	8,973
Deferred tax asset	–	21	21
Current asset investments held at fair value through profit or loss	–	–	–
Cash and cash equivalents	3,206	–	3,206
Total current assets	12,200	–	12,200
<b>Total assets</b>	12,731	(118)	12,613
<b>Equity and liabilities</b>			
Share capital	1,153	–	1,153
Share premium	487	–	487
Capital redemption reserve	420	–	420
Own shares held	(252)	–	(252)
EBT reserve	(5)	–	(5)
Share based payments reserve	213	–	213
Retained earnings	2,513	(118)	2,395
<b>Total equity</b>	4,529	(118)	4,411
<b>Non-current liabilities</b>			
Provisions	162	–	162
Deferred tax liability	–	–	–
Total non-current liabilities	162	–	162
<b>Current liabilities</b>			
Borrowings	–	–	–
Corporation tax payable	–	185	185
Current liability investments held at fair value through profit or loss	106	–	106
Trade and other payables	7,934	(185)	7,749
Total current liabilities	8,040	–	8,040
<b>Total liabilities</b>	8,202	–	8,202
<b>Total equity and liabilities</b>	12,731	(118)	12,613

## Section C – Accountant’s Report on the Historical Financial Information of Cavendish



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
finnCap Group plc  
60 New Broad Street  
London  
EC2M 1JJ

28 November 2018

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

Ladies and Gentlemen

**finnCap Group plc (the “Company”)**

**Cavendish Corporate Finance LLP and Cavendish Corporate Finance (UK) Limited (together, the “Cavendish Group”)**

### Introduction

We report on the financial information on the Cavendish Group set out in Section D of Part III of this document. This financial information has been prepared for inclusion in the admission document dated 28 November 2018 of the Company (the “Admission Document”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

### Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information.

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

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

### Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that

the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

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

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Cavendish Group as at 31 March 2016, 31 March 2017, 31 March 2018 and of its results, cash flows and changes in equity for the periods then ended in accordance the basis of preparation set out in note 2 to the financial information.

### **Declaration**

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

Yours faithfully

BDO LLP  
*Chartered Accountants*

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

## Section D – Combined historical financial information on the Cavendish Group

### Combined Statement of Comprehensive Income For the years ended 31 March 2016, 2017 and 2018

	Note	Year ended 31 March 2016 £'000	Year ended 31 March 2017 £'000	Year ended 31 March 2018 £'000
Revenue	4	12,095	6,421	10,204
Administrative expenses	5	(8,851)	(6,412)	(8,361)
<b>Operating profit</b>		<u>3,244</u>	<u>9</u>	<u>1,843</u>
Finance income	7	<u>10</u>	<u>4</u>	<u>1</u>
<b>Profit before taxation</b>		<u>3,254</u>	<u>13</u>	<u>1,844</u>
Taxation	8	<u>(36)</u>	<u>(27)</u>	<u>(71)</u>
<b>Profit/(loss) after taxation</b>		<u><u>3,218</u></u>	<u><u>(14)</u></u>	<u><u>1,773</u></u>

There are no items of Other Comprehensive Income

*All results derive from continuing operations.*



**Combined Balance Sheet**  
**As at 1 April 2015, 31 March 2016, 2017 and 2018**

	<i>Note</i>	<i>As at 1 April 2015 £'000</i>	<i>As at 31 March 2016 £'000</i>	<i>As at 31 March 2017 £'000</i>	<i>As at 31 March 2018 £'000</i>
<b>Non-current assets</b>					
Property, plant and equipment	9	24	35	61	34
Total non-current assets		24	35	61	34
<b>Current assets</b>					
Trade and other receivables	10	473	716	851	547
Cash and cash equivalents	11	2,065	1,376	381	1,706
Total current assets		2,538	2,092	1,232	2,253
<b>Total assets</b>		2,562	2,127	1,293	2,287
<b>Total invested capital</b>		2,017	1,480	368	1,149
<b>Current liabilities</b>					
Corporation tax payable		37	37	27	71
Trade and other payables	12	508	610	898	1,067
Total current liabilities		545	647	925	1,138
<b>Total liabilities</b>		545	647	925	1,138
<b>Total equity and liabilities</b>		2,562	2,127	1,293	2,287

## Combined Statement of Changes in Invested Capital

	<i>Total invested capital £'000</i>
<b>Balance at 1 April 2015</b>	<u>2,017</u>
Profit for the year	<u>3,218</u>
<b>Total comprehensive income for the year</b>	<u>3,218</u>
<b>Transactions with owners:</b>	
Members drawings	<u>(3,755)</u>
<b>Total transactions with owners, recognised directly in equity</b>	<u>(3,755)</u>
<b>Balance at 31 March 2016</b>	<u>1,480</u>
<b>Balance at 1 April 2016</b>	<u>1,480</u>
Loss for the year	<u>(14)</u>
<b>Total comprehensive (expense) for the year</b>	<u>(14)</u>
<b>Transactions with owners:</b>	
Members drawings	<u>(1,098)</u>
<b>Total transactions with owners, recognised directly in equity</b>	<u>(1,098)</u>
<b>Balance at 31 March 2017</b>	<u>368</u>
<b>Balance at 1 April 2017</b>	<u>368</u>
Profit for the year	<u>1,773</u>
<b>Total comprehensive income for the year</b>	<u>1,773</u>
<b>Transactions with owners:</b>	
Members drawings	<u>(992)</u>
<b>Total transactions with owners, recognised directly in equity</b>	<u>(992)</u>
<b>Balance at 31 March 2018</b>	<u>1,149</u>

**Combined Cash Flow Statement**  
**For the years ended 31 March 2016, 2017 and 2018**

	<i>Note</i>	<i>Year ended 31 March 2016 £'000</i>	<i>Year ended 31 March 2017 £'000</i>	<i>Year ended 31 March 2018 £'000</i>
<b>Cash flows from operating activities</b>				
Profit before taxation		3,254	13	1,844
Adjustments for:				
Depreciation	9	19	27	27
Finance income	7	(10)	(4)	(1)
		<u>3,263</u>	<u>36</u>	<u>1,870</u>
Changes in working capital:				
(Increase)/decrease in trade and other receivables		(243)	(135)	304
Increase in trade and other payables		<u>102</u>	<u>288</u>	<u>169</u>
<b>Cash generated from operations</b>		<u>3,122</u>	<u>189</u>	<u>2,343</u>
Tax paid		<u>(36)</u>	<u>(37)</u>	<u>(27)</u>
<b>Net cash inflow from operating activities</b>		<u>3,086</u>	<u>152</u>	<u>2,316</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	9	(30)	(53)	–
Interest received		<u>10</u>	<u>4</u>	<u>1</u>
<b>Net cash (outflow)/inflow from investing activities</b>		<u>(20)</u>	<u>(49)</u>	<u>1</u>
<b>Cash flows from financing activities</b>				
Members drawings paid		<u>(3,755)</u>	<u>(1,098)</u>	<u>(992)</u>
<b>Net cash outflow from financing activities</b>		<u>(3,755)</u>	<u>(1,098)</u>	<u>(992)</u>
Net (decrease)/increase in cash and cash equivalents		(689)	(995)	1,325
Cash and cash equivalents at beginning of year		<u>2,065</u>	<u>1,376</u>	<u>381</u>
<b>Cash and cash equivalents at end of year</b>	11	<u>1,376</u>	<u>381</u>	<u>1,706</u>

## Notes to the Combined Historical Financial Information

### 1. GENERAL INFORMATION

Cavendish Corporate Finance (UK) Limited (the “Company”) is a private limited company incorporated and domiciled in England and Wales. The registered company number is 02234889. Cavendish Corporate Finance LLP is a limited liability partnership domiciled and incorporated in England and Wales. The registered office of both entities is 40 Portland Place, London, W1B 1NB. Together these entities are defined as the “Group”.

The Group does not constitute a separate legal group, however both the entities comprising the Group were under common management and common control throughout this period.

The combined historical financial information presents the financial track record of the entities comprising the Group as at and for the years ended 31 March 2016, 2017, and 2018.

The Group is principally engaged in Corporate Advisory.

### 2. ACCOUNTING POLICIES

#### (a) Basis of preparation

The Group does not constitute a separate legal group. The combined historical financial information, which has been prepared specifically for this Admission Document, is therefore prepared on a basis that combines the results, assets and liabilities of the two entities constituting the Group by applying the principles underlying the consolidation procedures of IFRS 10 ‘Consolidated Financial Statements’ (“IFRS 10”) for each of the three years to 31 March 2016, 2017, 2018, and as at these dates. On such basis, the combined historical financial information sets out the Group’s balance sheet as of 31 March 2016, 2017, 2018 and combined results of the Group’s operations and cash flows for the three years then ended.

This combined historical financial information presents the financial track record of the Group for the three years ended 31 March 2018 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange. This combined historical financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the AIM Rules for Companies, International Financial Reporting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations (together “IFRS”), this basis of preparation, and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

This combined financial information has been prepared in accordance with IFRS except for the departures below.

#### ***Departures from IFRS***

IFRS does not provide for the preparation of combined financial information, and accordingly in preparing the combined financial information certain accounting conventions commonly used for the preparation of Historical Financial Information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on Historical Financial Information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS. In other respects IFRS has been applied.

- The Historical Financial Information is prepared on a combined basis which does not comply with the requirements of IFRS 10 (Consolidated Financial Statements).
- The combined historical financial information does not therefore constitute a set of general purpose financial statements under paragraph 3 of IAS 1 and consequently there is no explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 14 of IAS 1.
- The Group has not in the past constituted a separate legal group and therefore it is not meaningful to show share capital or an analysis of reserves for this combined Group. As such, the net assets of Group are represented by the cumulative investment of the Group (shown as “Invested Capital”).

- As the financial information has been prepared on a combined basis, it is not possible to measure earnings per share. Accordingly, the requirement of IAS 33 'Earnings per Share' to disclose earnings per share has not been complied with.
- The information contained within this combined financial information contains the financial results of Cavendish Corporate Finance LLP, which was not controlled by Cavendish Corporate Finance (UK) Limited for the year end 31 March 2016, 2017, and 2018. The preparation of such combined financial information is not provided for in IFRS and so the combined financial information does not comply with IFRS in this regard.
- Certain drawings made by the partners of the LLP have been allocated to administrative expenses in this combined financial information in order to more accurately reflect the trading performance of the Group.

The deemed transition date to IFRS, for the purposes of this combined historical financial information on the Group is 1 April 2015, which is the beginning of the first year presented. Details of the transition are set out in Note 17. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exceptions and exemptions in the application of particular standards to prior years in order to assist companies with the transition process. The Group has not applied any of the optional exemptions or exceptions.

The combined historical financial information has been prepared on a going concern basis under the historical cost convention except for certain financial instruments that are measured at fair value. The combined historical financial information is presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated. The combined historical financial information does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006.

**(b) Going concern**

The Group meets its day-to-day working capital requirements through its cash resources. The Directors have prepared cash flow forecasts and projections for the years ending 31 March 2020. Taking account of reasonably foreseeable changes in trading performance, these forecasts and projections show that the Group is expected to have a sufficient level of financial resources available through current and future facilities. Furthermore, the Directors have assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities. Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the combined historical financial information.

**(c) New standards, amendments and interpretations**

The Group has adopted the following new standards and interpretations in the combined historical financial information:

- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018 and early adopted); and
- IFRS 9 – Financial instruments (effective 1 January 2018 and early adopted).

The adoption of the above standards had no material impact on the results or financial position in any of the years presented and as a result no adjustment was made on adoption. At the date of authorisation of this combined historical financial information, the following new standards and interpretations which have not been applied in this financial information were in issue but not yet effective:

- IFRS 16 – Leases (effective 1 January 2019)

The Group has a lease in place for the property that they operate from. This lease will need to be assessed against the requirements of IFRS 16 before the impact of the standard can be quantified. The operating lease commitment can be seen in note 13.

There are other standards in issue which are not expected to have an impact on the Group and therefore have not been included in the list above.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the combined historical financial information together with estimates with a significant risk of material adjustment in the next year are discussed in note 3 to the combined historical financial information.

(d) **Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Where consideration includes financial instruments or other non-cash items, revenue is measured at fair value using an appropriate valuation method.

Revenue comprises corporate finance transaction fees and retainers.

To determine whether to recognise revenue, the Group follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is recognised either at a point in time, or over time as the Group satisfies performance obligations by transferring the promised services to its customers as described below.

The corporate finance transaction fees are recognised at a point in time when, under the terms of the contract, the conditions have been unconditionally met such that the Group is entitled to the fees specified. Corporate finance retainer fees are recognised over time as the services are delivered.

(e) **Members' drawings**

Residual profit which remains unallocated at the year end is shown as members' drawings.

(f) **Foreign currency**

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

(g) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Depreciation**

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Fixtures, Fittings and Equipment	25%
----------------------------------	-----

It has been assumed that all assets will be used until the end of their economic life.

(h) **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The reversal of the impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

(i) **Retirement benefits**

The Group operates a defined contribution scheme for UK-based employees. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable during the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(j) **Operating lease payments**

Operating leases are leases in which substantially all the risks and rewards of ownership related to the asset are not transferred to the Group.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

(k) **Finance income**

Finance income comprise interest receivable on cash funds invested. Interest income is recognised in profit or loss as it accrues using the effective interest method.

(l) **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to the extent that it arises on:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.



A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(m) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

(n) **Financial instruments**

**Financial assets**

The Group's financial assets comprise trade and other receivables, and cash and cash equivalents. The classification of financial assets at initial recognition depends upon the purpose for which they are acquired and their characteristic. Financial assets are measured initially at their fair value.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recorded at fair value and thereafter are measured at amortised cost using the effective interest rate. A loss allowance for expected credit losses is recognised based upon the lifetime expected credit losses in cases where the credit risk on trade and other receivables has increased significantly since initial recognition. In cases where the credit risk has not increased significantly, the Group measures the loss allowance at an amount equal to the 12-month expected credit loss. This assessment is performed on a collective basis considering forward-looking information.

**Financial liabilities**

The Group's financial liabilities comprise trade and other payables. The classification of financial liabilities at initial recognition depends upon the purpose for which they are acquired and their characteristic.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Trade and most other payables fall into this category of financial instruments.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are initially recorded at fair value and thereafter at amortised cost using the effective interest rate method.

(o) **Segmental reporting**

The Group is managed as a corporate advisory business and although there are different revenue streams, the Group's activities are considered to be subject to similar economic characteristics. Consequently, the Group is managed as one business unit which is reported in a manner consistent with the internal reporting to the partners, which has been identified as the chief operating decision maker.

(p) **Total invested capital**

Invested capital represents the initial investment in, and cumulative earnings retained within the Group.

### **3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the preparation of the combined historical financial information the Directors, in applying the accounting policies of the Group, make some judgements and estimates that effect the reported amounts in the

combined historical financial information. The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

(a) **Accounting estimates**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no areas of significant estimation in applying the company's accounting policies.

(b) **Accounting judgements**

There are no areas of significant judgement in applying the company's accounting policies.

#### 4. SEGMENTAL ANALYSIS

The trading operations of the Group comprise corporate advisory services. The Group's revenues are derived from activities conducted in the UK. All assets of the Group reside in the UK.

##### Analysis of revenue

All revenue has been generated from the UK.

	<i>Year ended 31 March 2016 £'000</i>	<i>Year ended 31 March 2017 £'000</i>	<i>Year ended 31 March 2018 £'000</i>
Success Fees	10,360	5,352	7,920
Pack and Marketing Fees	1,587	991	1,477
Other Fees	148	78	807
Retainer Fees	1,735	1,069	2,284
	<u>12,095</u>	<u>6,421</u>	<u>10,204</u>

##### Major customers

In the year ended 31 March 2018 there were three major customers that individually accounted for at least 10 per cent. of total revenues (2017: two customers; 2016: two customers). The revenues relating to these customers in 2018 were £3,380,000 (2017: £1,450,000; 2016: £3,278,000).

