

# 450 PLC

(FORMERLY MARWYN ACQUISITION COMPANY PLC)

Unaudited Interim  
Condensed Consolidated  
Financial Statements  
for the six months ended  
31 December 2022



# 2022

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2022

# Management Report

I present to shareholders the unaudited interim condensed consolidated financial statements of 450 plc (the **“Company”**) (formerly Marwyn Acquisition Company Plc) for the six months ended 31 December 2022 (the **“Consolidated Interim Financial Statements”**), consolidating the results of the Company, MAC (BVI) Limited and WHJ Limited, (collectively, the **“Group”** or **“450”**).

## Activity in the period and strategy

On 7 November 2022, the Company announced the appointment of Waheed Alli as Chair. Waheed has over 30 years' experience across the media, retail, entertainment and technology sectors, having launched and grown a number of highly successful private and public businesses in his career. Following Waheed's appointment, in line with his industry expertise, the Company adopted a new investing policy to focus on building a market leader in the traditional and digital creative industries, capitalising on the ongoing transformation of the content, media and technology sectors.

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, including the consideration of public offers for, or mergers with, existing listed businesses. The investments made by the Company may be in the form of equity or other types of capital investment.

The Directors believe that opportunities exist to create significant value for shareholders through properly executed, acquisition-led growth strategies arising within the traditional and digital creative industries encompassing the content, media and technology sectors. The Company's principal focus will be on making investments in the UK, Europe or North America and will target companies with either a well-established presence in their specific segments or companies which are in a position to become leaders in their specific segments.

The ongoing digital transformation of the media and entertainment industries and widespread adoption of digital media has led to a fundamental change in the way content is created, consumed and engaged with. Audiences and consumers are engaging with content across multiple formats, including experiential and immersive media, utilising both physical and digital delivery, alongside the associated emergence of augmented and virtual reality technologies. The investment policy is included in full on the Company's website at [www.450plc.com](http://www.450plc.com).

The Company also announced the appointment of Tom Basset as a non-executive Director and the resignation of Mark Brangstrup Watts, both effective from 6 November 2022.

As detailed in the financial statements for the year ended 30 June 2022, during the period to 31 December 2022 WHJ Limited was summarily wound up and a new subsidiary, MAC (BVI) Limited, was incorporated to provide the Group's new long term incentive plan. Incentive Shares were issued during the period to Waheed and Marwyn Long Term Incentive LP as set out in note 16.

## Results

The Group's loss after taxation for the six months to 31 December 2022 was £558,000 (six months to 31 December 2021: loss of £183,000). The Group held a cash balance at the period end of £4,526,000 (as at 30 June 2022: £4,846,000).

### Dividend Policy

The Company has not yet acquired a trading operation and it is therefore inappropriate to make a forecast of the likelihood of any future dividends. The Directors intend to determine the Company's dividend policy following completion of a platform acquisition and, in any event, will only commence the payment of dividends when it becomes commercially prudent to do so.

### Corporate Governance

In line with the London Stock Exchange's AIM Rules for Companies requiring all AIM-quoted companies to adopt a recognised corporate governance code, explain how the company complies with that code's requirements and identify and explain areas of non-compliance, the Board has adopted the Quoted Companies Alliance Corporate Governance Code.

Following the appointment of Waheed Alli and Tom Basset to the board on 6 November 2022, and the resignation of Mark Brangstrup Watts as a director of the Company on the same date, the composition of the Audit and Risk Committee and Nomination and Remuneration Committee were updated. Independent Non-executive Director Sanjeev Gandhi remains the chair of both committees, with James Corsellis and Waheed Alli also serving as members on both committees. There have been no other significant changes to the Corporate Governance Report presented in the Group's Annual Report and Consolidated Financial Statements for the year ended 30 June 2022, which is available on the Company's website.

Additional information in respect of the Company's compliance with the QCA Code can also be found on the Company's website. The Company recognises the importance of sound corporate governance commensurate with the size and current nature of the Company and intends to re-evaluate its corporate governance code framework, and board composition and diversity, in conjunction with a platform acquisition.

### Risks

The Directors have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.

