Wilmcote Holdings Plc

Annual Report and Audited Financial Statements
For the year ended 30 June 2020

CONTENTS

I present to shareholders the Annual Report and audited Financial Statements (the "**Financial Statements**") of Wilmcote Holdings plc (the "**Company**") for the year ended 30 June 2020, consolidating the results of Wilmcote Holdings plc, WHJ Limited, Wilmcote Group Limited, WCH Group Limited, Arrow US Holdings Inc and Arrow Canadian Holdings Limited (collectively the "**Group**" or "**Wilmcote**").

Strategy

Wilmcote was established and admitted to trading on AIM with the objective of creating value for its shareholders through the acquisition and subsequent development of target businesses, initially considering opportunities in the downstream and specialty chemicals sector.

Since listing on AIM in 2017, we have reviewed and engaged with a substantial number of potential acquisition opportunities in the specialty chemicals sector, including businesses with links to the construction, building products and broader industrial sectors. During this period, we progressed two potential acquisitions, under exclusivity, to within days of a successful completion. The financial consequences of these aborted transactions have been significant, and these have accounted for the vast majority of the Group's expenditure.

At the December 2019 AGM, shareholders approved expanding the Company's investment policy to consider opportunities in adjacent sectors, reflecting the breadth of deal flow seen and a broader range of potential investment structures. The details of the Company's revised investment policy are set out below.

Revised Investment Policy

It is anticipated that the Company will acquire controlling or non-controlling stakes in one or more businesses or companies (quoted or private) on a long-term basis. The investments made may be in the form of equity or other types of capital investment. Subject to the structure of the transaction, the Company may need to raise additional funds for the acquisition in the form of equity and/or debt.

The Company intends to focus on the industrials, manufacturing, engineering, construction, building products and support services sectors. We believe that opportunities exist to create value for shareholders through a properly executed, acquisition-led strategy in one or more of these sectors. We may either seek to recruit sector-leading executive management in advance of an acquisition, or alternatively may consider identifying acquisition opportunities with impressive incumbent management teams that require a catalyst to unlock growth ("**Platform Acquisition**").

Following the completion of an acquisition, the Directors intend to use their multiple years of experience alongside an executive management team to deliver value through the application of a strategy to achieve attractive, compounding returns for shareholders.

While we recognise that there remains a risk of future losses arising from the pursuit of future transactions, a key priority for us will be to manage the Company's exposure to the financial costs of progressing and securing a successful acquisition. Alongside the existing risk procedures, we will further mitigate these risks by:

- reducing the target size of potential acquisitions to consider taking one or more controlling or non-controlling stakes, in businesses with an enterprise value generally expected to be up to £500 million;
- seeking appropriate risk-sharing measures with professional service providers and, to the extent possible, with vendors;
- continuing the model of early stage market sounding and consultation with potential investors throughout the transaction process; and
- maintaining a flexible attitude to which international capital markets/exchanges would provide the optimal environment for initial and future capital raising.

Overview of the Year

The Company has continued to explore a number of opportunities in line with its strategy, and during the first few months of the year was engaged in discussions with Arclin Inc ("**Arclin**"). The potential acquisition was progressed under exclusivity, to within days of completion until the Company announced in October 2019 that negotiations had been aborted. Following the cessation of these discussions, it was mutually agreed that Adrian Whitfield (Chief Executive Officer), Kevin Dangerfield (Chief Financial Officer) and John McAdam (Non-Executive Director) step down from their positions and leave the Company.

The financial consequences of both this and a previous aborted transaction were significant, having incurred considerable costs during the periods of negotiation and due diligence. In December 2019, Wilmcote secured additional equity funding of £6.5 million through an open offer to existing shareholders. This included support both from our cornerstone investor, Marwyn, as well as from other existing shareholders. The Company also received shareholder approval for a change in investment policy as detailed above and on the Company's website.

Both the recapitalisation of the Company and the expansion of the Company's investment policy have secured a platform from which to respond to opportunistic investment prospects, while also providing a listed vehicle to engage a new management team in advance of an acquisition.

During the second half of the year, the Company has progressed discussions with potential executive management in a variety of sectors and engaged with various advisers to assess possible investment opportunities.

Outlook

The Directors believe that the significant market disruption is likely to result in accelerated structural change in certain sectors and the associated emergence of investment opportunities. However, the Directors also note the importance of being highly selective of those opportunities and will seek out situations where the Company's structure and access to the public markets can provide a solution not otherwise available to a vendor. The Directors continue to progress discussions with potential management and assess the optimal route to execute a platform acquisition in the current macroeconomic and capital market environment.

Results

The Group's loss after taxation for the year to 30 June 2020 was £2.2 million (2019: £10.3 million). The Group incurred £2.2 million of administrative expenses during the year (2019: £10.3 million), received interest of £0.01 million (2019: £0.05 million) and at 30 June 2020 held a cash balance of £6.0 million (2019: £7.5million). After deducting costs accrued in respect of operating and transaction-related expenses, the net asset position was £5.9 million (2019: £1.3 million).

Dividend policy

It is the Board's policy that prior to the Platform Acquisition, no dividends will be paid. The Company has not yet acquired a trading operation and the Directors therefore consider it inappropriate to make a forecast of the likelihood of any future dividends. Following the Platform Acquisition, and subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and commercially prudent to do so.

James Corsellis
Chairman
3 November 2020

The Directors present their Annual Report and audited Financial Statements for the year to 30 June 2020.

Principal Activities

The Company was formed to acquire a platform trading asset in the downstream and specialty chemicals sector. At the Company's annual general meeting held on 12 December 2019, the Company's shareholders approved a broadening of the Company's investment policy to include investment opportunities in adjacent sectors, reflecting the breadth of deal flow seen and a broader range of potential investment structures.

The Company intends to focus on the industrials, manufacturing, engineering, construction, building products and support services sectors. We believe that opportunities exist to create value for shareholders through a properly executed, acquisition-led strategy in one of these sectors. We may either seek to recruit sector-leading executive management in advance of an acquisition, or alternatively may consider identifying acquisition opportunities with impressive incumbent management teams that require a catalyst to unlock growth.

Results and Dividends

For the year to 30 June 2020, the Group's loss was £2.2 million (2019: £10.3 million).

It is the policy of the Company's board of Directors (the "**Board**") that prior to the Platform Acquisition, no dividends will be paid. Following this, and subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and commercially prudent to do so.

Statement of Going Concern

The Financial Statements have been prepared on a going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Group had cash resources of £6.0 million at 30 June 2020 and has net assets of £5.9million. The Directors have considered the financial position of the Group and have reviewed forecasts and budgets for a period of at least 12 months following the approval of the Financial Statements. Subject to the structure of any potential transaction, the Company may need to raise additional funds for the acquisition in the form of equity and/or debt, which has not been factored into the Director's going concern assessment as this will be dependent on the size and nature of a future platform acquisition. Furthermore, the Directors have considered the expected impact of the Covid-19 pandemic on the Group's forecast cashflows and liabilities, concluding that prior to completing a transaction, the pandemic has no material impact on the Group due to the nature of its operations. As a result, the Directors have concluded that, at the date of approval of the Financial Statements, the Company and the Group have sufficient resources for the foreseeable future and can continue to execute its stated strategy. Accordingly, it is appropriate to adopt the going concern basis in the preparation of the Financial Statements.

Financial Risk Profile

The Group's financial instruments are mainly comprised of cash, payables and receivables that arise directly from the Group's operations. Details of the risks relevant to the Group are included on pages 47 to 53.

Substantial Shareholdings

The Company has been notified that the shareholders listed below held a beneficial interest of 3 per cent. or more of the Company's issued share capital as at the date of approval of the Financial Statements.

	Ordinary Shares Held	Percentage of Issued Share Capital
Marwyn Asset Management Limited	639,685,278	95.36%

Stated Capital

Details of the stated capital of the Company during the year are set out in note 14 to the Financial Statements.

Directors

The Directors of the Company who served during the period are:

James Corsellis, Executive Chairman

James has over 15 years of investment management and corporate finance expertise including across a broad array of sectors and developed an extensive network of relationships with co-investors, advisors and other business leaders.

James brings an entrepreneurial mind-set to the management team, having co-founded Marwyn alongside Mark Brangstrup Watts, and prior to that founded one of the earliest strategic technology consultancies. James was also previously Chief Executive Officer of icollector Plc, a leading provider of live auction trading platforms, later negotiating its joint venture with eBay.

James is a Managing Partner of Marwyn Capital LLP, Marwyn Investment Management LLP and is a non-executive director of Marwyn Asset Management Limited. Portfolio level executive directorships include Safe Harbour Holdings Plc and Silvercloud Holdings Limited.

James was previously on the board of Le Chameau Group Plc, BCA Marketplace Plc, Breedon Aggregates Ltd and Advanced Computer Software Plc, and was Chairman of Entertainment One Ltd, amongst others.

Mark Brangstrup Watts, Executive Director

As co-founder of Marwyn in 2002, Mark has many years of experience deploying private equity investment strategies in the public markets. Marwyn's highly acquisitive portfolio companies have delivered approximately 100 bolt-on acquisitions with Mark offering significant M&A, Equity Capital Market and corporate finance experience.

Mark brings his background in strategic consultancy to the management team having been responsible for strategic development projects for international clients including Ford Motor Company (US), Cummins (Japan) and 3M (Europe).

Mark is a Managing Partner in Marwyn Capital LLP and Marwyn Investment Management LLP. Mark is currently an Executive Director of Silvercloud Holdings Limited and Safe Harbour Holdings Plc and a non-executive director of Marwyn Asset Management Limited. Mark was previously a non-executive director of Zegona Communications Plc, Le Chameau Group Plc, BCA Marketplace Plc, Advanced Computer Software Plc, Entertainment One Ltd, Melorio Plc, Inspicio Plc and Talarius Plc, amongst others.

Adrian Whitfield, Chief Executive Officer (resigned 21 October 2019)

Adrian is an experienced chief executive who previously spent eight years at Synthomer plc (previously called Yule Catto & Co plc), the FTSE 250 specialty polymer operator, where he successfully implemented a turnaround and growth strategy. Synthomer is a global manufacturer of specialty polymers for the coatings, construction, textiles, paper and healthcare industries.

Adrian was appointed Chief Executive Officer of Synthomer in 2006 and led the transformation of a traditional chemical conglomerate into a segment-leading specialty polymer chemical business. In doing so, he grew revenue from £340 million to nearly £1 billion, while also improving profit before tax margins from 5.7 per cent. to 8.7 per cent. During Adrian's tenure, Synthomer's market capitalisation increased 13 times from turnaround lows, and free cash flow increased six times.

As part of the transformation of Synthomer, Adrian led a number of successful non-core disposals and strategic acquisitions, including the acquisition and integration of PolymerLatex, a major competitor of Synthomer, in 2010 for £376 million, extracting annual cost synergies of over £20 million per year. In recognition of his efforts, he was awarded Turnaround of the Year at the 2011 UK PLC Awards.

Prior to his role at Synthomer, Adrian was a divisional chief executive at DS Smith, a manufacturer of paper and packaging products, for seven years. There he set up a new plastics division, growing its turnover to £200 million organically and through the acquisition of six international businesses.

John McAdam, Independent Non-Executive Director (resigned 21 October 2019)

John has served as a board director on a range of global businesses since 1999.

John spent 24 years at Unilever where he held a number of senior management positions and later joined Imperial Chemical Industries plc (ICI), taking the position of Group Chief Executive in 2003. John has held a wide range of board positions, including Senior Independent Director at J Sainsbury plc, Non-Executive Director of Sara Lee Corporation in America, Non-Executive Director of Rolls-Royce plc, Senior Independent Director for Electra Private Equity plc, a London Stock Exchange listed investment trust, Chairman of Rentokil Initial plc, Non-Executive and Senior Independent Director of Cobham plc and Chairman of United Utilities Group Plc.

