

DATED 8th August 2024

(1) EARNZ HOLDINGS LIMITED

- and -

(2) THE SEVERAL PERSONS

SHARE PURCHASE AGREEMENT

IN RELATION TO

COSGROVE & DREW LTD



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This Agreement is dated 8th August 2024

Parties

- (1) The several persons whose names and addresses are set out in Schedule 1 (**Sellers**)
- (2) **EARNZ HOLDINGS LIMITED** incorporated and registered in England and Wales with company number 15741135 whose registered office is at Holborn Gate, 330 High Holborn, London, England, WC1V 7QT (**Buyer**)

BACKGROUND

- (A) The Company is a private company limited by shares incorporated in England and Wales.
- (B) The Company has an issued share capital of £1,000 divided into 1000 ordinary shares of £1.00 each.
- (C) Further particulars of the Company are set out in Schedule 2.
- (D) The Sellers are the owners, or are otherwise able to procure the transfer, of the legal and beneficial title to the number of Sale Shares set out opposite their respective names in Schedule 1.
- (E) The Sellers have agreed to sell and the Buyer has agreed to buy the Sale Shares subject to the terms and conditions of this agreement.

Agreed terms

1. INTERPRETATION

- 1.1 The definitions and rules of interpretation in this clause apply in this agreement.

Accounts means the unaudited individual company accounts of the Company for the accounting period ended on the Accounts Date, including the statement of financial position as at the Accounts Date, and statement of changes in equity for the accounting period ended on the Accounts Date, and the related notes to the accounts as required by law and applicable accounting standards, copies of which are included in the Disclosure Documents;

Accounts Date means 31 December 2023;

Additional Payment(s) **Consideration** has the meaning set out in Schedule 10 (*Additional Consideration*);

Additional Consideration Share(s) means the Ordinary Shares to be allotted and issued to the Sellers in accordance with Schedule 10 (*Additional Consideration*) in respect of the Additional Consideration;

Admission means the admission of the Consideration Shares and the Non-EIS and VCT Placing Shares to trading on AIM

	becoming effective in accordance with Rule 6 of the AIM Rules;
Admission and Disclosure Standards	means the current edition of the Admission and Disclosure Standards produced by the London Stock Exchange;
Admission Document	means the admission document issued by the Parent in relation to the acquisition of the Sale Shares and Admission incorporating a notice of a general meeting of the Parent in relation to the approval of the allotment of, inter alia, the Consideration Shares, such number of shares as may be required to satisfy the maximum Additional Consideration Payment and the Placing Shares;
Agreed PAYE Liability	has the meaning set out in Clause 30.4;
AIM	means the Alternative Investment Market operated by the LSE;
AIM Rules	means the AIM Rules for Companies published by the LSE, as amended from time to time;
Budget	means, at any time, the budget agreed between the Company and the Buyer in respect of the financial year in which the relevant event occurs which will include the Company's plans in respect of growth and repayment of existing indebtedness.
Business	means the business carried on by the Company at the Completion Date being the provision of facilities management and engineering services;
Business Day	means a day, other than a Saturday, Sunday or public holiday in England, when banks in London are open for business;
Buyer's Solicitors	means BPE Solicitors LLP of St James House, St James Square, Cheltenham, Gloucestershire, GL50 3PR;
CA 2006	means the Companies Act 2006;
Cash Consideration	means that part of the Purchase Price paid in cash;
Claim	means a claim in respect of any of the Warranties;
Company	means Cosgrove & Drew Ltd, a company incorporated in England and Wales with company number 09436019 whose registered office is at A2 Old Gloucester Road, Hambrook, Bristol, England, BS16

1GW, further details of which are set out in **Schedule 2**;

Completion	means completion of the sale and purchase of the Sale Shares in accordance with this agreement;
Completion Date	has the meaning given in clause 5.2 ;
Completion Cash Payment	means the sum of £405,035 (four hundred and five thousand and thirty five pounds);
Completion Share Payment	means the sum of £323,134 (three hundred and twenty three thousand one hundred and thirty four pounds);
Conditions	means the conditions to Completion, being the matters set out in clause 5;
Connected	has, in relation to a person, the meaning given in section 1122 of the CTA 2010;
Consideration Share(s)	means the Ordinary Shares to be allotted and issued to the Sellers on Completion in accordance with clause 3.2 in partial consideration for the sale of the Sale Shares;
Control	has the meaning given in section 1124 of the CTA 2010, and controls, controlled, and the expression change of Control shall be interpreted accordingly;
CTA 2009	means the Corporation Tax Act 2009;
CTA 2010	means the Corporation Tax Act 2010;
Data Protection Laws	means all laws (whether of the UK or any other jurisdiction) relating to the use, protection and privacy of Personal Data (including the privacy of electronic communications) which are from time to time applicable to the Company (or any part of its business);
Data Rooms	means the Legal Data Room and the Financial Data Room;
Data Room Indices	means the indices, in agreed form, attached to the Disclosure Letter and showing the contents of the Data Rooms as at 18:00 (BST) on 6 August 2024;
Director	means each person who is a director or shadow director of the Company as set out in Schedule 2 , together the Directors;

Disclosed	means fairly, fully and accurately disclosed (with sufficient details to identify the nature and scope of the matter disclosed) in or under the Disclosure Letter;
Disclosure Documents	means the documents contained in the Data Rooms as listed on the Data Room Indices, copies of which are contained on the USB flash drive delivered to the Buyer on or around the date of this agreement;
Disclosure Letter	means the letter from the Sellers to the Buyer with the same date as this agreement and described as the Disclosure Letter, together with the Disclosure Documents;
EBITDA	has the meaning set out in Schedule 10;
EIS and VCT Placing Shares	means the Parent Shares to be issued and allotted at the Placing Price pursuant to the Placing to those investors comprising certain venture capital trusts and other investors seeking to qualify for relief from UK tax under Part 6 or Part 5 of the Income Tax 2007 (and any provisions of UK or European law referred to therein);
Employee	has the meaning given in paragraph 26.1 of Part 1 of Schedule 5;
Encumbrance	means any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement;
Escrow Completion	means the completion in escrow of the sale and purchase of the Sale Shares in accordance with clause 6 save for satisfaction of the Escrow Condition;
Escrow Completion Date	has the meaning given in clause 6.2.1;
Escrow Condition	means the Condition relating to Admission referred to in clause 5.1.3;
FCA	means the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
Financial Data Room	means the electronic data room known as Project Bulb hosted by haysmacintyre, comprising the documents and other information relating to the Company made available to the Buyer and its financial advisers in relation to the Transaction;
FRS 102	means the Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland as issued by the Financial Reporting

	Council of the UK and in force for the accounting period ended on the Accounts Date;
FSMA	means the Financial Services and Markets Act 2000;
Fundamental Warranties	means the warranties set out in paragraph 1, paragraph 2.2, paragraph 2.3 and paragraph 2.6 of Part A of Schedule 5, each a Fundamental Warranty;
Fundamental Warranty Claim	means a claim by the Buyer in respect of any of the Fundamental Warranties;
Group	means in relation to a company, that company, any subsidiary undertaking or any parent undertaking from time to time of that company, and any subsidiary undertaking from time to time of a parent undertaking of that company. Each company in a Group is a member of the Group;
haysmacintyre	means Haysmacintyre LLP (CRN: OC423459) of 10 Queen Street Place, London, EC4R 1AG;
HMRC	means HM Revenue & Customs;
IHTA 1984	means the Inheritance Tax Act 1984;
Indemnity Claim	means a claim under any of the indemnities in clause 10;
Insolvency Event	means: <ul style="list-style-type: none">(a) the Company stops or suspends payment of any of its debts or is unable to, or admits its inability to, pay its debts as they fall due;(b) the Company commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its indebtedness (because of actual or anticipated financial difficulties);(c) a moratorium is declared in respect of any indebtedness of the Company;(d) any action, proceedings, procedure or step is taken in relation to:<ul style="list-style-type: none">(i) the suspension of payments, a moratorium in respect of any indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary

arrangement, scheme of arrangement or otherwise) of the Company; or

- (i) a composition, compromise, assignment or arrangement with any creditor of the Company;
 - (i) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Company or any of its assets;
- (e) the value of the Company's assets is less than its liabilities (taking into account contingent and prospective liabilities);
- (f) any event occurs in relation to the Company that is analogous to those set out limbs (a) to (e) above (inclusive) in any jurisdiction,

save that a winding-up petition (or equivalent) that is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement or, if earlier, the date on which it is advertised shall be excluded from limbs (a) to (f) above;

- (g) a Seller is declared bankrupt or a bankruptcy petition is made against a Seller that is not discharged or dismissed within 14 days;

Intellectual Property Rights	has the meaning given in paragraph 23.1 of Part 1 of Schedule 5;
Interim Period	means the period from (and including) the date of this agreement up to (and including) the Completion Date or, if earlier, the date of termination of this agreement in accordance with its terms;
Issue Date	means in relation to a Consideration Share or an Additional Consideration Share (as the case may be), the date on which it has been issued;
ITEPA 2003	means the Income Tax (Earnings and Pensions) Act 2003;
LD	means Luke Drew (one of the Sellers);
LD Service Agreement	means the service agreement in the agreed form to be made between the Company and LD on Completion;

LD Settlement Agreement

means the settlement agreement in the agreed form to be made between the Company and LD on Completion;

Leakage

means each and any of the following:

- (a) any dividend or other distribution (whether in cash or in specie) declared, paid or made by the Company to any of the Sellers or a Related Person;
- (b) any payment by the Company to any of the Sellers or a Related Person for the purchase, redemption or repayment of any share capital, loan capital or other securities of the Company, or any other return of capital to any of the Sellers or a Related Person;
- (c) the Company paying, incurring or otherwise assuming liability for any fees, costs or expenses in connection with the Transaction (including professional advisers' fees, consultancy fees, transaction bonuses, finders fees, brokerage or other commission);
- (d) any payment of any other nature (including royalties, licence fees, management fees, monitoring fees, consulting fees, interest payments, loan payments, service or directors' fees, bonuses or other compensation of any kind) made by the Company to or for the benefit of any of the Sellers or a Related Person;
- (e) any transfer or surrender of assets, rights or other benefits by the Company to or for the benefit of any of the Sellers or a Related Person;
- (f) the Company assuming or incurring any liability or obligation for the benefit of any of the Sellers or a Related Person;
- (g) the provision of any guarantee or indemnity or the creation of any Encumbrance by the Company in favour, or for the benefit, of any of the Sellers or a Related Person;
- (h) any waiver, discount, deferral, release or discharge by the Company of: (i) any amount, obligation or liability owed to it by any of the Sellers or a Related Person; or (ii) any claim

(howsoever arising) against any of the Sellers or a Related Person;

- (i) any agreement, arrangement or other commitment by the Company to do or give effect to any of the matters referred to in paragraphs (a) to (h) (inclusive) above;

Leakage Claim	a claim for breach of any of the undertakings in clause 7.1;
Lease	the lease in respect of the Property, brief details of which are set out in Schedule 9;
Legal Data Room	means the electronic data room known as Project Bulb hosted by the Buyer's Solicitors, comprising the documents and other information relating to the Company made available to the Buyer and its legal advisers in relation to the Transaction;
Listing Rules	means the listing rules made by the FCA pursuant to section 73A(2) of FSMA, as amended from time to time;
Locked Box Accounts	means the unaudited statement of financial position, the unaudited income statement and the consolidated cash flow statement of the Company (including any notes thereon) for the period of 12 months ended on the Locked Box Date (a copy of which is included in the Disclosure Documents);
Locked Box Date	31 March 2024;
Lock-In Agreement	means the lock-in and orderly market deed relating to the Consideration Shares and Additional Consideration Shares in the agreed form to be made between (1) the Parent (2) the Sellers (3) Nomad and (4) the Parent's Brokers;
Longstop Date	means 5 th September 2024 or such later date as may be agreed by the Buyer and the Sellers in writing;
LSE	means the London Stock Exchange plc;
Management Accounts	the unaudited statement of financial position as at the Management Accounts Date, the unaudited income statement and the unaudited cash flow statement of the Company (including any notes thereon) for the period of from the Accounts Date to the Management Accounts Date (a copy of which is included in the Disclosure Documents);

Management Accounts Date	means 30 June 2024;
Material Adverse Change	means: (a) any fact, matter, event, circumstance, condition or change which materially and adversely affects, or could reasonably be expected to materially and adversely affect, individually or in aggregate, the business, operations, assets, liabilities, condition (whether financial, trading or otherwise), prospects or operating results of the Company; (b) any Insolvency Event occurring in respect of the Company or any of the Sellers;
Maximum Purchase Price	means, subject to clause 3.5, the sum of £1,955,035 (one million nine hundred and fifty five thousand and thirty five pounds);
Nomad	means Shore Capital and Corporate Limited of Cassini House, 57 St James's Street, London, England, SW1A 1LD;
Nominated Account	means, in relation only to LD and ZC, the client account of the Sellers' Solicitors (who are irrevocably authorised by LD and ZC to receive their respective payments under this Agreement) with sort code [REDACTED] and account number [REDACTED];
Non-EIS and VCT Placing Shares	means the Parent Shares to be issued and allotted at the Placing Price pursuant to the Placing other than the EIS and VCT Placing Shares;
Official List	means the list maintained by the FCA in accordance with section 74(1) of FSMA;
Ordinary Shares	means ordinary shares of £0.04 each in the capital of the Parent;
Parent	means Earnz plc (CRN: 10114644) whose registered office is Holborn Gate, 330 Holborn, London, England, WC1V 7QT;
Parent's Brokers	means Shore Capital Stockbrokers Limited and Zeus Capital Limited;
Parent undertaking	means a parent undertaking as defined in section 1162 of the CA 2006;
Pension Scheme	means the Company's defined contribution pension scheme with NEST (the National Employment Savings

Trust) registered with employer's reference EMP001592141;

Permitted Leakage

means each and any of the following:

- (a) any payments made (or to be made) by the Company which have been specifically accrued or provided for in the Locked Box Accounts;
- (b) any payment made in respect of the salary, bonus, pensions contributions, life assurance payments, medical insurance, car allowances, expenses, holiday pay accrued and any other similar benefits which are made (or due to be made) by the Company to any Seller or a Seller's Related Person who is an officer, consultant, director or employee of the Company, together with any employer national insurance contributions, apprenticeship levies, social security contributions and other Taxes thereon in the ordinary course of business and in accordance with their employment or service contract, unrelated to the Transaction and consistent with past practice;
- (c) any other payment, accrual, transfer of assets or assumption of liability by the Company which the Buyer has expressly approved in writing;
- (d) any Tax arising to or payable by the Company in connection with any of the matters referred to in a – c above;

Personal Data:

has the meaning given to that term in Article 4 of the UK GDPR;

Placing

means the conditional placing of Ordinary Shares to raise £5,000,000 (five million) net of expenses by the Parent's Brokers as agents for and on behalf of the Parent;

Placing Agreement

means the placing agreement to be entered into on or around the date of this Agreement between the Parent, Nomad and the Parent's Brokers relating to the Placing;

Placing Price

means £0.075 per Ordinary Share;

Placing Proceeds

means the aggregate number of Ordinary Shares allotted pursuant to the Placing Agreement multiplied

by Placing Price after deducting the commissions, fees and expenses of the Parent's Brokers in accordance with the Placing Agreement;

Placing Shares	means the Ordinary Shares which are the subject of the Placing;
Previous Accounts	means the accounts equivalent to the Accounts (as the case may be) in respect of the 12 months immediately preceding the accounting period ended on the Accounts Date;
Property	means the Company's premises details of which are set out in Schedule 9;
Purchase Price	means the aggregate purchase price for the Sale Shares, as set out in clause 3.1;
Related Person	means any person Connected with any of the Sellers, but excluding the Company;
Representative Body	has the meaning given in <u>paragraph 26.1</u> of <u>Part 1</u> of <u>Schedule 5</u> ;
Sale Shares	means the 1,000 ordinary shares of £1.00 each in the capital of the Company all of which are issued and fully paid, and which comprise the whole of the issued share capital of the Company;
Sellers' Solicitors	means Rubric Law Limited of One Temple Quay, Temple Back East, Bristol, BS1 6DZ in respect of LD and ZC only;
subsidiary undertaking	means a subsidiary undertaking as defined in section 1162 of the CA 2006;
Supervisory Authority	means any local, national, supranational, state, governmental or quasi-governmental agency, body, department, board, official or entity exercising regulatory or supervisory authority pursuant to any Data Protection Laws, including the Information Commissioner's Office in the UK;
Tax	has the meaning given in paragraph 1.1 of <u>Schedule 6</u> ;
Tax Authority	has the meaning given in paragraph 1.1 of <u>Schedule 6</u> ;
Tax Covenant	means the covenant relating to Tax set out in <u>Schedule 6</u> ;
Tax Statute	means has the meaning given in paragraph 1.1 of <u>Schedule 6</u> ;

Tax Warranties	means the Warranties set out in Part 2 of Schedule 5 ;
TCGA 1992	means the Taxation of Chargeable Gains Act 1992;
TIOPA 2010	means the Taxation (International and Other Provisions) Act 2010;
TMA 1970	means the Taxes Management Act 1970;
Transaction	means the transaction contemplated by this agreement or any part of that transaction;
Transaction Documents	means this agreement, the Disclosure Letter and any other document to be entered into pursuant to this agreement in connection with the Transaction, each a Transaction Document;
UK GDPR:	has the meaning given to it in section 3(10) (as supplemented by section 205(4)) of the Data Protection Act 2018;
Voluntary Disclosure	has the meaning set out in Clause 30.1;
VATA 1994	means the Value Added Tax Act 1994;
Warranties	means the warranties given by the Sellers pursuant to clause 6 and set out in Schedule 5 , each a Warranty;
Worker	has the meaning given in paragraph 26.1 of Part 1 of Schedule 5 ;
ZC	means Zac Arran Cosgrove (one of the Sellers);
ZC Service Agreement	means the service agreement in the agreed form to be made between the Company and ZC on Completion; and
ZC Settlement Agreement	means the settlement agreement in the agreed form to be made between the Company and ZC on Completion.

- 1.2 A reference to **this Agreement** or any other agreement or document referred to in this Agreement, is a reference to this agreement or such other agreement or document, in each case as varied from time to time.
- 1.3 Clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement.
- 1.4 References to clauses and Schedules are to the clauses of and Schedules to this Agreement and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.5 The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules.

- 1.6 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.8 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.9 This Agreement shall be binding on and enure to the benefit of, the parties to this Agreement and their respective personal representatives, successors and permitted assigns, and references to a **party** shall include that party's personal representatives, successors and permitted assigns.
- 1.10 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.11 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the CA 2006 and a company shall be treated, for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of:
- 1.11.1 another person (or its nominee), by way of security or in connection with the taking of security; or
- 1.11.2 its nominee.
- 1.12 A reference to the **Sellers** shall include a reference to each of them.
- 1.13 Unless expressly provided otherwise in this Agreement, a reference to **writing** or **written** excludes fax but not email.
- 1.14 Any words following the terms **including, include, in particular, for example** or any similar expression shall be interpreted as illustrative and shall not limit the sense of the words preceding those terms.
- 1.15 References to a document in **agreed form** are to that document in the form agreed by the parties and initialled by them or on their behalf for identification.
- 1.16 Unless expressly provided otherwise in this Agreement, a reference to legislation or a legislative provision:
- 1.16.1 is a reference to it as it is in force as at the date of agreement; and
- 1.16.2 shall include all subordinate legislation made as at the date of this Agreement under that legislation or legislative provision.
- 1.17 Any reference to an English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include a reference to that which most nearly approximates to the English legal term in that jurisdiction.

1.18 Any obligation on a party not to do something includes an obligation not to allow that thing to be done.

2. SALE AND PURCHASE

2.1 On and subject to the terms of this Agreement, at Completion the Buyer shall buy and the Sellers shall sell the Sale Shares with full title guarantee and free from all Encumbrances, together with all rights that attach (or may in the future attach) to the Sale Shares including, in particular, the right to receive all dividends and distributions declared, made or paid on or after the date of this Agreement.