There have been no significant changes to the principal risks described in the Group's Annual Report and Consolidated Financial Statements for the year ended 30 June 2022. The Directors are of the opinion that the risks detailed therein are applicable to the six-month period to 31 December 2022, as well as the remaining six months of the current financial year.

### Outlook

The Directors believe there is significant opportunity to invest in content, media or technology companies that have facilitated and are expected to continue to benefit from the way content is created, consumed and engaged with. The Directors have identified a number of potential acquisition opportunities in this area, which they continue to explore and will remain diligent in their assessment of valuations and the ability to generate long term shareholder value through the execution of the investment strategy.

### Responsibility Statement

Each of the Directors confirms that, to the best of their knowledge:

- (a) these Consolidated Interim Financial Statements, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of 450; and
- (b) these Consolidated Interim Financial Statements comply with the requirements of Rule 18 of the AIM Rules for Companies and Article 106 of the Companies (Jersey) Law 1991.

Neither the Company nor the Directors accept any liability to any person in relation to the interim financial report except to the extent that such liability could arise under applicable law.

Details on the Company's Board of Directors can be found on the Company website at [www.450plc.com](http://www.450plc.com).

### Waheed Alli

Chair  
29 March 2023

## Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 31 December 2022 Unaudited £'000	Six months ended 31 December 2021 Unaudited £'000
Administrative expenses	6	(593)	(183)
<b>Total operating loss</b>		<b>(593)</b>	<b>(183)</b>
Finance income		35	-
Income tax	7	-	-
<b>Loss for the period</b>		<b>(558)</b>	<b>(183)</b>
Total other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(558)</b>	<b>(183)</b>
Loss per ordinary share			
Basic and diluted (pence)	8	(0.083)	(0.027)

The Group's activities derive from continuing operations.

The Notes on pages 10 to 19 form an integral part of these Condensed Consolidated Interim Financial Statements.

# Condensed Consolidated Statement of Financial Position

	Notes	Six months ended 31 December 2022 Unaudited £'000	Six months ended 31 December 2022 Unaudited £'000
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	10	88	25
Cash and cash equivalents	11	4,526	4,846
<b>Total current assets</b>		<b>4,614</b>	<b>4,871</b>
<b>Total assets</b>		<b>4,614</b>	<b>4,871</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	13	30,792	30,792
Share-based payment reserve	16	74	205
Accumulated losses		(26,549)	(26,196)
<b>Total equity</b>		<b>4,317</b>	<b>4,801</b>
<b>Current liabilities</b>			
Trade and other payables	12	297	70
<b>Total liabilities</b>		<b>297</b>	<b>70</b>
<b>Total equity and liabilities</b>		<b>4,614</b>	<b>4,871</b>

The Notes on pages 10 to 19 form an integral part of these Condensed Consolidated Interim Financial Statements.

The financial statements were approved by the Board of Directors on 29 March 2023 and were signed on its behalf by:

**Waheed Alli**  
Chair

**James Corsellis**  
Director

## Condensed Consolidated Statement of Changes in Equity

	Notes	Stated capital £'000	Share based payment reserve £'000	Accumulated losses £'000	Total equity £'000
<b>Balance as at 1 July 2021</b>		<b>30,792</b>	<b>205</b>	<b>(25,139)</b>	<b>5,858</b>
Loss and total comprehensive loss for the period		-	-	(515)	(515)
<b>Balance as at 31 December 2021</b>		<b>30,792</b>	<b>205</b>	<b>(25,654)</b>	<b>5,343</b>

	Notes	Stated capital £'000	Share based payment reserve £'000	Accumulated losses £'000	Total equity £'000
<b>Balance as at 1 July 2022</b>		<b>30,792</b>	<b>205</b>	<b>(26,196)</b>	<b>4,801</b>
Dissolution of WHJ Limited	16	-	(205)	205	-
Share-based payment movement	16	-	74	-	74
Loss and total comprehensive loss for the period		-	-	(558)	(558)
<b>Balance as at 31 December 2022</b>		<b>30,792</b>	<b>74</b>	<b>(26,549)</b>	<b>4,317</b>

The Notes on pages 10 to 19 form an integral part of these Condensed Consolidated Interim Financial Statements.



# Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 31 December 2022 Unaudited £'000	Six months ended 31 December 2021 Unaudited £'000
<b>Operating activities</b>			
Loss for the period		(558)	(183)
<b>Adjustments to reconcile total operating loss to net cash flows:</b>			
Deduct finance income		(35)	-
Add back share based payment expense	16	53	-
<b>Working capital adjustments:</b>			
Increase in trade and other receivables and prepayments		(63)	(3)
Increase/ (Decrease) in trade and other payables		206	(41)
<b>Net cash flows used in operating activities</b>		<b>(397)</b>	<b>(227)</b>
<b>Investing activities</b>			
Interest received		35	-
<b>Net cash flows from investing activities</b>		<b>35</b>	<b>-</b>
<b>Investing activities</b>			
Proceeds from issue of A Shares in MAC (BVI) Limited	16	42	-
<b>Net cash flows from investing activities</b>		<b>42</b>	<b>-</b>
Net decrease in cash and cash equivalents		(320)	(227)
Cash and cash equivalents at the beginning of the period		4,846	5,222
<b>Cash and cash equivalents at the end of the period</b>	<b>11</b>	<b>4,526</b>	<b>4,995</b>

The Notes on pages 10 to 19 form an integral part of these Condensed Consolidated Interim Financial Statements.

# Notes to the Condensed Consolidated Interim Financial Statements

## 1. GENERAL INFORMATION

450 Plc (“450”, or the “**Company**”) (formerly Marwyn Acquisition Company Plc), 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 registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD and a UK Establishment (BR019423) address of 11 Buckingham Street, London, WC2N 6DF. The Company has had two wholly owned subsidiaries during the period as detailed in note 9, which, together with the Company, are collectively the “**Group**”.

## 2. ACCOUNTING POLICIES

### (a) Basis of preparation

The Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and are presented on a condensed basis. The Consolidated Interim Financial Statements do not constitute statutory accounts within the meaning of Article 105 of the Companies (Jersey) Law 1991. All values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The Consolidated Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s Annual Report and Consolidated Financial Statements for the year ended 30 June 2022, which is available on the Company’s website, [www.450plc.com](http://www.450plc.com).

### (b) Going concern

The Consolidated Interim 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 within the next twelve months from the date of approval.

### (c) Standards, amendments and interpretations effective and adopted by the Group

The accounting policies adopted in the preparation of these Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 30 June 2022, which were prepared in accordance with the International Financial Reporting Standards (“IFRS”), as adopted by the European Union, updated to adopt those standards which became effective for periods starting on or before 1 July 2022: Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37), Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41), Amendments to IFRS 3: References to Conceptual Framework (all of which had an effective date of 1 January 2022). None of these standards have had a material impact on the Group.

#### **Standards 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 expected that these standards will have a material impact on the Group.

Standard	Effective date
Amendments to IAS 1 Presentation of Financial Statements:	
Classification of Liabilities as Current or Non-current*	1 January 2023
Disclosure of accounting policies (Amendments to IAS 1)	1 January 2023
Definition of accounting estimates (Amendments to IAS 8)	1 January 2023
Amendments to IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 4 – Extension of temporary exemption of applying IFRS 9	1 January 2023
Amendments to IAS 12 Income Taxes: Deferred tax related to assets and liabilities arising from a similar transaction	1 January 2023
Amendments to IFRS 16 – Lease liability in sale and leaseback*	1 January 2024
Amendments to IAS 1 – Liabilities with covenants*	1 January 2024

\*subject to endorsement by the EU

# Notes to the Condensed Consolidated Interim Financial Statements

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Consolidated Interim 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 and judgements*

For the period ended 31 December 2022, the Directors do not consider that they have made any significant accounting judgements which would materially affect the balances and results reported in these Consolidated Interim Financial Statements.