John received a B.Sc. honours degree in Chemical Physics at Manchester University and later gained a Ph.D. before becoming a research fellow.

Kevin Dangerfield, Chief Financial Officer (appointed effective 1 July 2019, resigned 21 October 2019)

Kevin joined the Wilmcote Board on 1 July 2019 having previously served as Chief Financial Officer to Laird, the leading UK electronic components maker, where he held this position since October 2016. During his tenure at Laird, Kevin successfully led the group through a re-organisation and strategic re-focus, significantly improving margins and cash flow, and subsequently negotiating the sale to Advent International in 2018.

Kevin has a robust knowledge of global manufacturing operations, and prior to joining Laird, Kevin spent 16 years at Morgan Advanced Materials, a global manufacturer of specialist products, serving as Chief Financial Officer from 2006-2016.

Directors' Interests

The Directors have no direct interests in the Ordinary Shares of the Company. The Executive Directors have interests in the participation shares, as detailed in note 17 to the Financial Statements.

James Corsellis and Mark Brangstrup Watts are non-executive directors and ultimate beneficial owners of Marwyn Asset Management Limited which holds 95.36 per cent. of the issued share capital of the Company as at 30 June 2020. James Corsellis and Mark Brangstrup Watts are also managing partners of Marwyn Capital LLP, a firm which provides corporate finance advice to the Company and are the ultimate beneficial owners of Axio Capital Solutions Limited ("**Axio**") which provides accounting and company secretarial services. Details of the related party transactions which occurred during the period are disclosed in note 18.

Save for the issue of participation shares as disclosed in note 17, 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. There were 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.

Directors' Emoluments

Directors' emoluments during the year are disclosed on page 21.

Statement of Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and International Financial Reporting Standards, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP ("**PwC**") was appointed auditor of the Company and its subsidiaries on 6 July 2017 and subsequently reappointed at the Company's Annual General Meetings held on 20 November 2018 and 12 December 2019. PwC has expressed its willingness to continue to act as auditors to the Group and the approval of Company auditor is subject to shareholder approval at the next Annual General Meeting.

Disclosure of Information to Auditors

Each of the Directors in office at the date the Report of the Directors is approved, whose names and functions are listed in the Report of the Directors confirm that, to the best of their knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces;
- so far as he is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the Board

James Corsellis
Chairman
3 November 2020

Overview

The Directors recognise the importance of sound corporate governance commensurate with the size and current nature of the Company. The Company elected to adopt the Quoted Companies Alliance Corporate Governance Code ("**QCA Code**" or the "**Code**") and established an Audit and Risk Committee and Nomination and Remuneration Committee on 1 October 2018.

In October 2019, negotiations with Arclin were ceased and it was mutually agreed that Adrian Whitfield, Kevin Dangerfield and John McAdam step down from their positions and leave the Company.

Consequently, the Board currently consists of James Corsellis and Mark Brangstrup Watts, who are considered best placed to lead the Company in seeking to identify either a sector-leading executive management team in advance of an acquisition or acquisition opportunities with impressive incumbent management teams. James Corsellis and Mark Brangstrup Watts are both highly experienced and knowledgeable and their biographies are included on page 5.

Based on the current composition of the Board and the nature of the Company's ongoing activities, the Board have implemented simplified corporate governance arrangements to best meet the needs of the business at this time. The Directors are committed to maintaining the appropriate levels of corporate governance for the nature and extent of the activities of the Company and will therefore revisit the corporate governance arrangements as the business evolves and a Platform Acquisition has completed.

James and Mark are the sole members of the Audit and Risk Committee and Nomination and Remuneration Committee as at the date of this report. The Directors are aware that Committee composition should differ to that of the Board and where possible should consist of a majority of independent directors. The Directors are committed to re-considering the Board and Committee composition as the nature and activities of the Company evolves.

The purpose of this report is to broadly set out how the Company complies with the QCA Code and explain the areas of non-compliance (see the 'Deviations from the Code' section below). The Company provides a detailed assessment of its compliance with the Code on its website http://www.wilmcoteplc.com/investors/Corporate-Governance and will continue to provide updates on its compliance with the QCA Code via the website and in each annual report.

Detail on the Company's strategy is included on page 2 and the Group's principal risks are described on pages 47 to 53.

Board and Committee updates

On 1 July 2019, Kevin Dangerfield was appointed to the Board as CFO strengthening the capabilities and knowledge of the Board. However, following the cessation of discussions in respect of the potential acquisition of Arclin it was mutually agreed that both Kevin, John McAdam and Adrian Whitfield, step down from their position as Directors of the Company. As such, the Board now consists of James Corsellis as Chairman and Mark Brangstrup Watts as Executive Director.

During the year the Company has expanded its investment policy and secured additional equity funding of £6.5 million through an open offer to existing shareholders. The Board is currently pursuing the Company's revised investment policy as set out on page 2 and it is believed that the current Directors are best placed to lead the Company at this time.

The size and nature of the business will change once a sector leading management team, or an acquisition opportunity with an impressive incumbent management team is identified and the Directors are committed to re-considering the Board and Committee composition at this time.

Board Interaction

The Board meets formally at least four times a year, but the Directors also regularly meet on an informal basis. The Chairman is primarily responsible for the running of the Board. The Board understands that it is critical for Board meetings to be well managed and balanced in order for the business to successfully deliver and achieve its strategy. The Chairman is responsible for the Board meeting agenda, which, for periodic meetings, is agreed in advance of each Board meeting and prepared based on an agreed Board standing agenda and for ad hoc meetings this is agreed in advance and published as soon as practicable. Board packs are circulated to the Board in advance of each meeting and capture all ongoing corporate governance requirements. The Board is presented with papers to support its discussions including timely financial information, investor relation information, subsidiary management reporting and details of acquisition targets and deal progress.

The Group's culture is to openly and frequently discuss any important issues both at and outside of formal meetings.

All Board members have full access to the Group's advisers for seeking professional advice at the Company's expense.

Board Attendance

Adrian Whitfield, Kevin Dangerfield and John McAdam were directors until 21 October 2019 and were therefore not directors for the entire year.

	Formal Board meetings		Ad hoc Board meetings	
	Held	Attended	Held	Attended
Mark Brangstrup Watts	4	4	15	15
James Corsellis	4	4	15	12
Adrian Whitfield	1	1	12	12
Kevin Dangerfield	1	1	12	12
John McAdam	1	1	12	12

The ad hoc Board meetings were held principally to discuss the potential acquisition of Arclin and the cash position of the business.

Deviations from the Code

One of the ten principles of the QCA Code is to maintain 'the board as a well-functioning, balanced team led by the chair'. To achieve this principle, the QCA Code requires a balance between executive and non-executive Directors and at least two independent non-executive directors to be in place. The Company deviates from the QCA Code in this respect, as the Company's Board currently consists of two Executive Directors.

The Board believes that the Board composition is appropriate for the Company's current operations and provides an appropriate mix of experience, expertise and skills to support the business of the Group in its current form. The Board remains committed to reviewing its composition to ensure it remains appropriate as the Company's operations evolve.

The QCA Code states that companies should have in place a board evaluation process based on clear and relevant objectives. During 2019, as the Board pursued a Platform Acquisition, it was determined that a board effectiveness review should take place following its completion, as a number of additional directors were expected to be appointed to the board at that point. Following the cessation of discussions in respect of the potential acquisition, it was mutually agreed that three board directors, John McAdam, Adrian Whitfield and Kevin Dangerfield, step down from their position as directors of the Company. The Board no longer believe that it will be beneficial to undertake a board effectiveness review whilst the board consists of two directors. The Board intend to establish a formal board effectiveness review once the board composition is expanded in due course.

Board Committees

On 1 October 2018, the Board established two principal committees, the Audit and Risk Committee and the Nomination and Remuneration Committee (the "**Committees**"), to assist the Board in the execution of its duties. If the need should arise, the Board may set up additional committees as appropriate. The Committees' terms of reference are available on the Company's website, www.wilmcoteplc.com, or by request from the Company Secretary. Each of the Committees is authorised, at the Company's expense, to obtain legal or other professional advice to assist in carrying out its duties. No person other than a Committee member is entitled to attend the meetings of these Committees, except by invitation of the Chairman of that Committee. The Company's auditors PwC, is invited to attend meetings of the Audit and Risk Committee as appropriate.

John McAdam was a member of both committees until he stepped down from the Board in October 2019. The current committee membership for both the Audit and Risk Committee and the Nomination and Remuneration Committee is the same as the Board membership, being Mark Brangstrup Watts (Chairman of both Committees) and James Corsellis. The Directors are aware that Committee composition should differ to that of the Board and where possible should consist of a majority of independent directors. The Directors are committed to re-considering the Board and Committee composition as the nature and activities of the Company evolves.

For the year ended 30 June 2020 the following committee meetings were held:

	Audit and Risk Committee meetings		Nomination and Remuneration Committee meetings	
	Held	**Attended**	**Held**	**Attended**
Mark Brangstrup Watts	3	3	2	2
James Corsellis	3	3	2	2
John McAdam	1	1	1	1

The Audit and Risk Committee report and Nomination and Remuneration Committee report are included on pages 16 and 17 respectively of these Financial Statements.

The Company also recognises the importance of having systems and procedures in place to ensure compliance by the Board, the Company, and its applicable employees in relation to dealings in securities of the Company and the management of inside information in accordance with the EU Market Abuse Regulation (2014/596/EU) ("**MAR**"). The Board has established a Disclosure Committee, which currently consists of Mark Brangstrup Watts and James Corsellis and adopted a share dealing code for this purpose. The Directors believe that these procedures and policies adopted by the Board are appropriate for the Company's size and complexity and that it complies with MAR.

Board Diversity

The Board considers diversity to be much broader than the traditional definition which focuses on, amongst other things: race, gender, age, beliefs, disability, ethnic origin, marital status, religion and sexual orientation. Productive Board discussions require a breadth of experience and perspectives achieved through hiring board members with diverse experience. Board directors shall be appointed in order to bring required skills, knowledge and experience and are expected to positively impact the chemistry and dynamics of the Board.

The Board currently consists of two directors, both of whom are male. It is believed that the Board has the experience and skills for the Group to either identify a sector-leading executive management team or an acquisition opportunity with an impressive incumbent management team. Details on the experience of the Directors are included on pages 5 to 6 of these Financial Statements.

Once a management team is in place/acquisition opportunity progressed the Board and committee composition will be revisited to ensure that it meets the changing needs of the business. During the recruitment process for new directors, the Nomination and Remuneration Committee will ensure that the diversity of the Board is considered.

Risk Management and Internal Controls

The Board is responsible for establishing and maintaining the Company's systems for both risk management and internal controls and reviewing the effectiveness of both. Internal control systems are designed to meet the particular needs of the Company and Group and the particular risks to which it is exposed. The procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

The role of reviewing and challenging the risk identification and risk management process across the business including the risks in connection with a potential acquisition has been delegated to the Audit and Risk Committee.

The Group does not have a separate internal audit function as the Board does not feel this is necessary due to the current size of the business and the simplicity and low volume of transactions, coupled with the nature and the extent of internal controls, management and Board oversight and involvement.

The Group has a formal and informal risk management process. The size of the Board and the frequency in which they interact ensures that identified risks are communicated both formally, upon review and consideration of the risk register, and informally in regular conversations between Directors on business operations and strategic progress.

The risk register categorises risks into key business risks, risks associated with the successful completion of an acquisition, shareholder risks and financial and procedural risks. A risk assessment has been performed identifying the potential impact and likelihood of each risk and mitigating factors/actions have also been identified. The risk register, including the risk assessment is reviewed and discussed by the Audit and Risk Committee who propose to the Board any updates for formal adoption.

As part of the preparation work undertaken for the prospective acquisition of the Arclin business, the Group supported by a number of industry experts, reassessed and analysed the Group's exposure to risk (both in respect of the Company and as an enlarged Group) and reflected any changes in the Group's risk register.