2.2 Each Seller waives any rights of pre-emption or other restrictions on transfer in respect of the Sale Shares (or any of them) conferred by the Company's articles of association or otherwise.

2.3 The Buyer is not obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

2.4 On the date of this Agreement, the parties will comply with their obligations in **Part 1 of Schedule 3**.

2.5 At all times during the Interim Period, the Sellers shall:

2.5.1 comply with the undertakings and obligations set out in **Part 2 of Schedule 3**; and

2.5.2 promptly notify the Buyer in writing of any event, matter or circumstance which constitutes or may reasonably be expected to constitute a breach of any of the undertakings or obligations set out in **Part 2 of Schedule 3**, including sufficient detail to enable the Buyer to make an informed assessment of the nature, scope and impact of the notified breach or anticipated breach.

2.6 The Buyer shall be entitled to terminate this Agreement immediately by notice in writing to the Sellers if during the Interim Period the Sellers are in breach of clause 2.5 or if a Material Adverse Change occurs.

3. PURCHASE PRICE

3.1 The Purchase Price is the aggregate of:

3.1.1 the Completion Cash Payment;

3.1.2 the Completion Share Payment; and

3.1.3 the Additional Consideration Payments.

3.2 The Purchase Price shall be payable and satisfied as follows:

3.2.1 the Buyer shall pay the Completion Cash Payment to the Sellers in cash on Completion on account of the Purchase Price;

3.2.2 the Completion Share Payment shall be satisfied by the Parent allotting and issuing to the Sellers such number of Consideration Shares as shall have an aggregate value (calculated in accordance with clause 4.1 (subject to clause 4.3)) nearest to that sum;

- 3.2.3 the Additional Consideration Payments (if any) shall be calculated and satisfied in accordance with Schedule 10.
- 3.3 All payments to be made to the Sellers under this Agreement in cash shall be made in sterling by electronic transfer of immediately available funds to the Nominated Account. Payment in accordance with this clause shall be a good and valid discharge of the Buyer's obligation to pay the sum in question and the Buyer shall not be concerned to see the application of the monies so paid.
- 3.4 The Completion Payment and all other payments made by the Buyer in respect of the Purchase Price shall be apportioned between the Sellers as set out opposite their respective names in Schedule 1.
- 3.5 The Purchase Price and the Maximum Purchase Price shall be deemed to be reduced by the amount of any payment made to the Buyer for each and any:
 - 3.5.1 Claim; or
 - 3.5.2 Indemnity Claim; or
 - 3.5.3 claim under the Tax Covenant.

4. CONSIDERATION SHARES

- 4.1 For the purposes of clause 3.2.2, the number of Consideration Shares to be allotted and issued shall be calculated by dividing the Completion Share Payment by the value of each Consideration Share. For such purposes, the value of each Consideration Share shall be its Placing Price.
- 4.2 The Consideration Shares shall rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all dividends declared, made or paid after their respective Issue Date (save that they shall not rank for any dividend or other distribution declared made, or paid by reference to a record date before that Issue Date).
- 4.3 For the purposes of clauses 3.2.2, any Consideration Shares shall be allotted and issued to the Sellers without issuing fractional shares and fractional entitlements shall be rounded down to the nearest whole share.
- 4.4 The Buyer warrants to the Sellers that, subject to the prior approval of the requisite number of the Parent's shareholders, the Parent's directors will have the authority to allot and issue such number of Ordinary Shares as is required to be allotted and issued as Consideration Shares pursuant to clause 3.2.2.

5. CONDITIONS TO COMPLETION

- 5.1 Completion is subject to and conditional upon:
 - 5.1.1 the despatch by the Parent to its shareholders of the Admission Document and the passing, at a duly convened general meeting of the Parent, of the resolutions in the form set out in the Admission Document to the extent that they relate to the transactions envisaged by this Agreement;

- 5.1.2 the Placing Agreement having been entered into and becoming unconditional in all respects (save in relation to any conditions relating to completion of this Agreement or Admission);
 - 5.1.3 Admission;
 - 5.1.4 there having been no breach of Part B of Schedule 3 (*Conduct During Interim Period*);
 - 5.1.5 no government or other person having commenced, or threatened to commence, any proceedings or investigation for the purpose of prohibiting or otherwise challenging or interfering with the Transaction;
 - 5.1.6 no Material Adverse Change having occurred; and
 - 5.1.7 the Company not being made party to any material litigation.
- 5.2 This Agreement shall automatically terminate and cease to have effect (except as provided in clause 5.3):
- 5.2.1 at 6:00 pm on the Longstop Date, if any of the Conditions are not satisfied by or before then (and, in either case, such Condition has not been waived by the Buyer in accordance with clause 5.8); or
 - 5.2.2 if the Condition referred to in clause 5.1.4 ceases to be satisfied at any time between the Longstop Date and the Completion Date (and such Condition is not waived by the Buyer in accordance with clause 5.8 or clause 8.6).
- 5.3 If this Agreement terminates in accordance with clause 5.2 or is terminated pursuant to clause 2.5 or 8.6.1, it will immediately cease to have any further force and effect except for:
- 5.3.1 any provision of this Agreement that expressly or by implication is intended to come into or continue in force on or after termination (including clause 1 (*Interpretation*), clause 5 (*Conditions to Completion*), clause 9 (*Limitations on / Settlement of Claims*), clause 13 (*Confidentiality and Announcements*) and clause 17 (*Entire Agreement*) to clause 29 (*Governing Law and Jurisdiction*) (inclusive)), each of which shall remain in full force and effect; and
 - 5.3.2 any rights, remedies, obligations or liabilities of the parties that have accrued before termination.
- 5.4 The Sellers and the Buyer shall use all reasonable endeavours to procure (so far as it lies within their respective powers so to do) that the Conditions are satisfied as soon as practicable and in any event no later than the Longstop Date.
- 5.5 The Buyer and the Sellers shall co-operate fully in all actions necessary to procure the satisfaction of the Conditions including (but not limited to) the provision by the parties of all information reasonably necessary to make any notification or filing that the Buyer deems to be necessary or as required by any relevant authority, keeping the other parties informed of the progress of any notification or filing and providing such other assistance as may reasonably be required.

- 5.6 Each party shall promptly notify the other in writing if they become aware of any fact, event, matter or circumstance that has prevented or might reasonably be expected to prevent any of the Conditions from being satisfied by or before the Longstop Date.
- 5.7 The Buyer will notify the Sellers in writing as soon as reasonably practicable and, in any event, within two Business Days, of becoming aware that a Condition has been satisfied and provide such evidence of satisfaction as the Sellers shall reasonably require.
- 5.8 The Buyer may, provided it is legally entitled to do so, and to such extent as it thinks fit (in its absolute discretion), waive any of the Conditions in clause 5.1, (other than the Escrow Condition), by notice in writing to the Sellers.

6. **COMPLETION & ESCROW COMPLETION**

- 6.1 Completion shall take place remotely by video conference or telephone call on the Completion Date.
- 6.2 Subject to the prior satisfaction or, to the extent permissible under the terms of this Agreement, waiver in accordance with this Agreement of the Conditions set out in clause 5.1 (other than the Escrow Condition), provided this Agreement has not been previously terminated in accordance with its terms, Completion shall take place in two stages:
 - 6.2.1 Escrow Completion will take place on the Business Day prior to that on which the Escrow Condition is expected to be satisfied (the **Escrow Completion Date**). At Escrow Completion the matters set out in clauses 6.3 and 6.4 shall be transacted and all documents and sums delivered or transferred (as appropriate) by each Party to the other pursuant to this clause 6 and Schedule 4 shall be undated and held in escrow until such time as the Escrow Condition is satisfied; and
 - 6.2.2 subject to Escrow Completion having taken place in accordance with the terms set out above, Completion shall only be conditional upon satisfaction of the Escrow Condition and shall take place immediately upon its satisfaction. Immediately upon Admission taking place all deeds, agreements and documents delivered at Escrow Completion shall be released from escrow and dated the date of release, being Completion, such that their terms shall come into immediate full force and effect on Completion.
- 6.3 At Escrow Completion, the Sellers shall:
 - 6.3.1 deliver, procure the delivery of or make available to the Buyer, the documents set out in Part A of Schedule 4; and
 - 6.3.2 procure that a duly convened and quorate board meeting of the Company shall be held at which the matters set out in Part B of Schedule 4 shall be transacted and shall deliver to the Buyer duly signed minutes of all such meetings together with all duly completed forms that need to be filed with the Registrar of Companies.
- 6.4 Subject to the Sellers fully performing their obligations in accordance with this clause 6, at Escrow Completion the Buyer shall:
 - 6.4.1 procure that the Parent shall, conditional only on Admission, allot to the Sellers the number of Consideration Shares referred to in clause 3.2.2 in the amounts set opposite their respective names in Schedule 1;

- 6.4.2 deliver to the Sellers' Solicitors:
 - (a) a copy of the minutes of a duly held board meeting of the Buyer authorising the purchase of the Sale Shares on the terms of this Agreement (such copy minutes being certified as correct by the secretary of the Buyer);
 - (b) a copy of the minutes of a duly held board meeting of the Parent authorising the allotment and issue (subject to Admission) of the Consideration Shares (such copy minutes being certified as correct by the secretary of the Parent);
 - (c) a certified copy of the resolutions passed by the Parent's shareholders authorising the purchase of the Sale Shares by the Buyer on the terms of this Agreement and giving the directors of the Parent general authority to allot the Consideration Shares and the maximum amount of Additional Consideration Shares pursuant to section 551 of CA 2006.
- 6.4.3 duly execute and deliver those Transaction Documents to which it is expressed to be a party.
- 6.5 If the provisions of clause 6.3 are not complied with in any material respect on Escrow Completion, the Buyer may (at its sole discretion):
 - 6.5.1 waive, in writing, all or any of the requirements contained in clause 6.3;
 - 6.5.2 defer Escrow Completion to a date not more than 5 Business Days after the date scheduled for Completion (in which case the provisions of this clause 6.5 shall apply to Completion as so deferred);
 - 6.5.3 proceed to Escrow Completion so far as practicable (without prejudice to its rights under this Agreement) on the basis that any provision of clause 6.3 which may not have been fully complied with at Escrow Completion shall be held over to such future date or dates as the Buyer may specify; or
 - 6.5.4 terminate this Agreement, by giving notice in writing to the Sellers, without prejudice to any other remedy the Buyer may have and without incurring any liability to the Sellers.
- 6.6 Each of the Sellers hereby declares that for so long as he remains the registered holder of any of the Sale Shares after Completion, he will:
 - 6.6.1 hold the Sale Shares and the dividends and other distributions of profits or surplus or other assets declared, paid or made in respect of them after the date of this Agreement and all rights arising out of or in connection with them on trust for the Buyer; and
 - 6.6.2 deal with all such dividends, distributions and rights as are described in Clause 6.6.1 as the Buyer may direct.
- 6.7 Each of the Sellers hereby appoints the Buyer as his lawful attorney for the purpose of receiving notices of and attending and voting at all meetings of the members of the Company from Completion to the day on which the Buyer is entered in the register of members of the Company as the holder of the Sale Shares.

- 6.8 For the purposes of Clause 6.6, the Sellers hereby authorise:
- 6.8.1 the Company to send any notices in respect of their respective holdings of Sale Shares to the Buyer; and
 - 6.8.2 the Buyer to complete in such manner as it thinks fit and to return proxy cards, consents to short notice and any other document required to be signed by him in his capacity as a member, in each case with effect on and from Completion.
- 6.9 The Buyer shall procure that as soon as possible (and in any event within 2 Business Days) of receipt by the Parent of the Placing Proceeds:
- 6.9.1 the sum of £250,000 is paid to the Sellers' Solicitors by way of electronic transfer of funds for same day value into the Nominated Account, receipt of which sum into the Nominated Account shall constitute a good discharge to the Buyer *pro tanto* in respect of its obligation under clause 3.2.1 and
 - 6.9.2 the sum of £155,035 is paid to the Company's bank account, which details are:

Account name: Cosgrove & Drew Engineering Services

Account number: [REDACTED]

Sort code: [REDACTED]

receipt of which by the Company shall constitute a good discharge to the Buyer *pro tanto* in respect of its obligation under clause 3.2.1.
- 6.10 The Parties agree and will take all necessary steps to ensure that the Company agrees that the payment made pursuant to clause 6.9.2 shall satisfy *pro tanto* the outstanding directors' loan accounts of ZC and LD as follows:
- 6.10.1 ZC: £77,437; and
 - 6.10.2 LD: £77,598.
- 6.11 The Sellers will procure that, on Completion, the Company is released from any guarantee, indemnity, counter-indemnity, letter of comfort or other obligation (whether actual or contingent) given by it to any party in respect of a liability of any other person. Pending any such release, the Sellers hereby indemnify the Buyer and the Company for any demands in respect thereof.
- 6.12 The Buyer will procure that, on Completion, the Sellers are released from any guarantee given by either of them to any party in respect of a liability of the Company which has been Disclosed. Pending any such release, the Buyer hereby indemnifies the Sellers for any demands in respect thereof.
- 6.13 The Buyer will procure that as soon as reasonably practicable following Admission share certificates in respect of the Consideration Shares are delivered to the Sellers by the Parent.

7. LEAKAGE UNDERTAKINGS

- 7.1 The Sellers warrant and undertake to the Buyer that during the period:

- 7.1.1 commencing on (and including) the Locked Box Date up to (and including) the date of this Agreement, no Leakage has occurred other than Permitted Leakage; and
- 7.1.2 commencing on the date of this Agreement up to (and including) the Completion Date, no Leakage will occur other than Permitted Leakage.
- 7.2 The Sellers undertake promptly to notify the Buyer in writing if they become aware of any matter or circumstance that could give rise to a Leakage Claim, including reasonable details of the Leakage concerned and as far as is reasonably practicable, an estimate of the quantum of such Leakage.
- 7.3 Subject always to clause 7.4 and clause 7.5, the Sellers agree to pay to the Buyer on demand in cash a sum which is equal to the amount of any Leakage that occurs or has occurred in breach of the undertakings in clause 7.1.
- 7.4 The Sellers shall have no liability for a Leakage Claim unless they have received written notice of such Leakage Claim from the Buyer (including reasonable details (in so far as they are known to the Buyer) of the matter or event giving rise to the Leakage Claim and as far as is reasonably practicable, the amount payable by the Sellers in respect of the Leakage Claim) on or before the date falling 9 months after Completion.
- 7.5 For the avoidance of doubt, the Sellers shall have no liability for Leakage Claims if Completion does not occur.
- 7.6 The Buyer's sole remedy for a Leakage Claim is reimbursement under clause 7.3.
- 7.7 Nothing in this clause 7 shall have the effect of limiting or excluding any liability arising as a result of fraud.
- 7.8 The Purchase Price shall be deemed to be reduced by the amount of any payments made to the Buyer in respect of Leakage under this clause 7.
- 8. **WARRANTIES**
- 8.1 The Sellers acknowledge that the Buyer is entering into this Agreement on the basis of, and in reliance on, the Warranties.
- 8.2 The Sellers warrant to the Buyer that except as Disclosed, each Warranty is true, accurate and not misleading as at the date of this Agreement.
- 8.3 The Sellers further warrant to the Buyer that each of the Warranties will be true, accurate and not misleading throughout the Interim Period. For this purpose, each of the Warranties shall be deemed to be repeated on each day of the Interim Period by reference to the facts and circumstances then subsisting. Any reference made to the date of this Agreement (whether express or implied) in relation to any Warranty shall be construed, in connection with the repetition of the Warranties, as a reference to the date of such repetition.
- 8.4 The Sellers shall not (and shall procure that the Company shall not) do anything during the Interim Period that would be inconsistent with any term of this Agreement including any of the Warranties or cause any Warranty to be untrue, inaccurate or misleading.
- 8.5 If at any time during the Interim Period the Sellers become aware of a fact or circumstance which constitutes (or which is reasonably expected to constitute) a breach of Warranty, or

which would cause (or is reasonably expected to cause) a Warranty to be untrue, inaccurate or misleading, they shall promptly:

- 8.5.1 notify the Buyer in writing of the relevant fact or circumstance in sufficient detail to enable the Buyer to make an accurate assessment of the situation; and
 - 8.5.2 if requested by the Buyer, use best endeavours to remedy or prevent (as the case may be) the notified breach or anticipated breach.
- 8.6 If at any time during the Interim Period it becomes apparent that a Warranty has been breached or is untrue or that the Sellers have breached any other term of this Agreement that is material to the Transaction (including any of the Sellers' obligations and undertakings in Part 2 of Schedule 3) the Buyer may (at its sole discretion and without prejudice to any other rights or remedies it has, including the right to claim damages for breach of this Agreement):
- 8.6.1 terminate this Agreement by notice in writing to the Sellers (in which case clause 4.3 shall apply); or
 - 8.6.2 proceed to Completion.
- 8.7 Warranties qualified by the expression **so far as the Sellers are aware** or any similar expression are deemed to be given to the best of the knowledge, information and belief of the Sellers after they have made all reasonable enquiries.
- 8.8 Each of the Warranties is separate and independent, and unless specifically provided otherwise, is not limited by reference to any other Warranty or any other provision in this Agreement.
- 8.9 Except for the matters Disclosed, no information of which the Buyer (or any of its agents or advisers) has knowledge (in each case whether actual, constructive or imputed), or which could have been discovered (whether by investigation made by the Buyer or on its behalf), shall prejudice or prevent any Claim, or reduce the amount recoverable under any Claim. Notwithstanding this, the Buyer warrants to the Sellers that it is not actually aware of anything amounting to a breach of the Sellers' Warranties at the Completion Date.
- 8.10 The Sellers agree that the supply of any information by or on behalf of the Company or any of its employees, directors, agents or officers (**Officers**) to the Sellers or their advisers in connection with the Warranties, the Disclosure Letter or otherwise shall not constitute a warranty, representation or guarantee as to the accuracy of such information in favour of the Sellers. The Sellers unconditionally and irrevocably waive all and any rights and claims that they may have against any of the Company or the Officers on whom they have, or may have, relied in connection with the preparation of the Disclosure Letter, or agreeing the terms of this Agreement, and further undertake to the Buyer, the Company, and the Officers not to make any such claims.
- 8.11 For the avoidance of doubt, the Buyer's rights and remedies in respect of any Claim or claim under the Tax Covenant shall not be affected by Completion, or any termination of (or the Buyer's failure to terminate) this Agreement.

9. LIMITATIONS ON / SETTLEMENT OF CLAIMS

- 9.1 Save as provided in clause 9.7, this clause 9 limits the liability of the Sellers in relation to Claims.