### *Significant accounting estimates*

There are significant estimates and assumptions used in the valuation of the A ordinary Shares in MAC (BVI) Limited the ("Incentive Shares") which have been issued in the period. Management has considered at the grant date, the probability of a successful first acquisition by the Group and the potential range of value for the Incentive Shares, based on the circumstances on the grant date. The fair value of the Incentive Shares and related share-based payment expense, was calculated using a Monte Carlo valuation model. Further details of the issuance of incentive shares during the period is disclosed in note 16 of these Consolidated Interim Financial Statements

## 4. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision-maker. As the Group has not yet acquired a trading 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. EMPLOYEES AND DIRECTORS

Employment cost for the Group during the period:

	For six months ended 31 December 2022 Unaudited £'000	For six months ended 31 December 2021 Unaudited £'000
Director fees and employee salary costs	36	8
Social security contributions and similar taxes	3	-
	<u>39</u>	<u>8</u>

The Board of Directors is the Group's chief operating decision-maker. As the Group has not yet acquired a trading 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. The board considers the Directors of the company, to be the key management personnel of the Group.

As 31 December 2022 the Group had one employee (year ended 30 June 2022 the Group had no employees). During the six months ended 31 December 2022, the Company had the following directors: James Corsellis, Mark Brangstrup Watts (resigned 6 November 2022), Waheed Alli (appointed 6 November 2022), Tom Basset (appointed 6 November 2022) and Sanjeev Gandhi.

Included in Director fees and employee salary costs is £32,000 for director fees of which £4,000 was paid to James Corsellis, £3,000 was paid to Mark Brangstrup Watts and £25,000 was paid to Sanjeev Gandhi. Tom Basset does not receive a fee for his role as director of the Company.

## Notes to the Condensed Consolidated Interim Financial Statements

Waheed Alli does not receive a fee for his directorship, however, under the terms of his appointment letter if a platform acquisition is completed during his appointment, Waheed Alli is entitled to the payment of a one-off transaction fee of an amount equal to £25,000 per calendar month elapsed between the date of his appointment and a platform acquisition being completed. This is disclosed in further detail in note 17.

James Corsellis, Tom Basset and Waheed Alli have a beneficial interest in the A ordinary shares (Incentive Shares) issued by the Company's subsidiary during the period. This is disclosed in note 16 of these Consolidated Interim Financial Statements.

### 6. ADMINISTRATIVE EXPENSES

	For six month ended 31 December 2022 Unaudited £'000	For six months ended 31 December 2021 Unaudited £'000
<b>Group expenses by nature</b>		
Employment costs	39	8
Non-recurring project, professional and diligence costs	271	-
Share based payment expense (note 16)	53	-
Professional support	224	171
Other expenses	6	4
	<u>593</u>	<u>183</u>

### 7. INCOME TAX EXPENSE

	For six months ended 31 December 2022 Unaudited £'000	For six months ended 31 December 2021 Unaudited £'000
<b>Analysis of tax in period</b>		
Current tax on profits for the period	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>

#### Reconciliation of effective rate and tax charge:

	For six months ended 31 December 2022 Unaudited £'000	For six months ended 31 December 2021 Unaudited £'000
Loss on ordinary activities before tax	(558)	(183)
Expenses not deductible for tax purposes	56	-
Loss on ordinary activities subject to corporation tax	(502)	(183)
Loss on ordinary activities multiplied by the rate of tax in the UK of 19% (2021: 19%)	(95)	(35)
Effects of:		
Losses carried forward for which no deferred tax recognised	95	35
<b>Total taxation charge</b>	-	-

The Group is tax resident in the UK. As at 31 December 2022, cumulative tax losses available to carry forward against future trading profits were £26,313,000 (2021: £25,988,000) 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.

# Notes to the Condensed Consolidated Interim Financial Statements

## 8. LOSS PER ORDINARY SHARE

Basic EPS is calculated by dividing the profit attributable to equity holders of a 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.

Refer to note 16 (share based payments) of these Consolidated Interim Financial Statements for instruments that could potentially dilute EPS in the future.

	For six months ended 31 December 2022 Unaudited £'000	For six months ended 31 December 2021 Unaudited £'000
Loss attributable to owners of the parent (£'000)	(558)	(183)
Weighted average number of ordinary shares in issue	670,833,336	670,833,336
Weighted average number of ordinary shares for diluted EPS	670,833,336	670,833,336
Basic and diluted loss per ordinary share (pence)	(0.083)	(0.027)

## 9. INVESTMENTS

### Principal subsidiary undertaking

The Company is the parent of the Group, the Group comprises of the Company and during the period the following subsidiaries. As at 31 December 2022, WHJ Limited had been summarily wound up and therefore MAC (BVI) Limited was the sole subsidiary:

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by parent	Dissolution Date	Proportion of ordinary shares held by the Group
WHJ Limited	Incentive vehicle	Jersey	100%	22 December 2022	100%
MAC (BVI) Limited	Incentive vehicle	British Virgin Islands	100%	-	100%

There are no restrictions on the Company's ability to access or use the assets and settle the liabilities of the Company's subsidiary.

