

21 February 2024

**Dewhurst Group plc**

(“Dewhurst”, the “Group” or the “Company”)

**Acquisition of minority interest in P&R Liftcars Pty Ltd**

*1.00 AUD : 0.51 GBP*

Dewhurst Group plc (AIM: DWHT), the global manufacturer and supplier of quality components to the lift, transport and keypad industries, announces that it will acquire the remaining shares of P&R Liftcars Pty Ltd (“**P&R Liftcars**”) that are not already owned by the Company (representing a 25 per cent. stake in P&R Liftcars). P&R Liftcars, based in Australia, is a lift car interior manufacturer whose core business is the design, manufacture and installation of new interior lift finishes and full-depth door frame cladding.

*Background*

On 1 February 2017, Dewhurst announced that it had signed an agreement to acquire 75 per cent. of the business and assets of P&R Liftcars from Roy Peat and Peter Hosey for a cash consideration of A\$1.54 million plus a cash adjustment on completion for 75% of the inventory less employee liabilities of c. A\$190k (the “**Initial Acquisition**”). Roy Peat (the “**Seller**”) retained a 25 per cent. shareholding in P&R Liftcars and remained a statutory director of the legal entity.

From the date of the Initial Acquisition to the year ended 30 September 2023, P&R Liftcars has delivered value to Dewhurst shareholders with an initial payback period of 3.5 years and IRR of 41 per cent.

For the year ended 30 September 2023, P&R Liftcars reported profit after tax of A\$163k (£84k) as well as net assets of A\$5.7 million (£3.0 million), a figure materially lower than in recent years. This is due to fewer capital projects being released during the pandemic which impacted P&R in its 2023 financial year. As at 31 January 2024, P&R Liftcars’ contracted and forward orders comprised A\$4.0 million.

*Put Option*

A clause within the original shareholders’ deed between Dewhurst, P&R Liftcars and the Seller, signed on 1 February 2017, granted the Seller a put option which, when exercised, would cause Dewhurst to acquire his remaining interest in P&R Liftcars (“**Put Option**”) at a pre-determined multiple<sup>1</sup> of P&R Liftcars’ EBIT.

On 6 March 2020, the Company agreed to amend the terms of the Put Option in the Seller’s favour, such that the Put Option was to be based on 2.5x the average of P&R Liftcars’ best three financial years EBIT, following the Initial Acquisition (“**Amended Put Option**”). The Put Option was amended to provide for the retention of the Seller in a managerial role within the P&R Liftcars business and further to motivate him to deliver performance in the years ahead. Dewhurst deemed the Amended

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<sup>1</sup> 2.5x the average of the P&R Liftcars’ last three financials years EBIT

Put Option to be in the interest of Dewhurst shareholders as it kept a vital staff member running a subsidiary during a time of immense disruption caused by Covid.

#### *6 March 2020 Related Party Transaction*

As the Seller was a director of P&R Liftcars on 6 March 2020 (which itself was a subsidiary of the Dewhurst), he was a related party of the Company (by definition of the AIM Rules for Companies (“**AIM Rules**”). The Amended Put Option therefore constituted a Related Party Transaction under AIM Rule 13, as the revised consideration due to the Seller upon the eventual exercise of the Put Option could have exceeded the relevant thresholds in the AIM Rules class tests.

Singer Capital Markets was appointed as the Company’s Nominated Adviser on 30 July 2020 and is therefore unable to retrospectively consult with the directors of Dewhurst in forming the statement that was required at the time under the AIM Rules that the terms of the transaction were fair and reasonable insofar as Dewhurst’s shareholders are concerned.

#### *Related Party Transaction*

The Seller has now provided written notice to Dewhurst exercising the Put Option. Dewhurst will therefore acquire the remaining 25 per cent. of P&R Liftcars from the Seller for consideration of A\$2.9 million (£1.5 million) (the “**Transaction**”), payable in cash. The Seller will remain with the business in a full time capacity until at least September 2024 to enable an orderly handover. The Transaction will be immediately earnings enhancing to shareholders of Dewhurst.

As the Seller is a director of P&R Liftcars (which remains a subsidiary of Dewhurst) and the Amended Put Option was not assessed under AIM Rule 13 at the time, the Transaction is classified as a related party transaction under the AIM Rules. The directors of Dewhurst consider, having consulted with Singer Capital Markets its Nominated Adviser, that the terms of the Transaction are fair and reasonable insofar as its shareholders are concerned.

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