- 9.2 The aggregate liability of the Sellers for all Claims (but excluding Fundamental Warranty Claims) shall not exceed the aggregate amount of the Purchase Price actually received by them. Each Seller's liability shall be several and not joint, and each Seller shall be liable only for an amount of such Claims proportionate to the Purchase Price actually received by that Seller. Provided that where the proportionate value of such Claims exceeds the amount received by any Seller at any time, then the Maximum Purchase Price shall be reduced by the amount of such excess.
- 9.3 The Sellers shall not be liable for a Claim (excluding Fundamental Warranty Claims) unless:
- 9.3.1 the Sellers' liability in respect of that Claim (together with any connected Claims) exceeds £5,000; and
- 9.3.2 the amount of the Sellers' liability in respect of that Claim, either individually or when aggregated with their liability for all other Claims (other than those excluded under clause 9.3.1), exceeds £75,000, in which case the Sellers shall be liable for the whole amount of the Claim and not just the amount above the threshold specified in this clause 9.3.2.
- For the purposes of this clause 9.3, a Claim is **connected** with another Claim if the Claims arise from the same facts, events or circumstances.
- 9.4 The Sellers shall not be liable for a Claim unless notice in writing summarising the nature of the Claim (in so far as it is known to the Buyer) and, as far as is reasonably practicable, the amount claimed, has been given by or on behalf of the Buyer to the Sellers:
- 9.4.1 in the case of a Claim for breach of the Tax Warranties, on or before the seventh anniversary of Completion; or
- 9.4.2 in the case of a Fundamental Warranty Claim, on or before the sixth anniversary of Completion; or
- 9.4.3 in any other case, within the period of 24 months commencing on the Completion Date.
- 9.5 The Sellers shall not be liable for a Claim (excluding Fundamental Warranty Claims) if the Claim arises from facts, events or circumstances that have been Disclosed.
- 9.6 The Sellers shall have no liability in respect of a Claim if and to the extent that the Claim relates to a matter specifically and fully provided for in the Accounts.
- 9.7 Nothing in clause 9 or Schedule 6 applies to exclude or limit the Sellers' liability where and to the extent that a Claim arises or is delayed as a result of dishonesty, fraud, wilful misconduct or wilful concealment by any of the Sellers, their agents or advisers.
- 9.8 The Sellers shall not plead the Limitation Act 1980 in respect of any claims made under the Tax Warranties or Tax Covenant.
- 9.9 Subject to clause 9.2, all Claims for which the Sellers are liable hereunder shall be paid and settled in cash until such point as the aggregate value of Claims paid by the Sellers is equal to £250,000. Where the aggregate value of all Claims paid by the Sellers exceeds £250,000, any excess shall be satisfied by the disposal of the Consideration Shares until such time as all Consideration Shares have been disposed of and thereafter shall be satisfied by the disposal

of the Additional Consideration Shares until such time as all Additional Consideration Shares have been disposed of, any remaining balance thereafter shall be settled in cash, and each Seller hereby irrevocably appoints the Buyer as his agent and attorney to sell Consideration Shares and/or Additional Consideration Shares (as the case may be) for the purposes of settling any Claim in accordance with this clause 9.9. For the purposes of giving effect to clause 9.9, the Buyer has the power to:

- 9.9.1 appoint an agent (including the Parent's Brokers) to effect the sale of Consideration Shares and/or Additional Consideration Shares (as the case may be);
- 9.9.2 execute in the relevant Seller's name such deeds and documents as may be required to effect the sale of Consideration Shares and/or Additional Consideration Shares (as the case may be);
- 9.9.3 receive the sale proceeds on behalf of the Seller and apply such monies in satisfaction *pro tanto* of the relevant Claim in accordance with clause 9.10 below.

9.10 Where Consideration Shares and/or Additional Consideration Shares are disposed of for the purposes of clause 9.9, the Buyer shall sell the Consideration Shares at the prevailing market rate. The Buyer shall apply the sale proceeds of such Consideration Shares in satisfaction of the Claim (*pro tanto*) and shall:

- 9.10.1 if the value of the Claim is less than the amount realised from the sale of Consideration Shares, the Buyer shall retain such amount of the proceeds as is equal to the Claim and account to the Sellers for the difference; or
- 9.10.2 if the value of the Claim is greater than the amount realised from the sale of Consideration Shares, the Buyer shall retain the full amount of the sale proceeds and the Sellers shall pay the amount of any shortfall in cash.

10. TAX COVENANT

The provisions of **Schedule 6** apply in this Agreement in relation to Tax.

11. INDEMNITIES

11.1 Without limiting any other rights or remedies the Buyer may have, the Sellers shall indemnify the Buyer against, and shall pay to the Buyer a sum equal to, all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and reasonable legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by the Buyer or the Company arising out of or in connect with any of the following matters attributable to the time period prior to Completion:

11.1.1 any failure to account for overtime when calculating holiday pay entitlements, provided that the Buyer notifies the Sellers of any such claim within two years from Completion; and

11.1.2 any claim made by the Company pursuant to the Coronavirus Job Retention Scheme.

11.2 Any payment made by the Sellers in respect of an Indemnity Claim shall include:

- 11.2.1 an amount in respect of all costs and expenses incurred by the Buyer or the Company in bringing the relevant Indemnity Claim (including a reasonable amount in respect of management time); and
- 11.2.2 any amount necessary to ensure that, after the deduction of any Tax due on the payment, the Buyer or the Company (as the case may be) is left with the same amount it would have had if the payment was not subject to Tax.

12. **RESTRICTIONS ON THE SELLERS**

- 12.1 In this clause, the following words and expressions shall have the following meanings:

Prospective Customer: a person who is at Completion, or who has been at any time during the period of 12 months immediately preceding the Completion Date, a client or customer of the Company.

Restricted Business: any business that is in competition with any part of the Business, as it is being carried on at the Completion Date.

Restricted Customer: any person who is at Completion, or who has been at any time during the period of 12 months immediately preceding the Completion Date, a client or customer of, or in the habit of dealing with, the Company.

Restricted Person: any person who is at Completion, or who has been at any time during the period of 12 months immediately preceding the Completion Date, employed or directly or indirectly engaged by the Company in an executive, managerial, sales or technical role.

- 12.2 Each Seller undertakes to each of the Buyer and the Company that they will not:

12.2.1 at any time during the period of 36 months commencing on the Completion Date, in any geographic area in which the Business (or any part of it) is carried on at the Completion Date, carry on or be employed, engaged, concerned or interested in, or in any way assist, a Restricted Business;

12.2.2 at any time during the period of 36 months commencing on the Completion Date:

- (a) canvass, solicit or otherwise seek the custom of any Restricted Customer or Prospective Customer with a view to providing goods or services to them in competition with the Business; or
- (b) induce or attempt to induce a Restricted Customer or Prospective Customer to cease or refrain from conducting business with, or to reduce the amount of business conducted with, or to vary adversely the terms upon which it conducts business with, the Company, or do any other thing which is reasonably likely to have such an effect;

12.2.3 at any time during the period of 36 months commencing on the Completion Date, have any business dealings with a Restricted Customer or a Prospective Customer in connection with the provision of goods or services to them in competition with the Business;

12.2.4 at any time during the period of 36 months commencing on the Completion Date, have any business dealings with, or solicit, entice or attempt to entice away, any

person who is at Completion, or who has been at any time during the period of 12 months immediately preceding the Completion Date, a supplier of goods or services to the Company, if such dealings, solicitation or enticement causes or is reasonably likely to cause such supplier to cease supplying, or to reduce its supply of goods or services to, the Company, or to vary adversely the terms upon which it conducts business with the Company;

12.2.5 at any time during the period of 36 months commencing on the Completion Date:

- (a) offer to employ or engage, or otherwise entice or attempt to entice away from the Company, any Restricted Person; or
- (b) employ or engage, or otherwise facilitate the employment or engagement by any person, of any Restricted Person whether or not they would be in breach of contract as a result of such employment or engagement;

12.2.6 at any time after Completion, use in the course of any business:

- (a) any of the words "Cosgrove & Drew" or any combination thereof;
- (b) any trade or service mark, business or domain name, design or logo which, at Completion, is being or has been used by the Company in connection with the Business; or
- (c) anything which, in the reasonable opinion of the Buyer, is capable of confusion with any of the words, marks, names, designs or logos referred to in clause 12.2.6(a) or 12.2.6(b);

12.2.7 at any time after Completion, do or say anything which may be harmful to the reputation of the Company; or

12.2.8 at any time after Completion, present themselves (or permit themselves to be presented) as:

- (a) connected in any capacity with the Company (save in the normal course of employment or engagement by the Company or the Buyer if such employment or engagement continues after Completion); or
- (b) interested or concerned in any way in the Sale Shares (or any of them).

12.3 The undertakings in 12.2 are intended for the benefit of, and shall be enforceable by, each of the Buyer and the Company, and shall apply to actions carried out by the relevant Seller in any capacity (including as shareholder, partner, director, principal, consultant, officer, employee, agent or otherwise) and whether directly or indirectly, on the Seller's own behalf or on behalf of, or jointly with, any other person.

12.4 Nothing in clause 12.2 shall prevent any Seller from holding for investment purposes only:

12.4.1 units of any authorised unit trust; or

12.4.2 not more than 3% in nominal value of any class of shares or securities of any company traded on a recognised investment exchange (within the meaning of the FSMA).

- 12.5 Each of the undertakings in clause 12.2 is a separate undertaking by each Seller in relation to that Seller and their interests and shall be enforceable by the Buyer and the Company separately and independently of their right to enforce any one or more of the other undertakings contained in that clause.
- 12.6 The parties acknowledge that the Sellers have confidential information relating to the Business and that the Buyer is entitled to protect the goodwill of the Business as a result of buying the Sale Shares. Accordingly, each of the undertakings in clause 12.2 is considered fair and reasonable by the parties.
- 12.7 Each undertaking in clause 12.2 is given for the purpose of assuring to the Buyer the value and benefit of the Business and goodwill of the Company, and in consideration of the Buyer's agreement to acquire the Sale Shares on the terms of this Agreement.
- 12.8 For the avoidance of doubt, each undertaking in clause 12.2 will not apply to LD and ZC in respect of their employment with the Company after Completion.

13. **CONFIDENTIALITY AND ANNOUNCEMENTS**

13.1 Each Seller undertakes to the Buyer and the Company that they will:

13.1.1 keep secret and confidential:

- (a) the terms of this Agreement and the other Transaction Documents and any information relating to their negotiation; and
- (b) all confidential information, know-how and trade secrets in their knowledge or possession concerning the business, assets, affairs, customers, clients or suppliers of the Buyer or any member of the Buyer's Group (including, following Completion, the Company);

13.1.2 not disclose any of the information referred to in clause 13.1.1 (whether in whole or in part) to any third party, except as expressly permitted by this clause 13; and

13.1.3 not make any use of any of the information referred to clause 13.1.1, other than to the extent necessary for the purpose of exercising or performing their rights and obligations under this Agreement.

13.2 Each Seller undertakes to the other Sellers that they shall keep secret and confidential the terms of this Agreement and the other Transaction Documents (and any information relating to their negotiation), and all confidential information in their knowledge or possession relating to the other Sellers, and they shall only use such information for the purposes contemplated by this Agreement.

13.3 Save as required to be set out in the Admission Document or to enable the Buyer to comply with the AIM Rules, the Buyer shall be obligated to keep all information relating to the Company confidential and shall restrict its use of such information until Completion. If this Agreement does not complete, the Buyer shall continue to be bound by this obligation. For the avoidance of doubt, this obligation shall cease upon Completion if the transaction successfully completes. Notwithstanding any other provision of this Agreement, no Seller shall be obliged to keep secret and confidential or to restrict their use of any information that:

- 13.3.1 is or becomes generally available to the public other than as a result of its disclosure by that Seller (or any person to whom that Seller has disclosed the information in accordance with 13.5.1 in breach of this Agreement); or
 - 13.3.2 was, is or becomes available to that Seller on a non-confidential basis from a person who, to that Seller's knowledge, is not bound by a confidentiality agreement, and is not otherwise prohibited from disclosing the information to that Seller.
- 13.4 The Sellers may disclose any information that they are otherwise required to keep confidential under this clause 13:
- 13.4.1 to any of their employees, officers, consultants, representatives or advisers who need to know such information for the purposes of advising on this Agreement or facilitating the Transaction, provided that the Seller making the disclosure informs the recipient of the confidential nature of the information before disclosure and procures that each recipient shall, in relation to any such information disclosed to them, comply with the obligations set out in this clause 13 as if they were that Seller. The Seller making a disclosure under this clause shall, at all times, be liable for the failure of their recipients to comply with the obligations set out in this clause 13;
 - 13.4.2 with the prior consent in writing of the Buyer;
 - 13.4.3 if such information relates to one party only, with the prior consent in writing of that party;
 - 13.4.4 to confirm that the Transaction has taken place, or the date of the Transaction (but without otherwise revealing any other terms of the Transaction or making any other announcement); or
 - 13.4.5 if and to the extent that the disclosure is required:
 - (a) by the laws of any jurisdiction to which the relevant Seller is subject;
 - (b) by an order of any court of competent jurisdiction, or any regulatory, judicial, governmental or similar body, or any Tax Authority or securities exchange of competent jurisdiction;
 - (c) to make any filing with, or obtain any authorisation from, any regulatory, governmental or similar body, or any Tax Authority or securities exchange of competent jurisdiction; or
 - (d) to protect the relevant Seller's interest in any legal proceedings,
- provided that in each case (where it is legally permitted to do so) the Seller making the disclosure gives the Buyer as much notice of the disclosure as possible and, where notice of disclosure is not prohibited and is given in accordance with this clause, it takes into account the reasonable requests of the Buyer concerning the content of the disclosure.
- 13.5 Each party shall supply the other parties (or any of them) with such information about itself, its Group or this Agreement as they may reasonably require for the purposes of satisfying the requirements of any law or any judicial, governmental, regulatory or similar body or any Tax Authority or securities exchange of competent jurisdiction.

- 13.6 Subject to clause 13.8 to 13.10 (inclusive), no party shall make, or permit any person to make, any public announcement, communication or circular concerning this Agreement or the Transaction (**announcement**) without the prior written consent of the other parties (such consent not to be unreasonably withheld or delayed).
- 13.7 Nothing in clause 13.7 shall prevent a party from making an announcement required by law or any governmental or regulatory authority (including any Tax Authority), any securities exchange, or any court or other authority of competent jurisdiction, provided that the party required to make the announcement (where permitted by law and insofar as it is reasonably practicable to do so) consults with the others parties in advance, and takes into account their reasonable requests concerning the form, content and timing of the announcement.
- 13.8 The parties shall issue a press release in agreed form immediately after the date of this Agreement.
- 13.9 The Buyer may at any time after Completion announce its acquisition of the Sale Shares to any employees, clients, customers or suppliers of the Company, or any other member of the Buyer's Group.

14. **FURTHER ASSURANCE**

At their own expense, the Sellers shall (and shall use reasonable endeavours to procure that any relevant third party shall) promptly execute and deliver such documents and perform such acts as the Buyer may require from time to time for the purpose of giving full effect to this Agreement.

15. **ASSIGNMENT AND OTHER DEALINGS**

- 15.1 Subject to the further provisions of this clause 15, no party shall assign, novate, transfer, mortgage, charge, subcontract, delegate, declare a trust of, or deal in any other manner with any or all of its rights and obligations under this Agreement or any other Transaction Document.
- 15.2 The Buyer may assign or transfer its rights (but not its obligations) under this Agreement (or any other Transaction Document) to:
- 15.2.1 a member of its Group; or
- 15.2.2 any person to whom the Sale Shares are sold or transferred by the Buyer following Completion.
- 15.3 The Buyer may grant security over, or assign by way of security, any or all of its rights under this Agreement or any other Transaction Document for the purposes of, or in connection with, the financing (whether in whole or in part) of any of the Buyer's working capital or other requirements. On the enforcement of any security of the kind referred to in this clause, the Buyer, or any administrative receiver of the Buyer or any person having the benefit of such security may assign any or all of the relevant rights to any person, but the Sellers' liability to any assignee in respect of those rights shall not be greater than if no assignment had taken place.
- 15.4 If there is an assignment or transfer of any of the Buyer's rights under this Agreement in accordance with clause 15.2 or clause 15.3:

15.4.1 the Sellers may discharge their obligations under this Agreement to the Buyer until they receive notice of the assignment or transfer; and

15.4.2 the assignee or transferee may enforce this Agreement as if it were named in this Agreement as the Buyer, but the Buyer shall remain liable for any obligations under this Agreement.

16. NO AGENCY

The parties confirm they are acting on their own behalf in relation to the Transaction and not for the benefit of any other person.

17. ENTIRE AGREEMENT

This Agreement (together with the other Transaction Documents) constitutes the entire agreement between the parties and supersedes and extinguishes all previous and contemporaneous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to their subject matter.

18. VARIATION AND WAIVER

18.1 No variation of this Agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives).

18.2 A waiver of any right or remedy is only effective if given in writing and shall not be deemed a waiver of any subsequent right or remedy.

18.3 A delay or failure to exercise, or the single or partial exercise of, any right or remedy shall not waive that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy.

18.4 A party that waives a right or remedy provided under this Agreement or by law in relation to one party, or takes or fails to take any action against that party, does not affect its rights in relation to any other party.

19. COSTS

19.1 Except as expressly provided in this Agreement, each party shall pay its own costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the other Transaction Documents.

19.2 The Buyer shall be responsible for and shall pay all stamp taxes arising on the transfer of the Sale Shares in accordance with this Agreement.

20. NOTICES

20.1 A notice given to a party under or in connection with this Agreement:

20.1.1 shall be in writing and in English;

20.1.2 shall be sent to the party for the attention of the contact and to the address or email address specified in Schedule 1 or such other contact or address or email address in accordance with clause 20.4;

- 20.1.3 shall be sent by a method listed in clause 20.5; and
- 20.1.4 is deemed received as set out in clause 20.5 if prepared and sent in accordance with this clause 20.
- 20.2 Any notice to be given under this Agreement to or by:
- 20.2.1 all the Sellers, shall be deemed to have been properly given if it is given to or by (as the case may be) the Sellers' representative specified in clause 20.3(b); or
- 20.2.2 some of the Sellers only, shall be given to or by (as the case may be) the relevant Seller and, in the case of a notice given to a Seller, to their address or email address as set out in Schedule 1.
- 20.3 The addresses and email addresses for service of notices on the Buyer and the Sellers' representative are:
- 20.3.1 Buyer
- (a) address: Earnz Holdings Limited, Holborn Gate, 330 Holborn, London, England, WC1V 7QT
- (b) for the attention of: John Charlton
- (c) email address: [REDACTED]
- 20.3.2 LD & ZC's representative
- (a) name: Luke Drew
- (b) address: [REDACTED]
- (c) email address: [REDACTED]
- 20.3.3 Robert Holt
- 20.4 A party may change its details as given clause 20.3 or Schedule 1 (as the case may be) by giving notice. Any notice of a change to the identity of the LD & ZC's representative must be signed by both LD and ZC to be effective (which consent will not be unreasonably withheld). Any change notified pursuant to this clause shall take effect at 9.00 am on the later of:
- 20.4.1 the date, if any, specified in the notice as the effective date for the change; and
- 20.4.2 the date five Business Days after deemed receipt of the notice.
- 20.5 This clause sets out the delivery methods for sending a notice to a party under this Agreement and, for each delivery method, the date and time when the notice is deemed to have been received:
- 20.5.1 if delivered by hand, at the time the notice is left at the address;
- 20.5.2 if sent by pre-paid first class post or other next working day delivery service, at 9.00 am on the second Business Day after posting; or

20.5.3 if sent by pre-paid airmail providing proof of postage, at 9.00 am on the fifth Business Day after posting; or

20.5.4 if sent by email, at the time of transmission.

20.6 If deemed receipt under clause 20.5 would occur outside business hours in the place of receipt, it shall be deferred until business hours resume. In this clause, **business hours** means 9.00 am to 5.00 pm Monday to Friday on a day that is not a public holiday in the place of receipt.

20.7 This clause 20 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

21. **JOINT OBLIGATIONS**

21.1 Unless expressly provided otherwise, the Sellers shall be jointly and severally liable for their obligations, undertakings and liabilities under this Agreement.

21.2 The liability of the Sellers for their obligations under clause 12 (*Restrictions on Sellers*), and clause 13 (*Confidentiality and Announcements*) shall be several and extend only to any loss or damage arising out of their own breaches.

21.3 The Buyer may take action against, grant time or other indulgence to, or release or compromise in whole or part the liability of, any one or more of the Sellers in respect of any warranty, indemnity, representation or other obligation under this Agreement without affecting the liability of any of the other Sellers who are liable (whether jointly and severally or otherwise) in respect of that warranty, indemnity, representation or other obligation.

22. **INTEREST**

22.1 Subject to clause 22.3, if a party fails to make any payment due to any other party under this Agreement (other than a payment due under the Tax Covenant to which paragraph 3.4 of Schedule 6 applies) by the due date then the defaulting party shall pay interest on the overdue sum from the due date until payment of the overdue sum, whether before or after judgment.

22.2 Interest under this clause will accrue each day at 2% a year above the Bank of England's base rate from time to time.