The registered office of WHJ Limited was 47 Esplanade, St Helier, Jersey, JE1 0BD. The registered office of MAC (BVI) Limited is Commerce House, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands, VG1110.

## 10. TRADE RECEIVABLES

	As at 31 December 2022 Unaudited £'000	As at 30 June 2022 Audited £'000
<b>Amounts receivable in one year</b>		
Prepayments	24	19
Other receivables (note 16)	42	-
VAT receivable	22	6
	<u>88</u>	<u>25</u>

There is no material difference between the book value and the fair value of the receivables. Receivables are considered to be past due once they have passed their contracted due date.

## Notes to the Condensed Consolidated Interim Financial Statements

### 11. CASH AND CASH EQUIVALENTS

	As at 31 December 2022 Unaudited £'000	As at 30 June 2022 Audited £'000
<b>Cash and cash equivalents</b>		
Cash at bank	4,526	4,846
	<u>4,526</u>	<u>4,846</u>

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.

### 12. TRADE PAYABLES

	As at 31 December 2021 Unaudited £'000	As at 30 June 2021 Unaudited £'000
<b>Amounts falling due within one year</b>		
Trade payables	13	39
Accruals	233	31
Due to related party (refer note 15)	30	-
A ordinary share Liability (refer to note 16)	21	-
	<u>297</u>	<u>70</u>

There is no material difference between the book value and the fair value of the trade and other payables.

### 13. STATED CAPITAL

	As at 31 December 2021 Unaudited £'000	As at 30 June 2021 Audited £'000
<b>Issued</b>		
Ordinary shares of no par value	670,833,336	670,833,336
Stated capital	30,792	30,792

No shares were issued in the year ended 30 June 2022, or during the six-month period ended 31 December 2022.

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

# Notes to the Condensed Consolidated Interim Financial Statements

## 14. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Group has the following categories of financial instruments at the period end:

	As at 31 December 2022 Unaudited £'000	As at 30 June 2022 Audited £'000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	4,526	4,486
Other receivables	42	-
	<u>4,568</u>	<u>4,486</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	297	70
	<u>297</u>	<u>70</u>

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

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.

As the Group's assets are predominantly cash and cash equivalents, market risk and liquidity risk are not currently considered to be material risks to the Group.

## 15. RELATED PARTIES

The AIM Rules define a related party as any (i) director of the Company or its subsidiary, (ii) a substantial shareholder, being any shareholder 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 Tom Basset have served as directors of the company during the period. James Corsellis is the managing partner of Marwyn Investment Management LLP ("MIMLLP"), and Tom Basset is a partner of MIMLLP, MIMLLP is the manager of the Marwyn Fund, the Marwyn Fund holds 95.36% of the Company's issued ordinary shares. Mark Brangstrup Watts was a director of the Company until 6 November 2022, up until this date Mark Brangstrup Watts was also a managing partner of MIMLLP.

James Corsellis and Tom Basset have an indirect beneficial interest in the A ordinary shares issued by MAC (BVI) Limited which were issued during the period to Marwyn Long Term Incentive LP and are disclosed in note 16 of these Consolidated Interim Financial Statements.

Waheed Alli has a direct interest in the A ordinary shares issued by MAC (BVI) Limited, also as disclosed in note 16.

James Corsellis is also the managing partner of Marwyn Capital LLP ("MCLLP") and Tom Basset is a partner in MC LLP, which provides corporate finance and managed services support to the Group. During the period MCLLP charged £186,000, (2021: £75,000) in respect of services supplied, and £7,000 (2021: £8,000) for James Corsellis' and Mark Brangstrup Watts' director fees, as disclosed in note 5 of these Consolidated Interim Financial Statements. MCLLP was owed an amount of £30,000 (30 June 2022: £25,000) at the balance sheet date.