#### 5. EXPENSES BY NATURE

	<i>Year ended 31 March 2016 £'000</i>	<i>Year ended 31 March 2017 £'000</i>	<i>Year ended 31 March 2018 £'000</i>
Exchange losses	–	–	5
Depreciation (note 9)	19	27	27
Operating lease payments	355	353	357
Employee benefit expense	6,631	4,243	6,287
Other expenses	1,846	1,789	1,685
<b>Total administrative expenses</b>	<u>8,851</u>	<u>6,412</u>	<u>8,361</u>

## 6. EMPLOYEES AND DIRECTORS

### Key management compensation

Key management of the Group is considered to be the members of the LLP who are also shareholders of the Company. Remuneration paid to these shareholder members is as follows:

	<i>Year ended 31 March 2016 £'000</i>	<i>Year ended 31 March 2017 £'000</i>	<i>Year ended 31 March 2018 £'000</i>
Short term benefits:			
Short term employee benefits	2,621	1,401	2,092
Pension contributions	8	8	8
<b>Total remuneration</b>	<u>2,629</u>	<u>1,409</u>	<u>2,100</u>

## 7. FINANCE INCOME

	<i>Year ended 31 March 2016 £'000</i>	<i>Year ended 31 March 2017 £'000</i>	<i>Year ended 31 March 2018 £'000</i>
Interest receivable	10	4	1
	<u>10</u>	<u>4</u>	<u>1</u>

## 8. TAXATION

	<i>Year ended 31 March 2016 £'000</i>	<i>Year ended 31 March 2017 £'000</i>	<i>Year ended 31 March 2018 £'000</i>
<b>Analysis of charge in year</b>			
<b>Current tax</b>			
Current taxation charge for the year	37	27	71
Adjustments in respect of prior periods	(1)	–	–
<b>Total current tax</b>	<u>36</u>	<u>27</u>	<u>71</u>
<b>Tax on profit on ordinary activities</b>	<u>36</u>	<u>27</u>	<u>71</u>
<b>Reconciliation of total tax charge:</b>			
Profit on ordinary activities before tax	3,254	13	1,844
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2017: 20%, 2016: 20%)	651	3	350
Effects of:			
Expenses not deductible for tax purposes	37	24	42
Income not subject to corporation tax	(651)	–	(321)
Adjustment to tax charge in respect of previous years	(1)	–	–
<b>Total taxation charge</b>	<u>36</u>	<u>27</u>	<u>71</u>

### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19 per cent. from 1 April 2017 and to 17 per cent. from 1 April 2020, and this has been reflected in this combined historical financial information.

## 9. PROPERTY, PLANT AND EQUIPMENT

	<i>Fixtures and fittings £'000</i>
<b>COST</b>	
<b>As at 1 April 2015</b>	112
Additions	30
<b>As at 31 March 2016</b>	142
Additions	53
<b>As at 31 March 2017</b>	195
Additions	—
<b>As at 31 March 2018</b>	195
<b>DEPRECIATION</b>	
<b>As at 1 April 2015</b>	88
Charge for the year	19
<b>As at 31 March 2016</b>	107
Charge for the year	27
<b>As at 31 March 2017</b>	134
Charge for the year	27
<b>As at 31 March 2018</b>	161
<b>NET BOOK VALUE</b>	
<b>As at 1 April 2015</b>	24
<b>As at 31 March 2016</b>	35
<b>As at 31 March 2017</b>	61
<b>As at 31 March 2018</b>	34

## 10. TRADE AND OTHER RECEIVABLES

	<i>As at 31 March 2016 £'000</i>	<i>As at 31 March 2017 £'000</i>	<i>As at 31 March 2018 £'000</i>
<b>Amounts falling due within one year:</b>			
Trade receivables not past due	476	496	148
Trade receivables past due but not impaired	115	22	61
Trade receivables past due and impaired	—	9	9
Less provision for credit losses on trade receivables	—	(9)	(9)
<b>Trade receivables net</b>	591	518	209
Other debtors	13	21	18
Prepayments and accrued income	112	312	320
	<u>716</u>	<u>851</u>	<u>547</u>

## Movement of provision for credit losses

	<i>As at 31 March 2016 £'000</i>	<i>As at 31 March 2017 £'000</i>	<i>As at 31 March 2018 £'000</i>
At start of year	–	–	9
Provision for credit losses	–	9	–
At end of year	<u>–</u>	<u>9</u>	<u>9</u>

Trade and other receivables are all current and the book value is not materially different from the fair value. The carrying amounts of the entity's trade and other receivables are all denominated in GBP.

## 11. CASH AND CASH EQUIVALENTS

	<i>As at 31 March 2016 £'000</i>	<i>As at 31 March 2017 £'000</i>	<i>As at 31 March 2018 £'000</i>
<b>Cash and cash equivalents</b>			
Cash at bank and in hand	<u>1,376</u>	<u>381</u>	<u>1,706</u>

Cash and cash equivalents were held in the following currencies:

	<i>As at 31 March 2016 £'000</i>	<i>As at 31 March 2017 £'000</i>	<i>As at 31 March 2018 £'000</i>
UK Pound	1,376	381	1,644
United States Dollar	–	–	62
	<u>1,376</u>	<u>381</u>	<u>1,706</u>

## 12. TRADE AND OTHER PAYABLES

	<i>As at 31 March 2016 £'000</i>	<i>As at 31 March 2017 £'000</i>	<i>As at 31 March 2018 £'000</i>
<b>Current</b>			
Trade payables	131	344	429
Other taxation and social security	124	93	102
Accruals and deferred income	327	414	464
Other creditors	28	47	72
	<u>610</u>	<u>898</u>	<u>1,067</u>

The fair value of financial liabilities approximates to their carrying value due to short maturities. All trade and other payables were held in GBP.

### 13. COMMITMENTS AND CONTINGENCIES

	<i>As at 31 March 2016 £'000</i>	<i>As at 31 March 2017 £'000</i>	<i>As at 31 March 2018 £'000</i>
<b>Operating lease commitments</b>			
Within 1 year	360	353	353
Later than 1 year and less than 5 years	1,411	1,411	1,411
After 5 years	1,294	941	588
	<u>3,065</u>	<u>2,705</u>	<u>2,352</u>

The Group operates from an office under a non-cancellable operating lease agreement. The original lease term was 10 years and expires in November 2024.

Throughout the track record period there have been no capital commitments contracted for but not provided in the financial statements.

### 14. FINANCIAL RISK MANAGEMENT

The main risks arising from the financial instruments are credit risk, liquidity and market risk. Market risk comprises currency risk and interest rate risk. The Directors review and agree policies for managing each of these risks which are summarised below.

#### Credit risk

Credit risk is the risk that clients or other counterparties to a financial instrument will cause a financial loss by failing to meet their obligation. Credit risk relates to the Group's corporate clients, and is the risk that third parties fail to pay amounts as they fall due. Formal credit procedures include checking client creditworthiness before starting to trade with them, approval of material trades and chasing of overdue accounts. The maximum exposure to credit risk on trade debtors at the end of the reporting period is equal to the balance sheet figure.

#### Liquidity risk

Liquidity risk is the risk that obligations associated with financial liabilities will not be met. The Group monitors its risk to a shortage of funds by considering the maturity of both its financial assets and projected cash flows from operations. The Group's objective is to maintain adequate cash resources with a material contingency to meet its obligations as they fall due.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<i>Less than 1 year £'000</i>
<b>At 31 March 2018</b>	
Trade payables	<u>(429)</u>
	<i>Less than 1 year £'000</i>
<b>At 31 March 2017</b>	
Trade payables	<u>(344)</u>

Less than  
1 year  
£'000

#### At 31 March 2016

Trade payables

(131)

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant currency risks at the balance sheet date.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant interest rate risks at the balance sheet date.

#### Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	As at 31 March 2016 £'000	As at 31 March 2017 £'000	As at 31 March 2018 £'000
<b>Financial assets</b>			
<i>Financial assets measured at amortised cost</i>			
Trade and other receivables	604	539	227
Cash and cash equivalents	1,376	381	1,706
	<u>1,980</u>	<u>920</u>	<u>1,933</u>
<b>Total financial assets</b>	<u>1,980</u>	<u>920</u>	<u>1,933</u>
<b>Financial liabilities</b>			
<i>Financial liabilities measured at amortised cost</i>			
<i>Current:</i>			
Trade payables	(131)	(344)	(429)
Accruals and deferred income	(327)	(414)	(464)
Other creditors	(28)	(47)	(72)
	<u>(486)</u>	<u>(805)</u>	<u>(965)</u>
<b>Net financial assets and liabilities</b>	<u>1,494</u>	<u>115</u>	<u>968</u>
<b>Non-financial assets and liabilities</b>			
Property, plant and equipment	35	61	34
Prepayments and accrued income	112	312	320
Social security	(124)	(93)	(102)
Corporation tax	(37)	(27)	(71)
	<u>(14)</u>	<u>253</u>	<u>181</u>
<b>Total invested capital</b>	<u>1,480</u>	<u>368</u>	<u>1,149</u>



## **Capital management policies and procedures**

The Group's capital management objectives are:

- To ensure the Group has the ability to continue as a going concern; and
- To provide an adequate return to the shareholders and members by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing.

Capital for the reporting period under review is shown as total invested capital in the table above.

## **15. RELATED PARTY TRANSACTIONS**

The Group is owed £8,000 (2017: £8,000; 2016: £11,000) from Cavendish Capital Advisors LLP. Cavendish Capital Advisors LLP is a related party by virtue of common control.

Key management compensation is given in note 6.

## **16. EXPLANATION OF TRANSITION TO IFRS**

As stated in note 2 this combined historical financial information has been prepared in accordance with IFRS except where stated. The date of the transition to IFRS is 1 April 2015 (the "Transition date").

The accounting policies described in note 2 were applied when preparing the combined historical financial information for the years ended 31 March 2016, 2017 and 2018 and the Balance Sheet as at the Transition Date.

In preparing its opening IFRS Balance Sheet and adjusting amounts reported previously in the financial statements prepared in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (previous GAAP), the Group has applied IFRS 1 First-Time Adoption of International Financial Reporting Standards, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

### **Exceptions and exemptions used during transition to IFRS**

The Group has applied the following exceptions as set out in IFRS 1 in the conversion from UK GAAP to IFRS:

#### ***Estimates***

Hindsight is not used to create or revise estimates. The estimates previously made by the Group under UK GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

#### ***Exemptions***

The Group has not applied any optional exemptions in the conversion from UK GAAP to IFRS.

### ***Adjustments made in connection with transition to IFRS***

There were no adjustments to the UK GAAP balance sheet at the date of transition to IFRS. The only adjustment made to the UK GAAP financial statements in connection with the transition to IFRS was in respect of reclassifications and presentation.

## PART IV

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited pro forma statement of net assets set out below has been prepared by the Directors to illustrate the effect on the Group's net assets of the Acquisition, the receipt of the Placing proceeds (the "**Proceeds**"); the costs of the Placing and other adjustments as if they had taken place on 30 April 2018.

The unaudited pro forma statement of net assets is compiled on the basis set out in the notes below from the net assets of finnCap as at 30 April 2018, as set out in Section B of Part III of this document ("**Historical Financial Information**"). This unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

	<i>finnCap as at 30 April 2018 £'000 (Note 1)</i>	<i>Cavendish as at 31 March 2018 £'000 (Note 2)</i>	<i>Pre- Admission Reorganisation £'000 (Note 3)</i>	<i>Net proceeds of the Placing receivable by the Company £'000 (Note 4)</i>	<i>Placing related settlements £'000 (Note 5)</i>	<i>Total £'000 (Note 6)</i>
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	445	34	–	–	–	479
Intangibles	121	–	12,704	–	–	12,825
Financial assets held at fair value through profit or loss	388	–	–	–	–	388
<b>Total non-current assets</b>	<b>954</b>	<b>34</b>	<b>12,704</b>	<b>–</b>	<b>–</b>	<b>13,692</b>
<b>Current assets</b>						
Trade and other receivables	9,242	547	–	–	(375)	9,414
Current asset investments held at fair value through profit or loss	646	–	–	–	–	646
Cash and cash equivalents	4,521	1,706	(5,281)	2,800	1,075	4,821
<b>Total current assets</b>	<b>14,409</b>	<b>2,253</b>	<b>(5,281)</b>	<b>2,800</b>	<b>700</b>	<b>14,881</b>
<b>Total assets</b>	<b>15,363</b>	<b>2,287</b>	<b>7,423</b>	<b>2,800</b>	<b>700</b>	<b>28,573</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Provisions	73	–	–	–	–	73
<b>Total non-current liabilities</b>	<b>73</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>73</b>
<b>Current liabilities</b>						
Borrowings	739	–	–	–	–	739
Corporation tax payable	298	71	–	–	–	369
Trade and other payables	6,918	1,067	(817)	–	–	7,168
<b>Total current liabilities</b>	<b>7,955</b>	<b>1,138</b>	<b>(817)</b>	<b>–</b>	<b>–</b>	<b>8,276</b>
<b>Total liabilities</b>	<b>8,028</b>	<b>1,138</b>	<b>(817)</b>	<b>–</b>	<b>–</b>	<b>8,349</b>
<b>Net assets</b>	<b>7,335</b>	<b>1,149</b>	<b>8,240</b>	<b>2,800</b>	<b>700</b>	<b>20,224</b>

## Explanatory notes

1. The net assets of finnCap as at 30 April 2018 have been extracted without adjustment from the Historical Financial Information contained in Section B of Part III of this document.
2. The net assets of Cavendish as at 31 March 2018 have been extracted without adjustment from the Historical Financial Information contained in Section D of Part III of this document.
3. This column reflects the following adjustments relating to the Pre-Admission Reorganisation:
  - (a) the exercise of options granted in finnCap. For the purpose of the Net Asset Statement this has been taken as £345k as at 30 April 2018.
  - (b) the payment of a dividend equivalent to the excess cash in Cavendish Corporate. For the purpose of the Net Asset Statement this has been taken as the retained earnings balance as at 31 March 2018; and
  - (c) the Company was incorporated on 28 August 2018. It will become the Parent and ultimate holding company of finnCap and Cavendish Corporate in exchange for a mixture of issued share capital and cash consideration. The issue of shares to acquire finnCap will constitute a group reorganisation and will be accounted for using merger accounting principles.

This column reflects the consideration due to the existing members of Cavendish Corporate, which comprises cash of £4.5 million and new Shares in the Company of £9.3 million in return for their interests in Cavendish, and the associated consolidation adjustment to account for the Acquisition.

The Board will be required to undertake a fair value exercise of the identifiable assets and liabilities of the acquired business of Cavendish to assess the purchase price for accounting purposes to be included in the financial statements for the year ending 30 April 2019. This fair value exercise may result in adjustments to the carrying value of the Company's balance sheet line items. The provisional increase in the goodwill and other intangibles is shown as £12.7 million which represents the difference between the total consideration paid of £13.8 million and the net assets acquired of £1.1 million.

4. The adjustment represents the estimated net proceeds of £2.8 million in relation to the Placing receivable by the Company after estimated fees and expenses of £950k. The costs attributable to the issue of new Shares will be expensed.
5. These columns reflect the following adjustments relating to the simultaneous settlement of balances as a result of the Placing:
  - (a) the receipt of cash proceeds on sale of shares held by the EBT; and
  - (b) the receipt of cash proceeds in settlement of the employee shareholder loans owed by finnCap employee shareholders.
6. This column comprises the sum of the preceding columns and represents the pro forma net assets of the Group as at 30 April 2018 assuming the Acquisition, the Pre-Admission Reorganisation, the Proceeds of the Placing, the repayment of the employee shareholder loans and the sale of the EBT shares had occurred on this date. No adjustment has been made to take account of trading results, cash movements, or other transactions undertaken by finnCap since 30 April 2018 or Cavendish since 31 March 2018.

