2 February 2021

Summerway Capital Plc

("Summerway" or the "Company")

Audited results for the year ended 31 August 2020

Summerway Capital Plc announces its audited consolidated results for the year ended 31 August 2020.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to present the financial results for Summerway Capital Plc for the year ended 31 August 2020.

Summerway was admitted to trading on AIM, a market operated by the London Stock Exchange on 19 October 2018. Since admission, Alexander Anton, Benjamin Shaw and Mark Farmiloe (the "Founding Directors") have explored investment and acquisition opportunities in line with the Group's initial investing strategy. The Founding Directors have also had discussions with management teams and transaction opportunities in sectors outside of the Group's original investing policy, in particular within the broad sphere of technology and related services.

As a result of one or more of these opportunities arising, on 15 December 2020 and post the period end, the Group announced it intended to change its strategic direction through amending its investing policy, and bringing in additional management with the relevant and proven expertise to implement the revised investing policy.

Following a meeting of the Group's Shareholders on 15 January 2021, the Group's proposed change in strategic direction was approved, and the Group's investing policy has now been amended to a focus on investment and acquisition opportunities across the software, Software-as-a-Service ("SaaS") and digital technologies and services sectors. In conjunction with the change in strategy, a number of directorate changes occurred, including the appointment of myself as Chairman of the Group, and Paul Gibson and Tony Morris as Non-Executive Directors, and the resignations of Alexander Anton and Mark Farmiloe.

As an investing company (as defined by the AIM Rules for Companies), under the new strategy and with the enhanced Board's expertise, respective reach and relationships, the Group will identify target companies within the software, SaaS and digital technologies and services sectors, where the Directors believe there are tangible opportunities to drive strategic, operational and performance improvement, either as standalone entities or as a part of an enlarged group. This process will include a review of opportunities where the Directors have existing relationships together with a methodical review of small cap opportunities across the UK and EU markets.

Following the completion of the recent placing as part of the change in strategic direction announced on 15 January 2021, the Group is well capitalised with in excess of £7.1 million in unaudited cash as at 29 January 2021, and despite the ongoing challenges of the current COVID-19 pandemic in general, technology related sectors show continued resilience and substantial growth potential, presenting a number of investment and acquisition opportunities for the Directors to consider under the Group's new investing policy.

BUSINESS REVIEW

For the financial year ended 31 August 2020, the Group has actively pursued its investment strategy, and post the period end in January 2021, changed strategic direction to focus on investment and acquisition opportunities across the software, SaaS and digital technologies and services sectors.

During the period, Summerway recorded an accounting loss of £174,511 (2019: £191,320) and the loss per share was 2.85p (2019: 3.60p) and had cash reserves at the end of the period (and therefore prior to the recently completed placing) of £5,487,991 (2019: £5,647,837) with no debt financing.

The Directors continue to actively consider and review a number of investment opportunities and acquisition targets under the Group's new investing policy. Although the Company has only recently received Shareholder approval for its new investing policy, it is required under the AIM Rules, to seek shareholder approval of its investing policy again at the forthcoming annual general meeting. Further details of the investing policy resolution are set out in the notice of annual general meeting, which accompanies this document.

FUTURE DEVELOPMENTS

We will continue to evaluate investment and acquisition opportunities within the Group's revised investing policy. As a Board we are committed to minimising operating costs during the period until such time as a deal has been concluded. I hope to be able to announce Summerway's first transaction in the coming twelve months.

Key Performance Indicators, Risk Management and Section 172 are included in the Group's audited annual financial statements.

Vin Murria OBE
Chairman

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Consolidated Statement of Comprehensive Income for the year ended 31 August 2020

	Note	Year ended 31 August 2020	Year ended 31 August 2019
		£	£
Administrative expenses	7	(186,552)	(205,882)
Operating loss		**(186,552)**	**(205,882)**
Finance income	9	12,041	14,562
Loss before income tax	10	**(174,511)**	**(191,320)**
Income tax	11	-	-
Loss for the year		**(174,511)**	**(191,320)**
Total other comprehensive income		-	-
Total comprehensive loss		**(174,511)**	**(191,320)**
Attributable to:			
Ordinary equity holders of the Company		(174,511)	(191,320)

Loss per ordinary share

Basic and diluted loss per share attributable to ordinary equity holders of the Company	13	(2.85)p	(3.60)p

The Group's activities derive from continuing operations.