22.3 In relation to payments disputed in good faith, interest under this clause is payable only after the dispute is resolved, on sums found or agreed to be due, from 10 Business Days after the dispute is resolved until payment.

23. **SEVERANCE**

If any provision or part-provision of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed deleted, but that deletion shall not affect the validity and enforceability of the rest of this Agreement.

24. **AGREEMENT SURVIVES COMPLETION**

This Agreement (other than obligations that have already been fully performed) remains in full force after Completion.

25. THIRD PARTY RIGHTS

- 25.1 Except as expressly provided in clause 25.2, this Agreement does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.
- 25.2 The rights of the parties to rescind or vary this Agreement are not subject to the consent of any other person not a party to this Agreement.

26. COUNTERPARTS

- 26.1 This Agreement may be executed in any number of counterparts, each of which shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.
- 26.2 Transmission of an executed counterpart of this Agreement by email (in PDF, JPEG or other agreed format) shall take effect as the transmission of a "wet ink" counterpart of this Agreement. If this method of transmission is adopted, without prejudice to the validity of the agreement thus made, each party shall on request provide the other with the "wet ink" hard copy originals of their counterpart.
- 26.3 This Agreement and any Transaction Document (and in each case any counterpart thereof) may be executed via DocuSign or equivalent digital signing platform.
- 26.4 No counterpart shall be effective until each party has delivered to the other at least one executed counterpart.

27. RIGHTS AND REMEDIES

Except as expressly provided in this Agreement, the rights and remedies provided under this Agreement are in addition to, and not exclusive of, any rights or remedies provided by law.

28. INADEQUACY OF DAMAGES

Without prejudice to any other rights or remedies that the Buyer may have, the Sellers acknowledge and agree that damages alone would not be an adequate remedy for their breach of clause 12 (*Restrictions on the Sellers*) or Clause 13 (*Confidentiality and announcements*). Accordingly, the Buyer shall be entitled to the remedies of injunction, specific performance or other equitable relief for actual breach of the terms of clause 12 (*Restrictions on the Sellers*) or clause 13 (*Confidentiality and announcements*) of this Agreement.

29. GOVERNING LAW AND JURISDICTION

- 29.1 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
- 29.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation.

30. **SPECIFIC POST COMPLETION MATTERS**

HMRC Voluntary Disclosure

- 30.1 Following Completion, the parties shall co-operate to procure that the Company makes a voluntary disclosure to HMRC as soon as reasonably possible and in any event within six months of the Completion Date in respect of potential unpaid PAYE income tax and Class 1 National Insurance contributions in respect of all tax periods on and from the tax year commencing in 2017 up to and including the Completion Date (the **Voluntary Disclosure**).
- 30.2 The Buyer shall have full discretion as to the nature of the Voluntary Disclosure that the Company shall make and shall have exclusive conduct of the Voluntary Disclosure process. The Buyer shall keep the Sellers reasonably informed of the progress of the Voluntary Disclosure process.
- 30.3 The Sellers shall co-operate fully in respect of the Voluntary Disclosure and shall at the expense of the Company promptly provide all such information as the Buyer and/or HMRC may request.
- 30.4 Upon agreement with HMRC of the amount owing in respect of potential unpaid PAYE income tax, Class 1 National insurance, interest and penalties (the **Agreed PAYE Liability**) the parties shall procure that the Company pay to HMRC the Agreed PAYE Liability within the agreed period for payment of the same.

Working Capital Fundings

- 30.5 Subject to clause 30.6 below, the Buyer shall ensure that the Company has sufficient working capital to ensure it remains a going concern and can finance its growth plans as set out in the Budget.
- 30.6 For the avoidance of doubt, the Buyer shall have no obligation to funds any matters not provided for in the Budget including any matter or liability that has not been Disclosed to the Buyer or where the Company suffers a loss in respect of which the Sellers should compensate in accordance with clause 11 (Indemnities) or which otherwise arises as a result of a breach of this Agreement by the Buyers (or any of them).

This Agreement has been entered into on the date stated at the beginning of it.

SCHEDULE 1 PARTICULARS OF THE SELLERS

Seller's name	Seller's address and email address	Number of Sale Shares	Cash consideration (£)	Value of Consideration Shares	% entitlement to Additional Consideration	Proportion of Purchase Price
Zac Arran Cosgrove	[REDACTED]	335	£202,437	£67,000	33.5%	33.5%
Luke Drew	[REDACTED]	335	£202,598	£67,000	33.5%	33.5%
Robert Holt		330	Nil	£189,134	33%	33%
TOTAL		1,000	£405,035	£323.134	100%	100%

SCHEDULE 2 PARTICULARS OF THE COMPANY

THE COMPANY

Name:	Cosgrove & Drew Ltd
Registered number:	09436019
Registered office:	A2 Old Gloucester Road, Hambrook, Bristol, England, BS16 1GW
Registered email address:	[REDACTED]
Issued share capital:	Amount: £1,000 Divided into: 1,000 ordinary shares of £1.00 each
Registered shareholders (and number of Sale Shares held):	As set out in Schedule 1
Beneficial owners of Sale Shares (if different) and number of Sale Shares beneficially owned:	N/A
Directors and shadow directors:	Zac Arran Cosgrove Luke Drew
Secretary:	N/A
Auditor:	N/A
Registered charges:	Outstanding: Charge Code 0943 6019 0001 Created: 5 May 2017 Delivered: 7 May 2017 Persons entitled: National Westminster Bank PLC Outstanding: Charge code 0943 6019 0002 Created: 3 May 2024 Delivered: 8 May 2024 Persons entitled: Time Invoice Finance Limited

SCHEDULE 3 EXCHANGE AND INTERIM PERIOD

PART A OBLIGATIONS AT EXCHANGE

1. On the date of this Agreement, the Sellers shall deliver (or cause to be delivered) to the Buyer:
 - 1.1 this Agreement and the Disclosure Letter, duly executed by each Seller; and
 - 1.2 the Data Room Indices, initialled by or on behalf of the Sellers;
 - 1.3 a duly certified copy of any power of attorney pursuant to which any of the documents to be delivered to the Buyer under this Schedule have been executed by a Seller's attorney.
2. On the date of this Agreement, the Buyer shall deliver (or cause to be delivered) to the Sellers:
 - 2.1 this Agreement, duly executed by the Buyer;
 - 2.2 an acknowledgement of the Disclosure Letter, signed by the Buyer;
 - 2.3 the Data Room Index, initialled by or on behalf of the Buyer;
 - 2.4 a duly certified copy of any power of attorney pursuant to which any of the documents to be delivered to the Sellers under this Schedule 3 have been executed by the Buyer's attorney; and
 - 2.5 a copy of the resolutions of the Buyer's board of directors approving the Transaction and the execution and delivery of this Agreement and the Disclosure Letter.

PART B CONDUCT OF BUSINESS DURING THE INTERIM PERIOD**1. CONDUCT OF BUSINESS DURING THE INTERIM PERIOD**

At all times during the Interim Period, the Sellers shall:

- 1.1 procure that the Company carries on the Business in the normal course and in the manner provided in Part 2 of this Schedule 3;
- 1.2 use their best endeavours to maintain the trade and trade connections of the Company;
- 1.3 promptly notify the Buyer in writing of any material change in the Business, financial position or assets of the Company;
- 1.4 promptly provide the Buyer, its agents and representatives with such information relating to the business and affairs of the Company, and such access to their books and records, as the Buyer may require from time to time; and
- 1.5 not induce, or attempt to induce (whether directly or indirectly), any of the employees of the Company to terminate their employment.

2. MATTERS SUBJECT TO THE BUYER'S CONSENT

During the Interim Period, the Sellers shall procure that, except with the prior written consent of the Buyer, the Company shall not (nor shall it agree to):

- 2.1 dispose of any material assets used or required for the operation of the Business;
- 2.2 allot any shares or other securities or repurchase, redeem or agree to repurchase or redeem any of its shares;
- 2.3 pass any resolution of its members;
- 2.4 appoint any person as a director of the Company;
- 2.5 enter into, modify or agree to terminate any Material Contract;
- 2.6 incur any capital expenditure on any individual item exceeding £5,000 or £10,000 in aggregate with any other items of capital expenditure in the Interim Period;
- 2.7 borrow any sum in excess of £5,000;
- 2.8 make any loan or cancel, release or assign any indebtedness owed to it or any claims held by it;
- 2.9 enter into any lease, lease-hire or hire-purchase agreement or agreement for payment on deferred terms;
- 2.10 declare or pay any dividend or make any other distribution of its assets;
- 2.11 make any alterations to the terms of employment or engagement (including benefits) of any Director, Employee or Worker;

SCHEDULE 3 – EXCHANGE AND INTERIM PERIOD

- 2.12 other than to the extent required to comply with a legislative requirement, amend any agreements or arrangements for the payment of pensions or other benefits on retirement to any of its current or former Employees or directors (or any of their dependants);
- 2.13 provide any non-contractual benefit to any Director, Employee or Worker (or any of their dependants);
- 2.14 dismiss any Employee or employ or engage (or offer to employ or engage) any person;
- 2.15 enter into (or modify any subsisting) agreement with a Representative Body;
- 2.16 create any Encumbrance over any of its assets or its undertaking;
- 2.17 give any financial or performance guarantee, or any similar security or indemnity;
- 2.18 commence, settle or agree to settle any legal proceedings relating to the Business, or otherwise concerning the Company;
- 2.19 grant, modify, agree to terminate or permit the lapse of any of its Intellectual Property Rights, or enter into any agreement relating to any such rights;
- 2.20 incur any liability to a Seller (or any person Connected with a Seller), other than trading liabilities incurred in the normal course of the Business;
- 2.21 materially adversely vary the terms on which it holds the Property;
- 2.22 make any material change to the accounting procedures, principles or policies by reference to which its accounts are drawn up; or
- 2.23 permit any of its insurance policies to lapse or do anything which would reduce the amount or scope of cover or make any of its insurance policies void or voidable.

3. ACCESS AND INFORMATION RELATING TO EMPLOYEES AND WORKERS

During the Interim Period, the Sellers shall:

- 3.1 at their own expense, and subject to the requirements of the Data Protection Laws, provide the Buyer with such information or documents as it may reasonably require relating to the terms of employment or any other matter concerning any Employee, Worker or Representative Body; and
- 3.2 promptly upon request give the Buyer and its advisers access at all reasonable times to the Employees and Workers; and
- 3.3 permit and assist the Buyer to consult any Employee or Worker, on reasonable notice and during normal business hours at their place of work, for the purpose of obtaining knowledge, know-how or any other information possessed by such Employee or Worker in relation to the activities and operations of, and the products and services supplied or to be supplied by, the Business at Completion. The Sellers shall encourage any such Employee or Worker to disclose all such information to the Buyer.

SCHEDULE 4 COMPLETION**PART A SELLERS' OBLIGATIONS AT COMPLETION****1. DOCUMENTS TO BE DELIVERED AT COMPLETION**

At Completion, the Sellers shall deliver (or cause to be delivered) to the Buyer:

- 1.1 transfers of the Sale Shares, in agreed form, duly signed by the registered holders in favour of the Buyer (or its nominee);
- 1.2 the share certificates for the Sale Shares or an indemnity, in agreed form, for any lost certificates;
- 1.3 any waivers, consents or other documents required to enable the Buyer (or its nominee) to be registered as the holder of the Sale Shares, in each case in agreed form;
- 1.4 a duly certified copy of any power of attorney pursuant to which any of the documents to be delivered to the Buyer under this Schedule 4 have been executed by a Seller's attorney;
- 1.5 the registers, minute books and other records required to be kept by the Company under the CA 2006 properly written up as at the Completion Date, together with the common seals (if any), certificates of incorporation and any certificates of incorporation on change of name;
- 1.6 the LD Settlement Agreement and LD Service Agreement duly executed by LD;
- 1.7 the ZC Settlement Agreement and the ZC Service Agreement duly executed by ZC;
- 1.8 a letter from each of LD, ZC and Robert Holt, in agreed form, confirming that they have each ceased to be a registrable person (within the meaning of section 790C of the CA 2006) in relation to the Company;
- 1.9 signed minutes, in agreed form, of each of the board meetings held by the Company as required by paragraph 2 of Part 2 of this Schedule 4;
- 1.10 in relation to the Company:
 - 1.10.1 statements from each bank at which it has an account, giving the balance of each account at the close of business on the last Business Day before Completion;
 - 1.10.2 all cheque books in current use and written confirmation that no cheques have been written since the statements delivered above were prepared;
 - 1.10.3 details of its cash book balances; and
 - 1.10.4 reconciliation statements reconciling the cash book balances and the cheque books with the bank statements delivered above.
- 1.11 all title deeds and other documents relating to the Property;
- 1.12 evidence, in agreed form, that all debts and accounts between the Company and the Sellers (or any person Connected with a Seller) have been fully paid or otherwise discharged;

- 1.13 evidence, in agreed form, of the release of all guarantees or other security given by the Company in respect of the liabilities or obligations of any Seller or any other third party;
- 1.14 a duly executed deed of release, in agreed form, of all and any claims that the Sellers (or any persons Connected with the Sellers) have or may have against the Company;
- 1.15 all charges, mortgages, debentures and guarantees to which the Company is a party.
- 1.16 Evidence that each of the following companies have changed their names so as not to include “Cosgrove” and/or “Drew” in their registered name:
 - 1.16.1 Cosgrove & Drew Developments Ltd;
 - 1.16.2 Cosgrove & Drew Engineering (Oxford) Ltd;
 - 1.16.3 Cosgrove & Drew FM Limited; and
 - 1.16.4 Cosgrove & Drew (Group) Limited.

2. **COMPLETION BOARD MEETINGS**

The Sellers shall cause a board meeting of the Company to be held at Completion, at which the following matters are approved:

- 2.1 the registration of the transfers of the Sale Shares delivered in accordance with paragraph 1.1 of Part 2 of this Schedule 4, subject only to the transfers being duly stamped at the Buyer's cost;
- 2.2 the appointment of the persons nominated by the Buyer as directors and company secretary of the Company (subject to any maximum number of directors contained in the relevant company's articles of association), with effect from the end of the relevant board meeting;
- 2.3 the appointment of haysmacintyre as the auditor of the Company, with effect from the end of the relevant board meeting;
- 2.4 changing the accounting reference date of the Company to such date as the Buyer requires (subject always to the requirements of the CA 2006);
- 2.5 changing the registered office of the Company to such address as the Buyer requires;
- 2.6 revoking all existing instructions and authorities to the bankers of the Company and replacing them with new instructions and authorities as the Buyer requires;
- 2.7 the entry by the Company into the ZC Service Agreement and ZC Settlement Agreement;
- 2.8 the entry by the Company into the LD Service Agreement and LD Settlement Agreement.

SCHEDULE 5 WARRANTIES**PART A GENERAL WARRANTIES****1. POWER TO SELL THE SALE SHARES**

- 1.1 The Sellers have taken all necessary actions and have all requisite power and authority to enter into and perform this Agreement and any other Transaction Documents to which they are a party in accordance with their respective terms.
- 1.2 This Agreement and any other Transaction Documents to which the Sellers are a party constitute (or shall constitute when executed) valid, legal and binding obligations on each Seller in accordance with their respective terms.
- 1.3 The execution and delivery by the Sellers of this Agreement and each of the other Transaction Documents to which they are a party, and compliance with their respective terms shall not breach or constitute a default:
- 1.3.1 under any agreement or instrument to which any Seller is a party or by which any Seller is bound; or
- 1.3.2 of any order, judgment, decree or other restriction applicable to any Seller.

2. SHARES IN THE COMPANY

- 2.1 The Sale Shares constitute the whole of the allotted and issued share capital of the Company and are fully paid or credited as fully paid.
- 2.2 The Sellers are the sole legal and beneficial owners of the Sale Shares and are entitled to transfer the legal and beneficial title to the Sale Shares to the Buyer free from all Encumbrances, without the consent of any other person.
- 2.3 No person has any right to require, at any time, the transfer, creation, issue or allotment of any share, loan capital or other securities of the Company (or any rights or interest in them), and none of the Sellers or the Company has agreed to confer any such rights, and no person has claimed any such rights.
- 2.4 No Encumbrance has been granted to any person or otherwise exists affecting:
- 2.4.1 the Sale Shares; or
- 2.4.2 any unissued shares, debentures or other unissued securities of the Company.

No commitment to create any such Encumbrance has been given, nor has any person claimed any right to such an Encumbrance.

2.5 the Company:

- 2.5.1 does not hold or beneficially own, or has agreed to acquire, any shares, loan capital or any other securities in any company;
- 2.5.2 has not at any time had any subsidiary or subsidiary undertaking;

- 2.5.3 is not, and has not agreed to become, a member of any limited liability partnership, partnership or other unincorporated association, joint venture or consortium (other than recognised trade associations);
 - 2.5.4 does not control or take part in the management of any company or business organisation, nor has it agreed to do so;
 - 2.5.5 is not, in relation to any company or limited liability partnership registered in the UK, a registrable relevant legal entity within the meaning of section 790C of the CA 2006; or
 - 2.5.6 has any branch or permanent establishment outside its country of incorporation.
- 2.6 the Company has not at any time:
- 2.6.1 purchased, redeemed, reduced, forfeited or repaid any of its own share capital;
 - 2.6.2 given any financial assistance in contravention of any applicable law or regulation; or
 - 2.6.3 allotted or issued any securities that are convertible into shares.
- 2.7 No shares in the capital of the Company have been issued, and no transfer of any such shares have been registered, except in accordance with all applicable laws and the memorandum and articles of association of the Company, and all such transfers have been duly stamped (where applicable).
- 2.8 No warning notice or restrictions notice has been issued under Schedule 1B (Enforcement of disclosure requirements) of the CA 2006 in respect of any shares or voting rights in, or any right to appoint or remove any member of the board of directors of the Company.
- 3. CONSTITUTIONAL AND CORPORATE DOCUMENTS**
- 3.1 Copies of the articles of association (or other constitutional and corporate documents) of the Company have been Disclosed. Such copy documents:
- 3.1.1 are true, accurate and complete in all respects;
 - 3.1.2 have attached to them copies of all resolutions and agreements required by applicable law to be so attached; and
 - 3.1.3 fully set out all the rights and restrictions attaching to each class of shares in the capital of the Company.
- 3.2 The register of members, register of people with significant control (PSC Register) and all other statutory books and registers of the Company:
- 3.2.1 have been properly kept in accordance with all applicable laws;
 - 3.2.2 are correctly written up to date; and
 - 3.2.3 contain a true, complete and accurate record of all matters and information which should be contained in them.

No notice or allegation has been received that any such registers or books are incorrect or should be rectified.

3.3 All returns, particulars, resolutions and other documents that the Company is required by law to file with, or deliver to, any authority in any jurisdiction (including, in particular, the Registrar of Companies in England and Wales) have been correctly made up and duly filed or delivered.

3.4 All dividends or distributions declared, made or paid by the Company have been declared, made or paid in accordance with its memorandum and articles of association, all applicable laws and regulations and any agreements or arrangements made with any third party regulating the payment of dividends and distributions.

3.5 All deeds and documents belonging to the Company, or to which it is a party, are in the possession of the Company.

4. **ACCURACY OF INFORMATION**

4.1 The particulars of the Company set out in **Schedule 2** are true, accurate, complete and not misleading.

4.2 All information given by or on behalf of any of the Sellers (or their agents or advisers) to the Buyer (or its agents or advisers) in the course of the negotiations leading up to this Agreement was and when given, true, accurate, and not misleading.

4.3 All information contained in the Disclosure Letter is true, accurate, and not misleading.

5. **COMPLIANCE WITH LAWS**

5.1 The Company has at all times conducted its business in accordance with, and has acted in compliance with, all applicable laws and regulations of any relevant jurisdiction.

5.2 Neither the Company nor any of its directors or employees (current or past), have been convicted of an offence in relation to the business or affairs of the Company.

