

Update on Business Combination with Advanced Cables

DISRUPTIVE CAPITAL ACQUISITION COMPANY LIMITED
("DCAC or the Company")
Update on Business Combination with Advanced Cables
in Respect of
DCAC Shareholders (ISIN Code GG00BMB5XZ39) and
DCAC Public Warrant Holders (ISIN Code GG00BMB5XY22)
20 February 2023

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As stated in all the recent shareholder communications, DCAC has continued to explore possible Business Combination targets.

We now inform shareholders that DCAC has today in principle agreed to combine DCAC with the target business in the energy infrastructure sector, Advanced Cables, following the receipt of support from the UK government's Department of International Trade ("DIT") for the company's plans, and with the support of Advanced Cables' shareholders and other interested parties.

There is no guarantee that the Advanced Cables purchase agreement will be consummated, not least it is subject to further regulatory and governmental approvals or, at the least, 'non-objection'. However, shareholders contemplating submitting tenders under either the Repurchase Offer or the Stub Tender Offer should bear this progress in mind when making their decisions.

DCAC Ordinary Shareholders and DCAC Warrant holders are strongly recommended to read the entirety of this document. Should they be in any doubt, then they should seek advice from a qualified professional.

Advanced Cables

The shareholders of Advanced Cables have confirmed their intent to enter into a business combination with DCAC (the "Advanced Cables Business Combination") by granting DCAC first refusal to acquire all their shares for between 375 million and 400 million Swiss Francs¹, subject to the conditions below. DCAC has completed its due diligence on Advanced Cables and the proposed transaction has been approved by the boards of both DCAC and of Advanced Cables, including the positive agreement of the independent directors of both companies. Once important governmental and regulatory approvals have been satisfied, DCAC will issue further information to its shareholders. Whilst DIT has demonstrated its support, there is no guarantee that regulatory and/or further governmental approvals, permits and authorisations, or at the least 'non-objections', will be forthcoming.

Objectives

The purpose of the potential listing is to diversify Advanced Cables' shareholder base, raise its profile and to have the opportunity to use listed shares to merge with complementary businesses in its large market segment. Advanced Cables and DCAC are exploring several opportunities to acquire the divisions of large companies in its own and adjacent asset-rich spheres of operations, although this cannot be guaranteed. Whilst no further capital is likely to be required to put into effect the Business Combination, in due course, a Further Primary Capital raise is anticipated (as noted below), which Advanced Cables believes will be best achieved via the capital markets.

Advanced Cables aims first to supply the burgeoning demand for HVDC cables to connect renewable power generation to the onshore grids; and then to foster the interconnection of national grids across borders. This ESG goal-enhancing sector requires many billions in capital investment to expand and deliver on the transition to NetZero; to facilitate the renewal and transformation of legacy infrastructure; and to rise to the challenge of fighting climate change. Advanced Cables is developing world-class cable manufacturing operations to serve these sectors, whose development is being hampered by a severe shortage of high-quality cable. This under-invested sector has historically delivered strong returns on capital; and high operational margins offer the prospect of resilient longterm flows of cash earnings and thus the potential for strong dividend flows to DCAC shareholders.

To date, capital constrained cable manufacturers have been unable to grasp the opportunity that their production of the key component for their customers affords, in terms of taking stakes in the projects that their customers are developing. Nor have they teamed up with those customers to mutual advantage. Advanced Cables has been engaged in close discussions with international grid operators

and project developers, with whom it expects to co-invest. Capital growth may potentially come from the deployment of capital and expertise into building out into under-served markets; harnessing capital and strategic stakebuilding to vertically integrate and capture and expand existing international opportunities; and to transform legacy business models, with the efficiencies of bringing proven technology and expertise to bear in large scale.

It is DCAC's contention that governments and regulators prefer to see a publicly listed operation, having the benefit of being subject to transparency and governance requirements. The DCAC board and special advisers bring to Advanced Cables a strong pedigree of successfully implementing a 'buybuild-transform' investment philosophy within a framework of strong governance, spanning the private, publicly listed and state-owned entities. A highly experienced independent leading sector expert will be appointed to chair the DCAC board, in the event that the proposed Business Combination proceeds.