Consolidated Statement of Financial Position as at 31 August 2020

	Note	As at 31 August 2020	As at 31 August 2019
		£	**£**
Assets			
Current assets			
Cash and cash equivalents		5,487,991	5,647,837
Other receivables	15	9,779	15,670
Total current assets		**5,497,770**	**5,663,507**
Total assets		**5,497,770**	**5,663,507**
Current liabilities			
Trade and other payables	17	29,715	20,941
		29,715	20,941
Non-current liabilities			
Incentive shares	18	12,000	12,000
Total liabilities		**41,715**	**32,941**
Net Assets		**5,456,055**	**5,630,566**
Capital and reserves attributable to equity holders of the parent			
Share capital	16	61,300	61,300
Share premium reserve		5,711,086	5,711,086
Capital redemption reserve		49,500	49,500
Accumulated losses		(365,831)	(191,320)
Total Equity		**5,456,055**	**5,630,566**

SUMMERWAY CAPITAL PLC

Consolidated Statement of Changes in Equity for the year ended 31 August 2020

	Notes	Share capital	Deferred shares	Share Premium reserve	Capital Redemption reserve	Accumulated losses	Total equity
		£	£	£	£	£	£
Balance as at 31 August 2018		**-**	**-**	**-**	**-**	**-**	**-**
Issue of initial shares		50,000	-	-	-	-	50,000
Shares split		(49,500)	49,500	-	-	-	-
Cancellation of deferred shares		-	(49,500)	-	49,500	-	-
Issue of shares		60,800	-	6,019,200	-	-	6,080,000
Share issue costs		-	-	(308,114)	-	-	(308,114)
Loss for the year		-	-	-	-	(191,320)	(191,320)
Balance as at 31 August 2019		61,300	-	5,711,086	49,500	(191,320)	5,630,566
Loss for the year		-	-	-	-	(174,511)	(174,511)
Balance as at 31 August 2020		61,300	-	5,711,086	49,500	(365,831)	5,546,055

Consolidated Statement of Cash Flows for the year ended 31 August 2020

	Note	Year ended 31 August 2020	Year ended 31 August 2019
		£	**£**
Cash flows from operating activities			
Operating loss		(186,552)	(205,882)
Adjustments to reconcile loss before income tax to operating cash flows:			
Decrease/(increase) in other receivables	15	5,891	(15,670)
Increase in trade and other payables	17,18	8,774	32,941
Bank interest received		12,041	14,562
Net cash used in operating activities		**(159,846)**	**(174,049)**
Cash flows from financing activities			
Proceeds from issue of share capital	16	-	6,130,000

Share issue costs	-	(308,114)
Net cash generated from financing activities	**-**	**5,821,886**
Net (decrease)/ increase in cash and cash equivalents	(159,846)	5,647,837
Cash and cash equivalents at beginning of the period	5,647,837	-
Cash and cash equivalents at the end of the period	**5,487,991**	**5,647,837**

Notes to the Financial Statements for the year ended 31 August 2020

1. GENERAL INFORMATION

Summerway Capital plc is an investing company (for the purposes of the AIM Rules for Companies) and is incorporated in England and Wales and domiciled in the United Kingdom (company number: 11545912). It is a public limited company and the address of the registered office is 32-33 Cowcross Street, London EC1M 6DF. The Company is the parent company of Summerway Subco Limited (company number: 11565845). The activity of the Company is the investment, acquisition and subsequent development of companies across the software, SaaS and digital technologies and services sectors, where the Directors believe there are tangible opportunities to drive strategic, operational and performance improvement, either as a standalone entity or as a result of broader initiatives.