Principal risks faced by the Group are explained in detail on pages 47 – 53. The main risks faced by the Group are those which might jeopardise the successful completion of an acquisition. Wilmcote has come within days of successfully completing two transactions and as such have incurred significant transaction related costs. Whilst the risk remains that future losses arise from the pursuit of future transactions, the Directors consider the management of the Company's exposure to financial costs of progressing and securing a successful acquisition a key priority and as such have implemented the following additional risk mitigation procedures:

- reducing the target size of potential acquisitions to consider taking one or more controlling or noncontrolling stakes, in businesses with an enterprise value generally expected to be up to £500 million;
- seeking appropriate risk-sharing measures with professional service providers and, to the extent possible, with vendors;
- continuing the model of early stage market sounding and consultation with potential investors throughout the transaction process; and
- maintaining a flexible attitude to which international capital markets/exchanges would provide the optimal environment for initial and future capital raising.

The Company also continues to implement financial procedures including controls over cash management, the safeguarding of cash, and monthly cash forecasting and budgeting. The Company also has in place numerous internal controls in relation to financial reporting, such as the segregation of roles between those preparing and those reviewing financial information. In addition, the Company has established a multi-tier review process with reviews undertaken by individuals with the appropriate level of seniority and experience, reducing the risk of misstatement and fraud.

Currently, the Directors are provided with summary financial information monthly, including a balance sheet, profit and loss and actual cash flow.

The Board are aware of the importance of an effective risk management process reflective of the size and complexity of the business and believe that the processes described above are suitable for the business in its current form. At or around the time an operating business is acquired, the Board will review the risks to which the new enlarged group is exposed and an enhanced risk management process will be put in place.

Company Culture

The Board promotes a dynamic, entrepreneurial and transparent culture. The recruitment of highly skilled, adaptable, driven and experienced directors are fundamental to executing the Company's strategy. The Board therefore fosters a forum whereby openness, constructive challenge and innovation are actively encouraged.

The Company is small, and as at the date of this report consists of two directors. The Company's culture is therefore set by the Board and demonstrated through Board interaction. The Chairman in his role of leading the Board, managing Board meetings and encouraging constructive challenge between Board members is central to setting the tone from the top.

Once additional directors are appointed, a Board effectiveness review will be the key method in which the Company's culture is monitored and reviewed.

Succession Planning

Given the size, composition and nature of the Company at this stage in its evolution, the creation and implementation of succession plans are not considered to be appropriate or relevant and as such no succession planning is in place. Once a Platform Acquisition has been made, succession planning will be revisited by the Board.

Directors' Terms of Service

The Articles of Association of the Company require that, at each annual general meeting of the Company, one third of the Directors retire from office and offer themselves for re-election, and each Director shall retire from office and stand for re-election at least every three years. Furthermore, each Director appointed in the period since the previous annual general meeting shall stand for election at the subsequent annual general meeting. Accordingly, Mark Brangstrup Watts will retire from office at the Company's forthcoming annual general meeting and seek to be re-elected by the Company's shareholders. The Chairman is satisfied that Mark's performance continues to be effective and demonstrates his ongoing commitment to the role and as such supports his re-election.

The Directors' service contracts establish the time commitment each Director must devote to the Company. Mark Brangstrup Watts and James Corsellis are to devote the time necessary to ensure the proper performance of their duties.

Continued Professional Development

The Board considers and reviews the requirement for continued professional development. The Board undertakes to ensure that their awareness of developments in corporate governance and the regulatory framework is current, as well as remaining knowledgeable of any industry specific updates. The Company Secretary, Nomad and specialised external advisers all serve to strengthen this development by providing guidance and updates as required.

Chairman

The Chairman is responsible for leading the Board effectively and overseeing the adoption, delivery and communication of the company's corporate governance model. The Chairman displays a clear vision and focus on strategy, capitalising on the skills, experience, characteristics and qualities of the Board and fostering a positive governance culture throughout the Group.

Company Secretary

The QCA Code provides details on the roles and responsibilities of the Company Secretary within a Company. The Company Secretary for the Group is Axio who were appointed on 29 March 2017.

Axio performs the function of Company Secretary as outlined in the Code. The role includes preparing for and running effective Board and Committee meetings, including the timely dissemination of appropriate information. In addition, the Company Secretary is responsible for assisting the Directors in ensuring that the Group entities are managed, controlled and administered within the parameters of their governing documents and are compliant with regulatory compliance and filing obligations.

Axio has established direct lines of communication with each of the Directors and provides information, advice and guidance as required.

Axio plays an active and central role in ensuring good governance and acts as an additional point of contact between the Company and the shareholders on matters of governance and investor relations.

External Advisors

Since listing the Company has pursued its investment strategy and as such has engaged several advisors to help facilitate this. In particular, whilst the Board was in discussions with Lone Star Funds regarding the potential acquisition of the Arclin business, it engaged with multiple service providers to help undertake the required due diligence and other associated work. More recently, the Company has engaged with service providers on the open offer and recapitalisation of the Company. A list of current key external service providers is included on page 54.

Relationships with key resources and external advisers are developed and maintained through an open dialogue to ensure that the Company is able to draw upon their expertise and assistance when required.

Conflicts of Interest

The Articles of Association of the Company provide for a procedure for the disclosure and management of risks associated with Directors' conflicts of interest. At each Board meeting, a list of directorships for each Director is tabled to the meeting with any potential conflicts being discussed in detail. Notwithstanding that no material conflict of interest has arisen in the period, the Board considers these procedures to have operated effectively.

Relations with Shareholders

The Board is always available for communication with shareholders and the Executive Directors frequently engage constructively with current and potential shareholders. All shareholders have the opportunity, and are encouraged, to attend and vote at the annual general meeting of the Company during which the Board will be available to discuss issues affecting the Company.

Annual General Meeting

The AGM is an opportunity for shareholders to vote on certain aspects of the Company's business. The next AGM of the Company will be scheduled in due course and held on or before 31 December 2020. The Financial Statements and related papers will be available on the Company's website at www.wilmcoteplc.com.

Audit and Risk

I present the Audit and Risk Committee Report for the year ended 30 June 2020. I have chaired the committee since establishment on 1 October 2018, with James Corsellis serving as a member throughout and John McAdam serving as a committee member until 21 October 2019 when he stepped down from the Board. The roles and responsibilities of the Audit and Risk Committee are set out in its terms of reference, which are available on the Company's website and from the Company Secretary. The Audit and Risk Committee are responsible for the:

- review and challenge of the risk identification and risk management process across the business including the risks in connection with a potential acquisition;
- management of relations with the external auditor to ensure that the annual audit is effective, objective, independent and of high quality;
- oversight of the relationship with the external auditor to ensure it remains appropriate and, that the service is appropriately priced; and
- review of the Company's draft corporate reporting, including the annual report and accounts.

The Audit and Risk Committee has met three times in the year to 30 June 2020. The key matters we have discussed during this period were the:

- review of the Company's annual report and financial statements for the year to 30 June 2019, including the Audit and Risk Committee Report;
- review of the audit planning documentation, reporting timeline and audit fees;
- review of risk identification and risk management processes, including review of updates to the Company's risk register;
- review of updates to the Company's Financial Position and Prospects Procedures Memorandum and revised QCA Code summary;
- review and consideration the Company's policies and procedures including Market Abuse Regulations policy, share dealing code, tax evasion risk assessment and whistleblowing policy;
- consideration of the need for an internal audit department; and
- review of the Company's interim financial statements for the six-month period ended 31 December 2019.

In addition to the above the Audit and Risk Committee recommended the re-appointment of PwC as the Company's external auditor. Auditor independence, reputation, experience and fee quote among other factors were considered by the Board in determining the external auditor appointment. The total amount recognised for non-audit services during the year was £nil (2019: £2,420,000 was incurred relating to the reporting accountant role on the proposed acquisition of Arclin).

In respect of the Financial Statements the Audit and Risk Committee evaluated the prior year audit process and the external auditor, reviewed the going concern assumption, and considered whether the Annual Report and Financial Statements are fair, balanced and understandable. As part of the review, the Board received a report from the external auditor on its audit.

Mark Brangstrup Watts
Committee Chairman
3 November 2020

Nomination and Remuneration Committee Chairman's Statement

I present the Nomination and Remuneration Report for the year ended 30 June 2020. The Report includes a summary the committee's work during the year, details of the Company's application of its remuneration philosophy, and amounts earned by the Directors during the current year.

I have chaired the committee since it was established on 1 October 2018 with James Corsellis serving as a member throughout and John McAdam serving as a committee member until 21 October 2019 when he stepped down from the Board.

The roles and responsibilities of the Nomination and Remuneration Committee are set out in its terms of reference, which are available on the Company's website and from the Company Secretary. The Nomination and Remuneration Committee are responsible for making recommendations to the Board for the matters set out in its terms of reference, whilst the responsibility for establishing the Company's overall approach to remuneration lies with the Board.

During the year, the Nomination and Remuneration Committee met twice. The key matters we have discussed were:

- a review of the Company's terms of reference;
- consideration of the QCA Code requirement for a Board and Committee evaluation process to be implemented;
- review of Director remuneration;
- consideration of the termination payments payable to Adrian Whitfield, Kevin Dangerfield and John McAdam on their departure from the Board; and
- review and approval of the Nomination and Remuneration Report for inclusion in the 30 June 2019 annual report and financial statements.

During the year, the Nomination and Remuneration Committee agreed the termination payments due to Adrian Whitfield, Kevin Dangerfield and John McAdam on their departure from the Group. The Nomination and Remuneration Committee engaged with legal counsel to prepare the termination agreements and both Adrian and Kevin engaged their own legal advisors; associated legal fees were incurred by the Company. The amounts paid to Adrian, Kevin and John are set out in the Remuneration Report.

Looking Forward

Given the current nature and activities of the Company there are no significant proposed changes to the executive director remuneration packages for the year ahead. However, to the extent that the nature and size of the business changes going forward, the Board composition will be revisited and appointments reflective of the roles undertaken.

Mark Brangstrup Watts
Committee Chairman
3 November 2020

Introduction to Directors' Remuneration Report

The information included in this report is not subject to audit unless specifically indicated.

The remuneration philosophy of the Company is that executive remuneration should be simple, clear and transparent and support the delivery of the business strategy by attracting the highest calibre personnel. This philosophy is reflected in our remuneration structure.

The Board feels very strongly that the Directors' remuneration should be linked to the creation and delivery of attractive returns to shareholders. Although the Board feels it is important to remunerate senior executives through their basic pay and benefits at market levels commensurate with their peers, the participation share scheme has been designed to provide ongoing remuneration in alignment with shareholders' interests. The participation share scheme has been in place since before the Company's IPO.

Participation Share Scheme

The Directors believe that the success of the Company will depend to a high degree on the future performance of its management team. The Company established incentive arrangements which will only reward the participants if shareholder value is created, thereby aligning the interests of management directly with those of shareholders (the "**Participation Share Scheme**").

The Company has in place an executive incentive scheme (the "**Management LTIP**") through which Adrian Whitfield and Kevin Dangerfield were to be rewarded for increases in shareholder value, subject to certain conditions including a preferred return for Shareholders being satisfied. In October 2019, Adrian Whitfield and Kevin Dangerfield stepped down from their position as directors of the Company and it was agreed that their A1 Shares be transferred to the Company and subsequently cancelled. As at the date of this report there are no members of the Management LTIP.

Under the Management LTIP, participants subscribe for A1 Shares in WHJ Limited ("**WHJL**") which they can give notice to redeem between the third and fifth anniversaries of the Platform Acquisition (or earlier if there is an exit event). Subject to delivering a compound annual growth rate on Shareholders' invested capital in the Company (taking dividends and any prior return of capital into account) equal to or greater than 10 per cent. per annum (the "**Shareholder Preferred Return**"), the A1 Shares may be redeemed for an aggregate value equivalent to 10 per cent. of the excess of the market value of the Company (adjusted for any dividends or capital returns) over and above its aggregate paid up share capital (the "**Shareholder Value Growth**").