## **PART V**

### **ADDITIONAL INFORMATION**

#### **1. Incorporation and status of the Company**

- (a) The Company was incorporated and registered in England and Wales under the Companies Act on 28 August 2018 with registered number 11540126 as a private company limited by shares with the name De Facto 1234 Limited. On 2 November 2018, the Company changed its name to finnCap Group Limited. On 28 November 2018, the Company re-registered as a public limited company with the name finnCap Group plc.
- (b) The principal legislation under which the Company operates and under which the Shares will be issued is the Companies Act and the regulations made thereunder.
- (c) The registered office of the Company is at 60 New Broad Street, London, England, EC2M 1JJ, and its telephone number is 020 7220 0500.
- (d) The liability of the members of the Company is limited.
- (e) The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is [www.finncap.com](http://www.finncap.com).

#### **2. Share capital of the Company**

- (a) On incorporation, the share capital of the Company was one ordinary share of £0.01 in nominal value. On 24 September 2018, the Company subsequently issued and allotted an additional 10 ordinary shares of £0.01 each.
- (b) On 26 November 2018, as part of the Reorganisation, the Company issued and allotted a total of 120,653,815 ordinary shares of £0.01 each in exchange for ordinary shares in finnCap Ltd pursuant to the Exchange Agreement, details of which are set out in paragraph 11(d) of Part V of this document. As at the date of this document, all ordinary shares are credited as fully paid.
- (c) On 27 November 2018, ordinary and special resolutions were passed in the following terms:
  - (i) the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot Shares in the Company or grant rights to subscribe for or to convert any security or security into Shares in the Company up to a maximum aggregate nominal amount of £467,962.63 (being sufficient authority to allot, (i) the New Shares (such authority unless otherwise renewed, varied or revoked by the Company, to expire immediately following Admission) and (ii) the Consideration Shares (such authority unless otherwise renewed, varied or revoked by the Company, to expire immediately following Admission);
  - (ii) the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot Shares in the Company or grant rights to subscribe for or to convert any security into Shares in the Company up to a maximum aggregate nominal amount of £1,136,119.64 (£568,059.82 of which must only be used in connection with a rights issue), such authority unless otherwise renewed, varied or revoked by the Company, to expire on the date of the Company's first annual general meeting following Admission or, if earlier, 28 February 2020;
  - (iii) the Company was authorised to make political donations to political parties and/or independent election candidates not exceeding £50,000 and incur political expenditure not exceeding £50,000, such authority unless otherwise renewed, varied or revoked by the Company, to expire on the date of the Company's first annual general meeting following Admission or, if earlier, 28 February 2020;
  - (iv) the Directors were given the power to allot equity securities (as defined in section 560 of the Companies Act) pursuant to the authority conferred by the resolution described in paragraph (i) above as if section 561(1) of the Companies Act did not apply to such allotment, such amount

unless otherwise renewed, varied or revoked by the Company, to expire immediately following Admission;

- (v) the Directors were given the general power to allot equity securities (as defined in section 560 of the Companies Act) pursuant to the authority conferred by the resolution described in paragraph (ii) above as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited (i) in relation to rights issues, up to a maximum additional amount of £568,059.82, which represents approximately one third of the Company's issued Ordinary Share capital on Admission; and (ii) in any other case, shares up to a maximum nominal value of £85,208.97 representing approximately 5 per cent. of the Company's issued Ordinary Share capital at Admission, such authorities, unless otherwise renewed, varied or revoked by the Company, to expire on the date of the Company's first annual general meeting following Admission or, if earlier, 28 February 2020;
  - (vi) the Company was also generally and unconditionally authorised for the purposes of section 701 of the Companies Act to make one or more market purchases (as defined in section 693(4) of the Companies Act) of its Shares, provided that: the Company does not purchase under this authority more than 17,041,794 Shares (being approximately 10 per cent. of the Company's issued Share capital at Admission); and does not pay less than the nominal value for each Share; or more than (i) 5 per cent. above the average price over the five business days prior to any such purchase or (ii) an amount equal to the higher of the last independent trade of a Share and the highest current bid for a Share. Such authority is to expire, unless otherwise renewed, varied or revoked by the Company, on the date of the Company's first annual general meeting following Admission or, if earlier, 28 February 2020; and
  - (vii) the Directors were given the general power to allot equity securities (as defined by section 560 of the Companies Act) pursuant to the authority conferred by the resolution described in paragraph (ii) above as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited to shares up to a maximum nominal value of £85,208.97, representing approximately a further 5 per cent. of the Shares, and is only used in connection with an acquisition or specified capital investment in accordance with guidance published by the Pre-Emption Group, such authority, unless otherwise renewed, varied or revoked by the Company, to expire on the date of the Company's first annual general meeting following Admission or, if earlier, 28 February 2020.
- (d) With effect immediately upon Admission, and pursuant to the authority given by the resolutions referred to in paragraph 2(c) above, the New Shares will be allotted at the Placing Price pursuant to the Placing and 33,403,406 Consideration Shares will be allotted pursuant to the Acquisition. In addition, 780,000 Shares are expected to be issued pursuant to the exercise of Share options. The issue of the New Shares will result in a dilution of existing shareholders at the date of this document of 12.2 per cent. The issue of the Consideration Shares will also result in a dilution of existing shareholders at the date of this document of 23.6 per cent. (disregarding the New Shares). On Admission, Existing Shares will comprise 71.7 per cent. of the Enlarged Share Capital.
- (e) The Company's issued share capital as at the date of this document and as it is expected to be immediately following Admission is as set out below:
- |                              | <i>Number of Shares</i> | <i>Amount</i> |
|------------------------------|-------------------------|---------------|
| At the date of this document | 120,653,826             | £1,206,538.26 |
| On Admission                 | 168,230,089             | £1,682,300.89 |
- (f) Application will be made for the Shares to be admitted to trading on AIM. The Shares are not listed or traded on, and no application has been or is being made, for the admission of the Shares to listing or trading on any other stock exchange or securities market.
  - (g) With effect from Admission, all of the Shares will be in registered form and, subject to the Shares being admitted to and accordingly enabled for settlement in CREST, the Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.
  - (h) Save in connection with the Placing and the Acquisition or to satisfy Options granted under the Incentive Plans from time to time, there is no present intention to issue any share or loan capital in the Company following Admission.

- (i) Save as set out in paragraph 4 of this Part V, no shares in the capital of the Company are under option or have been agreed, conditionally or unconditionally, to be put under option.
- (j) The Company has not traded since incorporation and accordingly does not have any distributable reserves. This could restrict the Company's ability to pay dividends in the future. Therefore, the Company intends to undertake a court-approved reduction of capital following Admission in accordance with the Companies Act and the Companies (Reduction of Share Capital) Order 2008 in order to provide it with distributable reserves. The proposed reduction of capital will cancel all amounts standing to the credit of the Company's share premium account arising from the issue of the New Shares. The reduction of capital has been approved by a special resolution passed as a written resolution on 27 November 2018 and will require Court approval after Admission.

### 3. Articles of association

- (a) The articles of association of the Company (the "**Articles**") adopted by the Company with effect from Admission, contain provisions, *inter alia*, to the following effect:

- (i) **Voting rights**

Subject to any terms as to voting upon which any shares may be issued or may for the time being be held, the total number of votes a member present in person or (being a corporation) who is present by a duly authorised representative or a proxy for a member has on a show of hands shall be determined in accordance with the Companies Act. On a poll every member present in person or by proxy or by representative (in the case of a corporate member) shall have one vote for each share of which they are the holder, proxy or representative. If a member or their duly appointed representative or proxy present at a general meeting votes on a poll, they do not need to use all their votes or cast all the votes in the same way.

The duly authorised representative of a corporate Shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual Shareholder.

A Shareholder is not entitled to vote unless all calls due from them have been paid.

A Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any Shares held by them in relation to which they or any other person appearing to be interested in such Shares has been duly served with a notice under section 793 of the Companies Act (a "**793 notice**") and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice), is served with a disenfranchisement notice. Such disenfranchisement will apply until the Company has withdrawn the disenfranchisement notice, or until the disenfranchisement notice is deemed to have been withdrawn (seven days after receipt by the Company of the information required to comply with the 793 notice) whichever is the earlier.

- (ii) **General meetings**

The Company must hold an annual general meeting in accordance with the Companies Act in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state:

- (1) whether the meeting is an annual general meeting or general meeting;
- (2) the date, time and place of the meeting;
- (3) whether the meeting is a physical meeting or a hybrid meeting;
- (4) the general nature of the business of the meeting;
- (5) any intention to propose a resolution as a special resolution; and

- (6) that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of them and that a proxy need not also be a member.

All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy or corporate representative.

Each Director can attend and speak at any general meeting.

(iii) **Dividends**

Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Companies Act, the Board may from time to time pay to the Shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the Shares. Any dividend unclaimed after a period of 6 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Shares the right to elect to receive additional Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on Shares representing not less than 0.25 per cent. by number of the issued shares of any class after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the Shares concerned as referred to in paragraph 3(a)(i) above.

(iv) **Return of capital**

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended) or the rights of any other class of shares, divide amongst the Shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

(v) **Transfer of shares**

The Shares are in registered form.

The Articles provide for Shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such Shares being referred to as "Participating Securities". Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of their Shares. In the case of Shares represented by a certificate ("**Certificated Shares**") the transfer shall be made by an instrument of transfer in any usual form or in any other form which the Board may approve. Transfers of Participating Securities will be in accordance with and subject to the Uncertificated Securities Regulations 2001.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid Share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the Share until the name of the transferee is entered in the register of members.



The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of Shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer unless:

- (1) in the case of a Certificated Share, the instrument of transfer, duly stamped (if required, or duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (2) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of Share; and
- (3) in the case of a transfer to joint holders, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of Shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the Shares (as referred to in paragraph 3(a)(viii) below), resulting in a disenfranchisement notice, unless the Shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the Company withdraws the disenfranchisement notice, or it is deemed to have been withdrawn, but the Board shall not decline to register:

- (1) a transfer which is shown to the satisfaction of the Board to be in connection with a *bona fide* sale of the beneficial interest in any Shares to any person who is unconnected with the Shareholder and with any other person appearing to be interested in the Share;
- (2) a transfer pursuant to the acceptance of an offer made to all the Company's Shareholders or all the Shareholders of a particular class to acquire all or a proportion of the Shares or the Shares of a particular class; or
- (3) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's Shares are normally traded.

(vi) **Variation of rights**

Subject to the Companies Act, all or any of the rights attached to any class of share may be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of their shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by them. Except as set out above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

(vii) **Share capital and changes in capital**

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are to be redeemed

or that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board.

Subject to the provisions of the Articles and the Companies Act and without prejudice to the rights attaching to any existing shares or class of shares, the Board may offer, allot (with or without a right of renunciation), issue, grant options over, reclassify or otherwise deal with or dispose of shares to such persons, at such time and for such consideration and upon such terms and conditions as the Board may determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The relevant resolution may determine that, as between the holders of shares resulting from a sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

(viii) ***Disclosure of interests in shares***

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, they have 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant Shares and send out a further notice to the holder (known as a “disenfranchisement notice”). The disenfranchisement notice will state that the identified Shares no longer give the Shareholder any right to attend or vote at a Shareholders’ meeting or to exercise any other right in relation to Shareholders’ meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

(ix) ***Non-UK shareholders***

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

(x) ***Untraced shareholders***

Subject to various notice requirements, the Company may sell any of a Shareholder’s Shares in the Company if, during a period of 12 years, at least three dividends on such Shares have become payable and no dividend has been claimed during that period in respect of such Shares, the Company has received no indication of the whereabouts of the such Shareholder, it has taken reasonable steps to trace the Shareholder and it has sent a notice of its intention to sell the Shares to the Shareholder’s last known address.

(xi) ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and, subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the Shareholders.

(xii) ***Directors***

Subject to the Companies Act, and provided they have made the necessary disclosures, a director may be a party to or otherwise directly or indirectly interested in any transaction or

arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under section 175 of the Companies Act to avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if any requirement about the quorum of the meeting is met without including the director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a director shall not vote in respect of any matter in which they have, directly or indirectly, an interest (otherwise than by virtue of their interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which they are debarred from voting.

A director shall (in the absence of interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution if:

- (1) the resolution relates to the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (2) their interest arises by virtue of them being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, debentures or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;
- (3) the resolution relates to the giving to them of any other indemnity where all other directors are also being offered indemnities on substantially the same terms;
- (4) the resolution relates to the funding by the Company of their expenditure on defending proceedings or the doing by the Company of anything to enable them to avoid incurring such expenditure where all other directors are being offered substantially the same arrangements;
- (5) the resolution relates to any proposal concerning any other company in which they are interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever provided that they do not hold an interest in shares (as that term is used in Part 22 of the Companies Act) representing 1 per cent. or more of either any class of the equity share capital of such company or of the voting rights available to members of such company;
- (6) the resolution relates to any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not award them any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (7) the resolution relates to any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any of the directors or for persons who include directors provided that, for the purposes of this Article, "insurance" means only insurance against liability incurred by a director in respect of any act or omission by them or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including directors.

The directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all directors (excluding any remuneration of a Director under or in connection with an executive service contract) shall not exceed £500,000 per annum. The directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the

Company. Any director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of any directors who held (but no longer hold) executive office or employment with the Company or any of its subsidiary undertakings or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such directors.

The directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a director with funds to meet their expenditure in defending any civil or criminal proceedings brought or threatened against them in relation to the Company. The Company may also provide a director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a director in connection with the Company's activities as a trustee of a pension scheme.

The directors are obliged to retire by rotation and are eligible for re-election at the first annual general meeting after the annual general meeting at which they were elected. Any non-executive director who has held office for nine years or more is subject to re-election annually. Any director appointed by the Board holds office only until the next annual general meeting, when they are eligible for re-election.

There is no age limit for directors.

Unless and until otherwise determined by ordinary resolution of the Company, the directors (other than alternate directors) shall not be less than two nor more than 12 in number.

(xiii) **Redemption**

The Shares are not redeemable.

(xiv) **Electronic communication**

The Company may communicate electronically with its members in accordance with the provisions of the Companies Act.

#### **4. Share incentive arrangements**

##### ***The finnCap Share Incentive Plans***

On completion of the Reorganisation, participants under the finnCap Share Incentive Plans exchanged their subsisting options over shares in the capital of finnCap for new options over shares in the capital of the Company. All other terms and conditions of the subsisting options remained the same and the new options will continue to be governed by the rules of the finnCap Share Incentive Plans following Admission. These are summarised in more detail below. No further Options will be granted under the finnCap Share Incentive Plans following Admission.

(a) ***The finnCap EMI Plan***

The finnCap EMI Plan was adopted by the board of directors of finnCap on 6 November 2015, as a tax advantaged plan under Schedule 5 to the Income Tax (Earnings & Pensions) Act 2003. As at 28 November 2018 (being the latest practicable date prior to the publication of this document), there were Options over (in aggregate) 19,407,142 Shares subsisting under the finnCap EMI Plan with exercise prices ranging from 6p and 15p per Share. Options over 8,035,714 Shares are currently exercisable. Out of these Options, it is anticipated that Options over 780,000 will be exercised on Admission. Options over 11,371,428 Shares are not currently exercisable, but will become exercisable between 1 July 2019 and 1 June 2022, subject to the rules of the finnCap EMI Plan and

the conditions under which they were granted. For the avoidance of doubt, Admission will not accelerate or otherwise affect the vesting of these Options.