2. BASIS OF PREPARATION

The above audited financial information does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The above figures for the year ended 31 August 2020 have been extracted from the Group's financial statements which have been reported on by the Group's auditors and received an audit opinion which was unqualified and did not include any reference to matters to which the auditors drew attention by way of emphasis without qualifying their report or a statement under section 498(2) or section 498(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 August 2019 have been lodged with the Registrar of Companies. These financial statements received an audit report which was unqualified and did not include any reference to matters to which the auditors drew attention by way of emphasis without qualifying their report or a statement under section 498(2) or section 498(3) of the Companies Act 2006. The financial statements for the year ended 31 August 2020 will be dispatched to the shareholders and filed with the Registrar of Companies.

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Pounds Sterling. All amounts, unless otherwise stated, have been rounded to the nearest Pound.

The preparation of financial statements in compliance with adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying those accounting policies. The areas where significant judgements and estimates have been made in preparing these financial statements and their effect are disclosed in Note 5.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

3. PRINCIPAL ACCOUNTING POLICIES

3.1 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Company and Group applied standards, amendments and interpretations which are effective for annual periods commencing on or after 1 September 2019. There were no material effects of adopting these. There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are:

- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (applicable for accounting periods beginning on or after 1 January 2020)

- Amendments to IAS 1 and IAS 8: Definition of Material (applicable for accounting periods commencing on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (applicable for accounting periods commencing on or after 1 January 2020)
- Amendments to IFRS3 'Business Combinations' (applicable for accounting periods commencing on or after 1 January 2020).

The Group does not currently expect any material impact of the above standards or any other standards issued by the IASB, but not yet effective.

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Summerway Subco Limited's accounting reference date is 30 September and so adjustments are made as necessary for inclusion in the consolidation.

3.3 GOING CONCERN

The Directors continue to take a prudent approach to cost management and seek to minimise expenditure ahead of consummating the Company's inaugural investment or acquisition. Following completion of the recently announced placing which occurred on 15 January 2021, the Company's unaudited cash balance as at 29 January 2021 was £7.1 million. As a result of this, the Directors are satisfied that the Company and Group have adequate resources to continue in business for at least twelve months from approval of these financial statements, particularly with regards to a contracted annualised cash expenditure for the Company, which is in the region of £0.5 million prior to completion of any investment or acquisition. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

3.4 SEGMENT REPORTING

The accounting policy for identifying segments is based on internal management reporting information which is reviewed by the chief operating decision maker. The Company and Group are considered to have a single business segment, being the identification and acquisition of companies or businesses.

3.5 FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

3.6 TAXATION

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the statement of financial position date.

The tax currently payable is based on the taxable profit for the year. Taxable profit/(loss) differs from the net profit/(loss) reported in the statement of comprehensive income as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on 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 and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

3.7 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company and Group present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle; or
- held primarily for the purpose of trading; or

- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

The Company and Group classify all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.8 INVESTMENTS
Investments in subsidiaries are recorded at cost less any provision for permanent diminution in value.

3.9 FINANCIAL INSTRUMENTS
Financial assets and liabilities are recognised in the Company's and Group's statement of financial position when the Company and Group becomes a party to the contractual provisions of the instrument. The Company's and Group's financial instruments comprise cash, trade and other receivables and trade and other payables.

Trade, group and other receivables
Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Cash and cash equivalents
The Company and Group manage short-term liquidity through the holding of cash and highly liquid interest-bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash and cash equivalents.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort.

The Group does not currently have trade receivables. For group and other receivables, the measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial liabilities and equity

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company and Group becomes a party to the contractual provisions of the instrument.