## Notes to the Condensed Consolidated Interim Financial Statements

### 16. SHARE BASED PAYMENTS

#### *Management Long Term Incentive Arrangements*

On 3 November 2022, the Company incorporated a new subsidiary, MAC (BVI) Limited (the “Subsidiary”), whose purpose is to create the new Long Term Incentive Plan “LTIP”, to ensure alignment between Shareholders and those responsible for delivering the Company’s strategy, and to attract and retain the best executive management talent.

The LTIP will only reward the participants if shareholder value is created. This ensures alignment of the interests of management directly with those of Shareholders. Under the LTIP, Redeemable A Shares (“Incentive Shares”) are issued by the Subsidiary.

Waheed Alli and Marwyn Long Term Incentive LP (“MLTI”) (in which James Corsellis and Tom Basset are beneficially interested) have acquired Incentive Shares in accordance with the Company’s new LTIP. The Company’s previous incentive plan was terminated during the period through the winding up of WHJ Limited, which was a direct subsidiary of the Company.

Waheed Alli and MLTI are the only participants in the LTIP, but it is the expectation that participants in the LTIP may ultimately include any further members of the Company’s management team as well as senior executives of the acquired businesses or companies as part of their respective executive compensation schemes.

#### *Preferred Return*

The incentive arrangements are subject to the Company’s shareholders achieving a preferred return of at least 7.5 per cent. per annum on a compounded basis at a starting net asset value of £4,800,905, being the audited net asset value of the Company as at 30 June 2022 (the “**Starting NAV**”), through to the date of exercise (with dividends and returns of capital being treated as a reduction in the amount invested at the relevant time) (the “**Preferred Return**”).

#### *Incentive Value*

Subject to a number of provisions detailed below, if the Preferred Return and at least one of the vesting conditions have been met, the holders of the Incentive Shares can give notice to redeem their Incentive Shares for Ordinary Shares for an aggregate value equivalent to a maximum of 20 per cent. of the “Growth”, where Growth means the excess of the total equity value of the Company and other shareholder returns over and above the Starting NAV (20 per cent. of the Growth being the “**Incentive Value**”). The Incentive Value will be shared between holders of the Incentive Shares pro rata to their holdings.

Save where vesting is as a result of an in-specie distribution, or as a result of aggregate cash dividends and cash capital returns to the Shareholders being greater than or equal to aggregate subscription proceeds received by the Company, the total equity value of the Company is based on the live takeover offer, sale price or merger value, or, absent such an exit event, the market value of the Company based on the preceding 30 day volume weighted average price of the Ordinary Shares (excluding any trades made by persons discharging managerial responsibility or persons closely associated with them). Where vesting is because of an in-specie distribution or as a result of aggregate cash dividends and cash capital returns to the Shareholders being greater than or equal to aggregate subscription proceeds received by the Company, the total equity value of the Company is based on the post-distribution market value. Shareholder returns take account of prior dividends and other capital returns to shareholders.

The value of the Incentive Shares is reduced to the extent that their value would otherwise prevent Shareholders from achieving the Preferred Return.



# Notes to the Condensed Consolidated Interim Financial Statements

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## **Grant date**

The grant date of the Incentive Shares is the date that such shares are issued.

## **Redemption/exercise**

Unless otherwise determined and subject to the redemption conditions having been met, the Company and the holders of the Incentive Shares have the right to exchange each Incentive Share for Ordinary Shares, which will be dilutive to the interests of the holders of Ordinary Shares. However, if the Company has sufficient cash resources and the Company so determines, the Incentive Shares may instead be redeemed for cash. It is currently expected that in the ordinary course Incentive Shares will be exchanged for Ordinary Shares. However, the Company retains the right to redeem the Incentive Shares for cash instead. Circumstances where the Company may exercise this right include, but are not limited to, where the Company is not authorised to issue additional Ordinary Shares or on the winding-up or takeover of the Company.

Any holder of Incentive Shares who exercises their Incentive Shares prior to other holders is entitled to their proportion of the Incentive Value to the date that they exercise but no more. Their proportion is determined by the number of Incentive Shares they hold relative to the total number of issued shares of the same class.