Upon receipt of a notice to redeem to WHJL, the Company and the holders of A1 Shares will have the right to elect that the A1 Shares that would otherwise have been redeemed are instead exchanged for Ordinary Shares. If Ordinary Shares are issued to satisfy the redemption of A1 Shares, Shareholders will experience dilution at the time of any redemption by reference to a fixed proportion of the Shareholder Value Growth they will have benefited from. If neither the Company nor the holders of A1 Shares exercise such right, the holders of A1 Shares will receive cash, which would instead reduce the Company's cash resources on an equivalent basis.

In addition, Marwyn Long Term Incentive LP ("**MLTI**"), in which James Corsellis and Mark Brangstrup Watts are beneficially interested, has subscribed for A2 Shares in WHJL (the "**Marwyn Performance Shares**"). The Marwyn Performance Shares are intended to reward Marwyn for its central role in the formation of the Company, completion of the Platform Acquisition and ongoing involvement in the development and execution of the Company's strategy to deliver value to all Shareholders, taking into account Marwyn's track record of shareholder value creation. In the event that the Shareholder Preferred Return on all equity invested has been satisfied between the third and fifth anniversary of the Platform Acquisition (or earlier if there is an exit event), MLTI will be entitled to redeem the Marwyn Performance Shares for five per cent. of the Shareholder Value Growth at the time of giving such notice for cash or Ordinary Shares on the same basis as the A1 Shares. If Ordinary Shares are issued to satisfy the redemption of the Marwyn Performance Shares, Shareholders will experience dilution at the time of any redemption by reference to a fixed proportion of the Shareholder Value Growth they will have benefited from. If they are redeemed in cash, the redemption would instead reduce the Company's cash resources on an equivalent basis.

The Management LTIP and Marwyn Performance Shares have been designed to align the Company's shareholders' interests and the shareholders' expected typical ownership period. The Board strongly believes that this clear and transparent incentive framework is aligned with the Company's strategy for growth and provides a strong platform for the future success of the Company. The Participation Share Scheme has been designed to ensure that it is:

Clear	Performance of management will only be rewarded where the Company's strategy has been effectively implemented and long-term Shareholder value has been created. Creating value for Shareholders will create value for participants in the scheme.
Simple	Management will be entitled to 10 per cent. of the growth in Shareholder value, subject to a preferred return of 10 per cent. per annum growth on all equity invested having been achieved. All returns to Shareholders and further equity raises are included in the calculation of growth in value to ensure all management actions during the life of the scheme are taken into account. With the information required to calculate the value of the scheme being publicly available, its value can be easily understood by all stakeholders.
Proportional	The greater the Shareholder value created over a period of three to five years from the date of the Platform Acquisition, the greater the potential reward for management under the scheme. This correlation drives management to deliver performance sustainable over the long term.

Aligned with Shareholders	Management are not entitled to any rewards under the Management LTIP unless the Shareholder Preferred Return has been achieved. In addition, management are only rewarded under the scheme if the Shareholder Preferred Return is satisfied after the third anniversary of the acquisition (unless there has been an exit event) and prior to the fifth anniversary. Management's focus on developing the Company in line with its stated strategy and delivering long-term sustainable performance is wholly aligned with the interests of Shareholders. The basis of the calculation of growth in value considers all amounts invested by and returned to Shareholders during the life of the scheme, thereby reflecting the ongoing commitments made by, and returns generated for, Shareholders over that period.
Aligned with Company Strategy	The scheme value will be created over the period following the Platform Acquisition as the Company implements its strategy. This is mirrored in the vesting period with awards only being capable of exercise if the Shareholder Preferred Return is satisfied after the third anniversary of the Platform Acquisition (unless there has been an exit event) and prior to the fifth anniversary. It is expected that awards under the scheme will be satisfied by the issue of new Ordinary Shares to participants rather than by cash payment, with those new Ordinary Shares (net of such new Ordinary Shares as need to be sold to settle tax liabilities associated with the award) being subject to a 12-month lock-up. This will further incentivise management to deliver outperformance following the exercise of their awards, and for an aggregate period of up to six years following the Platform Acquisition. Leaver conditions apply to the scheme such that any participant who ceases to be an employee of the Company and thereby delivering value to Shareholders prior to the third anniversary of the Platform Acquisition will (depending on the reason for such person ceasing to be an employee) forfeit some or all of their entitlement under the scheme.

More detail on the Management LTIP and Marwyn Performance Shares is included in note 17 of these Financial Statements.

It is anticipated that the exercise of the Management LTIP or Marwyn Performance Shares will result in management receiving Ordinary Shares in the Company. Those shareholdings could be substantial and should further align management and shareholders.

Directors' Basic and Performance Related Pay:

The below table sets out the remuneration of each Director during the year and prior period:

For the 12 month period ended 30 June 2020	James Corsellis £'000	Mark Brangstrup Watts £'000	Adrian Whitfield* £'000	Kevin Dangerfield* £'000	John McAdam* £'000
Salary	8	8	273	283	40
Guaranteed bonus	-	-	-	-	-
Taxable benefits	-	-	3	3	-
Payment in lieu of pension	-	-	-	20	-
	8	**8**	**276**	**306**	**40**

*Adrian Whitfield, Kevin Dangerfield and John McAdam left the Company on 21 October 2019 and included in the above are amounts payable to these directors under the terms of their termination agreements as applicable.

For the 12 month period ended 30 June 2019	Adrian Whitfield £'000	Mark Brangstrup Watts £'000	James Corsellis £'000	John McAdam* £'000
Salary	300	7	7	38
Guaranteed bonus	100	-	-	-
Taxable benefits	4	-	-	-
	404	**7**	**7**	**38**

*John McAdam was appointed on 1 October 2018.

There was no change to the remuneration package of James Corsellis and Mark Brangstrup Watts during the year. Neither James nor Mark receive any taxable benefits.

John McAdam was appointed as Director effective 1 October 2018 and subsequently stepped down from this position on 21 October 2019. His annual salary was £50,000 which is considered to be market rate for an independent non-executive director of a business of this nature. Under the terms of John's employment contract he was entitled to six months' notice, and this was paid in full on his departure.

Adrian Whitfield stepped down from his position as CEO of the Company on 21 October 2019. Adrian's remuneration package included an annual salary of £300,000 per year and a contractual bonus of £100,000. Adrian also participated in the Management LTIP. Under the terms of Adrian's settlement agreement, he received £198,000 on his departure from the Company and was reimbursed for the cost of his Management LTIP.

Kevin Dangerfield was appointed as director of the Company on 1 July 2019. Kevin's remuneration package included an annual salary of £350,000 per annum, along with an annual discretionary bonus as decided by the Nomination and Remuneration Committee. Kevin was also entitled to a payment of 20 per cent of salary in lieu of contributions to the Company's pension scheme and an annual car allowance of £11,000. On Kevin's departure from the Company he was paid £175,000 in lieu of notice, equivalent to six months' pay and reimbursed for the cost of his Management LTIP.

Director Service Contract Provisions

New director and senior management service contracts are prepared alongside the Company's legal counsel, and new practices/guidance are considered at the point these are drafted.

The employment contracts set out clearly the notice period, termination clauses and claw black clauses for each of the Directors. In all instances directors are required to step down from their position should this be voted for by the shareholders.

Legal advisors were engaged to assist with the termination of Adrian Whitfield, Kevin Dangerfield and John McAdam's employment contracts during the year.

Shareholder Vote

At the 2019 AGM, 100% of shareholders who voted on the resolution for the re-election of James Corsellis voted in favour.

Performance Evaluation

A performance evaluation will be undertaken by way of a board effectiveness review. As set out on page 11 of the Report of the Directors, the board effectiveness review will take place once additional board members are appointed.

Comparison Against Market Performance

The Company does not yet own an operating business, and as such an illustration of the Company's share price as a comparison to the market is not presented within this report. No performance related bonuses have been paid within the year or prior year.

Risks

The Board are mindful of the potential risks associated with its remuneration policy. The Board aims to provide a structure that encourages an acceptable level of risk-taking (by benchmarking against shareholder returns) and an optimal remuneration mix. The Board has considered the risk involved in the Participation Share Scheme and is satisfied that the Company's governance procedures mitigate these risks appropriately.

The Board seeks to ensure that its approach to remuneration drives behaviour aligned to the long-term interests of the Company and its shareholders.

Looking Ahead

The Directors are seeking to identify a sector-leading executive management team in advance of a Platform Acquisition or identify acquisition opportunities with impressive incumbent management teams.

Once the Company has made its first acquisition, the objectives of the enlarged Group will be established; at this point the Directors' service contracts will be revisited and as part of this process the Nomination and Remuneration Committee will consider the most appropriate key performance indicators, for the Directors.

On behalf of the Board

James Corsellis
Chairman
3 November 2020

Independent auditors' report to the members of Wilmcote Holdings plc

Report on the audit of the financial statements

Opinion

In our opinion, Wilmcote Holdings plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 30 June 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the consolidated statement of financial position as at 30 June 2020; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

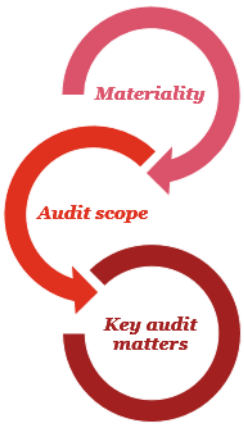
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall group materiality: £60,000 (2019: £78,000), based on 1% of total assets.
- The Group comprises the parent entity and five wholly owned subsidiaries. We performed a full scope audit of the parent entity, Wilmcote Holdings plc, and an audit of specific balances within WHJ Limited, in addition to the Group consolidation. Taken together these accounted for 100% of the Group's total assets and 100% of the Group's consolidated comprehensive loss.
- Impact of Coronavirus (COVID-19) on the Group
- Open offer equity raise (significant transaction)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Impact of Coronavirus (COVID-19) on the Group Refer to page 32 and note 2 Accounting policies, section (b) Going Concern. The COVID-19 pandemic has had a significant impact on the global economy and operations of many companies. Management and the Directors analysed the impact of COVID-19 on Wilmcote Holdings plc and its financial statements and concluded that whilst it may impact the timing of deal flow for a potential future platform acquisition it has not materially impacted the financial statements given the composition of the group's balance sheet and minimal trading activity. As part of our audit we focussed on assessing the risks that COVID-19 might present given the significance and nature of the pandemic and its potential impact on the current and future operation of the Group.	We focussed our work on assessing the potential impact of COVID-19 on Wilmcote's operations and the consolidated financial statements and management's assessment thereof. We held inquiries with management to understand their views in relation to the impact of COVID-19 on the Group's current operations and financial statements including the impact on going concern and recoverability of assets. No significant matters were identified. We performed a detailed risk assessment in order to identify the impact of COVID-19 on any critical management estimates or judgements within the financial statements. None were noted. We considered the appropriateness of the disclosures made by management and the Directors in the consolidated financial statements related to COVID-19. On the basis that the main impact of COVID 19 could be the impact on the timing and amount of any potential future platform acquisition we considered that this has been appropriately disclosed.
Open offer equity raise (significant transaction) Refer to page 40 and note 14 Stated Capital. In December 2019 the Group completed an open offer equity raise. This raised £6.5 million in gross proceeds from the issuance of 650,000,000 new ordinary shares of no par value. The open offer was the largest transaction the Group entered into in the year. The open offer was a key transaction in this financial year and has a significant impact on the availability of financing which allows the Company to continue its pursuit of an acquisition. We therefore considered this to be a key audit matter.	We tested the gross proceeds raised from the open offer to bank statements. We confirmed with the Company's Share Registrar the number of ordinary shares of no par value in issue. We substantively tested on a sample basis the issue costs identified by management associated with the open offer and agreed that the incremental costs disclosed within the financial statements are directly attributable to the open offer. We considered the appropriateness of the disclosures made by management and the Directors in the consolidated financial statements in relation to the open offer. Based on our procedures we have not identified any matters to report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The Group comprises Wilmcote Holdings plc and its five subsidiaries. A reporting package for each component is submitted and consolidated by Wilmcote Holdings plc's finance function, including its expenditure and financial position as prepared under Group accounting policies which are in compliance with IFRSs. We performed a full scope audit of the parent entity, Wilmcote Holdings plc, and an audit of specific balances within WHJ Limited, in addition to the Group consolidation.