Trade, group and other payables
Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Derecognition of financial assets (including write-offs) and financial liabilities
A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

3.10 EQUITY
An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Equity comprises the following:

- Called up share capital represents the nominal value of the equity shares;
- Share premium represents the excess over nominal value of the fair value of consideration received from the equity shares, net of expenses of the share issue;
- Capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a Company's own shares;
- Retained deficit represent accumulated net gains and losses from incorporation recognised in the Statement of Comprehensive Income

4 CAPITAL MANAGEMENT

The Company defines capital as the total equity of the Company. The objective of the Company's capital management is to ensure that it makes the maximum use of its capital to support its business and to maximise shareholder value. There are no external constraints on the Company's capital.

5 CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The Company and Group make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual expenditure may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation and classification of incentive share scheme

The Board implemented an incentive scheme during the financial year ended 31 August 2019 via the issue of 999,999 B shares of £0.01 in the subsidiary undertaking, to the Executive Directors of the Company at a price of £0.012 per share.

Critical judgements and accounting estimates have been exercised by management in respect of the incentive shares:

- in determining the classification of the incentive shares as a financial liability rather than equity in the statement of financial position, as the B shares issued in the subsidiary do not contain any voting rights and are not permitted to participate in any ordinary dividends declared by the Company;
- in presenting the financial liability as non-current in the statement of financial position as the valuation mechanism in the incentive share arrangement is measured over a three-year and five-year period; and

- in assessing the most appropriate valuation method to apply to estimate the fair value of the incentive share liability as at 31 August 2020. See Note 18 for further details.

6 SEGMENTAL REPORTING

For management purposes, the Company and Group are considered to have one single business segment, being the identification and acquisition of companies and businesses. The Group comprises Summerway Capital Plc and its subsidiary company Summerway SubCo Limited. The two companies do not transact with each other. Further segment information is therefore not presented in these financial statements.

7 ADMINISTRATION EXPENSES

	Year ended 31 August 2020	**Year ended 31 August 2019**
	£	**£**
Group expenses by nature		
One-off costs related to the listing	-	39,340
Staff related costs	54,780	51,978
Office costs	21,890	35,660
NOMAD, registrar and Stock Exchange costs	46,391	38,834
Audit, accountancy & professional costs	50,997	31,993
Other expenses	12,494	8,077
	186,552	**205,882**

8 EMPLOYEES AND DIRECTORS

	Group and company	*Group and company*
	2020	2020
	£	£
Wages and salaries	54,000	49,500
Social security costs	-	-
Other pension costs	-	-
	54,000	49,500

The average monthly number of employees during the year, including the Directors, was 4.

Key management personnel
The Directors are currently considered to be the key management personnel of the Group. The total remuneration paid to Directors during the year was £54,000 (2019: £49,500). There were no pension contributions paid on behalf of the Directors.

9 FINANCE INCOME

	Group and company	*Group and company*
	2020	2019
	£	£
Finance income:		
Deposit account interest	12,041	14,562

10 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2020	2019
	£	£
Auditor's remuneration:		
Audit fees	19,200	19,200
Interim report fees	-	4,800
Reporting accountant fees	-	30,075
	19,200	54,075

11 INCOME TAX

The Group and Company has reported a loss of £174,511 (2019: £191,320). No revenue has been generated in the period and no significant differences exist between the tax charge of £Nil recognised in these financial statements and that calculated by applying the standard rate of United Kingdom corporation tax. No deferred tax asset is recognised on these losses as at 31 August 2020 due to uncertainty over the expected timing of future profits with which to offset the losses.

12 LOSS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £174,511 (2019: £191,320).

13 LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 August 2020	**Year ended 31 August 2019**
Loss attributable to the owners of the Company	£ (174,511)	£ (191,320)
Weighted average number of ordinary shares in issue	6,130,000	5,313,781
Basic and diluted loss per share	(2.85) p	(3.60) p

14 INVESTMENTS

Principal subsidiary undertakings of the Group
The Company directly owns the ordinary share capital of its subsidiary undertakings as set out below:

The issued share capital of the subsidiary comprises 1 A ordinary share of £0.01 and 999,999 B ordinary shares of £0.012.