## **Vesting Conditions and Vesting Period**

The Incentive 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 Incentive Shares to exercise its redemption right.

The vesting conditions are as follows:

- i. it is later than the third anniversary of the initial acquisition;
- ii. a sale of all or substantially all of the revenue or net assets of the business of the Subsidiary in combination with the distribution of the net proceeds of that sale to the Company and then to its shareholders;
- iii. a sale of all of the issued ordinary shares of the Subsidiary or a merger of the Subsidiary in combination with the distribution of the net proceeds of that sale or merger to the Company's shareholders;
- iv. where by corporate action or otherwise, the Company effects an in-specie distribution of all or substantially all of the assets of the Group to the Company's shareholders;
- v. aggregate cash dividends and cash capital returns to the Company's Shareholders are greater than or equal to aggregate subscription proceeds received by the Company;
- vi. a winding-up of the Company;
- vii. a winding-up of the Subsidiary; or
- viii. a sale, merger or change of control of the Company.

If any of the vesting conditions described in paragraphs (ii) to (viii) above are satisfied before the third anniversary of the initial acquisition, the Incentive Shares will be treated as having vested in full.

## **Compulsory redemption**

If the Preferred Return is not satisfied on the seventh anniversary of the date of the initial acquisition, the Incentive Shares must be sold to the Company or, at its election, redeemed by the Subsidiary, in both cases at a price per Incentive Share equal to 1 penny, unless and to the extent that the Company's Nomination and Remuneration Committee determines otherwise.

## Notes to the Condensed Consolidated Interim Financial Statements

### **Leaver, lock-in and clawback provisions**

In addition to the vesting conditions above, it is expected that a lock-in period, leaver provisions, and malus and clawback provisions, in relation to the Incentive Shares may be set out in acquisition agreements which management participants in the LTIP will be asked to enter into to acquire their shares.

Waheed Alli has agreed that his Incentive Shares will vest on a straight line basis over 3 years from the date of the Business Acquisition, save on an exit event when the Incentive Shares will vest in full (subject to the wider vesting conditions that apply to all of the Incentive Shares). If Waheed Alli is deemed a good leaver, he will keep his vested Incentive Shares, but otherwise (including if there has been no Business Acquisition) he will forfeit all of his Incentive Shares upon his departure from the Group.

Either the Ordinary Shares received upon exercise of the Incentive Shares and/or the remaining Incentive Shares held by Waheed Alli may be clawed back if Waheed Alli commits: (i) gross misconduct; (ii) fraud (iii) a criminal act, or (iv) a material breach of any post termination covenants or restrictions in his contract with the Company (if applicable), in each case as determined by the Board in its absolute discretion (acting reasonably and in good faith); or if the Company materially restates the audited consolidated accounts of the Group (excluding for any reason of change in accounting practice or accounting standards) and the nomination & remuneration committee of the Company (acting in good faith) concludes that, had such audited consolidated accounts been correct at the time of exchange of such Incentive Shares, Waheed Alli would not have received the full payment which he was owed (or the full number of Ordinary Shares he was issued). In such circumstances, it is also possible for the nomination & remuneration committee to require Waheed Alli to pay to the Company or the Subsidiary an amount equal to any cash received by him in exchange for some or all of his Incentive Shares together with the net proceeds of the sale of any securities received by him (i.e. through a distribution in specie) less any tax paid or payable.

Waheed Alli has agreed that if he exchanges some or all of his Incentive Shares for an allotment of Ordinary Shares, he shall not be permitted to enter into any agreement to give effect to any transfer of the Ordinary Shares so allotted at any time during the period of 12 months and one day following the date of such allotment save in certain limited circumstances.

As there are conditions whereby the unvested portion of the Incentive Shares issued to Waheed Alli can be redeemed or acquired at the lower of the (i) the subscription price or (ii) the market value for such Incentive Shares, the amount received on the issue of Incentive Shares to Waheed Alli of £21,000 is recognised as a liability in the Financial Statements.