6. **LICENCES AND CONSENTS**

6.1 The Company holds all licences, consents, permits and authorities necessary to carry on its business in the places and in the manner in which it is carried on at the date of this Agreement (**Consents**). Details of the Consents and copies of all related documentation have been Disclosed.

6.2 Each of the Consents is valid and subsisting, and the Company is not in breach of the terms or conditions of the Consents (or any of them).

6.3 There is no reason why any of the Consents may be revoked, suspended or cancelled (in whole or in part), or may not be renewed on the same terms.

7. **INSURANCE**

7.1 The Company maintains, and has at all material times maintained, adequate insurance cover against all losses and liabilities, including business interruption.

- 7.2 The Disclosure Letter includes complete and accurate details of all insurance policies maintained by or on behalf of the Company (**Policies**).
- 7.3 The Policies are in full force and effect, all premiums due on them have been paid and all other conditions of the Policies have been performed and observed.
- 7.4 The Company has not done, or omitted to do, anything that may result in an increase in the premium payable for any of the Policies, or that may adversely affect the renewal of any of the Policies.
- 7.5 None of the Policies:
- 7.5.1 are void or voidable and nothing has been done, or omitted to be done, which could make any of them void or voidable; or
 - 7.5.2 are capable of being terminated, or will otherwise cease to be available to the Company as a result of Completion.
- 7.6 The Disclosure Letter contains complete and accurate details of all insurance claims made by the Company during the period of 12 months ending on the date of this Agreement.
- 7.7 There are no material outstanding claims under, or in respect of the validity of, any of the Policies and, so far as the Sellers are aware, there are no circumstances likely to give rise to a claim under any of the Policies.
- 8. POWERS OF ATTORNEY AND POWER TO BIND**
- 8.1 There are no powers of attorney granted by the Company which are currently in force.
- 8.2 No person is entitled or authorised in any capacity to bind or commit the Company to any obligation outside the ordinary course of the Business.
- 9. DISPUTES AND INVESTIGATIONS**
- 9.1 Neither the Company nor its Directors, nor any other person for whose acts the Company may be vicariously liable, is engaged or involved in, or otherwise subject to any of the following matters (such matters being referred to in this paragraph 9 as **Proceedings**):
- 9.1.1 any litigation or administrative, mediation, arbitration or other proceedings, or any claims, actions or hearings before any court, tribunal or any governmental, regulatory or similar body, or any department, board or agency (except for debt collection in the normal course of business); or
 - 9.1.2 any dispute with, or any investigation, inquiry or enforcement proceedings by, any governmental, regulatory or similar body or agency in any jurisdiction.
- 9.2 No Proceedings have been threatened or are pending by or against the Company, any Director or any other person for whose acts the Company may be vicariously liable, and there are no circumstances likely to give rise to any such Proceedings.

9.3 The Company:

9.3.1 is not affected by any subsisting or pending judgment, order or other decision or ruling of a court, tribunal or arbitrator, or of any governmental, regulatory or similar body or agency in any jurisdiction; or

9.3.2 has not given to any court, tribunal or arbitrator, or any governmental, regulatory or similar body or agency in any jurisdiction, or to any other third party a subsisting undertaking arising out of, or in connection with, any Proceedings.

10. **DEFECTIVE PRODUCTS AND SERVICES**

10.1 The Company has not sold any products or supplied any services that were at the time they were sold or supplied, faulty or defective, or that did not or do not comply with any:

10.1.1 warranties or representations expressly or impliedly made by or on behalf of the Company in connection with such products or services; or

10.1.2 laws, regulations, standards and requirements applicable to such products or services.

10.2 No proceedings have been started, are pending or have been threatened against the Company:

10.2.1 in which it is claimed that any product sold by the Company is defective, not appropriate for its intended use or has caused bodily injury or material damage to any person or property when applied or used as intended; or

10.2.2 in respect of any services supplied by the Company.

10.3 There are no disputes between the Company and any of its customers, clients or any other third parties in connection with any products or services sold or supplied by the Company.

11. **CUSTOMERS AND SUPPLIERS**

11.1 The definition in this paragraph applies in this Agreement.

Material Counterparty: any customer, client or supplier of the Company who meets one or more of the following criteria:

11.1.1. Contributes at least 10% of the Company's annual revenue in relation to customers and clients;

11.1.2. Contributes at least 10% of the Company's annual cost in relation to suppliers;

11.1.3. Is critical to the Company's operations or supply chain, such that their loss would materially impact the Company's ability to conduct its business;

11.1.4. Has a contractual relationship with the Company valued at over £1,000,000 annually; or

11.1.5. Is involved in strategic partnerships or projects essential to the Company's long-term goals or competitive advantage.

- 11.2 In the period of 12 months ending on the date of this Agreement:
- 11.2.1 no Material Counterparty has ceased, or threatened to cease to do business with, or reduced, or threatened to reduce in any material respect the extent to which it does business with, the Company;
 - 11.2.2 there has been no material adverse change in the basis or terms on which any Material Counterparty does business with the Company; and
 - 11.2.3 the Business has not been materially affected in an adverse manner as a result of (either individually or in combination) the loss of, or reduction in trading with, any customer, client or supplier of the Company, or a change in the terms on which any such customer, client or supplier does business with the Company.
- 11.3 As far as the Sellers are aware, none of the matters referred to in paragraph 11.2 of Part 1 of this Schedule 5 is likely to occur in the period of 12 months following the date of this Agreement.
- 11.4 No customer, client or supplier accounted for more than 10% of the aggregate sales or purchases (as applicable) made by the Company during the 12 months ending on the date of this Agreement.
- 11.5 So far as the Sellers are aware, no customer or client of the Company who is a Material Counterparty is subject to a relevant insolvency procedure within the meaning of section 233B(2) of the Insolvency Act 1986.

12. CONTRACTS

- 12.1 The definition in this paragraph applies in this Agreement.
- Material Contract:** any agreement, arrangement, understanding or commitment that the Company is a party to or bound by, that meets one or more of the following criteria:
- 12.1.1. Has a value or potential value exceeding £1,000,000;
 - 12.1.2. Has a duration exceeding 2] years;
 - 12.1.3. Is essential to the Company's core operations or strategic objectives;
 - 12.1.4. Involves obligations or rights that, if breached or terminated, would materially impact the Company's business, profits, or assets; or
 - 12.1.5. Is with a Material Counterparty as defined in clause 11.1.
- 12.2 Except as Disclosed the Company is not a party to, or otherwise subject to any agreement, arrangement, understanding or commitment which:
- 12.2.1 is a Material Contract;
 - 12.2.2 is of an unusual or exceptional nature;
 - 12.2.3 is not in the ordinary and usual course of the Business;

- 12.2.4 may be terminated as a result of a change of Control of the Company;
 - 12.2.5 restricts the freedom of the Company to carry on the Business in any part of the world in such manner as it thinks fit;
 - 12.2.6 involves agency or distributorship;
 - 12.2.7 involves partnership, joint venture, consortium, joint development, shareholder or similar arrangements;
 - 12.2.8 involves the grant of any sole or exclusive rights by or to the Company;
 - 12.2.9 is incapable of complete performance in accordance with its terms within six months after the date on which it was entered into;
 - 12.2.10 cannot be readily fulfilled or performed by the Company on time and without undue or unusual expenditure of money and effort;
 - 12.2.11 involves or is likely to involve an aggregate consideration payable by or to the Company in excess of £5,000;
 - 12.2.12 requires the Company to pay any commission, finder's fee, royalty or the like;
 - 12.2.13 is for the supply of goods and/or services by or to the Company on terms under which retrospective or future discounts, price reductions or other financial incentives are given;
 - 12.2.14 is not on arm's-length terms; or
 - 12.2.15 is a finance lease, hire purchase, rental or credit sale agreement or which otherwise provides for the purchase or right to purchase any asset by instalment payments.
- 12.3 There are no outstanding or ongoing negotiations of material importance to the business, profits or assets of the Company, or any outstanding quotations or tenders for a contract that, if accepted, would give rise to a Material Contract.
- 12.4 Each Material Contract is in full force and effect and binding on the parties to it.
- 12.5 The Company is not (or will not, with the lapse of time, be) in default of any:
- 12.5.1 Material Contract; or
 - 12.5.2 other agreement, arrangement, undertaking or commitment a default of which would be material having regard to the trading, profits or financial position of the Company.
- No such default has been threatened, and, so far as the Sellers are aware, there are no facts or circumstances likely to give rise to any such default.
- 12.6 No notice of termination of a Material Contract has been received or served by the Company, and there are no grounds for the termination, rescission, avoidance, repudiation or a material change in the terms of any such contract.

13. TRANSACTIONS WITH THE SELLERS AND SELLERS' INTERESTS

13.1 There is no outstanding indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between the Company and any of the following:

13.1.1 a Seller, or any person Connected with a Seller; or

13.1.2 a Director, or any person Connected with a Director.

13.2 None of the Sellers, nor as far as the Sellers are aware any person Connected with a Seller, has a claim of any nature against the Company, or has assigned to any person the benefit of any such claim.

13.3 None of the Sellers is at the date of this Agreement, or has been at any time during the period of 2 years immediately preceding the date of this Agreement, concerned, interested or engaged, directly or indirectly and in whatever capacity, in any other business similar to or competitive with the Business.

14. FINANCE AND GUARANTEES

14.1 The Disclosure Letter contains full particulars of all:

14.1.1 money borrowed by the Company; and

14.1.2 loans, overdrafts or other financial facilities currently outstanding or available to the Company (**Financial Facilities**), including copies of all material documents relating to such Financial Facilities.

14.2 The total amount borrowed by the Company (whether pursuant to the Financial Facilities or otherwise) does not exceed any limitations on the borrowing powers of the Company contained in:

14.2.1 its articles of association; or

14.2.2 any debenture or other deed or document binding on the Company.

14.3 There are no circumstances or matters which could affect the continuance of any of the Financial Facilities, or which may result in an amendment of their terms.

14.4 No indebtedness of the Company is due and payable and no Encumbrance over any of the assets of the Company is now enforceable, whether by virtue of the stated maturity date of the indebtedness having been reached or otherwise.

14.5 The Company has not received any notice (whose terms have not been fully complied with or carried out) from any creditor requiring any payment to be made in respect of any indebtedness (whether arising pursuant to the Financial Facilities or otherwise), or intimating the enforcement of any Encumbrance which it holds over the assets of the Company.

14.6 Except as Disclosed, no Encumbrance, guarantee, indemnity or other similar security arrangement has been given or entered into (or agreed to be given or entered into) by the Company or any third party in respect of the borrowings or other obligations of the Company (whether arising pursuant to the Financial Facilities or otherwise).

- 14.7 The Company has not given or entered into (or agreed to give or enter into) any Encumbrance, guarantee, indemnity or other similar security arrangement in respect of the indebtedness of, or the default in the performance of any obligation by, any other person.
- 14.8 The Company has not:
- 14.8.1 factored or discounted any of its debts;
 - 14.8.2 engaged in financing of a type which would not need to be shown or fully reflected in the Accounts; or
 - 14.8.3 waived any right of set-off it may have against any third party.
- 14.9 The Company does not have any outstanding loan capital, and has not lent any money that has not been repaid, and there are no debts owing to the Company other than debts that have arisen in the normal course of the Business.
- 14.10 The debts owing to the Company as reflected in the Accounts, and all debts subsequently recorded in the books of the Company since the Accounts Date:
- 14.10.1 have been realised, or will within three months after the date of this Agreement realise in cash their full amount as included in those Accounts or books;
 - 14.10.2 have not been outstanding (in whole or in part) for more than two months from its due date for payment; and
 - 14.10.3 are not subject to any right of set-off or counterclaim.
- 14.11 The Company is not subject to any arrangement for receipt or repayment of any grant, subsidy or financial assistance from any government department or other body.
- 14.12 Particulars of the balances of all the bank accounts of the Company, showing the position as at the day immediately preceding the date of this Agreement, have been Disclosed and the Company has no other bank account. Since the date of those particulars, there have been no payments out of those bank accounts other than routine payments in the ordinary course of the Business.
- 14.13 Having regard to the existing banking and other facilities available to it, the Company has sufficient working capital for the purposes of:
- 14.13.1 continuing to carry on the Business in its present form and at its present level of turnover during the period of 12 months following the date of this Agreement; and
 - 14.13.2 executing, carrying out and fulfilling in accordance with their respective terms all orders, projects and contractual obligations which have been placed with or undertaken by the Company.
15. **LIABILITIES**
- 15.1 The Company has no liabilities (including contingent liabilities) other than as disclosed in the Accounts or incurred in the ordinary and proper course of the Business since the Accounts Date.

- 15.2 No sum is owing by the Company to their auditors, solicitors or other professional advisers, and no accrual ought properly to be made by it in respect of any such sum.

16. EFFECT OF THE TRANSACTION

Neither the acquisition of the Sale Shares by the Buyer, nor compliance with the terms of this Agreement will:

- 16.1.1 cause the Company to lose the benefit of any asset, right or privilege it presently enjoys;
- 16.1.2 relieve any person of any obligation to the Company (whether contractual or otherwise), or enable any person to determine any such obligation or any right or benefit enjoyed by the Company, or to exercise any other right in respect of the Company;
- 16.1.3 result in any customer, client or supplier being entitled to cease dealing with the Company, or materially reducing its level of business, or changing the terms on which it deals, with the Company;
- 16.1.4 result in the loss or impairment of, or any default under, any licence, authorisation or consent required by the Company for the purposes of the Business;
- 16.1.5 so far as the Sellers are aware, result in any officer or senior Employee leaving the Company;
- 16.1.6 result in the creation, imposition, crystallisation or enforcement of any Encumbrance on any of the assets of the Company;
- 16.1.7 result in any present or future indebtedness of the Company becoming due and payable, or capable of being declared due and payable, prior to its stated maturity date, or cause any Financial Facility to be terminated or withdrawn;
- 16.1.8 entitle any person to receive from the Company any finder's fee, brokerage or other commission in connection with the Transaction;
- 16.1.9 give rise to, or cause to become exercisable, any right of pre-emption over the Sale Shares; or
- 16.1.10 entitle any person to acquire, or affect the entitlement of any person to acquire, shares in the Company.

17. INSOLVENCY

- 17.1 The Company:
- 17.1.1 is not insolvent or unable to pay its debts within the meaning of the Insolvency Act 1986 or any other applicable insolvency legislation; or
 - 17.1.2 has not stopped paying its debts as they fall due.
- 17.2 No step has been taken or proposal made in any applicable jurisdiction to initiate any process by or under which:

- 17.2.1 the ability of the creditors of the Company to take any action to enforce their debts is suspended, restricted or prevented, including (without limitation) pursuant to a moratorium under Part A1 of the Insolvency Act 1986;
- 17.2.2 some or all of the creditors of the Company accept, by agreement or in pursuance of a court order, an amount less than the sums owing to them in satisfaction of those sums, or make any other compromise or arrangement with the Company (including, without limitation, a company voluntary arrangement under Part 1 of the Insolvency Act 1986, a scheme of arrangement under Part 26 of the CA 2006 or a restructuring plan under Part 26A of the CA 2006);
- 17.2.3 a person is appointed to manage the affairs, business and assets of the Company on behalf of its creditors; or
- 17.2.4 the holder of a charge over any of the assets of the Company is appointed to control the business and/or any assets of the Company.
- 17.3 In relation to the Company:
- 17.3.1 no administrator has been appointed;
- 17.3.2 no documents have been filed with, and no application has been made to, the court for the appointment of an administrator; and
- 17.3.3 no notice of an intention to appoint an administrator has been given by the relevant company, its directors or by a qualifying floating charge holder (as defined in paragraph 14 of Schedule B1 to the Insolvency Act 1986).
- 17.4 No petition has been presented or order made for the winding up of the Company, no resolution has been passed or proposed for the winding up of the Company and no other process has been initiated which could lead to the Company being wound up or its assets being distributed among its creditors, shareholders or other contributors or the Company being dissolved.
- 17.5 No distress, execution or other process has been commenced, levied or enforced on, and no creditor or encumbrancer has taken possession or control of, any goods or assets of the Company.
- 17.6 No event has occurred, and no proceedings have been taken, in relation to the Company in any jurisdiction other than the UK, which has an effect equivalent or similar to any of the matters referred to in paragraphs 17.2 to 17.5 (inclusive) above.
- 17.7 None of the Sellers has:
- 17.7.1 had a bankruptcy petition presented against them, or been declared bankrupt;
- 17.7.2 been served with a statutory demand, or is unable to pay their debts within the meaning of the Insolvency Act 1986;
- 17.7.3 entered into, or has proposed to enter into, any composition or arrangement with, or for, their creditors (including an individual voluntary arrangement); or
- 17.7.4 been subject of any other event analogous to the foregoing in any jurisdiction.

18. ACCOUNTS**18.1 The Accounts:**

18.1.1 show a true and fair view of the state of affairs of the Company as at the Accounts Date, and of their profit or loss and total comprehensive income for the accounting period ended on the Accounts Date;

18.1.2 have been properly prepared in accordance with FRS 102, using appropriate accounting policies and estimation techniques as required by section 10 of FRS 102;

18.1.3 comply with the requirements of the CA 2006 and all other applicable law and regulations in the UK;

18.1.4 are not affected by any extraordinary, exceptional or non-recurring items; and

18.1.5 have been prepared using the same accounting policies and estimation techniques as those adopted and applied in preparing the Previous Accounts.

18.2 The Locked Box Accounts have been prepared on a basis consistent with that used in preparing the Accounts and fairly represent the assets and liabilities (including Cash, Debt and Working Capital) and profit and losses of the Company as at and to the date to which they have been prepared.

18.3 The Locked Box Accounts do not:

18.3.1 misstate the assets or liabilities of the Company as at the Locked Box Date; or

18.3.2 misstate the profits or losses of the Company in respect of the period to which they relate.

18.4 As at the Locked Box Date, the level of debtors was not influenced in any material respect by calling in debtors in advance of the usual debtor days, and the level of creditors was not influenced in any material respect by paying creditors outside of the usual creditor days.

18.5 The Management Accounts have been prepared on a basis consistent with that employed in preparing the Accounts and fairly represent the assets and liabilities and the profits and losses of the Company as at the date and in respect of the period to which they relate.

19. CHANGES SINCE THE ACCOUNTS DATE

Since the Accounts Date:

19.1 the Company has conducted the Business in the normal course and as a going concern;

19.2 there has been no material adverse change in the turnover, financial position or prospects of the Company;

19.3 the Company has not issued or agreed to issue any share or loan capital;

19.4 no dividend or other distribution of profits or assets has been, or agreed to be, declared, made or paid by the Company;

- 19.5 the Company has not borrowed or raised any money or given or taken any form of financial security;
- 19.6 no capital expenditure has been incurred on any individual item by the Company in excess of £5,000 and the Company has not acquired, invested or disposed of (or agreed to acquire, invest or dispose of) any individual item in excess of £25,000;
- 19.7 no shareholder resolutions of the Company have been passed other than as routine business at the annual general meeting;
- 19.8 the Company has not offered, agreed or implemented any price reductions or discounts or allowances on its sales;
- 19.9 the Company has paid its creditors within the applicable periods agreed with the relevant creditor and there are no amounts owing by the Company which have been outstanding for more than 60 days; and
- 19.10 there has been no reduction in the value of the net assets of the Company determined in accordance with the same accounting principles and policies as those applied in the Accounts (and on the basis that each of the assets is valued at a figure no greater than the value attributed to it in the Accounts or, in the case of any of the assets acquired by the Company after the Accounts Date, at a figure no greater than cost).

20. **FINANCIAL AND OTHER RECORDS**

- 20.1 All financial and other records of the Company (**Records**):
 - 20.1.1 have been properly prepared and maintained;
 - 20.1.2 constitute an accurate record of all matters required by law to appear in them, and in the case of the accounting records, comply with the requirements of sections 386 and 388 of the CA 2006;
 - 20.1.3 do not contain any material inaccuracies or discrepancies; and
 - 20.1.4 are in the possession of the Company.
- 20.2 No notice has been received or allegation made that any of the Records are incorrect or should be rectified.
- 20.3 To the extent that any of the Records are maintained or stored electronically:
 - 20.3.1 the Company is the owner of any hardware and software required to access, maintain, copy and use such Records, and such ownership is not shared with any other person; and
 - 20.3.2 such Records are adequately backed-up.