Taken together, our audit work achieved coverage of 100% of the Group's total assets and 100% of the Group's consolidated comprehensive loss. This is due to the fact that the components not subject to a full scope audit had no revenues and no or minimal expenditure in the period and nearly all assets on the balance sheets of those entities eliminate on consolidation.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£60,000 (2019: £78,000).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets provides us with a consistent year on year basis for determining materiality. Given the current stage in the Group's lifecycle with no platform acquisition to date, we believe that it is not appropriate to use a profit measure at this time. Total assets is a generally accepted auditing benchmark given the nature of the Group's operations.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £30,000 and £57,000.

We agreed with the directors that we would report to them misstatements identified during our audit above £6,000 (2019: £7,800) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Jonathan Lambert
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
3 November 2020

WILMCOTE HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Administrative expenses	7	(2,217)	(10,299)
Operating loss		**(2,217)**	**(10,299)**
Finance income	5	9	46
Loss before income taxes		**(2,208)**	**(10,253)**
Income tax	8	-	-
Loss for the year attributable to owners of the parent		**(2,208)**	**(10,253)**
Total other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the parent		**(2,208)**	**(10,253)**
Loss per ordinary share		**£**	**£**
Basic and diluted	9	(0.006)	(0.492)

The Group's activities derive from continuing operations.

The notes on pages 32 to 46 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Assets			
Non-current assets			
Property, plant & equipment		-	2
Total non-current assets		**-**	**2**
Current assets			
Other receivables	11	20	285
Cash and cash equivalents	12	5,962	7,525
Total current assets		**5,982**	**7,810**
Total assets		**5,982**	**7,812**
Equity and liabilities			
Equity			
Stated capital	14	30,792	24,370
Share-based payment reserve	15	205	288
Accumulated losses		(25,139)	(23,362)
Total equity attributable to equity holders of the parent		**5,858**	**1,296**
Current liabilities			
Trade and other payables	13	124	6,516
Total liabilities		**124**	**6,516**
Total equity and liabilities		**5,982**	**7,812**

The notes on pages 32 to 46 form an integral part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 3 November 2020 and were signed on its behalf by:

James Corsellis
Chairman

Mark Brangstrup Watts
Executive Director

	Note	Stated capital	Share based payment reserve	Accumulated losses	Total equity
		£'000	£'000	£'000	£'000
Balance as at 1 July 2019		**24,370**	**288**	**(23,362)**	**1,296**
Issue of shares	14	6,500	-	-	6,500
Share issue costs		(78)	-	-	(78)
Loss and total comprehensive loss for the year		-	-	(2,208)	(2,208)
Share-based payment expense	17	-	348	-	348
Cancellation of shares	17	-	(431)	431	-
Balance as at 30 June 2020		**30,792**	**205**	**(25,139)**	**5,858**

	Note	Stated capital	Share based payment reserve	Accumulated losses	Total equity
		£'000	£'000	£'000	£'000
Balance as at 1 July 2018		**24,370**	**285**	**(13,196)**	**11,459**
Loss and total comprehensive loss for the year		-	-	(10,253)	(10,253)
Share-based payment expense	17	-	90	-	90
Cancellation of shares	17	-	(87)	87	-
Balance as at 30 June 2019		**24,370**	**288**	**(23,362)**	**1,296**

The notes on pages 32 to 46 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 30 June 2020 £'000	For the year ended 30 June 2019 £'000
Operating activities			
Loss for the year		(2,208)	(10,253)
Adjustments to reconcile total operating loss to net cash flows:			
Deduct finance income		(9)	(46)
Add back depreciation expense		1	1
Add back loss on disposal of fixed asset		1	-
Add back share based payment expense	17	348	90
Working capital adjustments:			
Decrease in receivables		210	80
Decrease in trade and other payables		(6,301)	(1,847)
Interest received		9	46
Net cash flows used in operating activities		**(7,949)**	**(11,929)**
Financing activities			
Proceeds from issue of ordinary shares	14	6,500	-
Costs directly attributable to equity raise		(78)	-
Payment on cancellation of WHJ Limited A shares		(36)	(19)
Net cash flows received/used in financing activities		**6,386**	**(19)**
Net decrease in cash and cash equivalents		(1,563)	(11,948)
Cash and cash equivalents at the beginning of the year		7,525	19,473
Cash and cash equivalents at the end of the year	12	**5,962**	**7,525**

The notes on pages 32 to 46 form an integral part of these Financial Statements.

1. GENERAL INFORMATION

Wilmcote Holdings plc ("**Wilmcote**", or the "**Company**"), an "investing company" for the purposes of the AIM Rules for Companies ("**AIM Rules**"), is incorporated in Jersey (company number 123424) and domiciled in the United Kingdom. It is a public limited company with its registered office at One Waverley Place, Union Street, St Helier, Jersey, JE1 1AX and is registered as a UK establishment (BR019423) with its address at 11 Buckingham Street, London, WC2N 6DF. The Company is the parent (directly and indirectly) of a number of subsidiaries (together with the Company, collectively the "**Group**"), as detailed in note 10. The activity of the Company is the acquisition and subsequent development of assets engaged in the industrials, manufacturing, engineering, construction, building products or support services sectors.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The Financial Statements for the year ended 30 June 2020 and the comparative year to 30 June 2019 have been prepared in accordance with International Financial Reporting Standards and IFRS Interpretations Committee interpretations as adopted by the European Union (collectively, "**IFRS**") and are presented in British pounds sterling, which is the presentational currency of the Group and the functional currency and presentational currency of the Company. All values are rounded to the nearest thousand (£000) except where otherwise indicated. The Financial Statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. The policies have been consistently applied throughout the periods presented.

(b) Going concern

The Financial Statements have been prepared on a going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Group has net assets of £5,858,000 at the statement of financial position date, which includes cash of £5,962,000. The Directors have considered the expected impact of the Covid-19 pandemic on the Group's forecast cashflows and liabilities, concluding that prior to completing a transaction, the pandemic has no material impact on the Group due to the nature of its operations. As such the Directors are comfortable that the Company has significant and sufficient cash reserves to pursue its investment strategy and have concluded that it remains appropriate to use the going concern basis of accounting for the Financial Statements. Subject to the structure of an acquisition, the Company may need to raise additional funds for an acquisition in the form of equity and/or debt.

(c) New standards and amendments to International Financial Reporting Standards

Standards, amendments and interpretation effective and adopted by the Group:

The accounting policies adopted in the presentation of these Financial Statements reflect the adoption of the below listed new standards, amendments and interpretations effective for periods beginning on or after 1 January 2019: IFRS 16 Leases, Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures and IFRIC 23 Uncertainty over Income Tax Treatments. None of these new standards, amendments or interpretations have had a material impact on the Group.

Standards, amendments and interpretations issued but not yet effective:

The following standards are issued but not yet effective. The Group intends to adopt these standards, if applicable, when they become effective. It is not currently expected that these standards will have a material impact on the Group.

Standard	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to IFRS 16 Leases Covid 19- Related Rent Concessions	1 June 2020
Amendments to IFRS 3 Business Combinations	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to Annual Improvements 2018-2020	1 January 2022
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	1 January 2023
Amendments to IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023*

* Subject to EU endorsement

(d) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is fully consolidated from the date that control commences until the date that control ceases.

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial information.

(e) Property, plant & equipment

Property, plant & equipment is measured initially at acquisition cost and subsequently carried net of any accumulated depreciation and any impairment losses.

Property, plant & equipment is depreciated systematically on the basis of the estimated useful life of the items, and the cost of the assets is distributed on a straight-line basis over the estimated useful lives, which have been assessed to be:

	Useful life
Office Equipment	3 years

Items of property, plant and equipment are de-recognised when they are sold or when no future economic benefit is expected to be obtained from their continuing use. The gain or loss arising on the disposal or de-recognition of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

(f) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value through profit or loss ("**FVPL**"), amortised cost, or fair value through other comprehensive income ("**FVOCI**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding (the "**SPPI Criterion**").

Financial assets are initially measured at their fair value plus, for those financial assets not at fair value through profit or loss, transaction costs.

Subsequent measurement

For the purposes of subsequent measurement, all of the Group's financial assets to date have been classified as financial assets at amortised cost. Financial assets at amortised cost comprise of assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI Criterion. This category includes the Group's cash and cash equivalents and other receivables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group has not classified any assets as being financial assets at FVOCI or FVPL.

Derecognition

A financial asset is primarily derecognised and removed from the consolidated statement of financial position when the rights to receive cash flows from the asset have expired.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. The Group's financial liabilities comprise of trade and other payables.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost and in the case of interest-bearing financial liabilities at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances at banks.

(h) Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised in stated capital as a deduction from the proceeds.

(i) Corporation tax

Corporation tax for the period presented comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period. Taxable profit differs from profit reported in the consolidated statement of comprehensive income because some items of income and expense are taxable or deductible in different years, or may never be taxable or deductible. Current tax is the expected tax payable on the taxable income for the period. The Group's current tax is calculated using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to taxes payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Pension benefits

During the years presented, the Group has paid contributions to externally-administered pension plans on behalf of employees. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense using the accruals basis.

(k) Loss per ordinary share

The Group presents basic earnings per ordinary share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(l) Share based payments

The A1 Shares in WHJ Limited ("**WHJL**") (the "**A1 Shares**" or the "**Participation Shares**") and the A2 Shares in WHJL (the "**A2 Shares**") represent equity-settled share-based payment arrangements under which the Group receives services as a consideration for the additional rights attached to these equity shares, over and above their nominal price.

Equity-settled share-based payments to certain of the Directors and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is expensed, with a corresponding increase in equity, on a straight-line basis from the grant date to the expected exercise date. Where the equity instruments granted are considered to vest immediately, the services are deemed to have been received in full, with a corresponding expense and increase in equity recognised at grant date.

The dilutive effect of outstanding share-based payments is reflected as share dilution in the computation of diluted EPS.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Financial Statements under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Significant estimates

For the year ended 30 June 2020 and at the year end, the Directors do not consider that they have made any significant estimates which would materially affect the balances and results reported in these Financial Statements.

Significant judgements

For the year ended 30 June 2020 and at the year end, the Directors do not consider that they have made any significant judgements which would materially affect the balances and results reported in these Financial Statements.

4. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision-maker. As the Group has not yet acquired an operating business, the Board of Directors considers the Group as a whole for the purposes of assessing performance and allocating resources, and therefore the Group has one reportable operating segment.

5. FINANCE INCOME

	For the year ended 30 June 2020 £'000	For the year ended 30 June 2019 £'000
Interest on bank deposits	9	46
	9	**46**

6. EMPLOYEES AND DIRECTORS

(a) Employment costs for the Group during the year:

	For the year ended 30 June 2020 £'000	For the year ended 30 June 2019 £'000
Wages and salaries	651	715
Pension contributions	-	2
Social security costs	86	93
Short term employment benefits	1	11
Other employment related expenses	3	320
Total employment costs expense	**741**	**1,141**

Included within wages and salaries is £20,000 which was paid to Kevin Dangerfield in lieu of a pension, and £448,000 which was paid to directors in lieu of notice as disclosed under Directors' Basic and Performance Related Pay within the Nomination and Remuneration Report included on pages 17 to 23 of these Financial Statements.