Subsidiary	**Nature of business**	**Country of incorporation**	**Proportion of A ordinary shares held by Company**	**Proportion of B ordinary shares held by Company**
Summerway Subco Limited	Incentive vehicle	England and Wales	100%	0%

As the Company's total investment holding in the subsidiary is £0.01 no investment value is presented in the statement of financial position.

The address of the registered office of Summerway Subco Limited (the "Subsidiary") is 32-33 Cowcross Street, London EC1M 6DF. The subsidiary was incorporated on 12 September 2018 and so prepares its own financial statements for the period ended 30 September each year. The subsidiary was dormant throughout the year to 30 September 2020 and it is therefore exempt from audit by virtue of s479A of Companies Act 2006.

The A ordinary shares have full voting rights, full rights to participate in a dividend and full rights to participate in a distribution of capital.

The B ordinary shares do not have voting rights. No dividends shall be declared in relation to any of the B ordinary shares without the consent of the Parent company. The B ordinary shares are not to be redeemed and are not liable to be redeemed.

The B ordinary shares have been issued to the Directors to facilitate the Subsidiary Incentive Scheme. Further details of the Subsidiary Incentive Scheme can be found on pages 42 and 43 of the Company's Placing and Admissions document published on 16 October 2018 and in Notes 5, 18 and 22.

15 OTHER RECEIVABLES – GROUP

All receivables are current. There is no material difference between the book value and the fair value of receivables.

	As at 31 August 2020	As at 31 August 2019
	£	£
Amounts falling due within one year		
Prepayments	9,180	10,027
Other receivables	599	5,643
	9,779	**15,670**

16 CALLED UP SHARE CAPITAL

	As at 31 August 2020	As at 31 August 2019
	£	£
Issued		
6,130,000 ordinary shares of 1p each	61,300	61,300
	61,300	**61,300**

On incorporation on 31 August 2018 the issued share capital of the Company consisted of 50,000 ordinary shares of £1 each.

On 12 October 2018 each ordinary share of £1.00 each in the capital of the Company was sub-divided into 1 ordinary share of £0.01 each and 1 deferred share of £0.99 each.

On 19 October 2018 Alexander Anton and Benjamin Shaw each gifted 16,667 deferred shares of £0.99 each and Mark Farmiloe gifted 16,666 deferred shares of £0.99 each arising on the sub-division of the ordinary shares of £1.00 each referred to above held by him to the Company for cancellation and the Board resolved to cancel all such gifted deferred shares.

On 19 October 2018 6,080,000 ordinary of £0.01 each were issued pursuant to a placing at a price of £1 per share and together the existing ordinary 6,130,000 ordinary shares were admitted to trading on AIM.

17 TRADE AND OTHER PAYABLES – GROUP

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

	Group As at 31 August 2020	Group As at 31 August 2019
	£	**£**
Trade payables	315	941
Accruals	28,800	19,200
Other tax and social security payables	600	800
Amounts owed to subsidiary undertakings	-	-
	29,715	**20,941**

18 NON-CURRENT LIABILITIES – GROUP

	As at 31 August 2020	As at 31 August 2019
	£	**£**
Incentive shares	12,000	12,000
	12,000	**12,000**

The incentive shares liability is estimated at fair value through profit and loss using level 3 fair value measurement techniques.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The B shares issued by the subsidiary under the incentive scheme were deemed to have an implied aggregate subscription price of £12,000, based on the nominal value per B share plus a premium. The initial subscription price of the incentive shares remains the best estimate of the fair value of the liability associated with the incentive shares as none of the criteria for potential value creation have been met as at 31 August 2020. The fair value of the liability is assessed at each reporting date with any changes accounted for as a fair value gain or loss and recognised directly in the statement of comprehensive income. Refer to Notes 5 and 22 for further details of the terms of the incentive scheme.

