



DISRUPTIVE CAPITAL ACQUISITION COMPANY LIMITED

(“DCAC” or the “Company”)

IN RESPECT OF

Shareholder Engagement Questions and Answers following Circular and Notice of Meetings to DCAC Shareholders and DCAC Warrant Holders dated 20 December 2022 (the “Circular”)

11th January 2023

Following release of the Circular, engagement with shareholders has given rise to a number of questions on the proposals contained in the Circular. These include (but are not limited to) the questions below, which the Company has sought to address for the information of all DCAC Shareholders and Warrant Holders.

Unless otherwise defined herein, capitalised terms in this document have the meaning given to them in the Circular.

DCAC Shareholders and DCAC Warrant Holders should carefully read the excerpts from the Circular included in Section 9 of this document (below).

All prospective values per Share, per Warrant and per Unit contained herein are purely illustrative. They do not represent forecasts nor assurances that such values will be achieved or at all. Investors are warned that the entire value of their residual equity and warrants is at risk. Investors are further warned that there is no assurance that the Proposals will be accepted. Were the Proposals not to be accepted, then the Warrants will be worthless on the consequential winding up.

Potential Benefit of the Proposals

Overall, if DCAC by virtue of the Proposals can remain as a listed viable entity and go on to achieve a Business Combination and so create value for investors, they could receive perhaps:

a value of over £12.00/Unit on any successful Business Combination¹, if the Proposals are accepted;

and a trading price for the Shares of £10.79, immediately post the acceptance of the Proposals

by comparison² with

a value of some £10.33/Unit today, if the special resolution in the Proposals does not pass:

Shareholders are currently entitled to the entire net accrued value in the escrow. We estimate that to be £129.16m, of which the circular Proposed that £128.125m is to be used straightaway for share buybacks.

1. Shareholders are likely to receive significantly more than £10.25/share in the share buyback, depending on the number of shares tendered for buyback:

- (a) the **minimum price payable** by the Company for each DCAC Ordinary Share is £10.25 per DCAC Ordinary Share and the **maximum price payable** by the Company for each DCAC Ordinary Share will not be higher than **£10.789 per DCAC Ordinary Share**.

¹ This assumes: a) 100% of DCAC shareholders would have opted in January 2023 to receive £10.789/Share for 95% of their Shares (so giving £10.25 / 1005 of their Shares); b) that the value of the residual Shares on a BC is £0.55/ Share to give £6.88m; and c) the Warrants are redeemed according to the Fair Value Grid on a BC and, with ½ Warrant per Unit, be worth £1.31/Unit, to give £16.31m.

² See Questions and Answers below for further details on this illustrative comparison

- (b) So, if 95% of shares are tendered, then DCAC will pay £10.789/share, but only if the special resolution is passed.

This could be viewed as setting an implied **trading price for the Shares**, post the Proposals being passed, of **£0.539/Share**

As Amended by Proposals				Value per Unit - Wind Up					
Value per Unit - on Business Combination									
Buyback of 95% of Shares	£	10.79	Jan-23	£	10.25	Cash back on winding up	£	10.25	
Value of Shares on BC				£	0.55	Excess cash	On 11th Jan vote	£	0.14
Warrant value / unit				£	1.31	On wind - up	wind up within one month	£	0.03
TOTAL Value / Unit				£	12.11	Costs and Liabilities		-£	0.08
						Warrant value / unit		£	-
						TOTAL Value / Unit		£	10.34

2. **Question:**

If a DCAC Shareholder votes against one or more Resolutions (as applicable) and the Resolutions are still passed, will that DCAC Shareholder still receive the Repurchase Offer Circular and the Repurchase Offer and be entitled to accept the Repurchase Offer?

Answer:

Yes, regardless of the manner in which a DCAC Shareholder votes on a Resolution, all DCAC Shareholders will receive the Repurchase Offer and be entitled to accept the Repurchase Offer on the basis of its terms, as will be set out in the Repurchase Circular.