(b) Key management compensation

The Board considers the Directors of the Company, to be the key management personnel of the Group. Details of the amounts paid to key management personnel are detailed in the Nomination and Remuneration Report on pages 17 to 23.

(c) Employed persons

The average monthly number of persons employed by the Group (including Directors) during the year was as follows:

	For the year ended 30 June 2020 number	For the year ended 30 June 2019 number
Administrative	-	1
Key management	-	1
Directors	3	4
	3	**6**

7. ADMINISTRATIVE EXPENSES

	For the year ended 30 June 2020 £'000	For the year ended 30 June 2019 £'000
Group expenses by nature		
Employment costs	741	1,141
Non-recurring project, professional and diligence costs	-	7,481
Travel and entertaining	11	61
Office costs	31	77
Professional support	1,074	1,425
Share-based payment expenses	348	90
Other expenses	12	24
	2,217	**10,299**

Included within employment costs is £448,000 which was paid to directors in lieu of notice as disclosed in note 6.

8. INCOME TAX

	For the year ended 30 June 2020 £'000	For the year ended 30 June 2019 £'000
Analysis of tax in year		
Current tax on loss for the year	-	-
Total current tax	-	-

Reconciliation of effective rate and tax charge:

	For the year ended 30 June 2020 £'000	For the year ended 30 June 2019 £'000
Loss on ordinary activities before tax	(2,208)	(10,253)
Loss multiplied by the rate of corporation tax in the UK of 19 per cent (2019: 19 per cent).	**(420)**	**(1,948)**
Effects of:		
Losses carried forward for which no deferred tax recognised	420	1,948
Total taxation charge	-	-

The Group is tax resident in the UK. As at 30 June 2020, cumulative tax losses available to carry forward against future trading profits were £25,107,000 (2019: £22,899,000) subject to agreement with HM Revenue & Customs. Prior to a Platform Acquisition, there is no certainty as to future profits and no deferred tax asset is recognised in relation to these carried forward losses. Under UK Law, there is no expiry for the use of tax losses.

9. LOSS PER ORDINARY SHARE

Basic EPS is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The weighted average number of shares has not been adjusted in calculating diluted EPS as there are no instruments which have a current dilutive effect.

Refer to note 17 for instruments that could potentially dilute basic EPS in the future.

	For the year ended to 30 June 2020	For the year ended 30 June 2019
Loss attributable to owners of the parent (£'000)	(2,208)	(10,253)
Weighted average number of ordinary shares in issue	377,800,549	20,833,336
Weighted average number of ordinary shares for diluted EPS	377,800,549	20,833,336
Basic and diluted loss per ordinary share (£)	(0.006)	(0.492)

10. SUBSIDIARIES

Subsidiary undertakings of the Group

The Company owns, directly or indirectly, the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings. The subsidiary undertakings of the Company and Group as at 30 June 2020 are:

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held directly by parent	Proportion of ordinary shares held by the Group
WHJ Limited	Incentive vehicle	Jersey	100%	100%
WCH Group Limited	Dormant company	England	100%	100%
Wilmcote Group Limited	Dormant company	England	0%	100%
Arrow US Holdings Inc	US acquisition company	United States	0%	100%
Arrow Canadian Holdings Limited	Canadian acquisition company	Canada	0%	100%

There are no restrictions on the Company's ability to access or use the assets and settle the liabilities of the Company's subsidiaries. Arrow US Holdings Inc and Arrow Canadian Holdings Limited were established as US and Canadian acquisition vehicles for Project Arrow. At the start of the year Arrow US Holdings Inc and Arrow Canadian Holdings Limited incurred a number of costs, and subsequent to this has been dormant.

The registered office of WHJ Limited is One Waverley Place, Union Street, St Helier, Jersey, JE1 1AX. The registered office of Wilmcote Group Limited and WCH Group Limited is 11 Buckingham Street, London, WC2N 6DF. The registered address for Arrow US Holdings Limited is 1209 Orange Street, Wilmington, New Castle, Delaware, 19801. The registered address for Arrow Canadian Holdings Limited is 1055 West Hastings Street, Suite 1700, Vancouver, BC, V6E 2E9.

11. OTHER RECEIVABLES

	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Amounts receivable within one year:		
Prepayments	16	45
Other receivables	-	55
VAT receivable	4	185
	20	**285**

12. CASH AND CASH EQUIVALENTS

	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Cash and cash equivalents		
Cash at bank	5,962	7,525
	5,962	**7,525**

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum short-term credit rating of P-1, as issued by Moody's, are accepted. The utilisation of credit limits is regularly monitored.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Amounts falling due within one year:		
Trade payables	82	1,113
Accruals	42	5,312
A1 share liability	-	91
	124	**6,516**

14. STATED CAPITAL

	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Authorised		
Unlimited ordinary shares of no par value		
Issued and fully paid		
Ordinary shares of no par value	670,833,336	20,833,336
Stated capital (£'000)	30,792	24,370

On incorporation, 2 ordinary shares of no par value were issued at £1.20 per share for aggregate consideration of £2.40. On 21 March 2017, a further 8,333,334 ordinary shares of no par value were issued at £1.20 for an aggregate consideration of £10,000,001. Following the Company's admission to AIM on 17 August 2017, a further 12,500,000 ordinary shares of no par value were issued at £1.20 for an aggregate consideration of £15,000,000. £630,427 of costs directly attributable to the August 2017 share issue have been taken against stated capital.

On 13 December 2019, a further 650,000,000 ordinary shares of no par value were issued at £0.01 for an aggregate consideration of £6,500,000. £78,000 of costs directly attributable to the December 2019 share issue have been taken against stated capital during the year.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per ordinary share at meetings of the Company.

15. RESERVES

The following describes the nature and purpose of each reserve within shareholders' equity:

Accumulated losses
Cumulative losses recognised in the Consolidated Statement of Comprehensive Income.

Share based payment reserve
The share based payment reserve is the cumulative amount recognised in relation to the equity-settled share based payment scheme as further described in note 17.

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Group has the following categories of financial instruments as at 30 June 2020:

	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Financial assets measured at amortised cost		
Cash and cash equivalents	5,962	7,525
Other receivables	-	55
	5,962	**7,580**
Financial liabilities measured at amortised cost		
Trade and other payables	124	6,516
	124	**6,516**

All financial instruments are classified as current assets and current liabilities. There are no non-current financial instruments as at 30 June 2020 or 30 June 2019.

The fair value and book value of the financial assets and liabilities are materially equivalent.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk;
- Liquidity risk; and
- Credit risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Treasury activities are managed on a Group basis under policies and procedures approved and monitored by the Board. These are designed to reduce the financial risks faced by the Group which primarily relate to movements in interest rates.

Market risk

The Group's activities primarily expose it to the risk of changes in interest rates due to the significant cash balance held; however, any change in interest rates will not have a material effect on the Group. The Group's operations are predominately in GBP, its functional currency and accordingly minimal translation exposures arise in receivables or payables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group currently meets all liabilities from cash reserves.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main credit risk relates to the cash held with financial institutions. The Company manages its exposure to credit risk associated with its cash deposits by selecting counterparties with a high credit rating with which to carry out these transactions. The counterparty for these transactions is Barclays Bank plc, which holds a short-term credit rating of P-1, as issued by Moody's. The Group's maximum exposure to credit risk is the carrying value of the cash on the Consolidated Statement of Financial Position.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Capital includes stated capital and all other equity reserves attributable to the equity holders of the Company and totals £5.9 million as at 30 June 2020 (£1.3 million as at 30 June 2019). There were no changes in the Group's approach to capital management during the year and the Company's capital management policy will be revisited once a Platform Acquisition has been identified.

17. SHARE-BASED PAYMENTS

Management Long Term Incentive Arrangements

Implementation of the Group share scheme – Participation Shares

Arrangements have been put in place to create incentives for those who are expected to make key contributions to the success of the Group. Success depends upon the sourcing of attractive investment opportunities, effective execution of transactions, and the subsequent integration and optimisation of target businesses. Accordingly, an incentive scheme has been created to reward key executive contributors for the creation of value, once all investors have received a preferential level of return. In order to make these arrangements most efficient, they are based around a subscription for shares in WHJL by the key contributors through the "Participation Shares". As at 30 June 2020 there were no Participation Shares in issue.

On being offered, the Company will purchase the Participation Shares either for cash or for the issue of new ordinary shares at its discretion, with the expectation being that new shares will be issued. The valuation of the Participation Shares is discussed below. The Participation Shares may only be sold on this basis if both the growth and at least one of the vesting conditions have been satisfied. If the growth condition has not been satisfied on or before the fifth anniversary of a Platform Acquisition (or such later date as WHJL and the holders of 90 per cent. of the ordinary shares, A1 Shares and A2 Shares in WHJL agree) the Participation Shares must be sold to the Company or, at its election, redeemed by WHJL and in both cases at a price per Participation Share equal to its subscription price unless and to the extent that the Nomination & Remuneration Committee determines otherwise.

Participation Shares
As at 1 July 2019, Adrian Whitfield and Kevin Dangerfield held 500 and 100 A1 shares respectively. Following their departure from the Group these A1 shares were cancelled in accordance with the leaver provisions discussed below.

As at 30 June 2020, there are no Participation Shares in issue.

Grant date
The date at which the entity and another party agree to a share-based payment arrangement, for accounting purposes, is the grant date.

Growth Condition
The growth condition requires the compound annual growth of the Company's equity value to be at least 10 per cent. per annum. The growth condition takes into account new shares issued, dividends and capital returned to shareholders.

Service Conditions and Leaver Provisions
There are leaver provisions in relation to the Participation Shares which are set out in the subscription agreements entered into between the holders of the A1 Shares and WHJL.

If the holder leaves in circumstances in which he or she is deemed to be a "Good Leaver" (being any reason other than a bad leaver circumstance), then depending on circumstances, generally he or she may be required to sell his or her A1 Shares to WHJL at the subscription price, a specified price or the market value, or may retain his or her A1 Shares, or a combination of these provisions. Generally, a holder will be entitled to retain the full number of A1 Shares (subject to the vesting provisions set out below) if he or she is still an employee on the third anniversary of the Platform Acquisition. Any holder deemed to be a "Bad Leaver" (such as termination of employment for gross misconduct, fraud or criminal acts) will be required to sell his A1 Shares back to WHJL for a total consideration of £1.

As there are conditions whereby the holders of A1 Shares can sell their shares to WHJL for the price they paid, the amounts received from the issue of A1 Shares is recognised as a liability in the Financial Statements. As at 30 June 2020, no A1 Shares are in issue and as such no liability has been recognised (2019: £91,000).

Vesting Conditions and Vesting Period

The A1 Shares are subject to certain vesting conditions, at least one of which must be (and continue to be) satisfied in order for a holder of Participation Shares to exercise their redemption rights, such right beginning on the third anniversary and ending on the fifth anniversary of the date of the Platform Acquisition or such later date as is agreed between the Company and the holders of at least 90 per cent. of the ordinary shares in WHJL, A1 Shares and A2 Shares.

The vesting conditions are as follows:

(i) it is later than the third anniversary of the Platform Acquisition;
(ii) a sale of all or a material part of the business of WHJL;
(iii) a sale of all of the issued ordinary shares of WHJL or a merger of WHJL;
(iv) a winding up of WHJL; or
(v) a sale, merger or change of control of the Company.

If any of the vesting conditions described in paragraphs (ii) to (v) above are satisfied before the third anniversary of the Platform Acquisition, the A1 Shares will be treated as having vested in full.

Value

Subject to the provisions detailed above, the Participation Shares can be sold to, or redeemed by, the Company for an aggregate value equivalent to 10 per cent. of the excess in the market value of the Company over and above its aggregate paid up share capital, allowing for any dividends and other capital movements.