The board of DCAC wish to share the benefits of its Euronext Amsterdam listing with all those DCAC Ordinary Shareholders and DCAC Warrant holders who have supported the recent reconstruction, not least by capturing a premium to the current net asset value to reflect the value of the listing. The estimated Net Asset Value as at 15th Feb 2023 was £10.27 per DCAC Ordinary Share, being the net cash after the payment of liabilities as set out in the Shareholder Circular.

However, given the smaller size of the Advanced Cables proposal than the targets originally envisaged, including Saxo Bank at some €2.0 to €2.2 billion, the DCAC board and Sponsors believe it is appropriate to reduce the dilution from the Sponsor's 'promote', being the package of Sponsor Shares and Sponsor Warrants.

Acquisition Terms

The terms of the agreements agreed in principle for the proposed Advanced Cables Business Combination would initially comprise a sale of Advanced Cables to DCAC in exchange for the issue of DCAC Shares at a price of GBP 11.50 per DCAC Share.

The DCAC Shares would come from a combination of the issue of new DCAC Shares and Shares held in treasury. DCAC will be the ongoing Euronext Amsterdam listed entity, subject to the admission of the new Shares to listing.

Conditions Precedent applying to DCAC

The proposed agreement with Advanced Cables is predicated upon, inter alia, that:

(i) DCAC shareholders approve the Advanced Cables Business Combination (by shareholder vote as retained in the Amended Articles).

(ii) Changes are made to reduce the Sponsor promote arrangements (as below) and, potentially, to reward the Advanced Cables management rather than the Sponsors by the transfer of Sponsor Warrants to the Advanced Cables management incentive plan.

(iii) The DCAC Shares and Warrants continue to be listed on Euronext Amsterdam and that DCAC maintains sufficient external shareholders to satisfy any 'free float' requirements of Euronext Amsterdam. As Advanced Cables would have $\pm 89\%$ of the enlarged share capital, and the Sponsor Group over 5%, this is estimated to amount to at least 1,750,000 shares being in public hands, post such Advanced Cables Business Combination.

(iv) The Amended Articles contain an obligation on the Company that, in case the Company intends to consummate a Business Combination with a target or business that is affiliated with a holder of Sponsor Shares or a director, the remaining non-affiliated director(s) either (i) obtains an opinion from an independent investment banking firm and/or (ii) procures that persons that are not affiliated to, managed by or advised by a holder of Sponsor Shares or any Insider (or any of its affiliates) subscribe for new shares or interests (a) in the target or business the subject of a Business Combination at the same time and price and on the same terms as the Company or (b) in the Company at the same time and price and on the same terms the Company is proposing to issue such shares or interests to the vendors of and/or persons connected to the target or business the subject of a Business Combination.

As related parties hold shares in both DCAC and Advanced Cables, it is intended to address these conflicts of interests as follows:

a. The non-affiliated directors of both Advanced Cables and DCAC have today approved entering into substantive discussions

b. An independent investment banking firm is being appointed to provide a fairness opinion.

c. The valuation will also be subject to an independent review by the auditors.

d. Certain independent Advanced Cables shareholders intend to acquire additional Advanced

Cables shares shortly before Business Combination

e. Independent investors have indicated that they intend to acquire additional DCAC shares on Business Combination.

Changes to Sponsor Shares and Sponsor Warrants

The Advanced Cables board and shareholders have demanded as a pre-condition of the agreement, and the DCAC Board and Sponsor group have agreed in principle, the following changes to the Sponsor promote arrangements:

(i) The Sponsor Group will place all the DCAC Sponsor Warrants into an Advanced Cables Management MIP. The DCAC Board believes that this will benefit all DCAC and former Advanced Cables shareholders not least to ensure an alignment of interest with Advanced Cables management.

(ii) These ex-Sponsor Warrants and the Over-Subscription Warrants held by the Sponsor be changed to remove the cashless exercise option, and so make them capable of cash exercise only.

(iii) The second tranche of Founder Shares, representing approximately 10% of the total number of Ordinary Shares .. only [granted] if the closing price of the Ordinary Shares equals or exceeds GBP 13.00 per Ordinary Share, be cancelled and so no longer dilute other DCAC and former Advanced Cables shareholders.