The Repurchase Circular will be sent out as soon as practicable within 5 Trading Days of the passing of the Resolutions, if the Proposals are accepted.

2. **Question:**

How has DCAC managed to accrue a greater amount of money in the Escrow Account than originally expected?

Answer:

DCAC negotiated a favourable interest rate treatment for the deposits held by the Escrow Agent in the Escrow Account. The Escrow Agent has honoured that arrangement, being only 0.08% below SONIA, even though deposit interest rates have risen from approximately 0.03% at the time of IPO of the Company in October 2021 to approximately 3.30% at 16 December 2022.

This gain from good treasury management has reinforced the positive impact of interest rate rises. The overall impact has been an increase in the amount in the Escrow Account (as at 16th Dec 2022) of approximately £1.6 million more than expected at the time of the IPO.

3. **Question:**

Have you another deal lined up?

Answer:

We had over 30 possible targets in our core sector of financial services before we agreed mutual exclusivity with Saxo. Given the financial market turmoil of recent months, some of the vendors have become more realistic in terms of valuation. We have also been approached by several non-financial sector business, looking to reverse into DCAC.

Whilst we are in **preliminary discussions** with several reasonable possibilities, there is no guarantee that these discussions will lead to an acceptable business combination being consummated.

4. **Question:**

What is the expected value of the proposals set out in the Circular (the “**Proposals**”), compared to the value that would be received on a winding up of the Company?

Answer:

The value of the Proposals, should they be accepted, is subject, amongst other things, to market conditions, progress on a future Business Combination (if any), the terms of such a Business Combination (if any), market warrant value pricing, and the ongoing operational and deal-related costs.

DCAC, without taking any responsibility for future market pricing, which is uncertain, has compiled an analysis based on the market prices for the DCAC Public Warrants, which were trading in the region of £0.50 - £0.60 prior to the Termination of the Saxo negotiations. DCAC has regarded the potential ‘option value’ of the continuing ‘stub’ equity Shares as being similar to a warrant³.

Based on the above, the value of the Proposals per DCAC Ordinary Share could possibly be in the region of £10.79/ share, with the Public Warrants perhaps regaining former levels and so worth £0.28/Unit⁴. This could lead to a **Trading Value of £11.06 / Unit**⁵, if the Proposals are accepted, compared to:

- a) the **Value per Unit of £10.34** that is estimated would be received on a winding up on the Company taking account of improved interest earnings to the time of wind up⁶.

As Amended by Proposals				Value per Unit - Wind Up			
Value to Shareholders holding warrants							
Cash back			£ 10.25	Cash back on winding up			£ 10.25
NAV of shares	£ 0.09		£ -	Excess cash	On 11th Jan vote		£ 0.14
Implied Trading Price			£ 0.54	On wind - up	wind up within one month		£ 0.03
Warrant value / unit			£ 0.28	Costs and Liabilities			-£ 0.08
TOTAL Value / Unit			£ 11.06	Warrant value / unit			£ -
				TOTAL Value / Unit			£ 10.34

- b) the **Value per Unit of £10.25** that was estimated at the time of the IPO would be received on a winding up on the Company this month.

This analysis does not take into account the **potential future increased value of Shares and/or Public Warrants on a prospective Business Combination if the Proposals are accepted and the Listing maintained.**

Such a future value will further be enhanced by the waiving of Deferred Consideration due to JP Morgan, worth £0.15 / Unit⁷.

However, if no Business Combination is achieved in the next 15 months and DCAC is then wound up, it is estimated that the residual Value per Unit will have eroded to zero. In which case the Shareholders would have **received £10.25 / Unit from implementation of the Proposals, being the same amount and at the same time** as anticipated at the time of IPO, as under the Proposals £10.25 / Unit is being distributed shortly.

5. Question:

On page 19 of the Circular there is a typographical error where the number stated numerically differs from the number stated in words.