Should a participant cease to be an employee of the Group, unexercised Options will lapse unless the Remuneration Committee determines otherwise in its absolute discretion. Exercise of the Options is accelerated in the case of a change of control of the Company.

(b) ***The finnCap SAYE***

The finnCap SAYE was adopted by the board of directors of finnCap on 2 March 2017, as a tax advantaged plan under Schedule 3 to the Income Tax (Earnings & Pensions) Act 2003. As at 28 November 2018 (being the latest practicable date prior to the publication of this document), there were Options over (in aggregate) 3,544,594 Shares subsisting under the finnCap SAYE with an exercise price of 10.4 pence per Share. Options are not currently exercisable but will become exercisable between 1 April 2020 and 1 October 2020, subject to the rules of the finnCap SAYE Plan and the conditions under which they were granted. For the avoidance of doubt, Admission will not accelerate or otherwise affect the vesting of these Options.

Accelerated vesting will apply in the event that a participant ceases to be employed by the Group in certain 'good leaver' circumstances or in the case of a change of control of the Company.

(c) ***The finnCap Unapproved Plan***

The finnCap Unapproved Plan was adopted by the board of directors of finnCap on 31 July 2007 and is unapproved for UK tax purposes. As at 28 November 2018 (being the latest practicable date prior to the publication of this document), there were Options over (in aggregate) 3,028,572 Shares subsisting under the finnCap Unapproved Plan with exercise prices ranging from 14p and 15p per Share. No Options are currently exercisable. They will become exercisable between 31 March 2020 and 15 October 2022, subject to the rules of the finnCap Unapproved Plan and the conditions under which they were granted. For the avoidance of doubt, Admission will not accelerate or otherwise affect the vesting of these Options.

Should a participant cease to be an employee of the Group, unexercised Options will lapse unless the Remuneration Committee determines otherwise in its absolute discretion. Exercise of the Options is accelerated in the case of a change of control of the Company.

(d) ***Options granted on or in connection with Admission***

On 22 November 2018 and conditional on completion of the Acquisition and Admission, the Company approved the grant of options to certain employees of the Cavendish Group, including Joe Stelzer, to acquire Shares with an exercise price equal to the Placing Price (the "**Cavendish Options**"). The Cavendish Options will be granted pursuant to the terms of the Acquisition Agreement and the rules of the Group Share Option Plan described below (as applicable). Other than Joe Stelzer's Option which will be granted over 1.5 per cent. of the Company's issued share capital immediately following Admission, it is intended that the Cavendish Options will be satisfied by the EBT, using 6,100,901 Shares to be held in the Cavendish Sub-Fund following the exercise of the Cavendish Call Options and 1,000,000 Shares held in the Group Sub-Fund (see paragraph 4(h) below).

***The Group Share Incentive Plans***

(e) ***The Group Share Option Plan***

On 22 November 2018, the Board adopted the Group Share Option Plan conditional on Admission. Part I of the Group Share Option Plan is tax advantaged under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and provides for the grant of tax-advantaged company share options (CSOPs) subject to certain statutory conditions being met. Part II of the Group Share Option Plan provides for the grant of unapproved options. The rules of the Group Share Option Plan are summarised below:

- (i) **Eligibility:** All employees of the Group, including Executive Directors, are eligible to participate in the Group Share Option Plan at the discretion of the Remuneration Committee.



- (ii) **Timing of grant:** Awards may be granted by the Company or the Trustee during the period of (i) 42 days following Admission, (ii) 42 days following the announcement of the Company's final or interim results for any financial period, (iii) within 42 days following the occurrence of an event which the Remuneration Committee considers to be exceptional, (iv) within 42 days following any changes to legislation affecting tax-advantaged share option schemes, or (v) within 42 days of an eligible employee commencing employment with the Group. If the grantor is prohibited by statute, regulation, stock exchange rules or the Company's internal share dealing code from granting options during any of these periods it may do so within 42 days following the lifting of such prohibition. No awards may be granted more than 10 years after the adoption of the Group Share Option Plan.
- (iii) **Structure of awards:** Awards granted under the Group Share Option Plan will take the form of an option to acquire Shares in the Company. Awards may be satisfied using new issue Shares, treasury shares or existing Shares purchased in the market and/or held by the EBT. Awards may be exercised on a 'cashless' basis, whereby sufficient Shares are sold on a participant's behalf to cover the cost of the exercise price (and any resulting tax liability).
- (iv) **Exercise price:** The price at which a participant may acquire Shares on the exercise of an award shall be determined by the Remuneration Committee on the date of grant. Awards granted under Part I of the Group Share Option Plan must be granted with an exercise price equal to the market value of a Share at the time of grant. For the purposes of calculating market value, it is intended that reference will be made to the closing market price of a Share in the Company on the dealing day preceding the relevant date of grant.
- (v) **Individual limits:** No award may be granted to an eligible employee under Part I if it would result in the aggregate market value of the Shares comprised in all outstanding options granted to them under Part I (as at the date of grant), exceeding the specified HMRC limit (currently £30,000). In addition, (both under Part I and Part II) the aggregate market value of the Shares comprised in options/awards granted to an eligible employee under the Group Share Option Plan together, if applicable, under the Group EMI Plan, in any one financial year (calculated on the date of grant, but ignoring, where relevant, options or awards granted on, before or in connection with Admission) shall not exceed 100 per cent. of annual salary under normal circumstances and 200 per cent. of annual salary in exceptional circumstances (as determined by the Remuneration Committee). The Remuneration Committee may exceed these limits, if it sees fit, in order to facilitate the recruitment or retention of an eligible employee.
- (vi) **Company limits:** The number of Shares over which (or in respect of which) awards may be granted under the Group Share Option Plan on any date shall be limited so that the total number of Shares issued and issuable in respect of options or awards granted in any rolling ten year period under the Group Share Option Plan and any other share option scheme of the Company (including the Group EMI Plan and the Group SAYE) is restricted to 10 per cent. of the Company's issued Shares calculated at the relevant time. For the purposes of this limit no account will be taken of options or awards granted on, before or in connection with Admission (including under the finnCap Share Incentive Plans) and no account will be taken of options or awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting. Treasury shares will be treated as newly issued shares for the purposes of these limits, but (for the avoidance of doubt) existing Shares held by the EBT, including any Shares acquired on the exercise of the Cavendish Call Options and/or any Shares acquired in the market will not.
- (vii) **Vesting:** The Remuneration Committee will determine, at the date of grant, when awards under the Group Share Option Plan will vest. Ordinarily, awards will vest over a period of at least three years and, in the case of Options granted under Part I, three years is the minimum vesting period required in order to benefit from the related tax advantages. If the Remuneration Committee sees fit, awards under the Share Option Plan may be granted on terms that their exercise will be subject to the satisfaction of objective performance conditions. Where performance conditions are applicable the Remuneration Committee will ensure that they are sufficiently stretching and challenging.
- (viii) **Lapse of awards:** Unvested awards granted under the Group Share Option Plan will normally lapse on cessation of employment. However, if a participant is a 'good leaver' i.e. if they die or leave employment through illness, injury or disability or for any other reason determined by the Remuneration Committee (in its absolute discretion), then the Remuneration Committee may permit that participant (or their personal representatives if appropriate) to retain their unvested

award until the relevant vesting date and permit exercise subject to the satisfaction of the performance conditions (if any) and unless the Remuneration Committee exercises its discretion otherwise, a *pro-rata* reduction for the time that has elapsed since the relevant date of cessation. Alternatively, the Remuneration Committee may, in its discretion, permit unvested awards held by 'good leavers' to vest and be exercised in a limited period following cessation, having regard to the achievement of the performance conditions (if any) and the period of time that has passed since the relevant date of grant. If a participant ceases employment in any circumstances other than the 'good leaver' circumstances referred to above then ordinarily all their awards (vested and unvested) will lapse on such cessation unless the Remuneration Committee exercises its discretion otherwise.

- (ix) **Change of control:** If a change of control event occurs, such as a takeover, scheme or reconstruction (but not including an internal reorganisation) or voluntary winding up of the Company, then the Remuneration Committee will determine, in its absolute discretion, whether and to what extent subsisting awards (whether vested or unvested) shall vest and become exercisable, but taking into account all relevant facts and circumstances including, but not limited to, the performance of the Company (where applicable), the period of time which has elapsed since the relevant date of grant. Under the rules of the Group Share Option Plan, exchange of options in the event of a change of control may also be offered as an alternative to exercise of both vested and unvested awards.
- (x) **Other terms:** Awards under the Group Share Option Plan will not form part of a participant's terms and conditions of employment nor his/her pensionable earnings. Awards are not transferable (other than on death) and will become immediately void in the event that a participant becomes bankrupt. No payment will be required for the grant of an award.
- (xi) **Adjustment of awards:** In the event of a capitalisation issue or offer by way of rights (including an open offer), or upon any consolidation, subdivision or reduction or other variation of the Company's capital, the number of Shares the subject of an award and/or the exercise price (if any) may be adjusted in such manner as the Remuneration Committee shall, in its opinion, consider fair and reasonable.
- (xii) **Administration and amendment:** The Group Share Option Plan may be amended by the Remuneration Committee in any way, provided that no amendment, addition or deletion may be made which would materially prejudice the interests of participants in relation to awards already granted to them under the Group Share Option Plan unless the sanction of at least 75 per cent. of the participants (by value of the subsisting awards) has been obtained.

(f) **The Group EMI Plan**

On 22 November 2018 the Board adopted the Group EMI Plan conditional on Admission. The Group EMI Plan is a tax advantaged plan under Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 and provides for the grant of tax-advantaged enterprise management incentive options (EMIs) subject to certain statutory conditions being met. The rules of the Group EMI Plan are broadly the same as the rules of the Group Share Option Plan, save for the following statutory differences:

- (i) **Eligibility:** All employees of the Group, including Executive Directors, are eligible to participate in the Group EMI Plan at the discretion of the Remuneration Committee, provided that they either work (i) 25 hours a week or more or (ii) 75 per cent. of their working time, for the Group and they do not hold a material interest in the Shares.
- (ii) **Exercise price:** The price at which a participant may acquire Shares on the exercise of an award shall be determined by the Remuneration Committee on the date of grant. Awards may, but do not have to be, granted with an exercise price equal to the market value of a Share at the time of grant. For the purposes of calculating market value, it is intended that reference will be made to the closing market price of a Share in the Company on the dealing day preceding the relevant date of grant.
- (iii) **Individual limits:** No award may be granted to an eligible employee if it would result in the aggregate market value of the Shares comprised in all outstanding options granted to them under the Group EMI Plan together, if applicable, with the finnCap EMI Plan and Part I of the Group Share Option Plan (as at the date of grant), exceeding the specified HMRC limit (currently £250,000, subject to a 3 year restriction period). In addition, the aggregate market value of the Shares comprised in options/awards granted to an eligible employee under the Group EMI Plan

together, if applicable, under the Group Share Option Plan, in any one financial year (calculated on the date of grant, but ignoring, where relevant, options or awards granted on, before or in connection with Admission) shall not exceed 100 per cent. of annual salary under normal circumstances and 200 per cent. of annual salary in exceptional circumstances (as determined by the Remuneration Committee). The Remuneration Committee may exceed these limits, if it sees fit, in order to facilitate the recruitment or retention of an eligible employee.

- (iv) **Company limits:** In addition to the dilution limits applicable to the Group Share Option Plan (see paragraph 4(e)(vi) above), no award may be granted to an eligible employee if it would result in the aggregate market value of the Shares comprised in all outstanding options granted by the Company under the Group EMI Plan and the finnCap EMI Plan exceeding the specified HMRC limit (currently £3,000,000).

(g) **The Group SAYE**

On 22 November 2018 the Board adopted the Group SAYE conditional on Admission. The Group SAYE is a tax advantaged scheme under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 and provides for the grant of tax-advantaged save as you earn options (SAYE) subject to certain statutory conditions being met. The Company is proposing to invite eligible employees to participate in the Group SAYE on or as soon as possible after Admission. The rules of the Group SAYE are summarised below:

- (i) **Eligibility:** All employees and full-time directors of the Group, who have been in continuous service for such period of time (not exceeding five years) as may be determined by the Board prior to the relevant date of grant of an Option and who are liable to UK income tax, must be invited to participate in the Group SAYE. Participation may also be offered, at the discretion of the Board (taking account of the recommendations of the Remuneration Committee), to other directors or employees who otherwise do not satisfy all of the above criteria, although non-executive directors are not eligible to participate in the Group SAYE.
- (ii) **Timing of invitations:** Invitations to participate in the Group SAYE may be made and options granted during the period of (i) 42 days following Admission, (ii) 42 days following the announcement of the Company's final or interim results for any financial period, (iii) within 42 days following the Company's AGM, (iv) within 42 days following the occurrence of an event which the Remuneration Committee considers to be exceptional, or (v) within 42 days following any changes to legislation affecting tax-advantaged share option schemes. If the grantor is prohibited by statute, regulation, stock exchange rules or the Company's internal share dealing code from granting options during any of these periods it may do so within 42 days following the lifting of such prohibition. No invitations may be issued or awards granted more than 10 years after the adoption of the Group SAYE.
- (iii) **Exercise price:** The price at which a participant may acquire Shares on the exercise of an Option shall be determined by the Board but shall not be less than 80 per cent. of the market value of a Share at the time of making the invitation. For the purposes of calculating market value, it is intended that reference will be made to the closing market price of a Share in the Company on the dealing day preceding the relevant date of invitation.
- (iv) **Individual limits:** Upon applying for an Option, the participant will be required to enter into an approved SAYE contract with a savings institution nominated by the Company which lasts for either three or five years. The maximum amount which an employee is permitted to contribute under SAYE contracts is £500 per month. The Board may set lower savings limits than this for different participants by reference to objective criteria such as levels of salary or length of service. The minimum contribution is £5 per month (or such greater amount as the Board may specify, not to exceed £10). The total exercise price of the Shares over which the Option is granted may not exceed the aggregate of the monthly contributions payable at the end of the participant's related SAYE contract.
- (v) **Company limits:** The number of Shares over which (or in respect of which) awards may be granted under the Group SAYE on any date shall be limited so that the total number of Shares issued and issuable in respect of Options or awards granted in any rolling ten year period under the SAYE and any other share option scheme of the Company (including the Group Share Option Plan and the Group EMI Plan) is restricted to 10 per cent. of the Company's issued Shares calculated at the relevant time. For the purposes of this limit no account will be taken of



Options or awards granted on, before or in connection with Admission (including under the finnCap Share Incentive Plans) and no account will be taken of Options or awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting. Treasury shares will be treated as newly issued shares for the purposes of these limits, but (for the avoidance of doubt) existing Shares held by the EBT, including any Shares acquired on the exercise of the Cavendish Call Options and/or any Shares acquired in the market will not.

- (vi) **Vesting:** Options will normally be exercisable during a period of six months following the end of the SAYE contract and will normally lapse upon cessation of employment. Earlier exercise is, however, permitted if the participant dies or leaves employment through injury, disability, redundancy or retirement or where a participant leaves employment of the Group by reason of their employing company ceasing to be a member of the Group, or if the undertaking in which they are employed is sold outside the Group. Early exercise will also be permitted in the event of a change of control affecting the Company. Under the rules of the Group SAYE, exchange of options in the event of a change of control may also be offered.
- (vii) **Adjustment of awards:** In the event of a capitalisation issue or offer by way of rights (including an open offer), or upon any consolidation, subdivision or reduction or other variation of the Company's capital, the number of Shares the subject of an award and/or the exercise price (if any) may be adjusted in such manner as the Remuneration Committee shall, in its opinion, consider fair and reasonable and subject to the statutory requirements of Schedule 3 to the Income Tax (Earnings & Pensions) Act 2003 being met.
- (viii) **Administration and amendment:** The Group SAYE may be amended by the Remuneration Committee in any way, provided that no amendment, addition or deletion may be made which would materially prejudice the interests of participants in relation to awards already granted to them under the Group SAYE Plan unless they consent to such change being made and the statutory requirements of Schedule 3 to the Income Tax (Earnings & Pensions) Act 2003 are met.