First Tranche of Sponsor Shares

The Advanced Cables Business Combination Agreement does not propose to change the shareholding position from the Prospectus for the first tranche of Sponsor Shares, so potentially giving DCAC Sponsors 1.5625 million Shares if the conditions are met:

Post-Business Combination Completion Date, a triggering event occurs for the issuance of the first tranche of Sponsor Shares representing approximately 10% of the total number of Ordinary Shares issued to the Ordinary Shareholders [at IPO], only if the closing price of the Ordinary Shares equals or exceeds GBP 10.00 per Ordinary Share, for any 20 Trading Days within a 30 Trading Day period.

Shareholder Consent

DCAC will distribute a shareholder circular to seek shareholder consent to the Advanced Cables Business Combination from its shareholders, only once the governmental and regulatory confirmations have been received.

DCAC Ordinary Shareholders will be able to vote only on such DCAC Ordinary Shares as they retain at the record date of such future EGM to consider the Advanced Cables Business Combination.

No Secondary Placing

If the proposals are approved, the Advanced Cables shareholders, who include related parties including RTE International, will enter into customary lock up arrangements.

Primary Capital Raisings envisaged post Advanced Cables

Secondary Listing

DCAC further intends within the next three months to seek a secondary listing on NASDAQ OMX, as well as benefitting from the Euronext network of exchanges across Europe

Impact of Cash exercise of Warrants

Cashless conversion does not apply to Public Warrants. Therefore, the cash exercise of Warrants, when combined with the changes to ex-Sponsor Warrants and the Over-Subscription Warrants held by the Sponsor, to make them capable of cash exercise only, could result in up to £98.68 million of fresh cash coming into DCAC.

DCAC intends to offer improvements in the warrant terms to reward early exercise in conjunction with a 'rights issue' and open offer.

Possible Rights Issue and Open Offer

No primary capital is expected to be required in the near term, as long as DCAC maintains sufficient external shareholders to satisfy any 'free float' requirements of Euronext Amsterdam. This is estimated, post-Advanced Cables to amount to at least 1,750,000 shares in public hands, subject to confirmation by Euronext Amsterdam.

However, to enhance liquidity and to provide capital for further expansion and growth, in particular to secure both its manufacturing and the offtakers for its key outputs for several years to come, Advanced Cables is in the process of and currently intends by the end of May 2023 to raise GBP 318 million in the form of debt and equity.

Major strategic operators have indicated their intentions to subscribe equity to an operational subsidiary of Advanced Cables; and a leading commercial bank that it will lend up to GBP 180 million to the cable manufacturing operation, albeit on the condition that the bank enjoys the support of UK government entities. DIT has been instrumental in assisting with these discussions. Were such indications to be consummated, then the fundraising at the DCAC level would be of the order of GBP 50 to 70 million. Strategic customers have indicated their willingness to contract with Advanced Cables and to invest via DCAC to secure their supply chain and so assure the delivery of their major projects.

To the extent that further funding is required, notably after the possible early exercise of DCAC Warrants, then it is currently intended that new DCAC Ordinary Shares and/or Convertible Loans will be issued. The intended offer price is in the range of GBP 13.00 to 16.00 per DCAC Ordinary Share. The terms of any possible Convertible Loan have yet to be determined.

To reward early exercise, it is intended that DCAC Warrant holders who exercise their warrants for cash at the time of the proposed Offer will be given a discount on the exercise price to reflect the time value of their warrant. The terms of any such discount have yet to be determined.

The stated intentions of DCAC are that it will grant pre-emption rights to subscribe for new shares in the Company to provide any funding requirement, before DCAC goes out to the wider market. Therefore, DCAC intends that first refusal will be given to current DCAC shareholders and to former Advanced Cables shareholders, including the Truell Conservation Foundation² and Long Term Assets³, to subscribe at GBP 12.50 per new Ordinary Share.

Status of the Repurchase Offer

Copies of the Repurchase Tender Document and the Stub Tender Offer Circular are available on DCAC's website: www.disruptivecapitalac.com.

Under the Repurchase Offer (as defined and undertaken pursuant to the Repurchase Tender Document issued by the Company on 25 January 2023), shareholders have been eligible to submit tenders ahead of the final date for tenders to be submitted, being the 22nd February 2023.

DCAC Shareholders contemplating submitting tenders under the Repurchase Offer should bear the Company's progress in mind when making their decisions.

Under the Advanced Cables Business Combination arrangements, if so approved, it is intended that DCAC Ordinary Shares are to be issued at GBP 11.50 per Share.