The Incentive Shares in which MLTI (directly) and James Corsellis and Tom Basset (indirectly through their interests in MLTI) hold interests are not subject to any such vesting provisions, and therefore the unrestricted market value received on the issue of Incentive Shares to MLTI is recorded in the share based payment reserve.

### **Holding of Incentive Shares**

MLTI and Waheed Alli hold Incentive Shares entitling them to aggregate to 100 per cent. of the Incentive Value. Any future management partners or senior executive management team members receiving Incentive Shares will be dilutive to the interests of existing holders of Incentive Shares, however the share of the Growth of the Incentive Shares in aggregate will not increase.

The following shares were issued on 6 November 2022

Holder	Nominal Price	Issue price per A share £'s	Number of A ordinary shares	Unrestricted market value at grant date £'s	IFRS 2 Fair value £'s
Waheed Alli	£0.01	10.50	2,000	21,000	72,000
Marwyn Long Term Incentive LP	£0.01	10.50	2,000	21,000	72,000

# Notes to the Condensed Consolidated Interim Financial Statements

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A valuation of the incentive shares has been prepared by Deloitte LLP dated 4 November 2022 to determine the fair value of the Incentive Shares in accordance with IFRS 2 at grant date.

There are significant estimates and assumptions used in the valuation of the Incentive Shares. Management has considered at the grant date, the probability of a successful first acquisition by the Company and the potential range of value for the Incentive Shares, based on the circumstances on the grant date.

The fair value of the Incentive Shares granted under the scheme was calculated using a Monte Carlo model. The fair value uses an ungeared volatility of 25 per cent, and an expected term of seven years. The Incentive Shares are subject to the Preferred Return being achieved, which is a market performance condition, and as such has been taken into consideration in determining their fair value. A risk-free rate of 4.1 per cent. has been applied. The model incorporates a range of probabilities for the likelihood of an acquisition being made of a given size.

## ***Expense related to Incentive Shares***

An expense of £53,000 (2021: £Nil) has been recognised in the Statement of Comprehensive Income in respect of the Incentive Shares issued during the year.

There is a service condition associated with the shares issued to Waheed Alli, which requires the fair value charge associated with his shares to be allocated over the minimum vesting period. This vesting period is estimated to be 4 years from the date of grant. Accordingly, for the period to 31 December 2022, an amount of £2,000 was expensed to the profit and loss account.

There are no service conditions attached to the MLTI shares and as result the fair value at grant date net of the amount paid by MLTI for the unrestricted market value which totals £51,000 was expensed to the profit and loss account on issue.

The share based payment reserve includes the IFRS2 fair value of the Incentive Shares issued to MLTI of £72,000 plus the cost of £2,000 expensed to the profit and loss account for the period to 31 December 2022 relating to the Incentive Shares issued to Waheed Alli.

## ***Reclassification of Marwyn performance shares expense***

MLTI held 100% of the A2 Shares in WHJ Limited at the date of dissolution of WHJ Limited. These shares were forfeited as part of this dissolution and as a result the cumulative charge held in the share-based payment reserve of £205,465 has been transferred to accumulated losses.

## **17. COMMITMENTS AND CONTINGENT LIABILITIES**

On 6 November 2022, Waheed Alli was appointed as Chair of the Company, as part of Waheed's appointment the Company entered into a service agreement under which Waheed does not receive a director fee for his role as Chair, however, if a platform acquisition is completed during his appointment, Waheed Alli is entitled to the payment of a one-off transaction fee of an amount equal to £25,000 for each calendar month elapsed between the date of his appointment and a platform acquisition being completed (a "Transaction Fee"). If no platform acquisition is completed during Waheed Alli's term of appointment, then no Transaction Fee will be payable. The Transaction Fee is calculated by taking £25,000 multiplied by the number of whole calendar months which have elapsed since 6 November 2022.

## **18. POST BALANCE SHEET EVENTS**

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

## Advisors

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### **Nominated Adviser and Broker**

Numis Securities Limited  
The London Stock Exchange Building  
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### **Registrar**

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### **Principal Bankers**

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### **Independent Auditor**

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### **Corporate Services**

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### **Company Secretary**

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### **Solicitors to the Company**

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# 450 PLC

(FORMERLY MARWYN ACQUISITION COMPANY PLC)