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – GROUP

Carrying amount of financial assets

The carrying amounts of financial assets by category were:

	Group As at 31 August 2020	Group As at 31 August 2019
	£	**£**
Financial assets measured at amortised cost:		
- Cash and cash equivalents	5,487,991	5,647,837
- Other receivables	599	5,643
	5,488,590	**5,653,480**

Carrying amount of financial liabilities

The carrying amounts of financial liabilities by category were:

	Group As at 31 August 2020	Group As at 31 August 2019
	£	**£**
Financial liabilities measured at amortised cost:		
- Trade and other payables	29,115	20,141
- Amounts owed to subsidiary undertakings	-	-
Financial liabilities measured at fair value through profit and loss:		
- Incentive shares liability	12,000	12,000
	41,115	**32,141**

The carrying amounts of financial assets and financial liabilities reasonably approximate to fair value.

Risks arising from financial instruments

Credit risk

The risk that counterparties will fail to settle amounts due to the company predominantly arises from cash and cash equivalents. Credit risk on cash and cash equivalents is limited by depositing funds with banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group closely monitors its cash position to ensure that it has sufficient funds to meet the obligations of the Group as they fall due.

20 RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

Under the terms of their respective service agreements, the Executive Directors were each paid a salary of £1,000 per calendar month, in each case payable monthly in arrears. The Non-Executive Director is paid a monthly fee of £1,500 per calendar month.

As set out on page 13 of the audited financial statements the Directors and their connected persons held a total of 1,650,000 ordinary shares in the Company, representing 26.9 per cent of the issued share capital of the Company as at 31 August 2020.

On 17 September 2018 the Executive Directors subscribed for, in aggregate, 999,999 B Shares in the subsidiary, Summerway Subco Limited pursuant to the Subsidiary Incentive Scheme.

Alexander Anton and Mark Farmiloe are members of VirginiaCo LLP.
Benjamin Shaw is a member of Romana Capital LLP and Sealark LLP.
VirginiaCo LLP and Romana Capital LLP are members of AFS Advisors LLP ("AFS").
The Company is party to a corporate advisory agreement dated 12 October 2018 with AFS.

Pursuant to that agreement, AFS has agreed to provide strategic and general business advice to the Company, including identifying potential investment opportunities and acquisition targets and making recommendations to the Board in respect of the acquisition and disposition of the same.

AFS will receive a transaction fee equal to 1 per cent. of the gross transaction value of any acquisition or investment undertaken by the Company during the term of the agreement or after termination of the agreement to the extent the Company completes a transaction in relation to which AFS had provided any services prior to the date notice to terminate was deemed to have been received by AFS. In addition, from legal completion of the first acquisition or investment undertaken by the Company, the Company will pay AFS a monthly retainer of £15,000. As at 31 August 2020 no charges have been incurred under the agreement as the legal of completion of the first acquisition has not happened.

Under the corporate advisory agreement, AFS agrees that it shall not (and shall procure that each associate of AFS shall not) introduce to any person other than the Company any acquisition of or investment in any company or business that would fall within the scope of the Investment Policy without offering the Company a right of first refusal in respect of the same (if applicable) or obtaining the prior written consent of the Company.

The appointment is for an initial term of eighteen months or such longer period as the Company is an investing company for the purposes of the AIM Rules for Companies. Thereafter the agreement shall be renewed automatically for successive periods of 12 months unless a party gives notice to the other party in writing that it wishes to terminate the agreement at least three months before the relevant renewal date.

Either party may terminate the agreement (without prejudice to any right of action accruing or already accrued to it) without penalty by notice in writing, inter alia, if the other party commits: (i) an act of fraud or negligence; (ii) or a material breach of the terms of the agreement, which has not been rectified within 60 business days of being requested in writing to do so (if such breach is capable of rectification).

The Company may also terminate the agreement if there is a change of control of AFS without the prior written consent of the Company.

The agreement shall terminate automatically if either party to the agreement: (i) enters into liquidation (except on terms previously approved in writing by the other party) or has a receiver appointed over that party or its assets; (ii) if an effective resolution is passed for the winding up of any party (other than for the purposes of a solvent reconstruction or amalgamation previously approved in writing by the other party); or (iii) if any party becomes insolvent or stops or threatens to stop carrying on business or payment of its material proven debts or make any arrangement with creditors generally.