³ So, the residual ‘stub equity’ Shares could be worth ±£0.55, being the pro rata ‘option value’ per Share; or alternatively the repurchase price of £10.789 would imply a net price of £0.539

⁴ So, if the Proposals are accepted, the Public Warrants could be trading at £0.55, and with ½ Warrant per Unit, the warrants be worth £0.28/Unit

⁵ Based on assumptions above

⁶ Assumes that a) the interest earnings up to the date of the distribution, now delayed to 22nd Feb 2023 of £10.25 / Unit could be £0.03; and b) that liabilities are first met prior to any distribution.

⁷ See Questions and Answers 6 and 8

The Circular in the second un-numbered paragraph of paragraph 8.7 (*Costs and Expenses*) on page 19 states that "As at 16 December 2022, the Escrow Account contains an amount of £129,436,400 (one hundred and twenty nine million, seven hundred and fifty two thousand and three hundred and sixty seven pounds sterling), including accrued interest."

Answer:

DCAC apologises for the typographical error. The numerical number is correct.

As of 16 December 2022, the Escrow Account contained an amount of at £129,436,400 (one hundred and twenty-nine million, four hundred and thirty six thousand and four hundred pounds sterling), including accrued interest.

As stated in the Circular, it is estimated that by the Business Combination Deadline that the Escrow Account will contain £129,752,367 (one hundred and twenty-nine million seven hundred and fifty two thousand pounds three hundred and sixty seven pounds sterling), including accrued interest to 15th Feb 2023. This was based on interest rates at the date of the Circular (20 December 2022), which may change, as may the date on which any Repurchase Offer is settled.

6. Question:

What is the position of JP Morgan?

Answer:

J.P. Morgan was Joint Global Coordinator and Sole Bookrunner to the SPAC on its original IPO and Placement Agent on the potential Saxo combination. While they are not working on this proposal to shareholders, we maintain a good relationship with them.

7. Question:

There are outstanding costs and expenses of the Company up to £1,000,000 (one million pounds Sterling). Should these be deducted from the pro forma value per share?

Answer:

DCAC incurred substantial costs over and above the resources of the Company in taking the Saxo deal all the way to the point where a draft Prospectus had already been submitted to the Danish FSA for regulatory approval. These excess 'deal costs', together with the costs associated with the current proposals, are approximately £1 million.

If the proposals contained in the Circular are accepted, then the liabilities described above would be met from the surplus interest earnings contained in the Escrow Account. They are estimated to be approximately £0.08/Share.

8. Question:

Please provide a comparison of the current waterfall for application or priority of application of amounts held in the Escrow Account compared against the Amended Escrow Waterfall proposed in the Circular. Please provide a numerical comparison.

Answer:

Waterfall in the event of **completion of a Business Combination**

In summary, under the Articles, on completion of a Business Combination⁸ the amounts held in the Escrow Account are to be applied in the following order of priority:

- (a) first, to repurchase the Ordinary Shares for which a repurchase right was validly exercised (for a consideration to be calculated in accordance with article 42.5 of the Articles, expected to comprise £10.00 per DCAC Ordinary Share representing the amount subscribed for by DCAC Ordinary Shareholders per Unit in the Offering together with DCAC Ordinary Shareholders' *pro rata* entitlement to the Escrow Account Overfunding, expected to be £0.25 per DCAC Ordinary Share, any Additional Escrow Account Overfunding (if any) and DCAC Ordinary Shareholders' *pro rata* entitlement to any interest incurred on the Escrow Account (if any) subject at all times to the Escrow Account containing sufficient proceeds);

Under article 42.5 referred to above, subject to completion of the Business Combination and article 42.8, the Company will provide DCAC Ordinary Shareholders with the opportunity to repurchase all or a portion of their Ordinary Shares at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Escrow Account calculated as of two Trading Days prior to the consummation of the Business Combination divided by the number of then issued and outstanding DCAC Ordinary Shares (not held in treasury and/or any DCAC Ordinary Shares not held by or for the benefit of the Sponsor and/or any other Insiders) (including the amount contributed by the Sponsor pursuant to the Escrow Account Overfunding and any Additional Escrow Account Overfunding).