Holding of Participation Shares

As at 30 June 2020 no Participation Shares are in issue.

Valuation of Participation Shares

The fair value of the Participation Shares granted under the scheme were calculated using a Monte Carlo model. The fair value uses an ungeared volatility of 25 per cent. and is based on a weighted average share price over the vesting period. An expected term input of four years has been used, being the midpoint of the period of time between the date on which an acquisition is expected to take place and the start and end of the redemption period. The Participation Shares are subject to a growth condition, which is a market performance condition, and as such has been taken into consideration in determining their fair value. The risk-free rate is taken from zero-coupon UK Government bonds with a redemption period in line with the expected term. The model incorporates a range of probabilities for the likelihood of an acquisition being made of a given size.

Expense related to Participation Shares

£348,000 has been recognised in the Consolidated Statement of Comprehensive Income in the year, including accelerating the remaining expense on cancellation of the 500 A1 Shares issued to Adrian Whitfield and the 100 A1 Shares issued to Kevin Dangerfield. In 2019, £90,000 was recognised in the Consolidated Statement of Comprehensive Income which included accelerating the remaining expense on cancellation of 100 A1 Shares. Upon cancellation, the total expense relating to these A1 Shares of £431,000 (2019: £87,000) was recycled from the Share Based Payment Reserve to the Accumulated Losses reserve.

Marwyn Performance Shares

Marwyn Long Term Incentive LP ("**MLTI**"), in which James Corsellis and Mark Brangstrup Watts are beneficially interested, has subscribed for all of the A2 Shares in WHJL (the "**Marwyn Performance Shares**"). The Marwyn Performance Shares, which were issued prior to the initial public offering of the Company on AIM, are intended to reward Marwyn for its key contribution in the creation of shareholder value, taking into account Marwyn's track record of shareholder value creation.

The Marwyn Performance Shares are subject to the same growth, vesting and redemption conditions as the A1 Shares. In the event that the relevant conditions (including the growth condition, being a compound 10 per cent. annual growth on all equity invested over a three to five-year period) are satisfied, MLTI is entitled to redeem the Marwyn Performance Shares for an aggregate value equivalent to five per cent. of the shareholder value growth.

	Nominal price	Issue Price Per A2 Share	Number of A2 Shares	Fair value at grant date
Marwyn Long Term Incentive LP	£1	£72.32	500	£205,465

Expense related to the Marwyn Performance Shares

As the Marwyn Performance Shares do not have any service conditions, their fair value on grant date was recognised immediately as an expense in the period ended 30 June 2018. Consequently, there is no expense in relation to the Marwyn Performance Shares in the current or prior year.

18. RELATED PARTY TRANSACTIONS

The AIM Rules define a related party as any (i) director of the Company or its subsidiary, (ii) a substantial shareholder, being any shareholders holding at least 10 per cent. of a share class or (iii) an associate of those parties identified in (i) or (ii).

James Corsellis and Mark Brangstrup Watts are the managing partners of the Marwyn Group. Funds managed by Marwyn Asset Management Limited of which James Corsellis and Mark Brangstrup Watts are both non-executive directors and in which they are the ultimate beneficial owners, hold 95.36 per cent. of the Company's issued ordinary shares.

James Corsellis and Mark Brangstrup Watts have a beneficial interest in the A2 Shares as described in note 17.

James Corsellis and Mark Brangstrup Watts are the managing partners of Marwyn Capital LLP which provides corporate finance advice, managed services and office services to the Company. The provision of office and managed services were terminated on 20 November 2019. During the year, Marwyn Capital LLP charged £670,000 (excluding VAT) (2019: £780,000) in respect of services supplied, £16,000 (excluding VAT) (2019: £14,000) for James Corsellis' and Mark Brangstrup Watts' directors' fees and £1,000 (2019: £11,000) in respect of expenses incurred on behalf of the Group. Marwyn Capital LLP was owed an amount of £52,000 at the balance sheet date (2019: £73,000).

James Corsellis and Mark Brangstrup Watts are the ultimate beneficial owners of Axio Capital Solutions Limited which provides financial and accounting services, transactional support, company secretarial, and administrative services to the Company. During the year, Axio Capital Solutions Limited charged £433,000 (2019: £390,000) in respect of services supplied and £7,000 (2019: £19,000) in respect of expenses incurred on behalf of the Group. Axio Capital Solutions Limited was owed an amount of £30,000 at the balance sheet date (2019: £27,000).

James Corsellis and Mark Brangstrup Watts are the ultimate beneficial owners of Marwyn Partners Limited and Marwyn Investment Management LLP which both incurred costs on behalf of the Group which they recharged. During the year, Marwyn Partners Limited charged £22,000 (2019: £68,000) in respect of recharged costs and at 30 June 2020 the Company had recognised a receivable of £1,000 from Marwyn Partners Limited (2019: £17,000 payable by the Company). Marwyn Investment Management LLP charged £40,000 (2019: £114,000) in respect of recharged costs, of which £nil was outstanding at 30 June 2020 (2019: £19,000).

Compensation of key management personnel of the Group is included in the Nomination and Remuneration Report. Holdings of Participation Shares are detailed in Note 17.

19. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 30 June 2020 which would require disclosure or adjustment in these Financial Statements.

20. INDEPENDENT AUDITORS' REMUNERATION

In the year ended 30 June 2020, the Group's independent auditors, PricewaterhouseCoopers LLP, have charged £nil (2019: £2,447,000) for non-audit services to the Group. The audit fees of the Group's auditors for the year ended 30 June 2020 amount to £38,025 (2019: £37,375).

21. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events that would require disclosure or adjustment to these Financial Statements.

Risks applicable to investing in the Company

An investment in the ordinary shares involves a high degree of risk. No assurance can be given that shareholders will realise a profit or will avoid loss on their investment. The Board has identified the following risks which it considers to be the most significant for investors in the Company. The risks referred to below do not purport to be exhaustive and are not set out in any particular order of priority. If any of the following events identified below occur, the Company's business, financial condition, capital resources, results and/or future operations and prospects could be materially adversely affected. In that case, the market price of the ordinary shares could decline and investors may lose part or all of their investment. Additional risks and uncertainties not currently known to the Board or which the Board currently deem not significant may also have an adverse effect on the Company's business. In particular, the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements.

Risks rating to the Company's future business and potential structure

- *Limited history*
  The Company has not, since incorporation, carried on any trading activities beyond conducting diligence into potential acquisition opportunities. Accordingly, as at the date of this document, the Company has very limited meaningful historical financial data upon which prospective investors may base an evaluation of the Company. The value of any investment in the Company is, therefore, wholly dependent upon the successful implementation of the Investment Policy described in the Admission Document (and as it may be amended from time to time). As such, the Company is subject to all of the risks and uncertainties associated with any newly established business enterprise including the risk that the Company will not achieve its investment objectives and that the value of an investment in the Company could decline and may result in the loss of capital invested.

  The past performance of companies, assets or funds managed by the Directors, or persons affiliated with them, in other ventures in a similar sector or otherwise, is not necessarily a guide to the future business, results of operations, financial condition or prospects of the Company. Investors will be relying on the ability of the Company and the Directors to identify potential acquisition targets, evaluate their merits, conduct diligence and negotiations.

- *The Company's ability to complete an acquisition*
  Although the Company has historically identified a number of potential investment opportunities, it does not currently have an investment opportunity that is materially progressed and is not currently in formal or exclusive discussions with any asset vendors. The Company's future success is dependent upon its ability to not only identify opportunities but also to execute successful acquisitions and/or investments. There can be no assurance that the Company will be able to conclude agreements with any target business and/or shareholders in the future and failure to do so could result in the loss of an investor's investment. In addition, the Company may not be able to raise the additional funds required to acquire any target business and fund its working capital requirements in accordance with its Investment Policy.

  Pursuant to the AIM Rules for Companies, as Wilmcote has not yet substantially implemented its investment policy its investment policy is subject to shareholder approval annually from the annual general meeting held on 12 December 2019 and thereafter.

  Should shareholders reject the investment policy and elect to wind up the Company and return funds (after payment of the expenses and liabilities of the Company) to Shareholders, there can be no assurance as to the particular amount or value of the remaining assets at such future time of any such distribution either as a result of costs from an unsuccessful acquisition or from other factors, including disputes or legal claims which the Company is required to pay out, the cost of the

liquidation event and dissolution process, applicable tax liabilities or amounts due to third party creditors. Upon distribution of assets on a liquidation event, such costs and expenses will result in investors receiving less than the initial subscription price and investors who acquired Ordinary Shares after Admission potentially receiving less than they invested.

- *The Company may face significant competition for acquisition opportunities*
  There may be significant competition in some or all of the acquisition opportunities that the Company may explore. Such competition may for example come from strategic buyers, sovereign wealth funds, special purpose acquisition companies and public and private investment funds, many of which are well established and have extensive experience in identifying and completing acquisitions. A number of these competitors may possess greater technical, financial, human and other resources than the Company. The Company cannot assure investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing an acquisition or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case which could materially adversely impact the business, financial condition, result of operations and prospects of the Company.

- *Material facts or circumstances may not be revealed in the due diligence process*
  Prior to making or proposing any investment, the Company will undertake due diligence on potential acquisition targets to a level considered reasonable and appropriate by the Company on a case by case basis. However, these efforts may not reveal all facts or circumstances that would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Company will need to utilise its own resources and may be required to rely upon third parties to conduct certain aspects of the due diligence process. Further, the Company may not have the ability to review all documents relating to the target company and assets. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment. Any failure to reveal all material facts or circumstances relating to a potential investment may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company

- *The Company may not acquire total voting control of any target company or business*
  Although the Company intends to acquire total voting control of any target company or business, it may also consider acquiring a non-controlling interest constituting less than total voting control or less than the entire equity interest of that target company or business if such opportunity is considered attractive or where the Company expects to acquire sufficient influence to implement its strategy. In such circumstances, the remaining ownership interest will be held by third parties and the Company's decision-making authority may be limited. Such acquisitions may also involve the risk that such third parties may become insolvent or unable or unwilling to fund additional investments in the target. Such third parties may also have interests which are inconsistent or conflict with the Company's interests, or they may obstruct the Company's strategy for the target or propose an alternative strategy. Any third party's interests may be contrary to the Company's interests. In addition, disputes among the Company and any such third parties could result in litigation or arbitration. Any of these events could impair the Company's objectives and strategy, which could have a material adverse effect on the continued development or growth of the acquired company or business and therefore on the Company.

- *Need for additional funding and dilution*
  The Company has insufficient funds to fund in full suitable acquisitions and/or investments identified by the Board. Accordingly, the Company intends to seek additional sources of financing (equity and/or debt) to implement its strategy. There can be no assurance that the Company will be able to raise those funds, whether on acceptable terms or at all.

If further financing is obtained or the consideration for an acquisition is provided by issuing equity securities or convertible debt securities, Shareholders at the time of such future fundraising or acquisition may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares.

The Company may seek debt financing to fund all or part of any future acquisition. The incurrence by the Company of substantial indebtedness in connection with an acquisition could result in:

(i) default and foreclosure on the Company's assets, if its cash flow from operations was insufficient to pay its debt obligations as they become due; or

(ii) an inability to obtain additional financing, if any indebtedness incurred contains covenants restricting its ability to incur additional indebtedness.

An inability to obtain debt financing may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company. If such financing is obtained the Company's ability to raise further finance and its ability to operate its business may be subject to restrictions.

The occurrence of any or a combination of these, or other, factors could decrease Shareholders' proportional ownership interests in the Company or have a material adverse effect on its financial condition and results of operations.