21. **ASSETS**

- 21.1 The assets included in the Accounts, together with any assets acquired since the Accounts Date and all other assets used by the Company in connection with the Business (except for those disposed of since the Accounts Date in the normal course of business) are:

- 21.1.1 legally and beneficially owned by the Company, and the Company has good and marketable title to such assets;
 - 21.1.2 not the subject of any lease, lease hire agreement, hire purchase agreement or agreement for payment on deferred terms, or any licence or factoring arrangement; and
 - 21.1.3 in the possession and control of the Company.
- 21.2 Except as Disclosed, none of the assets, undertaking or goodwill of the Company is subject to an Encumbrance or any agreement or commitment to create an Encumbrance, and no person has claimed to be entitled to create such an Encumbrance.
- 21.3 The assets owned by the Company comprise all the assets necessary for the continuation of the Business as it is carried on at the date of this Agreement.

22. PLANT AND EQUIPMENT

- 22.1 The Company has no fixed plant and machinery.
- 22.2 The vehicles, office and other equipment used by the Company in connection with the Business are:
- 22.2.1 in good working order and have been regularly and properly maintained;
 - 22.2.2 capable and will continue to be capable of doing the work for which they were designed; and
 - 22.2.3 not surplus to the current or proposed requirements of the Company.

23. INTELLECTUAL PROPERTY

- 23.1 The definitions in this paragraph apply in this Agreement:

Intellectual Property Rights: patents, utility models, rights to inventions, copyright and related rights, moral rights, trade marks, business names and domain names, rights in get-up and trade dress, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets), and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

Target IP: all Intellectual Property Rights owned, used or held for use by the Company.

- 23.2 The Company has no registered Intellectual Property Rights (including applications for such rights).
- 23.3 Complete and accurate particulars are set out in **Part 2 of Schedule 7** of all material unregistered Intellectual Property Rights owned by the Company.

- 23.4 Complete and accurate particulars are set out in Part 3 and Part 4 of Schedule 7 respectively of all material licences, agreements, authorisations and permissions (in whatever form and whether express or implied) under which the Company:
- 23.4.1 uses or exploits Intellectual Property Rights owned by any other person; or
- 23.4.2 has licensed or agreed to license Intellectual Property Rights to, or otherwise permitted the use of any Intellectual Property Rights by, any other person (including any licence between the Company).
- 23.5 Except to the extent disclosed in the particulars set out in Part 3 of Schedule 7, the Company is the sole legal and beneficial owner of all Target IP, free from all Encumbrances.
- 23.6 The Company do not require the use of any Intellectual Property Rights in order to carry on the Business in the manner in which it was operated at and before the date of this Agreement and to fulfil any currently existing plans or proposals, other than those rights which:
- 23.6.1 it is currently able to exercise, without restriction, in relation to the Intellectual Property Rights which it owns; and
- 23.6.2 are currently granted to it under the licences set out in Part 3 of Schedule 7.
- 23.7 So far as the Sellers are aware, there has been no unauthorised use, misappropriation or infringement by any third party of any of the Target IP, nor any third party breach of confidence, passing off or actionable act of unfair competition in relation to the business and assets of the Company, and no action is current or anticipated.
- 23.8 The agreements and licences set out in Part 3 and Part 4 of Schedule 7:
- 23.8.1 are valid and binding and recorded in writing;
- 23.8.2 have, where required, been duly recorded or registered;
- 23.8.3 have not been the subject of any breach or default by any party or of any event which, with the giving of notice or lapse of time, would constitute a default; and
- 23.8.4 are not the subject of any claim, dispute or proceeding, pending or threatened.
- 23.9 A change of Control of the Company, or any other transaction contemplated under this Agreement, will not result in the termination of, or trigger a payment in respect of, or otherwise materially affect, any of the Target IP.
- 23.10 The activities of the Company have not:
- 23.10.1 infringed, do not infringe and, so far as the Sellers are aware, are not likely to infringe the Intellectual Property Rights of any third party;
- 23.10.2 constituted, do not constitute and, so far as the Sellers are aware, are not likely to constitute any breach of confidence, passing off or actionable act of unfair competition; or
- 23.10.3 given and do not give rise to any obligation to pay any royalty, fee, compensation or any other sum whatsoever.

24. INFORMATION TECHNOLOGY

24.1 The definitions in this paragraph apply in this Agreement.

Domain Names: the internet domain names associated with the Business including those set out in Part 3 of Schedule 8.

Good Industry Practice: the exercise of that degree of skill, care, prudence, efficiency, foresight and timeliness as would be expected from a leading company within the relevant industry or business sector.

IT Contracts: all agreements or arrangements (whether or not in writing and including those currently being negotiated) under which any third party (including any source code deposit agent) provides or will provide any element of, or services relating to, the IT Systems, including leasing, hire purchase, licensing, maintenance, website hosting, outsourcing, security, back-up, disaster recovery, insurance, cloud computing and other types of services agreements.

IT Systems: the network and information systems that are owned, used or held for use by the Company, including: (i) all computer hardware (including network and telecommunications equipment and related peripherals) and mobile devices; (ii) all software (including associated user manuals, object code and source code and other materials sufficient to enable a reasonably skilled programmer to maintain and modify the software (**Source Code**)) and firmware (**Software**); and (iii) all databases (**Databases**).

Known Vulnerability: any Vulnerability that has either been:

24.1.1 assigned a Common Vulnerabilities and Exposures (CVE) number;

24.1.2 disclosed on the National Vulnerability Database available at the website operated by the US National Institute of Standards and Technology (NIST) from time to time; or

24.1.3 disclosed on the internet, or any public database, such that it would be revealed by reasonable searches conducted in accordance with Good Industry Practice.

Latent Vulnerability: any instances of typical classes of Vulnerability, for example, buffer overflows, cross-site scripting (XSS) and Structure Query Language (SQL) injection.

NIS Regulations: the Network and Information Systems Regulations 2008 (SI 506/2018).

Security Incident: any event having an actual adverse effect on the security of the IT Systems and/or the Systems Data.

Social Media Account: any user account, profile, page or other similar presence on an online communication channel incorporating user-generated content in connection with the Business.

Supplier: the supplier under any IT Contract.

Systems Data: the digital data (including personal and non-personal data) stored, processed, retrieved or transmitted by any element of the IT Systems.

Virus: any program which contains malicious code or infiltrates or damages a computer system without the owner's informed consent or is designed to do so or which is hostile, intrusive or annoying to the owner or user and has no legitimate purpose.

Vulnerability: a weakness in the computational logic (for example, code) found in software and hardware components that, when exploited, results in a negative impact to confidentiality, integrity, or availability.

- 24.2 Complete and accurate particulars of the IT Systems and the IT Contracts are set out in **Part 1** and **Part 2** of **Schedule 8**. The Sellers have no reason to believe that any of the IT Contracts are not adequate for the purposes of the Business as it is operated at and before the date of this Agreement.
- 24.3 Except to the extent provided for in the IT Contracts (details of which have been disclosed in **Part 2** of **Schedule 8**), the Company is the owner of and in unrestricted possession of the IT Systems free from Encumbrances. The Company has obtained all necessary rights from third parties to enable their exclusive and unrestricted use of the IT Systems both before and after the date of this Agreement for the purposes of carrying on the Business in the manner in which it was operated at and before the date of this Agreement, and to fulfil any currently existing plans or proposals.
- 24.4 The IT Contracts are valid and binding and recorded in writing, and so far as the Sellers are aware, no act or omission has occurred which would, if necessary, with the giving of notice or lapse of time, constitute a breach of any of them.
- 24.5 There are and have been no claims, disputes or proceedings arising or threatened under any of the IT Contracts or in respect of the IT Systems.
- 24.6 None of the IT Contracts is liable to be terminated or otherwise materially affected by a change of Control of the Company, and the Sellers have no reason to believe that any of the IT Contracts will not be renewed on the same or substantially the same terms when they expire. Each IT Contract which has an existing or future obligation on the part of the Company to pay an aggregate fee or charge of more than £5,000 is terminable by the Company by giving not more than 60 days' notice at any time.
- 24.7 In relation to the Source Code, the Company have either:
- 24.7.1 possession and exclusive control of such Source Code, and there has been no disclosure of such Source Code; or
 - 24.7.2 the right to gain access to, and control over, such Source Code under the terms of a source code deposit agreement entered into with the owners of the rights in the relevant Software and a reputable deposit agent (particulars of which are set out in **Part 2** of **Schedule 8**).
- 24.8 All elements of the IT Systems:
- 24.8.1 are functioning properly in accordance with all applicable specifications and with the service levels set out in the IT Contracts, and are fit for the purposes of the Business;
 - 24.8.2 are not defective and have not been defective or failed to function during the last three years;

- 24.8.3 do not contain any Virus, Known Vulnerability or Latent Vulnerability and have not within the last 12 months been infected by any Virus, Known Vulnerability or Latent Vulnerability or accessed by any unauthorised person;
- 24.8.4 have sufficient capacity, scalability and performance (without modification) to meet the current and foreseeable requirements of the Business;
- 24.8.5 include sufficient user information (including supplier's recommendations) reduced to writing and in a commonly-readable format, which is within the possession and control of the Company, to enable reasonably skilled personnel in the field to use and operate the IT Systems without the need for further assistance (**User Information**);
- 24.8.6 have been operated and used substantially in accordance with the User Information (including any recommendations as to environmental conditions and power supply);
- 24.8.7 have been regularly maintained in accordance with Good Industry Practice, including that all versions of the Software used by the Business are currently supported by the respective owners of the Software and the IT Systems have the benefit of appropriate maintenance and support agreements; and
- 24.8.8 meet all applicable regulatory requirements, including (in respect of any element of the IT Systems which processes personal data) the requirement for privacy by design and privacy by default.
- 24.9 So far as the Sellers are aware, no open-source software (as defined at <http://opensource.org/docs/osd>) licensed from time to time under the General Public Licence (as set out at <http://www.gnu.org/licenses/gpl.html>) or any similar licence has been included or used in, or in the development of, any element of the IT Systems (**Restrictive Open Source Code**) and no element of the IT Systems operates in such a way that it is compiled with or linked to any Restrictive Open Source Code. Without prejudice to the foregoing, no open-source software has been included or used in, or in the development of, any element of the IT Systems in contravention of its applicable open-source licence terms and no third party is asserting, or has in the last three years asserted, any such contravention.
- 24.10 Complete and accurate particulars of all Social Media Accounts and Domain Names are set out in Part 3 of Schedule 8. All Social Media Accounts and Domain Names are controlled and administered by the Company and used exclusively in connection with the Business.
- 24.11 The Company:
- 24.11.1 is the current registrant and user of each Domain Name and Social Media Account, and has not sold, transferred, licensed, charged or otherwise encumbered any Domain Name or Social Media Account, or allowed a Domain Name or Social Media Account to be used by any third party;
- 24.11.2 has, in its control and possession, sufficient information, passwords and access codes to allow it to access, edit, control and/or administer each Domain Name and Social Media Account, including after the date of this Agreement;
- 24.11.3 has not committed any breaches, and is currently not in breach, of any agreement with the registrar of any Domain Name or provider of any Social Media Account; and

- 24.11.4 has completed all necessary formalities (including the payment of all relevant fees) in order to effect any renewals of the Domain Names or Social Media Accounts which were due prior to the date of this Agreement.
- 24.12 No person has, or in the past 24 months has had, unauthorised access to any Social Media Account and each director, manager, employee and independent contractor of the Company who has access to or control over a Social Media Account has entered into a written agreement with the Company obliging them, on termination of their engagement, to cease accessing that Social Media Account, and the Company has in place proper procedures to enforce this obligation.
- 24.13 No person has used the Social Media Accounts to infringe or misuse or misappropriate the rights of any other person or to defame, libel or slander such person, or to make any unauthorised statement about, or on behalf of, or in connection with, the Business or the Company.
- 24.14 The Company has in place, in accordance with Good Industry Practice, proper policies, procedures and training for its employees on the appropriate use of social media in both a professional and personal capacity.
- 24.15 The Company's use of the Social Media Accounts and Domain Names (including any competitions or prize promotions conducted via the Social Media Accounts or Domain Names) complies with, and has at all times within the last 24 months complied with, all applicable laws, regulations, guidelines, listed company rules and Good Industry Practice, including any relevant advertising codes. The Company has not received any notice or allegation of non-compliance in respect of the same.
- 24.16 Each of the Databases:
- 24.16.1 is complete and accurate for the purpose for which it was originally created;
- 24.16.2 has not been used for any purpose that would constitute a breach of Data Protection Laws; and
- 24.16.3 has not suffered any material loss or corruption.
- 24.17 The Company has implemented appropriate procedures in accordance with Good Industry Practice (including in relation to off-site working where applicable) for ensuring the security of the IT Systems and the confidentiality and integrity of the Systems Data.
- 24.18 The Company has in place:
- 24.18.1 a fully documented disaster recovery plan which, in conjunction with any necessary agreements with third party service providers (particulars of which are set out in Part 2 of Schedule 8), would enable the Business to continue if there were significant damage to or destruction of some or all of the IT Systems;
- 24.18.2 a monitoring programme which enables the Company to effectively detect, prioritise, and report Security Incidents on a continuous 24/7 basis; and
- 24.18.3 a data security breach and response plan which enables the Company to effectively mitigate any Security Incident, and the effects of any Security Incident on the Business.

Each such plan (copies of which have been Disclosed) complies with Good Industry Practice.

- 24.19 During the three year period up to and including the date of this Agreement, the Company has not suffered any Security Incident having a substantial or significant impact on the Business.
- 24.20 The Company is not, nor has it been, an operator of essential services or a relevant digital service provider as defined in the NIS Regulations and has no reason to believe it would be so classified the future.

25. **DATA PROTECTION AND PRIVACY**

25.1 The Company has:

25.1.1 at all times complied with all Data Protection Laws and there are no facts or circumstances likely to give rise to any allegation of non-compliance with such Data Protection Laws;

25.1.2 made all necessary registrations and notifications under the Data Protection Laws and such registrations and notifications are appropriate for the Company's actual data processing activities;

25.1.3 not received any communication from any person or Data Subject (as defined in the applicable Data Protection Laws) alleging a breach of any of its obligations under Data Protection Laws, including any compensation claim and there are no facts or circumstances likely to give rise to any such claim;

25.1.4 not received any request, official notice (including an information notice or enforcement notice) or notice of investigation or other action under Data Protection Laws from anybody or Supervisory Authority alleging a breach of any of its obligations under Data Protection Laws and there are no facts or circumstances likely to give rise to an investigation or other action by a Supervisory Authority.

26. **EMPLOYMENT**

26.1 The definitions in this paragraph apply in this Agreement.

27. **Employee:** any person employed by the Company under a contract of employment (together the **Employees**).

Employment Laws: all laws applying in England and Wales from time to time which affect contractual or other relations between an employer and their employees or workers including all legislation and any claim arising under European treaty provisions or directives (as any such treaties or directives apply in England and Wales from time to time, including as retained, amended, extended, re-enacted or otherwise given effect) which, in either case, are enforceable against the Company by any Employee or Worker.

Representative Body: any trade union, staff association, staff council, works council, information and consultation body and any other worker representatives relating to any person employed or engaged by or in the Company.

Worker: any person who personally performs work for the Company but who is not an Employee, in business on their own account or in a client/customer relationship (together the **Workers**).

Working Time Directive: Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time (as it applies in England and Wales from time to time, including as retained, amended, extended, re-enacted or otherwise given effect).

WTR 1998: the Working Time Regulations 1998 (SI 1998/1833).

- 27.1 The name of each director and shadow director of the Company is set out in **Schedule 2**.
- 27.2 The Disclosure Letter includes anonymised particulars of each Employee and Worker and the principal terms of their contract including:
- 27.2.1 the company that employs or engages them;
 - 27.2.2 their current remuneration (including any benefits and privileges provided or which the Company is bound to provide to them or their dependants, whether now or in the future, details of shift and any other allowances, and any entitlement to, or expectation of, performance-related remuneration);
 - 27.2.3 the commencement date of each contract and, if an Employee, the date on which continuous service began;
 - 27.2.4 the length of notice necessary to terminate each contract or, if a fixed term, the expiry date of the fixed term and details of any previous renewals;
 - 27.2.5 details of all post-termination restrictions including length and type of restriction and the basis of the restriction;
 - 27.2.6 the type of contract (including whether full or part-time or other);
 - 27.2.7 their date of birth;
 - 27.2.8 any country in which the Employee or Worker works or performs services and/or is paid, if the Employee or Worker works or is paid outside England and Wales; and
 - 27.2.9 the law governing the contract, if the Employee or Worker works or is paid outside England and Wales.
- 27.3 The Disclosure Letter includes anonymised details of each person who is not a Worker and who is providing services to the Company under an agreement that is not a contract of employment with the Company (including, in particular, where the individual acts as a consultant or is on secondment from an employer that is not a member of the Company's Group) and the particulars of the terms on which the individual provides services, including:
- 27.3.1 the company that engages them;
 - 27.3.2 the remuneration of each individual (including any benefits and privileges provided or which the Company is bound to provide to them or their dependants, whether now

- or in the future, and any entitlement to, or expectation of, performance-related remuneration);
- 27.3.3 the length of notice necessary to terminate each agreement or, if a fixed term, the expiry date of the fixed term and details of any previous renewals;
- 27.3.4 any country in which the individual provides services, if the individual provides services outside England and Wales; and
- 27.3.5 the law governing the agreement, if the individual provides services wholly or mainly outside England and Wales.
- 27.4 The Disclosure Letter includes anonymised details of all Employees and Workers who are on secondment, maternity or other statutory leave or who are absent due to ill-health or for any other reason.
- 27.5 No notice to terminate the contract of any Employee or Worker (whether given by the relevant employer or by the Employee or Worker) is pending, outstanding or threatened and no dispute under any Employment Laws or otherwise is outstanding between the Company and any current or former:
- 27.5.1 Employee relating to their employment, its termination or any reference given by the Company regarding such Employee; or
- 27.5.2 Worker relating to their contract, its termination or any reference given by the Company regarding such Worker.
- 27.6 No questions have been submitted to the Company by an Employee or Worker in relation to potential claims under equal pay or discrimination legislation that remain unanswered in full or in part.
- 27.7 Every Employee or Worker who requires permission to work in the UK has current and appropriate permission to work in the UK.
- 27.8 No offer of employment or engagement has been made by the Company that has not yet been accepted, or that has been accepted but where the employment or engagement has not yet started.
- 27.9 The acquisition of the Sale Shares by the Buyer and compliance with the terms of this Agreement will not entitle any Director, officer or senior Employee of the Company to terminate their employment or receive any payment or other benefit.
- 27.10 All contracts between the Company and its Employees and Workers are terminable at any time on not more than three months' notice without compensation (other than for unfair dismissal or a statutory redundancy payment) or any liability on the part of the Company other than wages or pension.
- 27.11 All contracts between the Company and its Directors, Employees or Workers comply with any relevant requirements of section 188 of the CA 2006.
- 27.12 The Company is not a party to, bound by or proposing to introduce in respect of any of its Directors or Employees any redundancy payment scheme in addition to statutory redundancy pay, nor is there any agreed procedure for redundancy selection.