- (b) second, to pay any Deferred Commission⁹, which has been waived by JPMorgan;
- (c) third, to refund the holders of Sponsor Shares for any excess costs provided in the form of promissory notes;
- (d) fourth, to release the balance of any cash held in the Escrow Account to DCAC, which shall be used in first priority for payment of the consideration for the Business Combination and, in second priority, the remainder (if any) for general corporate purposes, including for maintenance or expansion of operations of the post-transaction company, the payment of principal or interest due on indebtedness incurred in completing the Business Combination and/or to fund the purchase of other companies or for working capital.

An example of a possible **value improvement of £0.75/Unit on a Business Combination if the Proposals are accepted** is included, by comparison¹⁰ with the impact of such a Business Combination under the IPO construct:

As Amended by Proposals				As per IPO			
Value per Unit - on Business Combination				Value per Unit - on Business Combination			
Buyback of 95% of Shares		Jan-23	£ 10.25	Redemption Proceeds	Aug-23		£ 10.40
Value of Shares on BC			£ 0.55	Time Value	@ p.a.	3.3%	-£ 0.20
				Deferred Commission		1.5%	-£ 0.15
Warrant value / unit			£ 1.31	Warrant value / unit			£ 1.31
TOTAL Value / Unit			£ 12.11	TOTAL Value / Unit			£ 11.35
			<i>Improvement</i>				
			£ 0.75				

In the Articles:

"Additional Escrow Account Overfunding" means the proceeds of additional funds committed by the Sponsor to the Company through the subscription by the Sponsor of the DCAC Ordinary Shares and

⁹ See Question and Answer 6

¹⁰ This assumes: a) for the "IPO construct" that 100% of DCAC shareholders would have redeemed on a BC in August 2023 to receive £10.40 (being £10.25 plus an increments of £0.05 and of £0.10); b) that the time value of money is such that, using the 16th Dec 2022 deposit interest rate of 3.30%, the value of receiving redemption proceeds 6 months' earlier is £0.20 / Share; and c) if the Proposals are accepted, that the residual 'stub equity' Shares are worth £0.55 on a BC

Warrants in the form of Units which will be held in the Escrow Account to fund the Repurchase Costs, subject to any Extension Periods approved by a shareholder vote;

"Deferred Commission" means the gross underwriting commission payable by the Company to the joint global coordinators appointed by the Company¹¹ in connection with the Offering equal to 1.5% of the aggregate proceeds of the Offering;

"Escrow Account Overfunding" means the proceeds of additional funds committed by the Sponsor to the Company through the subscription of the DCAC Ordinary Shares and Warrants in the form of Units which will be held in the Escrow Account for the benefit of the Company and DCAC Ordinary Shareholders and other beneficiaries of the Escrow Account to fund the Repurchase Costs or other purposes in connection with the Escrow Account;

"Unit" means a unit consisting of one (1) DCAC Ordinary Share and one half (1/2) of a Warrant issued in accordance with the warrant agreement entered into by the Company and the Warrant Agent (as defined therein) on or around the date of the Offering.

Position in the event of no Business Combination by the Business Combination Deadline

In summary, under the current Articles, in the event that the Company has not completed a Business Combination by the Business Combination Deadline, the amounts held in the Escrow Account shall be applied in first priority to repurchase the DCAC Ordinary Shares in accordance with article 42.11(b) (excluding, for the avoidance of doubt, any DCAC Ordinary Shares held by the Sponsor or in treasury).