(h) **The EBT**

The EBT is a discretionary employee benefit trust with independent off-shore professional trustees. The EBT is comprised of three irrevocable sub-trusts (each a "**Sub-Fund**"), as follows: (i) the finnCap Sub-Fund by and for the benefit of employees and former employees of finnCap and its subsidiaries from time to time (and certain of their relatives); (ii) the Cavendish Sub-Fund by and for the benefit of employees and former employees of Cavendish Corporate, the Cavendish Partnership and their subsidiaries from time to time (and certain of their relatives); and (iii) the Group Sub-Fund by and for the benefit of employees and former employees of the Group and its subsidiaries from time to time (and certain of their relatives). Each Sub-Fund is intended to satisfy the requirements of s.86 of the Inheritance Tax Act 1984 (relating to employee benefit trusts) and s.1166 of the Companies Act (relating to employees' share schemes).

- (i) **Current assets and liabilities:** As at the date of this document, the Trustee holds 12,925,026 Shares in the finnCap Sub-Fund and there is an outstanding limited recourse, interest free loan liability of approximately £2 million between finnCap and the Trustee. On Admission, it is proposed that the Trustee will sell 2,000,000 Shares and repay a part of the loan with the proceeds. On Admission it is expected that the Trustee will hold approximately 10,889,312 Shares in the finnCap Sub-Fund, nil Shares in the Cavendish Sub-Fund and 1,365,980 Shares in the Group Sub-Fund, the latter as a result of certain transfers made to the Trustee in connection with the Acquisition.
- (ii) **Powers:** The Trustee has full discretion with regard to the application of the assets of each Sub-Fund. Whilst under the terms of the trust deed it is required to consult with the Company in certain circumstances, the views expressed by the Company will, in no respect, be binding upon it. The Trustee has the power to acquire Shares and any Shares so acquired may be used for the purposes of any employees' share scheme operated by the Company from time to time, including the grant and settlement of awards under the finnCap Share Incentive Plans (in the case of Shares held in the finnCap Sub-Fund as at Admission) and the Company Share Incentive Plans (in the case of shares held in the finnCap, and Cavendish and/or Group Sub-Funds on or following Admission).

- (iii) **Funding:** The EBT may be funded by way of loan or gift to acquire Shares either by market purchase or by subscription and such funding should constitute lawful financial assistance for the purposes of an employees' share scheme as permitted by section 682(2)(b) of the Companies Act (but subject always to section 682(1)(b) of that Act).
- (iv) **Call options:** On 22 October 2018, each of Silver Cloud Ventures Limited, Peter Gray and Baron Leigh entered into a call option agreement with the Trustee, for the benefit of the Cavendish Sub-Fund, under which call options were granted over (in aggregate) 6,100,901 of their Consideration Shares with an exercise price per Share equal to the Placing Price. The Cavendish Call Options may be exercised by the Trustee at any time between the date of Admission and the fifth anniversary of Admission. It is intended by the Trustee that the Trustee will exercise the Cavendish Call Options in order to satisfy the Cavendish Options described in paragraph 4(d) above to the maximum extent possible.
- (v) **Dividend waiver:** To the extent that the Company undertakes to pay an equivalent sum to employees, the Trustee has waived the right of the EBT to dividends payable on Shares held in the Sub-Funds from time to time.

## 5. Information on the Directors

- (a) The full names and functions of the Directors are set out below:

<i>Name</i>	<i>Function</i>
Jonathan Paul Moulton	<i>Non-Executive Chairman</i>
Howard Darryl Leigh, Baron Leigh of Hurley	<i>Deputy Chairman</i>
Samantha Jane Smith	<i>Chief Executive Officer</i>
Thomas William Roderick Hayward	<i>Chief Financial Officer</i>
Joseph Nigel David Stelzer	<i>Chief Commercial Officer</i>
Stuart Anthony Andrews	<i>Head of Corporate</i>
Vinodka Murria	<i>Non-Executive Director</i>
Andrew John Hogarth	<i>Independent Non-Executive Director</i>
Barbara Ann Firth	<i>Independent Non-Executive Director</i>

- (b) The business address of all the Directors is 60 New Broad Street, London, England, EC2M 1JJ.
- (c) Save in relation to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following entities within the five years prior to the date of this document:

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Jon Moulton	Greensphere Investments plc Shuban 6 Limited AMR Centre Limited C BidCo Limited The British Neurological Research Trust Greensphere Capital LLP Bluefield Partners LLP Centre for Policy Studies Limited The UK Stem Cell Foundation J P Moulton Charitable Foundation Moulton Lakeside Limited Moulton Folly Limited BeCap Masteres Limited BeCap 12 Northern Aerospace Limited BECAP Masterco Limited BECAP 12 Intertain Limited UK Green Sustainable Waste and Energy Investments LPd BECAP 12 Spot Limited The International Stock Exchange Group Limited Moulton Goodies Limited Better Capital PCC Limited The Channel Islands Stock Exchange LBG BECAP 12 City Link Limited BECAP 12 Jaeger Limited BECAP 12 Everest Limited BECAP 12 Fund LP Better Capital 12 SLP LP BECAP 12 GP Limited FIM Windfarms LP BECAP Farline Boats Limited Collabrum Capital (Guernsey) Limited Ominco Group Limited BECAP M-Home Limited Centre for Policy Studies FinnCap Limited BECAP GP LP Better Capital SLP LP BECAP GP Limited La Falaise Holdings Limited	New Broad Street Investments Limited Sustainable Technology Partnership Founder Partner LLP Shuban Power Limited Gardner Aerospace Holdings Limited Verdi Semiconductor Ltd Shoreham Shop LLP CAV Aerospace Limited The Spicers-Officeteam Group Limited Capital Structured Solutions No. 1 (Feeder) LLP Pinnacle N10 LLP Wharrels Hill LLP Greensphere Advisors Limited BECAP Spicers (Guernsey) Limited BECAP Gardner 1 Limited BECAP Gardner 2 Limited Moulton Full Time Limited La Hare Holdings Limited BECAP Masterco Limited Enigmatic 9 Investments Limited BECAP Santia Limited Aurigny Air Services Limited BECAP Capital Coal Limited Cabernet Limited Anglo Normandy Engineering Limited Greensphere Management Limited Greensphere Waste Income Fund Limited Syncona Limited Syncona GP Limited BECAP 12 SPV 17 Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Baron Leigh	Oaklins Group Ltd Oaklins Corporate Finance Ltd The Institute for Jewish Policy Research Craig & Company (Properties) Limited Cavendish Corporate Finance LLP Cavendish Capital Advisors LLP M&A International Partners Limited Cavendish Corporate Services Ltd Station Court (Wembley) Management Company Limited Dependable Homes Limited Dependable Investments Limited Dennis Reed Limited City and Suburban Investments Limited Dependable Properties Limited Cavendish Corporate Finance (UK) Limited AIM Academies Trust Jerusalem Foundation Trustees Limited	Cavendish Corporate Investments Limited
Sam Smith	The New Entrepreneurs Foundation The Quoted Companies Alliance Griffin Markets Services Limited Griffin Markets Group Limited Griffin Markets Limited finnCap Limited	Griffin Markets Products Limited New Broad Street Investments Limited
Tom Hayward	Haywards Law Limited finnCap Limited	New Broad Street Investments Limited
Joe Stelzer	9 Bryanston Square Limited AJE Finance Limited Sophisticated Property Trading Co. Limited LX Capital Limited Samknows Limited Befors Finance Limited Racemoor Limited Silver Cloud Ventures Limited Cavendish Corporate Finance (UK) Limited M & A International Partners Limited Cavendish Corporate Services Ltd Forstel Properties LLP Silver Cloud Investments Ltd	Plautus Developments Limited Silver Cloud Loans LLP Cavendish Corporate Investments Limited Lockville Limited Slide My Way Ltd Lockville Trustees Limited Silver Cloud Capital LLP Profbiotics Limited Kerem Schools Cornflake Limited South Audley Limited
Stuart Andrews	finnCap Limited	None

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Vin Murria	Adv Software Limited Adv Technology Limited Pythagoras Communications Limited Sophos Group plc Hay Hill Wealth Management Limited XCD HR Limited Softcat plc Intercede 2445 Limited PS Foundation Elderstreet Holdings Limited VM.AV Corporate Services Ltd Elderstreet Investments Limited finnCap Limited ADV Technology Plc	Teamflow Limited Care Business Solutions Limited Minerva Computer Systems Limited Teamflo Limited Exchequer Software Limited Consensus Information Technology Limited Integra Computer Systems Limited AIM Professional Systems Limited Formation Software Limited LFM Partnership Solutions Limited Advanced Accounts Limited Systems Team Limited Pinnacle Computer Systems Limited AIM Holdings Limited Computer Software Limited Springstone Software Services Limited Management Support Systems Limited Transoft Limited JBS Computer Services Limited Webgenerics Limited Open Logistix Systems Limited Caresys Software Limited Integrated Support Systems Limited Cerrus Limited BI Inform Limited ZPG Limited Data Accelerator Limited Data Cloud Limited Cloudhouse Technologies Ltd Chime Communications Limited Konnekt IT Solutions Limited Goldcrest Solutions Limited Exchequer365 Mobile Solutions Limited Consultgrp Limited Compass Computer Consultants Limited Consultcrm LimitedLawwwdiary Limited Plain Healthcare Limited Laserform International Limited Videss Limited Advance Ticketing Limited Strand Technology Limited Fabric Technologies Limited Advanced Business Solutions CRM Limited V1 Limited Healthy Software Limited Belmin Group Limited Advanced Business Software and Solutions Limited Redac Limited Open Accounts Limited Advanced Communications Software and Solutions Limited A.S.R Computers Limited ADV Management Services Ltd Staffplan Limited ADV Technology (Jersey) Limited ADV Software Plc

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Vin Murria (continued)		ADV Software (Jersey) Limited Greenko Group Plc Adastra Software Limited Strata Systems (Holdings) Limited Strata (Systems) Limited Staffplan Enterprise Limited openpeople Limited Goldenhill Computer Systems Limited Covemead Limited Coa Solutions Limited Cedor Consultings Holdings Limited Business Systems 365 limited Belmin Healthcare Limited Business Systems Group Holdings Limited Computer Software Group Limited Advanced Legal Solutions Limited Advanced Enterprise Software Limited Advanced Health and Care Limited Alphalaw Limited 5 Star Computer Systems Limited AIM Group Holdings Limited Applied Computer Expertise Limited Charitysoftware Limited CSG Shareholder Debtco Limited CSG Equityco Limited Opsis Practice Management Solutions Ltd Computer Software Holdings Limited CSG Bidco Limited Advanced Chorus Application Software Limited Transoft Group Limited G B Systems Limited Advanced Field Service Solutions Limited CSG Midco Limited Advanced Sharpowl Software Limited Meridian Law Limited Penfold Heath Media Limited Prolog Systems Limited Advanced 365 Limited Advanced Computer Software Group Limited Fredericks Foundation

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Andy Hogarth	Bird In Hand Court Limited Hogarths Hotels & Restaurants (Holdings) Limited Hogarths Stone Manor Limited Hogarths Hotel Limited Job's Close Residential Home For The Elderly	Staffline Group Plc Birmingham Hippodrome Limited Birmingham Hippodrome Theatre Trust Limited A4E Wales Limited Staffline Trustees Limited Driving Plus Limited Techsearch Technology Limited Brightwork Limited Brightwork Specialist Recruitment Limited A4E Enterprise Limited A4E Worldwide Limited Action For Employment Trustees Limited Peopleplus Scotland Limited A4E Ltd Peopleplus Group Limited Broomco Limited Network Projects Limited Staffline Holdings Limited Staffline Appointments Limited Eos Services Limited Learning Plus System Limited Eos Works Limited Eos Works Group Limited A La Carte Recruitment Limited Agency Plus Limited Experience Management Limited Staffline Limited Onsite Partnership Limited Staffline Recruitment Limited Com:pact Community Services Holdings Limited Com:pact Community Services Limited Inbiz Group Limited Inbiz Limited Avanta Employee Healthcare Scheme Ltd Business Shops (UK) Limited Elpis Training Limited Paragon Training (NI) Limited A4E Ireland Limited A4E Europe Limited A4E Management Limited A4E Insight Limited A4E Employee Trustee Limited Go New Recruitment Ltd Go New Recruitment Holdings Limited Go New Recruitment (Gloucester) Limited Ethos Recruitment Limited Qubic Recruitment Solutions Ltd TNG Limited Milestone Operations Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Barbara Firth	St Luke's (Guildford) Management Limited ADV Software Limited ADV Technology plc	Consensus Information Technology Limited Integra Computer Systems Limited AIM Professional Systems Limited Formation Software Limited LFM Partnership Solutions Limited Advanced Accounts Limited Systems Team Limited Pinnacle Computer Systems Limited AIM Holdings Limited Computer Software Limited Springstone Software Services Limited Minerva Computer Systems Limited Management Support Systems Limited Care Business Solutions Limited Teamflow Limited Teamflo Limited Transoft Limited JBS Computer Services Limited Exchequer Software Limited Open Logistix Systems Limited Caresys Software Limited Integrated Support Systems Limited Cerrus Limited Openpeople Limited BI Inform Limited Coa Solutions Limited Strata Systems (Holdings) Limited Cedar Consulting Holdings Limited Business Systems 365 Limited Staffplan Enterprise Ltd Adastra Software Limited Covemead Limited Webgenerics Limited Woodland Drive Residents' Association Limited Goldcrest Solutions Limited Exchequer365 Mobile Solutions Limited Konnekt IT Solutions Limited Consultgrp Limited Consultcrm Limited Compass Computer Consultants Limited Plain Healthcare Limited Lawwwwdiary Limited 5 Star Computer Systems Limited Applied Computer Expertise Limited Charitysoftware Limited Laserform International Limited Penfold Heath Media Limited Transoft Group Limited CSG Shareholder Debtco Limited Opsis Practice Management Solutions Ltd Alphalaw Limited Advanced Field Service Solutions Limited CSG Midco Limited Videss Limited Advanced Chorus Application Software Limited



<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Barbara Firth (continued)		Computer Software Group Limited AIM Group Holdings Limited Advanced Enterprise Software Limited Prolog Systems Limited Advanced Sharpowl Software Limited Meridian Law Limited Advance Ticketing Limited G B Systems Limited Advanced Business Solutions CRM Limited Fabric Technologies Limited Intercede 2445 Limited Strand Technology Limited ADV Management Services Ltd Belmin Group Limited Staffplan Limited Advanced Business Software and Solutions Limited A.S.R Computers Limited Advanced Communications Software and Solutions Limited V1 Limited Open Accounts Limited Healthy Software Limited Redac Limited Business Systems Group Holdings Limited Advanced 365 Limited Advanced Health and Care Limited Advanced Computer Software Group Limited Computer Software Holdings Limited CSG Bidco Limited Advanced Legal Solutions Limited CSG Equityco Limited Transoft Group Limited Strata Systems Limited Goldenhill Computer Systems Limited Belmin Healthcare Limited ADV Technology (Jersey) Limited ADV Software (Jersey) Limited ADV Software Limited

- (d) Save as set out below, as at the date of this document, none of the Directors has any business interests or activities outside the Group which are significant with respect to the Group.
- (e) As at the date of this document, none of the Directors:
- (i) has any unspent convictions in relation to indictable offences;
  - (ii) has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of their assets;
  - (iii) has been a director of any company which, whilst they were such a director or within 12 months after them ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed, save as disclosed in paragraph 5(f) below;

- (iv) has been a partner in any partnership which, whilst they were a partner, or within 12 months after them ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;
  - (v) has had an administrative or other receiver appointed in respect of any asset belonging either to them or to a partnership of which they were a partner at the time of such appointment or within the 12 months preceding such appointment; or
  - (vi) has received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (f) The table below summarises certain appointments which were commenced in respect of companies for which either Jon Moulton or Baron Leigh was a director, or which occurred within 12 months of either Jon Moulton or Baron Leigh ceasing to be a director:

<i>Company</i>	<i>Relevant Director(s)</i>	<i>Description</i>
Verdi Semiconductor Ltd	Jon Moulton	Jon Moulton resigned as a director on 27 April 2017. An administrator was appointed on 4 March 2016 and a voluntary liquidator was subsequently appointed on 3 April 2018.
CAV Aerospace Limited	Jon Moulton	Jon Moulton resigned as a director on 13 January 2016. An administrator was appointed on 16 November 2016.
2FG Holdings Limited	Jon Moulton	2FG Holdings Limited appointed an administrator on 21 July 2008, the administration concluded on 25 February 2009 and the company was dissolved on 9 June 2009. Jon Moulton was in office during this period.
2FG Limited	Jon Moulton	2FG Limited appointed an administrator on 21 July 2008, the administration concluded on 24 February 2009 and the company was dissolved on 3 June 2009. Jon Moulton was in office during this period.
320463 PLC (formerly The Prestige Group PLC)	Jon Moulton	Jon Moulton resigned as a director on 28 July 1995. An administrator was appointed on 14 March 1996. The company commenced winding up on 22 April 1996 and entered into a creditors voluntary liquidation.
Saxon Inns Limited	Jon Moulton	Jon Moulton was appointed as non-executive director after the company's financial position was considerably worse than had been portrayed. The company was subject to an insolvent liquidation and entered into administration in February 1996, which was during Jon Moulton's tenure.
Burlington International Group PLC	Jon Moulton	Jon Moulton resigned as director on 19 December 1991. The company appointed an administrator on 13 March 1992. The company commenced winding up on 18 October 1995 and entered into a creditors voluntary liquidation. The company had a deficit as regards creditors of approximately £20 million.