- 27.13 In the period of ten years preceding the date of this Agreement, the Company has not (nor any predecessor or owner of any part of their respective businesses) has been a party to a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 affecting any Employee (or former Employee) or any other persons engaged (or formerly engaged) in the Business and no event has occurred that may involve such persons in the future being a party to such a transfer. No such persons have had their terms of employment varied (or purported to be varied) for any reason as a result of or connected with such a transfer. There are no circumstances likely to give rise to a relevant transfer affecting any of the Employees or any other person engaged in the Business.
- 27.14 There are no cash incentive schemes or arrangements (including any commission, profit sharing or bonus scheme) established by any member of the Company's Group, any shareholder of the Company or any other person, in which any Director or former director of the Company, or any Employee or Worker (or any of their respective associates or nominees) participates or has participated.
- 27.15 The Company is not a party to, bound by or proposing to introduce for the benefit of any Director, Employee or Worker, or former director, Employee or Worker (or any of their respective associates or nominees), any cash incentive scheme or arrangement (including any commission, profit sharing or bonus scheme).
- 27.16 The Company has not incurred any actual or contingent liability in connection with any termination of employment of any Employee (including redundancy payments) or for failure to comply with an order for the reinstatement or re-engagement of any Employee.
- 27.17 The Company has not incurred any liability for failure to provide information to or to consult with its employees under any Employment Laws.
- 27.18 The Company has not made or agreed to make a payment or provided or agreed to provide a benefit to any Director, officer, Employee or Worker, or former director, officer, Employee or Worker, or to their dependants in connection with the actual or proposed termination or suspension of employment or variation of an employment contract.
- 27.19 The Company is not involved in any material industrial or trade dispute or negotiation regarding a claim with any Representative Body and there is nothing likely to give rise to such a dispute or claim.
- 27.20 The Company has not:
- 27.20.1 in the last 12 months, altered any of the terms of employment or engagement of any Employee or Worker; or
 - 27.20.2 offered, promised or agreed to any future variation in the terms of employment or engagement of any Employee or Worker.
- 27.21 The Company has not transferred or agreed to transfer any Employee or Worker from working for the Company, or induced any Employee or Worker to resign their employment with the Company.
- 27.22 There are no sums owing to any current or former Employee or Worker other than reimbursement of expenses, wages for the current salary period and holiday pay for the current holiday year of the Company.

- 27.23 The Company has afforded all Employees and Workers the right to paid holiday under regulations 13 and 13A of the Working Time Regulations 1998 (SI 1998/1833) (WTR 1998), and have not deterred or prevented any Employee or Worker from taking such holiday whether or not requested.
- 27.24 In the two years preceding the date of this Agreement, in respect of each of the Employees and Workers, all holiday pay for periods of holiday taken under regulation 13, regulation 13A and regulation 15B of the WTR 1998 have been calculated and paid in accordance with the WTR 1998 and, in respect of leave taken under regulation 13 before 1 January 2024, in accordance with the Working Time Directive).
- 27.25 The Disclosure Letter includes:
- 27.25.1 anonymised copies of all contracts, handbooks, policies and other documents that apply to any Employee or Worker; and
- 27.25.2 copies of all agreements or arrangements with any Representative Body (whether binding or not) and details of any unwritten agreements or arrangements that may affect any Employee or Worker.
- 27.26 In respect of each Employee and Worker, the Company has:
- 27.26.1 performed all obligations and duties they are required to perform (and settled all outstanding claims, demands, actions, complaints and proceedings), whether or not legally binding and whether arising under contract, statute, at common law, in equity or under or otherwise derived from any treaties or any laws of the European Union or otherwise;
- 27.26.2 complied with the terms of any relevant agreement or arrangement with any Representative Body (whether binding or not); and
- 27.26.3 maintained adequate, suitable and up-to-date records.
- 27.27 No Employee is subject to a current disciplinary warning or procedure and no such warning or procedure is pending or threatened.
- 27.28 No Employee or Worker has indicated that they require the Company to comply with a duty to make reasonable adjustments (as defined under the Equality Act 2010), in order for the Employee or Worker to carry out their duties, and no such reasonable adjustments are currently in place.
- 27.29 No loans have been made to any current, former or proposed employees or directors of the Company (or to any nominee or associate of such employees or directors) which were made or arranged by the Company or any employee benefit trust or similar arrangement established by the Company.
- 27.30 No shares, securities or options (or interests in any of them) have been issued, granted or transferred by the Company, to any current, former or proposed employee or director of the Company (or to any nominee or associate of such employees or directors), and there are no agreements, schemes or promises to make any such issues, grants or transfers.
- 27.31 No Non-Cash Incentives have been awarded, paid or delivered by the Company to any employee or director of the Company, and there are no agreements, schemes or promises to

make such awards or payments. In this paragraph, **Non-cash Incentives** means any non-cash payments or awards in respect of service (other than salary or pension) such as, bonuses, shares of profit, amounts receivable under phantom share options or similar rights.

27.32 There are no employee benefit trusts, family benefit trusts or similar arrangements established by the Company under which any current or former employee or director of the Company (or to any nominee or associate of such employees or directors) may benefit in any form.

28. RETIREMENT BENEFITS

28.1 Except as provided for by the Pension Scheme, the Company is not and has never participated in an arrangement or agreement to provide pensions, annuities, lump sums, gratuities or similar benefits on retirement, long-term ill-health or death, or pursuant to a pension sharing order, in relation to the service or historic service of a present or former employee of the Company or any other person, or for the benefit of that individual's dependents.

28.2 All benefits under the Pension Scheme are provided on a money purchase basis. No assurance, guarantee or promise has been made to any employee of the Company as to the amount of benefits to be provided under the Pension Scheme.

28.3 Copies of the following documents have been Disclosed to the Buyer:

28.3.1 the governing documentation of the Pension Scheme including the trust deed and rules and all ancillary and accompanying deeds;

28.3.2 all explanatory booklets, correspondence and announcements (other than individual benefit statements) issued to members of the Pension Scheme;

28.3.3 membership information for the current active members of the Pension Scheme including all details necessary to establish the contributions payable to, or in respect of, each individual; and

28.3.4 full details of all benefits and entitlement to benefits under the Pension Scheme.

28.4 The Company has no obligation to provide benefits under the Pension Scheme other than as revealed in the documents and particulars provided in paragraph 28.3.

28.5 In relation to the Pension Scheme, the Seller has provided accurate and complete copies of:

28.5.1 the current payments schedule (within the meaning of section 87 of the Pensions Act 1995); and

28.5.2 all correspondence with the Pensions Regulator (the body corporate established in section 1 of the Pensions Act 2004).

28.6 In respect of the Pension Scheme, the Sellers warrant and undertake that:

28.6.1 it has, at all times, complied and been administered in accordance with its governing documentation and all applicable laws, regulations and requirements including (but not limited to) all applicable UK primary and secondary legislation (and where relevant, European legislation) relating but not limited to pensions, tax and discrimination;

- 28.6.2 all employer and employee contributions due to the Pension Scheme have been paid on time and in accordance with the payments schedule (within the meaning of section 87 of the Pensions Act 1995);
- 28.6.3 there are no arrangements for a bulk transfer to be paid to, or from, the Pension Scheme;
- 28.6.4 all professional fees, charges or expenses have been paid and there are no disputes as to previous invoices; and
- 28.6.5 there are no civil, criminal, administrative or other proceedings, claims or disputes (including, without limitation, any complaints by members, former members or prospective members under the Pension Scheme's internal dispute resolution procedure, or to the Office of the Pensions Ombudsman or any investigation (routine or otherwise) by the Pensions Regulator) by or against the Pension Scheme or the Company in progress, pending, threatened or anticipated where the Company or the Pension Scheme may be held liable for compensation or indemnity payments.
- 28.7 The Company has no obligation in respect of any employee to pay contributions to any personal pension scheme.
- 28.8 No part-time or temporary employee or former employee of the Company has ever been excluded from membership of, or equal treatment under, the Pension Scheme. The Pension Scheme has not excluded or treated an individual less favourably by reason of their sex, age, sexual orientation, disability, religion or race.
- 28.9 No employee or former employee of the Company has had their employment contract transferred from another entity where the Transfer of Undertakings (Protection of Employment) Regulations 2006 or its predecessor regulations applied to the transfer.
- 28.10 There has been no act or omission that will give rise to a duty to file a formal notification to The Pensions Regulator pursuant to section 69 (Notifiable Events), section 70 (Duty to report breaches of the law) or section 228 (Failure to make payments) of the Pensions Act 2004.
- 28.11 No changes have been made or will be made prior to Completion to change the Pension Scheme's eligibility rule, (employer and employee) contribution rates or benefits provisions
- 29. PROPERTY**
- 29.1 The Property and the serviced office space at room EH F4 at Hexagon Business Centre Oxford ("the Serviced Office) is the only land and premises used or occupied for the purposes of the Business and the Company does not have any interest of any kind in any land or premises apart from the Property and the Serviced Office.
- 29.2 The Property is held under the terms of the Lease and no licences, collateral assurances, undertakings or concessions have been made or given.
- 29.3 The particulars of the Lease in Schedule 9 are true, complete and accurate in all respects.
- 29.4 There is no existing breach of the covenants in the Lease or any other event which would give rise to forfeiture of the Lease and no notice alleging breach of the covenants in the Lease has been received.

- 29.5 All outgoings in respect of the Property and rent, insurance and service charge payments have been paid on the relevant due dates and the Sellers are not aware of any material outstanding outgoings or rent, insurance and service charge payments that have not yet been demanded.
- 29.6 The Company has no actual or contingent liabilities in respect of land and premises apart from the Property and the Serviced Office and has not given any guarantees.
- 29.7 No notices, complaints or requirements have been issued or made (whether formally or informally) by any competent authority or undertaking exercising statutory or delegated powers in relation to the Property.
- 29.8 No dispute exists between the Company and the owner of any other premises adjacent to or neighbouring the Property, and the Seller does not expect, and is not aware of, any circumstances that may give rise to any such dispute after the date of this agreement.
- 29.9 No application has been made for consent under the Lease for which a decision is outstanding.

30. ENVIRONMENT AND HEALTH AND SAFETY

- 30.1 The definitions in this paragraph apply in this Agreement.

EHS Laws: all laws, statutes, regulations, subordinate legislation, bye-laws, common law and other national, international, federal, European Union, state and local laws, judgments, decisions and injunctions of any court or tribunal, and codes of practice and guidance notes which from time to time apply to the Company (or any part of its business) and to the extent that they relate to or apply to the Environment, energy efficiency, climate change or the health and safety of any person.

EHS Matters: all matters relating to:

- 30.1.1 pollution or contamination of the Environment;
- 30.1.2 the generation, presence, disposal, release, spillage, deposit, escape, discharge, leak, migration or emission of Hazardous Substances or Waste;
- 30.1.3 the exposure of any person to Hazardous Substances or Waste;
- 30.1.4 the health and safety of any person, including any accidents, injuries, illnesses and diseases;
- 30.1.5 the creation or existence of any noise, vibration, odour, radiation, common law or statutory nuisance or other adverse impact on the Environment; or
- 30.1.6 the condition, protection, maintenance, remediation, reinstatement, restoration or replacement of the Environment or any part of it.

EHS Permits: any permits, licences, consents, certificates, registrations, notifications or other authorisations required under any EHS Laws for the operation of the Business or in relation to the Property.

Environment: the natural and human-made environment including all or any of the following media: air (including air within buildings and other natural or human-made structures above

or below the ground), water, land, and any ecological systems and living organisms (including humans) supported by those media.

Harm: harm to the Environment, and in the case of humans, this includes offence caused to any of their senses or harm to their property.

Hazardous Substances: any material, substance or organism which, alone or in combination with others, is capable of causing Harm, including (but not limited to) radioactive substances, materials containing asbestos and Japanese knotweed.

Waste: any waste, including any by-product of an industrial process and anything that is discarded, disposed of, spoiled, abandoned, unwanted or surplus, irrespective of whether it is capable of being recovered or recycled or has any value.

- 30.2 The Company has obtained and complied at all material times with all EHS Permits.
- 30.3 The Company has at all material times operated in compliance with all EHS Laws and so far as the Sellers are aware there are no facts or circumstances that may lead to any breach of or liability under any EHS Laws or any claim or liability in respect of EHS Matters.
- 30.4 During the Company's occupation of the Property and so far as the Sellers are aware no Hazardous Substances have been emitted from the Property.
- 30.5 So far as the Sellers are aware the landlord of the Property has not notified the Company of the landlord's intention to store Hazardous Substances or Waste at the Property.
- 30.6 The Company has not ever been required to hold, or have ever applied for, a waste disposal licence, a waste management licence or an environmental permit for waste operations under any EHS Laws.
- 30.7 Up to date copies of all:
- 30.7.1 environmental and health and safety policy statements;
 - 30.7.2 records of accidents, illnesses and reportable diseases;
 - 30.7.3 copies or details of all Waste disposal contracts,
- relating to the Business or the Property have been Disclosed and all such statements, reports, records, correspondence and other information are complete and accurate.
- 30.8 The Company does not have, nor is it likely to have, any actual or potential liability under any EHS Laws by reason of having occupied or used any land or buildings other than the Property and the Serviced Office.
- 30.9 So far as the Sellers are aware, the Company has not given or received any warranties or indemnities or entered into any other agreement in respect of any liabilities, duties or obligations that arise under EHS Laws.
31. **COMPLIANCE WITH THE BRIBERY ACT 2010**
- 31.1 The definition in this paragraph applies in this Agreement.

Associated Person: means in relation to a company, a person (including an employee, agent or subsidiary) who performs or has performed services for or on behalf of that company.

- 31.2 The Company has not at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010.
- 31.3 No Associated Person of the Company has bribed another person (within the meaning given in section 7(3) of the Bribery Act 2010) intending to obtain or retain business or an advantage in the conduct of business for the Company, and the Company has in place adequate procedures, in line with the guidance published by the Secretary of State under section 9 of the Bribery Act 2010, designed to prevent their Associated Persons from undertaking any such conduct.
- 31.4 Neither the Company nor any of its Associated Persons is or has been the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body or any customer regarding any offence or alleged offence under the Bribery Act 2010, and no such investigation, inquiry or proceedings have been threatened or are pending and there are no circumstances likely to give rise to any such investigation, inquiry or proceedings.
- 31.5 The Company has not been excluded from participation in a public contract as a result of being convicted of bribery or corruption.

32. **COMPETITION**

- 32.1 The definition in this paragraph applies in this Agreement.

Competition Laws: the national and directly effective legislation of any jurisdiction in which the Company conducts business which from time to time governs the conduct of companies or individuals in relation to restrictive or other anti-competitive agreements or practices (including, but not limited to, cartels, pricing, resale pricing, market sharing, bid rigging, terms of trading, purchase or supply and joint ventures), dominant or monopoly market positions (whether held individually or collectively) and the control of acquisitions or mergers.

- 32.2 The Company is not and has not been engaged in any agreement, arrangement, practices or conduct which involves or constitutes an infringement of the Competition Laws and none of their respective directors, officers or employees is or has been engaged in any activity involving or constituting an offence or infringement under the Competition Laws.
- 32.3 The Company is not affected by any existing or pending decisions, judgments, orders or rulings of any government body, agency, authority or court responsible for enforcing any of the Competition Laws (including, but not limited to, the CMA and the European Commission), nor have they given any undertakings or commitments to any such body, agency, authority or court which affect the conduct of the Business.
- 32.4 The Company is not receiving or has received any payment, guarantee, financial assistance or other aid from any government or state body which:
- 32.4.1 was not, but should have been, notified to the European Commission under Article 108 of the Treaty on the Functioning of the European Union for decision declaring such aid to be compatible with the internal market; or

32.4.2 does not comply with the duties and obligations set out in the UK Subsidy Control Act 2022.

PART B TAX WARRANTIES**1. GENERAL**

- 1.1 All notices, returns (including any land transaction returns), reports, accounts, computations, statements, assessments, claims, disclaimers, elections and registrations and any other necessary information which have, or should have, been submitted by the Company to any Tax Authority for the purposes of Tax have been made on a proper basis, were submitted within applicable time limits and were accurate and complete in all material respects. None of the above is, or is likely to be, the subject of any material dispute with any Tax Authority.
- 1.2 All Tax (whether of the UK or elsewhere), for which the Company has been liable to account, has been duly paid (insofar as such Tax ought to have been paid) and no penalties, fines, surcharges or interest have been incurred.
- 1.3 The Company maintains in its possession and control complete and accurate records, invoices, elections, statements and other information in relation to Tax, that meet all legal requirements and enable the Tax (including deferred tax) liabilities of the Company to be calculated accurately in all material respects.
- 1.4 The Disclosure Letter discloses whether or not the Company is a **large or very large company** within the meaning of regulation 3 of the Corporation Tax (Instalment Payment) Regulations 1998 and, if applicable, gives details of instalments of corporation tax paid in respect of any current or preceding accounting periods.
- 1.5 All Tax deductible under the PAYE system, the Construction Industry Scheme and/or any other Tax Statute have, so far as required to be deducted, been deducted from all payments made (or treated as made) by the Company. All amounts due to be paid to the relevant Tax Authority on or before the date of this Agreement have been so paid.
- 1.6 The Disclosure Letter contains full details of any payments or loans made to, any assets made available or transferred to, or any assets earmarked, however informally, for the benefit of, any officer or employee or former officer or employee (or anyone linked with such officer or employee or former officer or employee) of the Company by an employee benefit trust or other third party, falling within the provisions of Part 7A to ITEPA 2003 and details of any trust or arrangement capable of conferring such a benefit.
- 1.7 The Disclosure Letter contains details of all concessions, agreements and arrangements that the Company has entered into with a Tax Authority.
- 1.8 The Company is not, nor will it become liable, to make to any person (including any Tax Authority) any payment in respect of any liability to Tax which is primarily or directly chargeable against, or attributable to, any other person (other than the Company).
- 1.9 The Company is not involved in any dispute with any Tax Authority nor have they:
 - 1.9.1 within the past six years been subject to any Tax Authority enquiry, visit, audit, enforcement proceedings or investigation (investigation); or
 - 1.9.2 within the past 12 months received any notice, assessment, demand, discovery assessment, determination, information notice, access request or other communication from any Tax Authority that indicates that the Company has or may

have a Tax liability or has or may have committed an offence under Part 3 of the Criminal Finance Act 2017.

The Sellers are not aware of any circumstances that make it likely that an investigation will commence in the next 12 months.

2. **CHARGEABLE GAINS**

The book value shown in, or adopted for the purposes, of the Accounts as the value of each of the assets of the Company, on the disposal of which a chargeable gain or allowable loss could arise, does not exceed the amount which on a disposal of such asset at the date of this Agreement would be deductible, in each case, disregarding any statutory right to claim any allowance or relief other than amounts deductible under section 38 of TCGA 1992.

3. **CAPITAL LOSSES**

Details of all capital losses available for carry-forward by the Company are set out in the Disclosure Letter.

4. **CAPITAL ALLOWANCES**

The Company has not claimed first-year tax credits within the meaning of Schedule A1 of the Capital Allowances Act 2001 (**CAA 2001**), business renovation allowances under Part 3A of CAA 2001, flat conversion allowances under Part 4A of CAA 2001 or owns any asset, which if disposed of at the date of this Agreement for its book value as shown in, or adopted for the purpose of, the Accounts, would give rise to a balancing charge under CAA 2001 (or any other legislation relating to capital allowances) or other clawback of relief.

5. **DISTRIBUTIONS AND OTHER PAYMENTS**

5.1 No distribution or deemed distribution, within the meaning of section 1000 or sections 1022 to 1027 of CTA 2010, has been made (or will be deemed to have been made) by the Company, except dividends shown in their statutory accounts, and the Company is not bound to make any such distribution.

5.2 The Company has not, within the period of seven years preceding the date of this Agreement, been engaged in, nor been a party to, any of the transactions set out in Chapter 5 of Part 23 of CTA 2010 (demergers).

6. **CLOSE COMPANIES**

6.1 Any loans or advances made, or agreed to be made, by the Company within sections 455, 459 and 460 of CTA 2010 have been disclosed in the Disclosure Letter. The Company has not released or written off, or agreed to release or write off, the whole or any part of any such loans or advances.