Under current article 42.11(b), in the event that DCAC has not completed a Business Combination by the Business Combination Deadline, DCAC will:

- (a) cease all operations except for the purpose of winding up;
- (b) as promptly as reasonably possible but not more than 10 Trading Days thereafter, repurchase the DCAC Ordinary Shares (for an amount equal to the aggregate amount then on deposit in the Escrow Account divided by the number of then issued and outstanding DCAC Ordinary Shares (not held in treasury and/or any DCAC Ordinary Shares not held by or for the benefit of the Sponsor and/or any other Insiders) expected to be £10.00 per DCAC Ordinary Share representing the amount subscribed for by DCAC Ordinary Shareholders per Unit in the Offering together with DCAC Ordinary Shareholders' pro rata entitlement to the Escrow Account Overfunding, expected to be £0.25 per Ordinary Share, and together with any Additional Escrow Account Overfunding (if any) and together with DCAC Ordinary Shareholders' pro rata entitlement to any interest accrued on the Escrow Account (if any) subject at all times to the Escrow Account containing sufficient proceeds), which repurchase will completely extinguish DCAC Ordinary Shareholders' rights as members (including the right to receive further liquidating distributions, if any); and
- (c) as promptly as reasonably possible following such repurchase but no later than three months from the Business Combination Deadline, subject to the approval of the Company's remaining members and its directors, liquidate and dissolve,

subject in each case to the obligations of, and requirements under the Companies Law.

In respect of (b), if any DCAC Ordinary Shares are held by or for the benefit of the Sponsor and/or the other Insiders, there will be no repurchase rights with respect to such Ordinary Shares held by or for the benefit of the Sponsor and/or the other Insiders.

Amended waterfall under the proposed Amended Articles and as provided for in the Circular

¹¹ See Question and Answer 6

Under the Resolutions contained in the Circular, the DCAC board has proposed that the existing waterfall be removed from the Articles; and that all amounts held in the Escrow Account would be applied in the following order of priority:

- (a) first, to settle the repurchase price payable in respect of the DCAC Ordinary Shares repurchased by DCAC under the Repurchase Offer¹², such amount not to exceed £128,125,000 (one hundred and twenty eight million, one hundred and twenty five thousand points sterling) in total;
- (b) second, to release the balance of any amounts held in the Escrow Account to DCAC, which shall be used in first priority to settle costs and expenses of DCAC up to £1,000,000 (one million pounds) and thereafter for the general corporate purposes of the Company, including for maintenance or expansion of operations of the Company and/or for general working capital purposes and/or to fund the purchase of other businesses.

subject in each case to the obligations of, and requirements under the Companies Law.

Currently, under the terms of the current Articles and the Escrow Agreement, the 'deal costs' would not be deducted from amounts to be returned to external shareholders following the expiry of the Business Combination Deadline without the completion of a Business Combination. However, we are advised that under Guernsey law a distribution of a company's assets to its members is unlawful unless authorised in accordance with the Companies Law and that before a company can make a distribution (such as the acquisition of own shares) the directors of the company must be satisfied on reasonable grounds that the company will, immediately after the distribution, satisfy the statutory solvency test contained in the Companies Law. To satisfy the statutory solvency test contained in the Companies Law, in summary, a company must be able to pay its debts as they become due and the value of the company's assets must be greater than the value of its liabilities.

So, the Amendments clarify the Companies Law position.

Were the Proposals not to be accepted and the Company to be wound up next month, in the opinion of DCAC there is **no difference to Shareholders' receipts** from the application of the new or the old arrangements.

9. Excerpts from Circular:

The contents of this document should be read in conjunction with the Circular. The Circular should be read as a whole. In relation to the specific contents of this document, DCAC Shareholders and DCAC Warrant Holders should in particular read the following statement and risk factor from the Circular.