<i>Company/</i>	<i>Relevant Director(s)</i>	<i>Description</i>
Vivat Direct Limited	Jon Moulton	The company entered into a corporate voluntary arrangement on 1 February 2013. Jon Moulton resigned as director on 27 March 2013. The company had a deficit as regards creditors of approximately £7.4 million.
Datapoint Newco 1 Limited Datapoint Finance Limited	Jon Moulton	These companies entered into insolvent voluntary liquidation in 2002 because the Datapoint group's businesses were unable to adequately fund pension liabilities. All required filings under the Insolvency Act 1986 have been made at Companies House.  Datapoint Newco 1 Limited was subsequently dissolved in 2004 with a final recorded deficit for creditors of approximately £3.5 million. Datapoint Finance Limited was subsequently dissolved in 2005 with a final recorded deficit for creditors of approximately £37.6 million. Some of these deficits were duplicated because of group arrangements.
USM Group Holdings Limited	Jon Moulton	The Company appointed an administrator on 4 October 2000. Jon Moulton resigned as a director on 8 November 2000. The Company was dissolved on 17 October 2006.
Giftworld Limited	Jon Moulton	The Company went into receivership in 1982 with a deficit of approximately £4 million to creditors, Jon Moulton was a director at the time of the receivership.
Blue Inc (UK) Limited	Baron Leigh	Baron Leigh resigned as director on 16 December 2016. The Company entered into a corporate voluntary arrangement on 22 March 2017.

### ***Directors' and other interests***

- (g) The interests (all of which are or will be beneficial unless otherwise stated) of each Director (including any interest known to that Director or which could with reasonable diligence be ascertained by them of any person connected with a Director within the meaning of sections 252 to 255 of the Companies Act (a **"Connected Person"**)) in the share capital of the Company at the date of this document and as they will be immediately following Admission are as follows:

<i>Director</i>	<i>On the date of this document</i>			<i>Immediately following Admission</i>			<i>Number of Shares subject to options</i>	
	<i>Number of Shares</i>	<i>Per cent. of Shares</i>	<i>Number of Shares subject to options</i>	<i>Exercise of Options</i>	<i>Number of Shares</i>	<i>Per cent. of Shares</i>	<i>Number of Shares subject to options</i>	
Jon Moulton <sup>(1)</sup>	16,451,426	13.6	nil	3,571,428	–	20,022,854	11.9	nil
Baron Leigh	nil	nil	nil	–	–	16,327,892 <sup>(2)</sup>	9.7	nil
Sam Smith <sup>(3)</sup>	16,014,286	13.3	1,858,790	–	–	16,014,286	9.5	1,858,790
Tom Hayward <sup>(4)</sup>	2,933,352	2.4	1,573,076	(140,000)	400,000	3,193,352	1.9	1,173,076
Joe Stelzer	nil	nil	nil	–	–	3,202,772 <sup>(5)</sup>	1.9	2,523,451
Stuart Andrews <sup>(6)</sup>	3,418,334	2.8	2,800,000	(140,000)	–	3,278,334	1.9	2,800,000
Vin Murria <sup>(7)</sup>	15,268,640	12.7	nil	3,324,058	–	18,592,698	11.1	nil
Andy Hogarth	nil	nil	nil	357,142	–	357,142	0.2	nil
Barbara Firth	nil	nil	nil	357,142	–	357,142	0.2	nil
<b>Total</b>	<b>54,086,038</b>	<b>44.8</b>	<b>6,231,866</b>	<b>7,609,770</b>	<b>400,000</b>	<b>81,346,472</b>	<b>48.4</b>	<b>8,355,317</b>

- (1) As at the date of this document, the registered holder of these Shares is Moulton Goodies Limited, with Jon Moulton being the beneficial holder.
  - (2) This assumes the transfer by Baron Leigh of 859,363 Shares to Peter Gray takes place on Admission and that the call option in favour of the Trustee in respect of 4,081,973 Shares has not been exercised by the Trustee (see paragraphs 4 and 11(a) of this Part V).
  - (3) As at the date of this document, 8,698,481 Shares were held by Sam Smith and 7,315,815 Shares were held by J.M. Finn Nominees Limited (for the benefit of Sam Smith). The options as at the date of this document comprise: (a) 173,076 options with an exercise price of £0.104, vesting on 8 August 2020 and an expiry date of 8 September 2020; and (b) 1,685,714 options with an exercise price of £0.05, vesting on 27 March 2017 and expiring on 27 March 2024.
  - (4) This comprises: (a) 173,076 options with an exercise price of £0.104, vesting on 8 August 2020 and an expiry date of 8 September 2020; and (b) 1,400,000 options with an exercise price of £0.05, vesting on 27 March 2017 and expiring on 27 March 2024. Of these options, 400,000 are expected to be exercised prior to Admission.
  - (5) The Consideration Shares will be issued to Silver Cloud Ventures Limited. This assumes the transfer by Silver Cloud Ventures Limited of 168,567 Shares to Peter Gray takes place on Admission and that the call option in favour of the Trustee in respect of 800,693 Shares has not been exercised by the Trustee (see paragraphs 4 and 11(a) of this Part V).
  - (6) As at the date of this document, 200,000 Shares were held by Stuart Andrews with 3,218,334 being held by Mrs Leanne Andrews, being the wife of Stuart Andrews. The options as at the date of this document comprise: (a) 600,000 options with an exercise price of £0.06, vesting on 19 March 2016 and an expiry date of 19 March 2019; (b) 1,100,000 options with an exercise price of £0.14, vesting on 28 May 2018 and expiring on 28 May 2021; (c) 85,714 options with an exercise price of £0.14, vesting on 31 March 2020 and expiring on 31 March 2023; and (d) 1,014,286 options with an exercise price of £0.14, vesting on 31 March 2020 and expiring on 31 March 2023. Of these Options, 600,000 are expected to be exercised prior to Admission.
  - (7) As at the date of this document, the registered holder of these Shares is the PS Foundation of which Vin Murria is a director and trustee. The additional Shares acquired pursuant to the Placing will be held by Vin Murria personally.
- (h) Save as disclosed in paragraph 5(g) above, no Director, nor any Connected Person has at the date of this document, or will have immediately following Admission, any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to the Shares.
- (i) In addition to the interests of Directors disclosed in paragraph 5(g) above, the Company is aware of the following existing shareholders of the Company who are at the date of this document, or will be immediately following Admission, interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

Name	On the date of this document		Immediately following Admission	
	Number of Shares	Per cent. of Shares	Number of Shares	Per cent. of Shares
J. M. Finn Nominees Limited <sup>(1)</sup>	23,916,945	19.8	23,916,945	14.2
Georgian Trust Limited	12,925,056	10.7	10,925,056	6.5
Geoff Nash	7,300,000	6.1	7,080,000	4.2
Mark Tubby	5,196,687	4.3	5,196,687	3.1
Cheviot Capital (Nominees) Limited	3,900,000	3.2	3,900,000	2.3

(1) Of this, 7,315,805 Shares are attributable to Sam Smith as set out in paragraph 5(g) of this Part V.

- (j) The Shareholders listed in (i) above do not have different voting rights.
- (k) Save as set out in paragraph 20 of Part I of this document, the Company is not aware of any person or entity who, directly or indirectly, jointly or severally, will or could exercise control over the Company immediately following Admission and there are no arrangements the operation of which could result in a change of control of the Company.
- (l) Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and was effected during the current or immediately preceding financial year or was effected during any earlier financial year which remains outstanding and unperformed in any respect.
- (m) Save as set out below, there are no loans or guarantees granted or provided by the Company and/or any of its subsidiaries to or for the benefit of any of the Directors which are now outstanding. £38,618 of the secured loan to Stuart Andrews referred to in note 22 of Section B in Part III of this document remains outstanding as at the date of this document, and will be repaid from the proceeds of Sale Shares received by him (see paragraph 12 of this Part V).

## **6. Service agreements and remuneration of the Directors**

The Directors have entered into the following service agreements with the Company, conditional upon Admission:

### **(a) Executive Directors' service contracts**

#### *Sam Smith*

The Company entered into a service agreement with Sam Smith on 26 November 2018 under which Sam Smith is employed as Chief Executive Officer at a salary of £275,000 per annum and is eligible to benefit from pension contributions, private medical insurance and life assurance and to participate in a discretionary bonus scheme. Sam Smith is entitled to 30 days' holiday in each holiday year, excluding bank holidays. The service agreement is terminable on 12 months' written notice by either party.

Sam Smith is also subject to a non-compete restrictive covenant for a period of six months following the termination of the service agreement. For a period of 12 months following the termination of the service agreement, Sam Smith is subject to the following restrictive covenants: non-solicitation, employment or engagement of certain key personnel, non-solicitation or dealing with certain clients or prospective clients and non-interference with certain suppliers. The restrictive covenants reduce by the amount of time spent on garden leave. Sam Smith is also subject to confidentiality undertakings.

#### *Joe Stelzer*

The Company entered into a service agreement with Joe Stelzer on 7 November 2018 under which Joe Stelzer is employed as Chief Commercial Officer at a salary of £250,000 per annum and is eligible to benefit from pension contributions, private medical insurance and life assurance and to participate in a discretionary bonus scheme. Joe Stelzer is entitled to 30 days' holiday in each holiday year, excluding bank holidays. The service agreement is terminable on six months' written notice by either party.

Joe Stelzer is subject to a non-compete restrictive covenant for a period of six months following the termination of the service agreement. For a period of 12 months following the termination of the service agreement, Joe Stelzer is subject to the following restrictive covenants: non-solicitation, employment or engagement of certain key personnel, non-solicitation or dealing with certain clients or prospective clients and non-interference with certain suppliers. The restrictive covenants reduce by the amount of time spent on garden leave. Joe Stelzer is also subject to confidentiality undertakings.

#### *Baron Leigh*

The Company entered into a service agreement with Baron Leigh on 7 November 2018 under which Baron Leigh is employed as Executive Deputy Chairman at a salary of £200,000 per annum and is eligible to benefit from pension contributions, private medical insurance and life assurance and to participate in a discretionary bonus scheme. Baron Leigh is entitled to 30 days' holiday in each holiday year, excluding bank holidays. The service agreement is terminable on six months' written notice by either party.

Baron Leigh is subject to a non-compete restrictive covenant for a period of six months following the termination of the service agreement. For a period of 12 months following the termination of the service agreement, Baron Leigh is subject to the following restrictive covenants: non-solicitation, employment or engagement of certain key personnel, non-solicitation or dealing with certain clients or prospective clients and non-interference with certain suppliers. The restrictive covenants reduce by the amount of time spent on garden leave. Baron Leigh is also subject to confidentiality undertakings.

#### *Tom Hayward*

The Company entered into a service agreement with Tom Hayward on 7 November 2018 under which Tom Hayward is employed as Chief Financial Officer at a salary of £170,000 per annum and is eligible to benefit from pension contributions, private medical insurance and life assurance and to participate in a discretionary bonus scheme. Tom Hayward is entitled to 30 days' holiday in each holiday year, excluding bank holidays. The service agreement is terminable on six months' written notice by either party.

Tom Hayward is subject to a non-compete restrictive covenant for a period of six months following the termination of the service agreement. For a period of 12 months following the termination of the service agreement, Tom Hayward is subject to the following restrictive covenants: non-solicitation, employment or

engagement of certain key personnel, non-solicitation or dealing with certain clients or prospective clients and non-interference with certain suppliers. The restrictive covenants reduce by the amount of time spent on garden leave. Tom Hayward is also subject to confidentiality undertakings.

#### *Stuart Andrews*

The Company entered into a service agreement with Stuart Andrews on 28 November 2018 under which Stuart Andrews is employed as Head of Corporate at a salary of £200,000 per annum and is eligible to benefit from pension contributions, private medical insurance and life assurance and to participate in a discretionary bonus scheme. Stuart Andrews is entitled to 30 days' holiday in each holiday year, excluding bank holidays. The service agreement is terminable on six months' written notice by either party.

Stuart Andrews is subject to a non-compete restrictive covenant for a period of six months following the termination of the service agreement. For a period of 12 months following the termination of the service agreement, Stuart Andrews is subject to the following restrictive covenants: non-solicitation, employment or engagement of certain key personnel, non-solicitation or dealing with certain clients or prospective clients and non-interference with certain suppliers. The restrictive covenants reduce by the amount of time spent on garden leave. Stuart Andrews is subject to confidentiality undertakings.

#### **(b) Non-Executive Directors' letter of appointments**

Each of Andy Hogarth, Barbara Firth, Jon Moulton and Vin Murria have entered into letters of appointment with the Company, pursuant to which they were each appointed as a Non-Executive Director effective on Admission. The letters of appointment provide for payment of annual remuneration for each of the non-executive directors as follows:

- (i) Andy Hogarth – £50,000;
- (ii) Barbara Firth – £50,000;
- (iii) Jon Moulton – £55,000; and
- (iv) Vin Murria – £50,000.

The fees payable to the Non-Executive Directors cover all duties, including any service on the board of any Group Company. The Non-Executive Directors are subject to confidentiality restrictions following termination.

#### **(c) Other arrangements**

Save as set out in paragraph 6 of this Part V, on Admission there will be no existing or proposed service agreements between the Directors and any member of the Group. Furthermore, save as set out in this paragraph 6 of Part V and the share incentive arrangements described in paragraph 4 above, there are no commissions or profit-sharing arrangements with any of the Directors.

There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

### **7. Employees**

The average number of employees of finnCap for the years ending 30 April 2016, 30 April 2017 and 30 April 2018 was 74, 86 and 90 respectively. The average number of employees (including partners) of Cavendish for the years ending 31 March 2016, 31 March 2017 and 31 March 2018 was 48, 46 and 44 respectively. All employees are UK based.