The companies or businesses in which the Company invests may also have borrowings. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the borrower will be unable to service the interest repayments, or comply with other requirements, rendering the debt repayable, and the risk that available capital will be insufficient to meet required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions), all of which are beyond the Company's control, may make it difficult for the Company to obtain new financing on attractive terms or at all, which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

- *Success of investment policy not guaranteed*
  The Company's level of profit will be reliant upon the performance of the assets acquired and the Investment Policy. The success of the Investment Policy depends on the Directors' ability to identify investments in accordance with the Company's investment objectives and to interpret market data correctly. No assurance can be given that the strategy to be used will be successful under all or any market conditions or that the Company will be able to generate positive returns for Shareholders. If the Investment Policy is not successfully implemented, this could adversely impact the business, development, financial condition, results of operations and prospects of the Company.

- *Changes in Investment Policy may occur*
  The Company's Investment Policy may be modified and altered from time to time with the approval of Shareholders, so it is possible that the approaches adopted to achieve the Company's investment objectives in the future may be different from those the Directors currently expect to use and which are disclosed in these Financial Statements. Any such change could adversely impact the business, development, financial condition, results of operations and prospects of the Company.

- *Inability to refocus and improve the operating and financial performance of an acquired business*
  The success of the Company's acquisitions may depend in part on the Company's ability to implement the necessary technological, strategic, operational and financial change programmes in order to transform the acquired business and improve its financial performance. Implementing change programmes within an acquired business may require significant modifications, including changes to hardware and other business assets, operating and financial processes and technology,

software, business systems, management techniques and personnel, including senior management. There is no certainty that the Company will be able to successfully implement such change programmes within a reasonable timescale and cost, and any inability to do so could have a material adverse impact on the Company's performance and prospects.

- *Reliance on expertise of Directors*
  The Company will be highly dependent on the expertise and continued service of the Directors. However, any one of the Directors could give notice to terminate their employment agreements at any time and their loss may have an adverse effect on the Company's business.

  In addition, there is a risk that the Company will not be able to recruit executives of sufficient expertise or experience to maximise any opportunities that present themselves, or that recruiting and retaining those executives is more costly or takes longer than expected. The failure to attract and retain those individuals may adversely affect the Company's operations.

- *The Company could incur costs for transactions that may ultimately be unsuccessful*
  The Company has pursued a number of potential Platform Acquisitions and as a result incurred substantial legal, financial and advisory expenses. In December 2019, the Company was recapitalised and as a result the business has sufficient funds to continue to identify investment opportunities/a management team.

  There is a risk that the Company may again incur substantial legal, financial and advisory expenses arising from unsuccessful transactions which may include public offer and transaction documentation, legal, accounting and other due diligence which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

- *Potential dilution from the incentivisation of management and Marwyn*
  The Company has in place an incentivisation scheme through which members of management that may be employed by the Company, certain employees of the Company and MLTI will be rewarded for increases in shareholder value, subject to certain conditions and performance hurdles. For example, MLTI has subscribed for A2 Shares as part of the incentivisation scheme. In certain circumstances, the Company may purchase the A2 Shares either for the issue of new Ordinary Shares or for cash. There is discretion for the holders of A2 Shares to exchange each A2 Share that would otherwise have been redeemed for Ordinary Shares or cash.

  If Ordinary Shares are to be issued in order to satisfy the incentivisation scheme, the existing Shareholders may face significant dilution. If the Company has sufficient cash resources the incentivisation scheme may be settled with cash, thereby reducing the Company's cash resources.

Risks relating to sectors in which the Company might invest

- *Industry specific risks*
  It is anticipated that the Company will invest in businesses in varying sectors within the UK, Europe and North America. The performance of sectors in which the Company may invest may be cyclical in nature, with some correlation to gross domestic product and, specifically, levels of demand within targeted end-markets. As a result, the identified sector may be affected by changes in general economic activity levels which are beyond the Company's control but which may have a material adverse effect on the Company's financial condition and prospects. In particular, a new strain of coronavirus which causes the disease known as COVID-19, has quickly spread, resulting in severe illness and, in some cases, death and has been declared as a pandemic by The World Health Organisation. The COVID-19 pandemic may result in greater demand in certain sectors, and fewer opportunities in others. The Company has a broad investment strategy, which is not restricted by either sector or geographic focus. The COVID-19 situation is still rapidly evolving. It is therefore difficult to predict what impact COVID-19 may have on any potential investment. An adverse

change in economic activity could have a material adverse effect on the profitability of the Company following an Acquisition.

The Company may acquire or make investments in companies and businesses that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, the markets in which the Company operates may decline, thereby potentially decreasing revenues and causing financial losses, difficulties in obtaining access to, and fulfilling commitments in respect of, financing, and increased funding costs. In addition, during periods of adverse economic conditions, the Company may have difficulty accessing financial markets, which could make it more difficult or impossible for the Company to obtain funding for additional investments and negatively affect the Company's net asset value and operating results. Accordingly, adverse economic conditions could adversely impact the business, development, financial condition, results of operations and prospects of the Company.

In addition, the political risks associated with operating across a broad number of jurisdictions and markets could affect the Company's ability to manage or retain interests in its business activities and could have a material adverse effect on the profitability of its business following a Platform Acquisition.

- *Competitive pressure risks*
  The markets in which the Company and its proposed acquisition targets will operate are highly competitive with significant competition from large international producers and smaller regional competitors. The Group may lose market share to other producers or to other products that can be substituted for the products of the Group. Increased competition and unanticipated actions by competitors or customers, which could arise as a result of, among other things, unforeseen changes in the competitive landscape due to the introduction of disruptive technologies, could lead to an adverse effect on results and hinder the Company's growth potential.

  The Company intends that the Group will, where necessary, invest in new facilities to allow it to maintain its key market positions. Following a Platform Acquisition, the ability of the Group to compete in the sectors in which it invests will be dependent on its ability to develop technological innovations, to introduce new products and to protect its intellectual property, trade secrets and know-how. In addition, any failure by the Group to procure key raw materials may lead to production interruptions and volatility in the long term prices of such raw materials and energy prices (including oil, natural gas and electricity) which may adversely affect the profitability of the Group and its working capital position.

- *Product price changes*
  Following completion of a Platform Acquisition, the purchase price of any raw products used or products distributed by the Company in its production processes could fluctuate, thereby potentially affecting the Company's results of operations. There could be significant increases in the cost of specific raw materials leading to a diminution in margins if substitute products need to be sourced from elsewhere. In addition, a period of commodity price deflation may lead to reductions in the price and value of the Company's products where sales prices are indexed or if competitors reduced their selling prices. If this was to occur, the Company's revenue and, as a result, its profits, could be reduced and the value of inventory held in stock may not be fully recoverable.

- *New entrants to the market*
  The Company will always be at risk that new entrants to the market are able to procure, by way of acquisition or licence, businesses which compete with the Company. Any new entrant in this space could have a disruptive effect on the Company and its ability to implement the Investment Strategy and deliver significant value for Shareholders. If any new entrant was able to establish a foothold in the market, this could have a corresponding negative effect on the financial prospects of the Company.

- *Trading on AIM*
  The Ordinary Shares are admitted to trading on AIM. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The AIM Rules for Companies are less demanding than those which apply to companies traded on the Premium Segment of the Official List. Further, the FCA has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA.

- *Value and liquidity of the Ordinary Shares*
  It may be difficult for an investor to realise his, her or its investment. The shares of publicly traded companies can have limited liquidity and their share prices can be highly volatile.

  The price at which the Ordinary Shares are traded and the price at which investors may realise their investment are influenced by a large number of factors, some specific to the Company and its operations and others which may affect companies operating within a particular sector or quoted companies generally. A relatively small movement in the value of an investment or the amount of income derived from it may result in a disproportionately large movement, unfavourable as well as favourable, in the value of the Ordinary Shares or the amount of income received in respect thereof.

  Shareholders should be aware that the value of the Ordinary Shares could go down as well as up, and investors may therefore not recover their original investment. Furthermore, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.
  The investment opportunity offered in this document may not be suitable for all recipients of this document. Shareholders are therefore strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in advising on investments of this nature before making an investment decision.

- *Investing Company status*
  The Company is currently considered to be an Investing Company for the purposes of the AIM Rules. As a result, it may benefit from certain partial carve-outs to the AIM Rules, such as those in relation to the classification of Reverse Takeovers. Were the Company to lose Investing Company status for any reason, such carve-outs would cease to apply. It is anticipated that an acquisition may constitute a Reverse Takeover.

- *The interests of significant Shareholders may conflict with those of other Shareholders*
  Approximately 95 per cent. of the Company's issued share capital is held by two Shareholders. Such Shareholders are as a result able to exercise sufficient control over the Company's corporate actions so as not to require the approval of the Company's other Shareholders. The interests of such significant Shareholders may conflict with those of other holders of Ordinary Shares.

- *Dilution of Shareholders' interest as a result of additional equity fundraising*
  The Company intends to issue additional Ordinary Shares in subsequent public offerings or private placements to fund acquisitions or as consideration for acquisitions. As Jersey law does not grant Shareholders the benefit of pre-emption rights in relation to a further issue of Ordinary Shares, pre- emption rights have been included in the Company's Articles. However, it is possible that existing Shareholders may not always be offered the right or opportunity to participate in such future share issues, which may dilute the existing Shareholders' interests in the Company.

  The Group may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the

percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

- *The Company has a controlling Shareholder*
  Marwyn Asset Management Limited ("**MAML**"), the manager of the Company's largest shareholder controls approximately 60 per cent. of the issued Ordinary Shares of the Company. As a result, MAML is able to exercise significant influence to pass or veto matters requiring Shareholder approval, including future issues of Ordinary Shares and the election of directors and to veto or seek to approve fundamental changes of business. This concentration of ownership may have the effect of delaying, deferring, deterring or preventing a change in control, depriving Shareholders of the opportunity to receive a premium for their Ordinary Shares as part of a sale of the Company. The interests of MAML may not necessarily be aligned with those of the other Shareholders. Accordingly, MAML could influence the Company's business in a manner that may not be in the interests of other Shareholders. For example, MAML can approve a change of Investment Policy, can prevent special resolutions of the Company being passed and can approve ordinary resolutions of the Company without the assent of any other Shareholders. The concentration of ownership could also affect the market price and liquidity of the Ordinary Shares. If MAML seeks to influence the Company's business in a manner that may not be in the interests of other Shareholders, the Company's business, results of operations, financial condition and prospects, and the trading price of the Ordinary Shares could be adversely affected.

Risks relating to legislation and regulations

- *Legislative and regulatory risks*
  Any investment is subject to changes in regulation and legislation. As the direction and impact of changes in regulations can be unpredictable, there is a risk that regulatory developments will not bring about positive changes and opportunities, or that the costs associated with those changes and opportunities will be significant. In particular, there is a risk that regulatory change will bring about a significant downturn in the prospects of one or more acquired businesses, rather than presenting a positive opportunity.

- *Taxation*
  There can be no certainty that the current taxation regime in England and Wales or overseas jurisdictions in which the Company may operate in the future will remain in force or that the current levels of corporation taxation will remain unchanged. Any change in the tax status of the Company or to applicable tax legislation may have a material adverse effect on the financial position of the Company.

ADVISERS

Nominated Adviser and Broker
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT

Corporate Finance Adviser
Marwyn Capital LLP
11 Buckingham Street
London, WC2N 6DF

Registrar
Link Registrars (Jersey) Limited
12 Castle Street
St Helier, Jersey, JE2 3RT

Company Secretary and Administrator
Axio Capital Solutions Limited
One Waverley Place
Union Street
St Helier, Jersey, JE1 1AX

Principal Bankers
Barclays Bank plc
5 Esplanade
St Helier, Jersey, JE2 3QA

Solicitors to the Company (as to English law)
Covington & Burling LLP
265 Strand
London, WC2R 1BH

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London, WC2N 6RH

Solicitors to the Company (as to Jersey law)
Ogier
44 Esplanade
St Helier, Jersey, JE4 9WG