Circular statement, page 18 of the Circular:

"When considering the resolutions contemplated in this Circular, DCAC Ordinary Shareholders should note the following:

- (i) as a result of the Amended Escrow Waterfall, they will receive less return on their DCAC Ordinary Shares than they would have received if the Company would be liquidated for not completing a Business Combination by the Current Business Combination Deadline, see "*Risk Factors - DCAC*"

¹² Which repurchase price is expected to be **£10.25 per DCAC Ordinary Share** for acquiring up to 95% of each DCAC Ordinary Shareholder's shareholding. As such Ordinary Shareholders wishing to have their Ordinary Shares repurchased will effectively receive **£10.789 per repurchased share**, on the basis of a repurchase of 95% of the DCAC Ordinary Shares of a DCAC Ordinary Shareholder.

Ordinary Shareholder" will receive less return on their DCAC Ordinary Shares than they would have received if the Company would be liquidated for not completing a Business Combination by the Current Business Combination Deadline" This is also a deviation from the commitment by the Sponsor (including on behalf of the Truell Family Trusts) and DCAC Directors pursuant to the Insider Letter, that they will not propose any amendment to the Articles (A) to modify the substance or timing of the Company's obligation to allow repurchase in connection with the Business Combination or to repurchase 100% of the DCAC Ordinary Shares if the Company does not complete a Business Combination by the Current Business Combination Deadline; or (B) with respect to any other provision relating to DCAC Ordinary Shareholders' rights or pre-Business Combination activity, unless the Company provides the DCAC Ordinary Shareholders with the opportunity to repurchase their DCAC Ordinary Shares upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Escrow Account, divided by the number of then issued and outstanding DCAC Ordinary Shares (not held in treasury or otherwise held by the Sponsor or its affiliates); and

- (ii) despite the Company continuing to exist beyond the original deadline for a business combination, the Sponsor will not pay an additional overfunding into DCAC."

Risk Factor, page 21 of the Circular:

"2. DCAC Ordinary Shareholders will receive less return on their DCAC Ordinary Shares than they would have received if the Company would be liquidated for not completing a Business Combination by the Current Business Combination Deadline

DCAC Ordinary Shareholders would have received £10.25 per DCAC Ordinary Share (comprising £10.00 per DCAC Ordinary Share representing the amount subscribed for by DCAC Ordinary Shareholders per Unit in the Offering together with the DCAC Ordinary Shareholder's pro rata entitlement to the Escrow Account Overfunding, expected to be £0.25 per DCAC Ordinary Share), and excluding any Additional Escrow Account Overfunding (if any) and excluding DCAC Ordinary Shareholder's pro rata entitlement to any interest accrued on the Escrow Account (if any) or less, or nothing at all in certain circumstances, if the Company would be liquidated for not completing a Business Combination by the Business Combination Deadline (as defined in the Articles and the DCAC IPO Prospectus) (the "**Current Business Combination Deadline**").

At the time of the DCAC IPO, it was not envisaged that any interest would be accrued on the Escrow Account. However, it is estimated that at the Current Business Combination Deadline, the Escrow Account would amount to £129,752,367 (one hundred and twenty nine million, seven hundred and fifty two thousand and three hundred and sixty seven pounds sterling), including accrued interest.

If a DCAC Ordinary Shareholder accepts the Repurchase Offer, it will receive an aggregate amount of £10.789/share for 95% of their Shares, so equal to 100% of their shares multiplied by £10.25 divided by the number of shares to be bought back. As interest is and has been accrued on the Escrow Account, DCAC Ordinary Shareholders may receive less return on their DCAC Ordinary Shares than they would have received if the Company was liquidated as a consequence of the Company not completing a Business Combination by the Current Business Combination Deadline, as the DCAC IPO Prospectus provides that the DCAC Ordinary Shareholder has a pro rata entitlement to any interest accrued on the Escrow Account (if any).

In addition, if a DCAC Ordinary Shareholder decides to not accept the Repurchase Offer and the proposed relevant Resolutions, such DCAC Ordinary Shareholder forfeits its rights under the Repurchase Arrangements (as defined in the DCAC IPO Prospectus) as this is no longer included in the Amended Articles."

Copies of this Announcement, Note and of the Circular are available on the Company's website:
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