The Company has given an indemnity in favour of AFS in respect of AFS' potential losses in carrying on its responsibilities under the agreement. The Agreement is governed by and construed in accordance with the laws of England.

The Company had desk rental agreement with Romana Capital LLP under which the Company paid £21,750 (2019: Romana Capital LLP and Sealark LLP £39,120) during the year.

The Company engaged Fraser Real Estate, a company in which Alexander Anton is an indirect shareholder, to provide administrative and accounting services throughout the period. The Company paid Fraser Real Estate £7,200 (2019: £7,993) during the period for the provision of these services.

The Company's Admission Document dated 19 October 2018 sets out in detail the other related party transactions. There have been no material changes to these arrangements and transactions since the Admission Document was published.

21 COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 31 August 2020 that require disclosure or adjustment in these financial statements.

22 POST BALANCE SHEET EVENTS

Amendment to Company investing policy and directorate changes

On 15 January 2021, the Company announced that following a unanimous vote from is Shareholders at the General Meeting held on the same date, the Company's investing policy was changed to a focus on investment and acquisition opportunities across the software, SaaS and digital technologies and services sectors. In conjunction with the change in strategy, a number of directorate changes occurred, including the appointment of Vin Murria OBE as Chairman of the Company, and Paul Gibson and Tony Morris as Non-Executive Directors, as well as the resignations of Alexander Anton and Mark Farmiloe.

Following these directorate changes, the current Board of Directors for the Company is set out below.

Vin Murria OBE – Chairman (appointed 15 January 2021)
Paul Gibson – Non-Executive Director (appointed 15 January 2021)
Tony Morris – Non-Executive Director (appointed 15 January 2021)
Benjamin Shaw – Non-Executive Director
David Firth – Independent Non-Executive Director

Placing and issue of equity, and issue of warrants

On 15 January 2021, the Company raised gross proceeds of £1,675,000 through the issuance of 1,903,409 new ordinary shares of the Company to Vin Murria at a placing price of 88 pence per share. At the same time, the Company issued Vin Murria with 3,246,062 warrants which provides for a right to subscribe for an addition 3,246,062 additional new ordinary shares of the Company at an exercise price of 88 pence per share. The warrants may be exercised in whole or in part during an exercise period commencing on the date of issue of the warrants and terminating 18 months after the date of issue. Vin Murria also purchased 500,000 existing Ordinary Shares at 85 pence per share from a selling shareholder on 15 January 2021.

Share capital and Directors' holdings

Following completion of the placing and the issuance of 1,903,409 new ordinary shares, the Company's total issued share capital is 8,033,409 ordinary shares of 1p each.

As at 22 January 2021, the Directors and their connected persons hold a total of 2,903,409 ordinary shares in the Company, representing 36.1% of the Company's total issued share capital.

Amendments to Subsidiary Incentive Schemes

On 15 January 2021, the Company made certain adjustments to the Subsidiary Incentive Scheme in order to recognise the proposed change in strategic direction of the Company and the expectation that the incoming team and others will be instrumental in leading the execution of this revised strategy, and in turn, the anticipated creation of Shareholder Value.

A summary of the key amendments compared to the original Subsidiary Incentive Scheme are set out in the following table.