As of today 20th February 2023, GBP 69,446,789 of tenders have been or are in the process of being settled, all at a price of GBP 10.789 per share.

The repurchased DCAC Ordinary Shares will be held as Treasury Shares, pending prospective reissue under the Advanced Cables Business Combination. The Company confirms that, once these repurchases have been settled, the Company will have 64% of its share capital outstanding in public hands.

Stub Tender Offer

Shareholders contemplating submitting tenders under the Stub Tender Offer should bear the Company's progress in mind when making their decisions.

The maximum price on offer under the Stub Tender Offer is £2.20 per DCAC Ordinary Share, which compares to the last trading price of £10.00 per DCAC Ordinary Share, the Repurchase Offer price of £10.789 per DCAC Ordinary Share; and now the in principle agreement to issue DCAC Ordinary Shares at £11.50 per DCAC Ordinary Shares.

The estimated Net Asset Value as at 15th Feb 2023 was £10.27 per DCAC Ordinary Share.

Accompanying Stub Warrants

Shareholders contemplating submitting tenders of the accompanying Warrants under the Stub Tender Offer should bear the Company's progress in mind when making their decisions.

As under the Advanced Cables Business Combination arrangements, if so approved, it is intended that DCAC Ordinary Shares be issued at GBP 11.50 per Share, being equivalent to the Warrant exercise price, it is likely that the Warrants will trade at a level reflecting an 'at the money' option with 5 years maturity. Whilst it is difficult to predict this trading level with any certainty, it may be a multiple of the value being offered under the Stub Tender Offer.

Advisers

DCAC has invited JP Morgan to act as adviser to the proposals. This invitation is being examined and may or may not be accepted.

Advanced Cables already has in place a full suite of advisers, including Afry, Red Penguin, and Aecom.

Possible fallback Business Combination

In the light of the experience with Saxo Bank and the inevitable uncertainties around closing the Advanced Cables transaction, DCAC continues to be in discussions on undertaking a Business Combination with a target business operating in the financial services sector. Both targets have headquarters and principal operations in Western and/or Northern Europe.

We recommend that shareholders take careful heed of the positive impact these proposals may bring to the Company; and DCAC looks forward to being in contact with further information.

Edmund Truell
CEO, DCAC

About DCAC

DCAC is a special purpose acquisition company incorporated on 29 April 2021 under the Companies Law as a non-cellular company limited by shares. DCAC was created for the purpose of completing a merger, amalgamation, share exchange, asset and/or liability acquisition, share purchase, reorganisation or similar business combination with a target business or entity.

DCAC's leadership team comprises executive directors: Edmund Truell (Chief Executive Officer); nonexecutive directors: Wolf Becke (Chair/Independent Non-Executive Director), and Roger Le Tissier (Non-Executive Director); and special advisers: Dimitri Goulondris, Kari Stadigh and Luke Webster.

DCAC was launched by Disruptive Capital GP Limited, a Guernsey investment firm licensed by the Guernsey Financial Services Commission to carry on controlled investment business under the Protection of Investors (Bailiwick of Guernsey) Law, 2020. Disruptive Capital GP was founded by Edmund Truell and his late brother, Daniel Truell, former CIO of the Wellcome Trust charitable endowment. Following his death, the firm is now owned by the de Boucaud Truell Inter-Generational FLP and the Truell Conservation Foundation, a UK registered charity, set up to 'make money for charity by being good investors'.

The initial public offering of DCAC took place on 6 October 2021. DCAC successfully completed the DCAC IPO, raising £125 million from new investors. Pursuant to reorganisation plans, to date some £69 million has been returned to shareholders at a price of GBP 10.789 per DCAC Ordinary Share.

The DCAC Ordinary Shares and DCAC Warrants are currently separately listed and traded on Euronext Amsterdam under the ISIN GG00BMB5XZ39 and symbol DCACS for the DCAC Ordinary Shares and ISIN GG00BMB5XY22 and symbol DCACW for the DCAC Warrants.

A copy of this release is available on the Company's website: www.disruptivecapitalac.com

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1 As of 18th February 2023, the Swiss Franc / GBP exchange rate is 1.11, so SwFr400m equates to GBP 360m

2 being a UK registered charity with related party trustee

3 a fund controlled by related parties, including the charity; and managed by Disruptive Capital GP