## 8. Subsidiaries

The Company has the following subsidiaries, subsidiary undertakings and other undertakings in which it has an interest held on a long-term basis. Details are shown below:

<i>Name</i>	<i>Country of incorporation</i>	<i>Percentage ownership interest by the Group</i>	<i>Principal activity</i>
finnCap Limited	England and Wales	100 per cent.	Financial services
Cavendish Corporate Finance LLP <sup>1</sup>	England and Wales	100 per cent.	Financial services
Cavendish Corporate Finance (UK) Limited <sup>1</sup>	England and Wales	100 per cent.	Holding company

<sup>1</sup> These entities only become subsidiaries of the Company as summarised above pursuant to the Acquisition Documents with effect from Admission. They are not subsidiaries of the Company at the date of this document.

## 9. Principal establishments

The Company's head office and principal place of business is at 60 New Broad Street, London, England, EC2M 1JJ. Following Admission, Cavendish will continue to operate from its premises at 40 Portland Place, London, W1B 1NB.

## 10. United Kingdom taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice (which may not be binding) of HM Revenue & Customs ("HMRC") as at the date of this document (both of which may be subject to change at any time, possibly with retroactive effect). The statements are not exhaustive and relate only to certain limited aspects of the UK tax consequences of holding or disposing of Shares.

The statements below may not apply to certain Shareholders in the Company, such as (but not limited to): traders, brokers, banks, tax exempt organisations, persons connected with the Company, persons holding shares as part of hedging or conversion transactions, holding investments in any HMRC approved arrangements or scheme, dealers in securities, insurance companies, collective investment schemes, pension schemes, shareholders who are exempt from UK taxation, shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment or shareholders who have acquired their Shares other than for *bona fide* commercial reasons.

The statements below relate (except where stated otherwise) to persons who:

- are resident (and, in the case of individuals, domiciled) in (and only in) the UK for tax purposes;
- are beneficial owners of their Shares and dividends paid in respect of them;
- hold less than 5 per cent. of the Shares in the Company; and
- hold their Shares as an investment (otherwise than through an individual savings account or a pension arrangement).

**The statements set out in the paragraphs below do not constitute tax or legal advice. Any person who is in any doubt as to their tax position, or who is resident or otherwise subject to taxation in any jurisdiction other than the UK, should consult their own professional advisers immediately.**

### (a) Dividends

Under UK tax legislation, the Company is not required to withhold tax at source from any dividend payments it makes.

Individual Shareholders resident for tax purposes in the UK receive an annual dividend income tax-free allowance of £2,000 ("**Nil Rate Amount**") for tax year 2018/2019. Dividend income in excess of the Nil Rate Amount is taxed at the following rates:

- 7.5 per cent. to the extent that the dividend income falls within the basic rate band;

- 32.5 per cent. to the extent that the dividend income falls within the higher rate band; and
- 38.1 per cent. to the extent that the dividend income falls within the additional rate band.

“Dividend income” means UK and non-UK source dividends and certain other distributions in respect of shares.

In calculating the band into which any dividend income above the Nil Rate Amount falls, the individual shareholder’s total taxable dividend income for the tax year (including the amount of dividend income within the Nil Rate Amount) will be treated as the highest slice of the individual’s income.

Dividends paid to UK resident trustees of a discretionary trust will be taxed at the dividend trusts rate of 38.1 per cent. to the extent the total income exceeds the £1,000 (and at 7.5 per cent. below that amount). Trustees of a discretionary trust do not benefit from the annual Nil Rate Amount allowance.

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends should fall within one of such exempt classes (subject to anti-avoidance rules and provided all conditions are met). If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (17 per cent. from 1 April 2020). Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

Non-UK resident Shareholders should not generally be subject to UK tax on their dividend receipts (whether via withholding or direct assessment) but may be subject to foreign taxation on dividend income under local law. Such shareholders should consult their own advisers concerning their tax liabilities on dividends received.

(b) ***Chargeable gains***

Shareholders who are resident in the UK for tax purposes and who dispose of their Shares at a gain will ordinarily be liable to UK taxation on chargeable gains, subject to any available exemptions or reliefs. The gain will be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Shares.

Individual Shareholders (or Shareholders not otherwise within the charge to UK corporation tax) will generally be charged at 10 per cent. capital gains tax to the extent that the total chargeable gains and taxable income for the year (after allowable deductions) is less than the upper limit of the income tax basic rate band. To the extent that chargeable gains arising in a tax year exceed the upper limit of the basic rate band when aggregated with taxable income, then capital gains tax will be chargeable at 20 per cent. on the amount of that excess. Individual Shareholders receive an annual exempt allowance for capital gains tax purposes, which for tax year 2018/2019 provides for the first £11,700 of gains realised to fall outside the scope of tax. No indexation allowance will be available.

Individual Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a permanent establishment, branch, agency or fixed place of business in the UK may be liable to UK taxation on chargeable gains on a disposal of their Shares, if those Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that permanent establishment, branch, agency or fixed place of business.

If an individual Shareholder ceases to be resident in the UK and subsequently disposes of Shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that Shareholder becoming once again resident in the UK.

Trustees and personal representatives resident in the UK disposing of Shares will be taxed at 20 per cent., subject to any available reliefs or exemptions. Trustees and personal representatives receive an annual exempt amount for capital gains tax purposes, which for tax year 2018/2019 is £5,850.



Corporate Shareholders resident in the UK will be taxed to corporation tax on chargeable gains at 19 per cent. for tax year 2018/2019, subject to any available reliefs or exemptions. No indexation allowance will be available.

Corporate Shareholders carrying on a trade in the UK through a branch, agency or permanent establishment with which their investment is connected may be liable to UK taxation on chargeable gains on the disposal of their Shares.

(c) **Stamp duty and stamp duty reserve tax (“SDRT”)**

The statements below are intended as a general guide to the current position. The statements do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, who may be liable at a higher rate.

The allocation and issue of Shares will not give rise to a liability to stamp duty or SDRT. Any subsequent conveyance or transfer on sale of shares would usually be subject to stamp duty on any instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (rounded up, if necessary, to the nearest £5), subject to certain exemptions and reliefs. A charge to SDRT at a rate of 0.5 per cent. would usually arise in relation to an unconditional agreement to transfer shares (where the SDRT charge is not cancelled by the execution of an instrument of transfer, within six years of the date of the agreement, and a corresponding payment of stamp duty).

However, neither stamp duty nor SDRT should arise on transfers of Shares on AIM, including instruments transferring Shares and agreements to transfer Shares, provided AIM continues to be a “recognised growth market” and the Shares are admitted to trading on AIM but not listed on that or any other market (for the purposes of paragraph 5 of Schedule 24 to Finance Act 2014 in relation to stamp duty and for the purposes of section 99 of Finance Act 1986 in relation to SDRT).

(d) **AIM**

Companies whose shares trade solely on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Shares held by individuals for at least two years may qualify for more generous exemptions from inheritance tax on death or in relation to lifetime transfers of those shares. Shareholders should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether the tax benefit referred to above may be available to them. It is possible to hold shares traded solely on AIM in individual savings accounts (ISAs).

## **11. Material contracts**

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

(a) **Acquisition Documents**

*Acquisition Agreement*

On 22 October 2018, the Company entered into an acquisition agreement (the “**Acquisition Agreement**”) with, amongst others, the Cavendish Shareholders, Cavendish Corporate and Cavendish Partnership, in relation to the purchase by the Company of certain membership interests in the Cavendish Partnership and the entire issued share capital of Cavendish Corporate. As at the date of this document, the Acquisition Agreement remains conditional, amongst other things, upon Admission occurring.

The effective consideration payable by the Company under the Acquisition is approximately £13.9 million, which will be satisfied by the payment of approximately £4.5 million in cash, the issue of the Consideration Shares (equating to approximately £9.35 million at the Placing Price) to the Cavendish Shareholders and an additional cash amount equivalent to net assets in excess of £0.5 million. Further details of the lock-in arrangements in relation to the Consideration Shares are

summarised in paragraph 11(e) below. The Acquisition Agreement contains usual and customary business warranties and indemnities given by certain of the Cavendish Shareholders as well as title and capacity warranties given by each Cavendish Shareholder.

Cavendish includes a limited liability partnership, which can in certain circumstances be required to treat its members as employees for tax purposes and (as with a number of similarly structured businesses) HMRC have requested that Cavendish provides further information in this respect. If it is considered appropriate that some of its members are treated as employees then this can lead to additional payroll tax liabilities for the Cavendish Partnership. However, the management team of Cavendish believes the current structure to be appropriate, and to the extent that this is found to be incorrect, the Acquisition Agreement contains customary warranties and indemnities in relation to Cavendish tax liabilities and the partnership has insurance to cover the reasonable costs of the inquiry.

Immediately following Admission, the Company has agreed (under the terms of the Acquisition Agreement) to serve a notice on Philip Barker which triggers a deemed offer by Philip Barker of 1,109,299 of his Shares to the Trustee for £1.00. Following the service of the notice by the Company and the transfer to Peter Gray (detailed below) and the Trustee, Philip Barker will no longer hold any Shares.

Joe Stelzer, Baron Leigh and Peter Gray have agreed from the execution of the Acquisition Agreement until the second anniversary of Admission to: (i) not be engaged in or interested in any business within the United Kingdom which competes with the Cavendish Group, and (ii) not solicit customers, clients, prospective clients and employees of the Cavendish Group. The Cavendish Shareholders (other than Joe Stelzer, Baron Leigh and Peter Gray) have agreed from the execution of the Acquisition Agreement until the first anniversary of Admission to: (i) not be engaged in or interested in any business within the United Kingdom which competes with the Cavendish Group, and (ii) not solicit customers, clients, prospective clients and employees of the Cavendish Group.

In connection with the Acquisition, and in each case conditional, amongst other things, upon Admission:

- the Cavendish Shareholders (other than Peter Gray) have agreed to sell, in aggregate, 1,501,603 Shares to Peter Gray under the terms of a separate share purchase agreement entered into by each Cavendish Shareholder dated 22 October 2018;
- Caroline Belcher (as legal owner) and Cros Associates Limited (as beneficial owner) have agreed to gift, in aggregate, 1,372,617 Shares to the Trustee under a separate share purchase agreement entered into by Caroline Belcher, the Trustee and Cros Associates Limited dated 22 October 2018; and
- the Company has agreed to recommend the transfer by the Trustee of: (i) 334,781 Shares to John Farrugia, (ii) 334,781 Shares to Jonathan Edirmanasinghe, (iii) 223,187 Shares to Linda Sullivan and (iv) 223,187 Shares to Andrew Jeffs.

Following the various transfers listed above immediately following Admission, the Shares held by each Cavendish Shareholder will be as follows:

<i>Cavendish Shareholder</i>	<i>Consideration Shares</i>	<i>Shares held by each Cavendish Shareholder immediately after Admission (excluding Options)</i>
Baron Leigh	17,187,255	16,327,892
Silver Cloud Ventures Limited	3,371,339	3,202,772
Caroline Belcher and Cros Associates Limited	3,371,339	1,830,155
Peter Gray	3,371,339	4,872,942
Jonathan Buxton	2,592,973	2,463,324
John Farrugia	702,443	1,002,102
Jonathan Edirmanasinghe	702,443	1,002,102
Andrew Jeffs	468,296	668,068
Linda Sullivan	468,296	668,068
Philip Barker	1,167,683	–

#### *Cavendish Group LLP Transfer Agreement*

On 22 October 2018, the Company entered into an LLP Deed of Assignment with, amongst others, Duncan Chandler, Alistair Hay, Michael Jewell and Crossroads Partners Limited (the “**Non-Equity Sellers**”). Pursuant to the LLP Deed of Assignment, the Non-Equity Sellers agreed to assign their membership interests in the Cavendish Partnership for nominal consideration. As at the date of this document, the LLP Deed of Assignment remains conditional, amongst other things, upon the Acquisition Agreement becoming unconditional and Admission occurring.

#### **(b) Introduction Agreement**

On 29 November 2018, the Company, finnCap, and the Directors and Grant Thornton entered into the Introduction Agreement in relation to the process by which the Company and Grant Thornton will endeavour to procure Admission of the Shares to trading on AIM.

Under the Introduction Agreement, Grant Thornton will receive a corporate finance fee. The Company has also agreed to pay all other costs, charges and expenses of, or incidental to, the application for Admission and related arrangements.

The Introduction Agreement, which contains certain customary warranties, undertakings and indemnities by the Company and the Directors in favour of Grant Thornton, is conditional, amongst other matters, on (i) Admission occurring not later than 5 December 2018 (or such later date as the Company and Grant Thornton may agree not being later than 31 January 2019) (the “**Longstop Date**”) and (ii) none of the warranties given to Grant Thornton prior to Admission being or becoming untrue, inaccurate or misleading in a material respect.

Grant Thornton and finnCap may terminate the Introduction Agreement in specified circumstances, including where any of the warranties are untrue, inaccurate or misleading in any material respect and in the event of force majeure at any time prior to Admission.

#### **(c) Placing Agreement**

On 28 November 2018, the Company and finnCap entered into the Placing Agreement, whereby finnCap Limited, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the New Shares. The Placing Agreement is conditional on, amongst other things, the Introduction Agreement not having been terminated in accordance with its terms prior to Admission. Accordingly the Placing will not proceed if, amongst other things, Admission does not occur prior to the Longstop Date.

The Selling Shareholders have separately authorised finnCap to procure placees to purchase Sale Shares in connection with the Placing. finnCap will not be entitled to any fees or commissions in relation to the aggregate proceeds raised by the sale of the Sale Shares or the subscription for New Shares pursuant to the Placing.

#### **(d) Exchange Agreement**

On 26 November 2018, the Company entered into a share exchange agreement (“**Exchange Agreement**”) with the current Shareholders of the Company. The objective of the Exchange Agreement was for the Company to be inserted as a new holding company of finnCap, the shares of which were transferred from its existing shareholders to the Company in consideration for the issue of equivalent Shares in the Company. The shareholders agreement entered into in connection with the Exchange Agreement will terminate upon Admission.

The legal and beneficial interest in the shares of finnCap were sold with full title guarantee, fully paid and free from all encumbrances. The Exchange Agreement was completed on 26 November 2018 and as a result thereof, the entire issued share capital of finnCap Limited was transferred to the Company in consideration of the issue of equivalent shares in the Company (comprising 120,653,815 Shares).

**(e) Lock-in Agreements**

The Company has entered into Lock-in Agreements and Orderly Market Agreements with certain of the Cavendish Shareholders, the Directors and certain employees in respect of Shares representing in aggregate 74.9 per cent. of the Enlarged Share Capital on Admission. A summary of the key terms are set out below.

The Company expressly reserves the right, in its absolute discretion, to waive any of the restrictions set out in any of the Lock-in Agreements below without the prior consent or approval of other Shareholders.