Item	**Previous Subsidiary Incentive Scheme**	**Amended Subsidiary Incentive Scheme**
Percentage of Shareholder Value available to Scheme Participants (pre acquisition of, or investment in operating company)	10 per cent.	Up to 20 per cent.
Target compound annual growth rate hurdle	13.5 per cent.	7.5 per cent.
Commencement date	On Admission	15 January 2021
Initial Value	Market capitalisation on Admission	Unchanged

Vesting period	Three- to five-year period or upon a change of control of the Company or the Subsidiary	Unchanged
Scheme Participants, respective B Share holdings and current aggregate Shareholder Value participation	Alexander Anton – 333,333 Benjamin Shaw – 333,333 Mark Farmiloe – 333,333	Alexander Anton – 75,000 Benjamin Shaw – 75,000 Mark Farmiloe – 75,000 Tony Morris – 175,000 Vin Murria – 1,000,000 Paul Gibson – 50,000 Aggregated – 1,450,000

Under the Subsidiary Incentive Scheme, participants are only rewarded if a predetermined level of Shareholder value is created over a three-year period, a five-year period, or upon a change of control of the Company (whichever occurs first), which is calculated by reference to the growth in market capitalisation of the Company, following adjustments for the issue of any new Ordinary Shares and taking into account dividends and capital returns.

From 15 January 2021, participants will now be entitled to up to 20 per cent. of the shareholder value created, subject to such shareholder value having increased by 7.5 per cent. per annum compounded over a period of between three and five years from 15 January 2021 or following a change of control of the Company or the Subsidiary.

Related Party Disclosures

In conjunction with the corporate events announced on the 15 January 2021, the Company at the same time entered into, amended and terminated a number of related party arrangements. These are set out below.

Service agreements

Under the terms of the Chairman and Non-Executive Director service agreements, the Chairman and the Non-Executives are each paid a monthly fee of £1,500 per calendar month in arrears.

Subsidiary Incentive Scheme

Under the amendments to the Subsidiary Incentive Scheme, the Founder Director's B shares were subject to a buyback by the Company at their original subscription price of £0.012 per B share for a total consideration of £4,000 per Founder Director (£12,000 in aggregate).

Following this buyback, the articles of Summerway Subco Limited were amended in order to implement the proposed changes to the Subsidiary Incentive Scheme as described in this Note 22. The Founder Directors, the Chairman and the two Non-Executive Directors subscribed for newly issued B shares at a revised subscription price of £0.014 per B share. The current allocations of B shares in issue are set out below.

Name	*B Shares held*
Alexander Anton	75,000
Benjamin Shaw	75,000
Mark Farmiloe	75,000
Tony Morris	175,000
Vin Murria	1,000,000
Paul Gibson	50,000

Corporate advisory agreements

The Corporate Advisory Agreement entered into between the Company and AFS Advisors LLP (an entity wholly-owned by Alexander Anton, Benjamin Shaw and Mark Farmiloe) has been terminated at nil cost to the Company.

The Company has entered in a new agreement with Tessera Investment Management Limited ("Tessera") pursuant to which Tessera has agreed to provide strategic and general corporate advice, and M&A and capital raising transaction support services to the Company (the "Tessera Corporate Advisory Agreement"). Tessera will charge £12,500 per month (plus VAT) payable monthly in arrears from the date of the agreement. In order to align the parties' collective interests and ensure the parties share in the risk and reward of certain successful transactions, a discretionary bonus may be awarded to Tessera by the Board in the event of the successful completion of certain transactions. Tony Morris, Non-Executive Director of the Company, is a director and shareholder of Tessera.

23 AVAILABILITY OF THE REPORT AND ACCOUNTS

The Company's report and accounts for the year ended 31 August 2020 will be posted to shareholders today, 2 February 2021, and will also be available to download from the Company's website at www.summerwaycapital.co.uk.

24 ANNUAL GENERAL MEETING

The Annual General Meeting of the Company (the “AGM”) will be at 10.00am on 26 February 2021. Given the current COVID-19 pandemic, the Company and the Board have resolved that the AGM will be held virtually and that Shareholders will not be able to attend the AGM, save for those Shareholders required to attend for the purposes of establishing a quorum. Shareholders are being encouraged to vote by way of proxy in advance of the AGM and you should appoint the Chairman as your proxy with your voting instructions. Further details will be set out in the notice of Annual General Meeting which will be posted to shareholders today, 2 February 2021, and will also be available to download from the Company’s website at www.summerwaycapital.co.uk.