**Cavendish Lock-in Agreements**

In connection with the Acquisition Agreement, each Cavendish Shareholder (other than Cros Associates Limited, Philip Barker and Media Rights Limited) entered into the Cavendish Lock-in Agreements with the Company, pursuant to which such persons have agreed, amongst other things, to the following key terms in respect of the Shares owned by them immediately after Admission (**"Cavendish Total Shares"**):

- They will not dispose of an interest following Admission (other than in limited specified circumstances including to satisfy certain warranty or indemnity claims under the Acquisition Agreement after recourse to, amongst other things, certain of the cash consideration in such number of Shares as set out in the table below (**"Cavendish Locked-in Shares"**) during each of the relevant periods, without the prior written consent of the Company.
- If the relevant person is deemed to be a 'bad leaver' (which will generally include breaches of post-termination restraints, or cessation of their (or, in the case of Silver Cloud Ventures Limited, Joe Stelzer's) employment in circumstances other than for redundancy, unfair dismissal, death or serious and permanent illness), the Company may claw back such number of Shares as is set out in the table below (**"Claw-back Shares"**) for nominal consideration. In respect of the Cavendish Lock-in Agreement with Caroline Belcher, she will only be deemed to be a bad leaver if she breaches post-termination restraints during the period commencing on Admission and ending on the first anniversary of Admission.
- In respect of the Cavendish Lock-in Agreements with Peter Gray, Silver Cloud Ventures Limited and Baron Leigh, each such Cavendish Shareholder will not from the date of Admission until the fifth anniversary of Admission transfer the legal and/or beneficial ownership in any Call Option Shares (defined below) except in limited specified circumstances.
- Notwithstanding that such Shares may over time cease to constitute Cavendish Locked-in Shares, subject to certain exception they will only dispose of an interest in such released Shares following Admission until the end of the Year 5 Period, through a member of the Group in accordance the reasonable requirements of the Company so as to ensure an orderly market in the Shares.

<i>Relevant period</i>	<i>Description of period</i>	<i>Claw-back Shares</i>	<i>Cavendish Locked-in Shares</i>
Initial Period	Commencing on Admission and ending on the second anniversary of Admission	100 per cent. of the Cavendish Total Shares	100 per cent. of the Cavendish Total Shares
Year 3 Period	Commencing on the expiry of the second anniversary of Admission and ending on the third anniversary of Admission	50 per cent. of the Cavendish Total Shares	75 per cent. of the Cavendish Total Shares
Year 4 Period	Commencing on the expiry of the third anniversary of Admission and ending on the fourth anniversary of Admission	25 per cent. of the Cavendish Total Shares	50 per cent. of the Cavendish Total Shares
Year 5 Period	Commencing on the expiry of the fourth anniversary of Admission and ending on the fifth anniversary of Admission	Nil	25 per cent. of the Cavendish Total Shares

For the purposes above, ‘**Cavendish Total Shares**’ reflects the number of Shares expected to be held by each Cavendish Shareholder immediately after Admission as illustrated in the table set out in paragraph 11(a) of this Part V. The Cavendish Total Shares held by Peter Gray, Silver Cloud Ventures Limited and Baron Leigh are deemed to exclude the Shares which are subject to the call option arrangements detailed in Part V, paragraph 4(e) above (the “**Call Option Shares**”).

### ***finnCap Lock-in Agreements***

A substantial number of the Group’s executive directors and employees (comprising in aggregate 32.4 per cent. of the Enlarged Issued Share Capital) have entered into lock in deeds with the Company with respect to (a) any of the Shares in the Company owned by the Shareholder immediately after Admission or any Shares which may accrue to him or her as a result of holding such shares; and (b) any of the shares in the Company issued on the vesting or exercise of incentives granted to him or her pursuant to any of the Incentive Plans (excluding the finnCap SAYE) (the “**finnCap Total Shares**”).

The following shareholders (and persons associated with them) have provided such undertakings: Sam Smith, Stuart Andrews, Tom Hayward, Mark Tubby, Andrew Darley, Christopher Raggett, David Buxton, Edward Frisby, Geoff Nash, Jonny Franklin-Adams, Johnny Hewitson, Kai Buckle, Matt Goode, Rhys Williams and William Marle.

Under these arrangements the relevant executive directors and employees have undertaken that they will not dispose of an interest following Admission (other than in limited specified circumstances, which include with the prior written consent of the Company) in such number of the Shares as set out in the table below (“**finnCap Locked-in Shares**”):

<i>Relevant Period</i>	<i>Description of period</i>	<i>finnCap Locked-in Shares</i>
Year 1 Period	Commencing on Admission and ending on the first anniversary of Admission	100 per cent. of the finnCap Total Shares
Year 2 Period	Commencing on the expiry of the first anniversary of Admission and ending on the second anniversary of Admission	Two-thirds of the finnCap Total Shares
Year 3 Period	Commencing on the expiry of the second anniversary of Admission and ending on the third anniversary of Admission	One-third of the finnCap Total Shares

Notwithstanding that such Shares may over time cease to constitute finnCap Locked-in Shares, subject to certain exceptions they will only dispose of an interest in such released Shares following Admission until the expiry of the fourth anniversary of Admission, through a broker nominated by the Company and in accordance the reasonable requirements of the Company so as to ensure an orderly market in the Shares. In addition, during this period the executive directors will only dispose of Shares with the prior consent of the Board, not to be unreasonably withheld or delayed.

### ***Orderly Marketing Agreements***

A substantial number of the Group’s employees (comprising in aggregate 9.7 per cent. of the Enlarged Issued Share Capital) have entered into orderly marketing deeds with the Company rather than the finnCap Lock-in Agreements. Under these arrangements, the relevant employees have undertaken that they will only dispose of an interest in their finnCap Total Shares following Admission until the expiry of the first anniversary of Admission, through a broker nominated by the Company and in accordance the reasonable requirements of the Company so as to ensure an orderly market in the Shares.

### ***Restrictions on Non-Executive Directors***

The Non-Executive Directors (or in respect of Jon Moulton and Vin Murria, Moulton Goodies Limited and PS Foundation respectively), comprising in aggregate 23.0 per cent. of the Enlarged Issued Share Capital have undertaken not to dispose of an interest in Shares for a period of 12 months following Admission (other than in limited specified circumstances) without the prior consent of the Board, not to be unreasonably withheld or delayed.

**(f) Nominated Adviser Agreement**

On 29 November 2018, the Company and Grant Thornton entered into an agreement pursuant to which Grant Thornton has agreed to act as nominated adviser to the Company following Admission as required by the AIM Rules. Grant Thornton will, amongst other matters, advise and guide the Company and the Directors on their responsibilities and obligations under the AIM Rules for Companies. The Company has agreed to pay Grant Thornton an annual fee as well as reasonable out of pocket expenses. The agreement also contains a customary indemnity given by the Company to Grant Thornton in relation to the provision by Grant Thornton of its services under the agreement.

**(g) Clearing Agreement**

On 17 November 2017, finnCap entered into a clearing agreement with Pershing Securities Limited (“PSL”) under which PSL provides clearing and settlement services, execution services, and custody and nominee services. This contract is for a term of three years. This agreement contains customary termination rights and an indemnity in favour of PSL with respect to, amongst other things, the provision of services to finnCap. finnCap is obliged to pay certain fees in exchange for these services, including trade processing fees, cross border trading fees and a minimum quarterly fee.

**12. Selling Shareholders**

The following shareholders in the Company (“**Selling Shareholders**”) have authorised finnCap to effect the sale of their Sale Shares at the Placing Price. The following table contains details of the Selling Shareholders and the Sale Shares to be sold by them pursuant to the Placing. The business address of each of the Selling Shareholders is 60 New Broad Street, London, England, EC2M 1JJ.

<i>Name</i>	<i>Number of Sale Shares</i>	<i>Position, office or material relationship with the Group within the past 3 years</i>
Alice Lane	60,000	Corporate Broking Director
Anthony Adams	70,000	Corporate Finance Associate
Carl Holmes	25,000	Corporate Finance Director
Carly Cella	36,000	Trade Support
Daniel Smith	70,000	Head of Sales Trading
Edward Frisby	75,000	Corporate Finance Director
Emily Watts	59,000	Corporate Finance Associate Director
Geoff Nash	220,000	Corporate Finance Director
Georgian Trust Limited	2,000,000	n/a
Giles Rolls	36,000	Corporate Finance Associate Director
Grant Bergman	70,000	Corporate Finance Director
Henrik Perrson	32,000	Corporate Finance Director
James Thompson	25,000	Corporate Finance Associate Director
Jonny Franklin-Adams	180,000	Deputy Head of Corporate Finance
Johnny Hewitson	43,000	Investment Trust Sales
Kai Buckle	150,000	Head of European Trading
Karle Cope	16,000	Trade Support
Kate Bannatyne	36,000	Corporate Finance Associate
Lisa Welch	35,000	Head of IR
Lorne Daniel	75,000	Research Director
Malar Velaigam	36,000	Sales Director
Mark Brewer	36,000	Research Director
Matt Goode	220,000	Corporate Finance Director
Rafal Karaszewski	70,000	Head of IT
Raymond Greaves	36,000	Head of Equities
Rhys Williams	140,000	Head of Sales
Richard Chambers	25,000	Corporate Broking Associate Director
Sarah Batt	25,000	Head of Trade Support
Scott Mathieson	25,000	Corporate Finance Associate Director
Simon Hicks	36,000	Corporate Finance Associate Director



<i>Name</i>	<i>Number of Sale Shares</i>	<i>Position, office or material relationship with the Group within the past 3 years</i>
Stephen Joseph	70,000	Sales Director
Steve Asfour	110,000	Head of Market Making
Stuart Andrews	140,000	Head of Corporate
Tom Hayward	140,000	Chief Financial Officer
William Marle	43,000	Corporate Finance Director

### **13. Related party transactions**

- (a) Save as set out in:
- (i) paragraph 22 of the notes to the financial information in Section B of Part III of this document;
  - (ii) paragraph 15 of the notes to the financial information in Section D of Part III of this document;
  - (iii) paragraph 6 of this Part V in relation to Directors' service agreements;
  - (iv) paragraph 11(a) of this Part V in relation to the Acquisition Documents;
  - (v) paragraph 11(d) of this Part V in relation to the Exchange Agreement;
  - (vii) paragraph 11(e) of this Part V in relation to the Lock-in Agreement; and
  - (viii) paragraph 13(b) of this Part V below.

there are no related party transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Group during the period covered by the historical financial information set out in Part III of this document and up to the date of this document.

- (b) A company of which Jon Moulton is a director and shareholder is also a client of Cavendish. This engagement was made on arm's length terms.

### **14. Working capital**

In the opinion of the Directors, having made due and careful enquiry, and taking into account the net proceeds of the Placing, the working capital available to the Company and the Group will be sufficient for their present requirements, that is for at least the 12 months from following the date of Admission.

### **15. Significant change**

Save as disclosed in this document, there has been no significant change in the trading or financial position of finnCap since 30 April 2018, being the date to which the financial information for finnCap contained in Part III of this document was prepared and no significant change in the trading or financial position of the Cavendish Group since 31 March 2018, being the date to which the financial information for Cavendish contained in Part III of this document was prepared.

### **16. Litigation and arbitration**

- (a) Save as disclosed in paragraph 16(b) below, neither the Company nor any member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.
- (b) In January 2017, Constellation Healthcare Technologies Inc. ("**Constellation**"), an AIM-quoted entity, was acquired by CHT Holdco LLC by way of a merger with CHT Merger Sub, Inc. under the

laws of Delaware. finnCap Limited, which at the time held 49,343 common shares through a nominee as principal in its capacity as market-maker, received an aggregate of US\$128,513.85 in cash and US\$128,513.85 in promissory notes (together, the “**Constellation Consideration**”) on completion of the acquisition in consideration for its Constellation common shares.

In March 2018, Constellation filed for bankruptcy and in May 2018, the Securities and Exchange Commission and the US Department of Justice charged several former executives in connection with alleged misconduct. The Directors are aware that certain nominee shareholders have received claims demanding repayment of the Constellation Consideration. Whilst, so far as the Directors are aware, no proceedings have been commenced against any member of the Group as at the date of this document, the Directors consider that there is a low risk that finnCap may be required to repay the Constellation Consideration (as may also be required in respect of other former holders of Constellation common shares). The promissory notes were not recognised in finnCap’s profit and loss account and no provision for any such repayment has been made in the Group’s accounts set out in Part III of this document.

## **17. Mandatory bids, squeeze-out and sell-out rules relating to the Shares**

### ***Mandatory bid***

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in Shares in the Company which, when taken together with Shares already held by them or persons acting in concert with them, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with them, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in Shares which increase the percentage of Shares carrying voting rights in which that person is interested,

the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding Shares in the Company at a price not less than the highest price paid for any interests in the Shares by the acquiror or its concert parties during the previous 12 months.

Further information relating to how the Takeover Code applies to the Company is set out in Section 20 of Part I of this document.

### ***Compulsory acquisition***

Under sections 974 – 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire their shares on the same terms as the takeover offer.

## **18. General**

- (a) The gross proceeds of the Placing receivable by the Company are expected to be £3.75 million. The total costs and expenses relating to Admission and the Placing (but excluding the Acquisition) are approximately £0.9 million (plus value added tax where applicable), of which £0.6 million is payable by the Company and £0.3 million will be borne by the Cavendish Shareholders. The total costs and expenses of the Acquisition are estimated to be approximately £0.25 million.
- (b) The Shares have not been sold, nor are they available, in whole or in part, to the public in conjunction with the application for Admission. finnCap is arranging for the Placing Shares to be placed with institutional and other investors. The arrangements for the payment for the Placing



Shares and, during the period prior to completion of the Placing, relating to monies received by finnCap from such investors are set out in the placing letters sent to such investors.

- (c) Grant Thornton has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included.
- (d) BDO LLP has given and has not withdrawn its written consent to the inclusion herein of its reports as set out in Sections A and C of Part III of this document.
- (e) The financial information set out in this document relating to the Group does not constitute statutory accounts within the meaning of section 434 of the Companies Act. BDO LLP of 55 Baker Street London W1U 7EU are members of the Institute of Chartered Accountants in England and Wales and have given unqualified audit reports on the statutory accounts of finnCap for each of the three financial years ended 30 April 2018 within the meaning of section 495 of the Companies Act. None of these reports contained any statements under sub-section 498 of the Companies Act.
- (f) UHY Hacker Young of Quadrant House, 4 Thomas More Square London E1W 1YW are members of the Institute of Chartered Accountants in England and Wales and have given unqualified audit reports on the statutory accounts of the Cavendish Partnership for each of the years ended 31 March 2016 and 31 March 2017. Neither of these reports contained any statements under sub-section 498 of the Companies Act. The financial statements for the year ended 31 March 2018 have not yet been audited.
- (g) Save as set out in paragraph 4(h)(v) of this Part V, there are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- (h) Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's activities.
- (i) Save for intellectual property rights in respect of the finnCap and Cavendish names, and certain bespoke internal workflow applications owned by the Cavendish Group, the Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.
- (j) Other than contractual arrangements with employees and consultants and payments in the ordinary course of business, and save as disclosed in this document, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document and trade suppliers) in the 12 months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
  - (i) fees totalling £10,000 or more;
  - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
  - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- (k) As described in paragraph 2(c) above, statutory rights of pre-emption have been disapplied in order:
  - (i) to permit the Directors to allot 13,392,857 New Shares for which subscribers are being procured by finnCap pursuant to the Placing and to allot 33,403,406 Consideration Shares pursuant to the Acquisition;
  - (ii) to give the Directors flexibility in relation to rights or other pre-emptive issues;
  - (iii) to permit the Directors to allot Shares for cash having a nominal value of approximately up to 5 per cent. of the Enlarged Share Capital; and
  - (iv) to permit the Directors to allot Shares having a nominal value of approximately up to a further 5 per cent. of the issued Enlarged Share Capital in connection with an acquisition or specified capital investment.
- (l) Since the date of its incorporation on 28 August 2018, the Company has not yet commenced operations and it has no material assets or liabilities, and therefore no financial statements have been prepared as at the date of this document.

**19. Availability of this document**

Copies of this document will be available to the public free of charge from the registered office of the Company, at 60 New Broad Street, London EC2M 1JJ and from the offices of Grant Thornton UK LLP, at 30 Finsbury Square, London, EC2A 1AG, during normal office hours (Saturdays, Sundays and public holidays excepted) for a period of at least one month from the date of Admission. A copy of this document is also available free of charge on the Company's website at [www.finnCap.com](http://www.finnCap.com).

Dated: 29 November 2018