6.2 The Company is not a close-investment holding company (within the meaning of section 18N of CTA 2010).

7. **GROUP RELIEF**

Except as provided in the Accounts, the Company is not, or will be, obliged to make or be entitled to receive any payment for the surrender of losses under Part 5 or Part 5A of CTA

2010 or for the surrender of tax refunds under section 963 of CTA 2010 in respect of any period ending on or before Completion, or any repayment of such a payment.

8. GROUPS OF COMPANIES

8.1 The Company has not entered into, or agreed to enter into, an election pursuant to section 171A of TCGA 1992, paragraph 16 of Schedule 26 to the Finance Act 2008, or section 792 of CTA 2009.

8.2 Neither the execution nor completion of this Agreement, nor any other event since the Accounts Date, will result in any chargeable asset being deemed to have been disposed of and re-acquired by the Company for Tax purposes or will result in the clawback or disallowance of any relief or allowance previously given.

8.3 The Company has not ever been party to any arrangements pursuant to sections 59F of TMA 1970 (group payment arrangements).

9. INTANGIBLE ASSETS

9.1 The Disclosure Letter sets out the amount of expenditure on each of the intangible fixed assets of the Company and provides the basis on which any debit relating to that expenditure has been taken into account in the Accounts or, in relation to expenditure incurred since the Accounts Date, will be available to the Company. No circumstances have arisen since the Accounts Date by reason of which that basis might change.

9.2 The Company does not hold nor has it held any right to which Part 8A of CTA 2010 applies or an exclusive licence in respect of such right within section 357BA of CTA 2010.

9.3 The Company has not claimed any research and development (R&D) tax relief or R&D expenditure credit (within the meaning of Part 13 of CTA 2009).

10. COMPANY RESIDENCE AND OVERSEAS INTERESTS

10.1 The Company has, throughout the past seven years, been resident in the UK for corporation tax purposes and have not, at any time in the past seven years, been treated as resident in any other jurisdiction for the purposes of any double taxation arrangements or for any other tax purposes.

10.2 The Company does not hold, nor within the last seven years has held, shares in a company which is not resident in the UK, a material interest in an offshore fund, or a permanent establishment outside the UK.

10.3 The Company is not liable, nor within the past seven years, has been liable to register or account for Tax in any jurisdiction outside the UK.

11. TRANSFER PRICING

All transactions or arrangements made by the Company have been made on fully arm's length terms. There are no circumstances in which Part 4 of TIOPA 2010 or any other rule or provision could apply causing any Tax Authority to make an adjustment to the terms on which such transaction or arrangement is treated as being made for Tax purposes.

12. ANTI-AVOIDANCE AND PREVENTION OF TAX EVASION PROCEDURES

- 12.1 The Company has not been a party to, nor has been otherwise involved in, any transaction, scheme or arrangement:
- 12.1.1 the main purpose, or one of the main purposes of which was avoiding, deferring or reducing a liability to Tax or producing a loss for Tax purposes with no corresponding commercial or economic loss or circumventing the intended limits of a tax relief;
- 12.1.2 in relation to which advisers advised that there was a risk that the Company could be liable to Tax as a result of the principles in *W. T. Ramsey Ltd v IRC* (54 TC 101) (as developed in subsequent cases), or as a result of the principles in *Halifax (C-255/02)* (as developed in subsequent cases) or under the General Anti-Abuse Rule (in Part 5 of the Finance Act 2013); or
- 12.1.3 that is or was required to be disclosed to HMRC or any other Tax Authority.
- 12.2 The Disclosure Letter contains details of the prevention procedures (as defined in sections 45(3) and 46(4) of the Criminal Finance Act 2017) that the Company has in place or, if no prevention procedures are in place, evidence of why it is reasonable for the Company to have no such procedures in place.

13. INHERITANCE TAX

- 13.1 No asset owned by the Company, nor the Sale Shares, is subject to any Inland Revenue charge as mentioned in sections 237 and 238 of IHTA 1984 or is liable to be subject to any sale, mortgage or charge by virtue of section 212(1) of IHTA 1984.

14. VALUE ADDED TAX

- 14.1 The Company is a taxable persons and is registered in the UK for the purposes of VAT with quarterly prescribed accounting periods.
- 14.2 The Company has not been in the period of six years ending with the date of Completion, a member of a group of companies for the purposes of section 43 of VATA 1994.
- 14.3 All supplies made by the Company are taxable supplies. The Company has not been, or will be, denied full credit for all input tax paid or suffered by it.
- 14.4 The Company does not own any assets which are capital items subject to the capital goods scheme under Part XV of the VAT Regulations 1995 (*SI 1995/2518*), nor has it exercised any option to tax under Part 1 of Schedule 10 to VATA 1994.

15. STAMP DUTY, STAMP DUTY LAND TAX, LAND TRANSACTION TAX AND STAMP DUTY RESERVE TAX

- 15.1 Any document that may be necessary or desirable in proving the title of the Company to any asset which is owned by the Company at the date of this Agreement, is duly stamped for stamp duty purposes. No such documents which are outside the UK would attract stamp duty if they were brought into the UK.

- 15.2 Neither entering into this Agreement nor Completion will result in the withdrawal of a stamp duty, stamp duty land tax or land transaction tax relief granted on or before Completion which will affect the Company.
- 15.3 The Disclosure Letter sets out full and accurate details of any chargeable interest (as defined under section 48 of the Finance Act 2003 and/or section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017) acquired or held by the Company before the date of this Agreement in respect of which the Sellers are aware, or ought reasonably to be aware, that an additional land transaction return will be required to be filed with a Tax Authority and/or a payment of stamp duty land tax and/or land transaction tax made on or after the date of this Agreement.

16. **CONSTRUCTION INDUSTRY SUB-CONTRACTORS' SCHEME**

The Company is not required to register as a Contractor under the provisions of section 59 of the Finance Act 2004 and the expenditure incurred or expected to be incurred by the Company on construction, refurbishment and fitting-out works in the 12-month period ending on the date of this Agreement is less than £3 million. The Disclosure Letter gives details of any election made or intended to be made under section 59(3) or (3A) of the Finance Act 2004 and of any grace period under section 61 of that Act.

SCHEDULE 6 TAX COVENANT**1. INTERPRETATION**

1.1 The following definitions and rules of interpretation apply in this Tax Covenant.

Accounts Relief:

1.1.1 any Relief (including the right to a repayment of Tax) shown as a current asset in the Locked Box Accounts; and

1.1.2 any Relief taken into account in computing (and so reducing or eliminating) any provision for deferred Tax in the Locked Box Accounts.

Buyer's Relief:

1.1.3 any Accounts Relief;

1.1.4 any Relief arising in connection with any Event occurring after the Locked Box Accounts Date; and

1.1.5 any Relief, whenever arising, of the Buyer or any member of the Buyer's Tax Group other than the Company.

Buyer's Tax Group: the Buyer and any other company or companies that are from time to time treated as members of the same Group as, or otherwise connected or associated in any way with, the Buyer for any Tax purpose.

Dispute: any dispute, appeal, negotiations or other proceedings in connection with a Tax Claim.

Event: includes (without limitation) the expiry of a period of time, the Company becoming or ceasing to be associated with any other person for any Tax purpose or ceasing to be or becoming resident in any country for any Tax purpose, the death, winding up or dissolution of any person, the earning, receipt or accrual for any Tax purpose of any income, profit or gains, the incurring of any loss or expenditure, and any transaction (including the execution and completion of this Agreement), event, act or omission whatsoever, and any reference to an Event occurring on or before a particular date shall include Events that, for Tax purposes, are deemed to have, or are treated or regarded as having, occurred on or before that date.

Liability for Tax:

1.1.6 any liability of the Company to make an actual payment of or in respect of, or on account of, Tax, whether or not the same is primarily payable by the Company and whether or not the Company has or may have any right of reimbursement against any other person, in which case the amount of the Liability for Tax will be the amount of the actual payment;

1.1.7 the Loss, otherwise than by use or setting off, of any Accounts Relief in which case the amount of the Liability for Tax will be the amount of Tax that would (on the basis of Tax rates current at the date of that Loss) have been saved but for such Loss, assuming for this purpose that the Company had sufficient profits or was otherwise in a position

to use the Relief or where the Relief is the right to repayment of Tax or to a payment in respect of Tax, the amount of the repayment or payment; and

- 1.1.8 the use or setting off of any Buyer's Relief where, but for that set off or use, the Company would have had a liability to make a payment of or in respect of Tax for which the Buyer would have been able to make a claim against the Sellers under this Tax Covenant, in which case, the amount of the Liability for Tax will be the amount of Tax for which the Sellers would have been liable but for the set off or use.

Loss: includes absence, failure to obtain, non-existence, non-availability, reduction, modification, loss, counteraction, nullification, utilisation, disallowance, withdrawal or clawback for whatever reason.

Overprovision: the amount by which any provision for tax (other than deferred tax) which is treated as current liability (and therefore is taken into accounting in calculating Working Capital) in the Locked Box Accounts is overstated, except where that overstatement arises due to:

- 1.1.9 a change in law;
- 1.1.10 a change in the accounting bases on which the Company values its assets; or
- 1.1.11 a voluntary act or omission of the Buyer,

that, in each case, occurs after Completion.

Relief: includes any loss, relief, allowance, credit, exemption or set off for Tax or any deduction in computing income, profits or gains for the purposes of Tax and any right to a repayment of Tax or to a payment in respect of Tax.

Saving: the reduction or elimination of any liability of the Company to make an actual payment of corporation tax (at a time when the Company is a member of the Buyer's Tax Group) for which the Sellers would not have been liable under paragraph 2, by the use of any Relief arising wholly as a result of a Liability for Tax for which the Sellers have made a payment under paragraph 2 of this Tax Covenant.

Tax: all forms of tax and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of the UK or any other jurisdiction (including, for the avoidance of doubt, National Insurance contributions (NICs) in the UK and corresponding obligations elsewhere) and any penalty, fine, surcharge, interest, charges or costs relating to it (including interest and penalties arising from the failure of the Company to make adequate instalment payments under the Corporation Tax (Instalments Payments) Regulations 1998 (*SI 1998/3175*) in any period ending on or before Completion).

Tax Authority: any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official competent to impose, administer, levy, assess or collect Tax in the UK or elsewhere.

Tax Claim: any assessment, notice, demand, letter or other document issued or action taken by or on behalf of any Tax Authority, self-assessment or other occurrence from which it

appears that the Buyer, the Company is or may be subject to a Liability for Tax or other liability in respect of which the Sellers are or may be liable under this Tax Covenant.

Tax Statute: any directive, statute, enactment, law or regulation wherever enacted or issued, coming into force or entered into providing for or imposing any Tax, including orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision and any directive, statute, enactment, law, order, regulation or provision that amends, extends, consolidates or replaces the same or that was amended, extended, consolidated or replaced by the same.

VAT: value added tax or equivalent tax in any other jurisdiction.

WRA: the Welsh Revenue Authority.

- 1.2 References to gross receipts, income, profits or gains earned, accrued or received shall include any gross receipts, income, profits or gains deemed under the relevant Tax Statute to have been or treated or regarded as earned, accrued or received.
- 1.3 References to a repayment of Tax shall include any repayment supplement or interest in respect of it.
- 1.4 Any reference to something occurring in the ordinary course of business shall not include:
 - 1.4.1 anything that involves, or leads directly or indirectly to, any liability of the Company to Tax that is (or but for an election would have been) the primary liability of, or properly attributable to, or due from another person (other than a member of the Buyer's Tax Group);
 - 1.4.2 anything that relates to or involves the acquisition or disposal (or deemed acquisition or disposal) of an asset or the supply of services (including the lending of money, or the hiring or licensing of tangible or intangible property) in a transaction that is not entered into on arm's-length terms;
 - 1.4.3 anything that relates to or involves the making of a distribution or deemed distribution for Tax purposes, the creation, cancellation or reorganisation of share or loan capital, the creation, cancellation or repayment of any intra-group debt or the Company becoming or ceasing to be, or being treated as ceasing to be, a member of a group of companies, or becoming or ceasing to be associated or connected with any other company for any Tax purposes;
 - 1.4.4 anything that relates to any scheme, transaction or arrangement that gives rise, or may give rise, to a Liability for Tax under any anti-avoidance legislation, that is designed partly or wholly (or contains steps or stages designed partly or wholly) to avoid, reduce or defer a Liability for Tax or that gives rise to a duty to notify a Tax Authority under any legislation introduced to counter tax avoidance;
 - 1.4.5 anything that gives rise to a Liability for Tax on deemed (as opposed to actual) profits or if and to the extent that it gives rise to a Liability for Tax on an amount of profits greater than the difference between the sale proceeds of an asset and the amount attributable to that asset in the Locked Box Accounts or, in the case of an asset acquired since the Locked Box Accounts Date, the cost of that asset;

- 1.4.6 anything that involves, or leads directly or indirectly to, a change of residence of the Company for Tax purposes; or
- 1.4.7 any liability arising as a result of the failure to properly deduct or account for Tax, or to comply with the provisions of any Tax Statute and any act, omission or transaction that gives rise to any fine, penalty, surcharge, interest or other imposition relating to any Tax.
- 1.5 Unless the contrary intention appears, words and expressions defined in this Agreement have the same meaning in this Tax Covenant and any provisions in this Agreement concerning matters of construction or interpretation also apply in this Tax Covenant.
- 1.6 Any stamp duty charged on any document (or in the case of a document that is outside the UK, any stamp duty that would be charged on the document if it were brought into the UK) that is necessary to establish the title of the Company to any asset, and any interest, fine or penalty relating to the stamp duty, shall be deemed to be a liability of the Company to make an actual payment of Tax because of an Event arising on the last day on which it would have been necessary to pay the stamp duty to avoid any liability to interest or penalties arising on it.
- 1.7 References to the due date for payment of any Tax shall mean the last day on which that Tax may, by law, be paid without incurring any penalty, fine, surcharge, interest, charges, costs or other similar imposition (after taking into account any postponement of the date that was obtained for the payment of that Tax).

2. COVENANT

Subject to the provisions of this Tax Covenant, the Sellers covenant with the Buyer that they will be jointly and severally liable to pay to the Buyer an amount equal to any:

- 2.1.1 Liability for Tax resulting from, or by reference to, any Event occurring on or before Completion or in respect of any gross receipts, income, profits or gains earned, accrued or received by the Company on or before Completion, whether or not that liability was discharged on or before Completion;
- 2.1.2 Liability for Tax, including liability for payments in respect of Tax, that arises due to or in connection with the relationship for Tax purposes before Completion of the Company with any person other than a member of the Buyer's Tax Group, whether arising before or after Completion;
- 2.1.3 Liability for Tax that arises due to any Event that occurs after Completion under a legally binding obligation (whether or not conditional) entered into by the Company on or before Completion otherwise than in the ordinary course of business;
- 2.1.4 Liability for Tax that is a liability of the Company to account for income tax or National Insurance contributions (NICs), whether arising before or after Completion, in respect of the grant, exercise, surrender, exchange or other disposal of an option or other right to acquire securities, or in respect of any acquisition, holding, variation or disposal of employment-related securities (as defined for the purposes of Part 7 of the ITEPA 2003) where the acquisition of the security or the grant of the option or other right to acquire the security occurred on or before Completion;

2.1.5 Liability for Tax under Part 7A of ITEPA 2003, whether arising before or after Completion, including any liability arising as a consequence of any payments or loans made to, any assets made available or transferred to, or any assets earmarked (however informally) for the benefit of any officer or employee or former officer or employee of the Company, or for the benefit of any relevant person, by an employee benefit trust (EBT) or another third party where the arrangement giving rise to the charge was entered into at a time when the third party was acting on the instructions of, or for the benefit of, the Sellers or an associate of any of the Sellers;

2.1.6 Liability for Tax being a liability for inheritance tax that:

- (a) is a liability of the Company and arises because of a transfer of value occurring (or being deemed to occur) on or before Completion (whether or not in conjunction with the death of any person whenever it happens);
- (b) gives rise at Completion to a charge on, or a power to sell, mortgage or charge, any of the Sale Shares or assets of the Company; or
- (c) gives rise after Completion to a charge on, or a power to sell, mortgage or charge, any of the Sale Shares or assets of the Company because of the death of any person within seven years of a transfer of value that occurred before Completion;

and in determining for the purposes of this paragraph 2.1.6 whether a charge on, or power to sell, mortgage or charge any of the shares or assets of the Company exists at any time, the fact that the inheritance tax is not yet payable, or may be paid by instalments, shall be disregarded, and the inheritance tax shall be treated as becoming due, and a charge or power to sell, mortgage or charge as arising, on the date of the transfer of value or other date or event on or in respect of which it becomes payable or arises, and the provisions of section 213 of the IHTA 1984 shall not apply;

2.1.7 costs and expenses (including legal costs on a full indemnity basis), properly incurred by the Buyer, the Company or any member of the Buyer's Tax Group in connection with any Liability for Tax or other liability in respect of which the Sellers are liable under this Schedule, any Tax Claim or taking or defending any action under this Schedule.

3. PAYMENT DATE AND INTEREST

3.1 Payment by the Sellers in respect of any liability under this Schedule must be made in cleared and immediately available funds on:

- 3.1.1 in the case of a Liability for Tax that involves an actual payment of or in respect of Tax, the later of seven Business Days before the due date for payment and seven Business Days after the date on which the Buyer serves notice on the Sellers requesting payment;
- 3.1.2 in the case of the loss of a right to repayment of Tax or a liability under paragraph 2.1.8 seven Business Days following the date on which the Buyer serves notice on the Sellers requesting payment;

- 3.1.3 in a case that involves the loss of a Relief (other than a right to repayment of Tax), the later of seven Business Days after the date on which the Buyer serves notice on the Sellers requesting payment and the last date on which the Tax is or would have been required to be paid to the relevant Tax Authority in respect of the earlier of:
 - 3.1.4 the period in which the Loss of the Relief gives rise to an actual liability to pay Tax; or
 - 3.1.5 the period in which the Loss of the Relief occurs (assuming for this purpose that the Company had sufficient profits or was otherwise in a position to use the Relief);
 - 3.1.6 in a case that falls within paragraph 3.1.3 of the definition of Liability for Tax, the date on which the Tax saved by the Company is or would have been required to be paid to the relevant Tax Authority.
- 3.2 If the Liability for Tax is a liability to corporation tax payable by instalments under the Corporation Tax (Instalment Payments) Regulations 1998 (*SI 1998/3175*):
 - 3.2.1 the notice served by the Buyer on the Sellers under paragraph 3.1 shall state the amount of the liability due for payment on each instalment date for the accounting period in which the Liability for Tax arises; and
 - 3.2.2 the due dates for payment of the Tax in paragraph 3.1.1 to paragraph 3.1.4 shall be the due dates for payment of each of the instalments.
- 3.3 Any dispute about the amount specified in any notice served on the Sellers under paragraph 3.1.2 to paragraph 3.1.4 shall be determined by the auditors of the Company for the time being, acting as experts and not as arbitrators (the Sellers and the Buyer sharing equally the costs of that determination).
- 3.4 If any amount due from the Sellers under this Tax Covenant is not paid on the date specified in paragraph 3.1, then, except where and to the extent that the Sellers' liability under paragraph 2 includes interest and penalties to compensate the Buyer for the late payment, the amount due shall bear interest (to accrue on a daily basis and before and after any judgment) at the rate of 2% per annum over the base rate from time to time of Lloyds Bank plc or (in the absence of that) at any similar rate as the Buyer shall select from the day following the due date up to and including the day of actual payment of such sums, any interest to be compounded quarterly.
- 4. **EXCLUSIONS**
 - 4.1 The covenant contained in paragraph 2 above shall not cover any Liability for Tax if and to the extent that:
 - 4.1.1 specific provision or reserve (other than a provision for deferred tax) for the liability is made in the Locked Box Accounts;
 - 4.1.2 the Liability for Tax was paid on or before the Locked Box Date and the Locked Box Accounts reflected that payment;
 - 4.1.3 it arises as a result of a transaction in the ordinary course of business of the Company between the Locked Box Accounts Date and Completion;

- 4.1.4 it arises or is increased only as a result of any change in the law or rates of Tax (other than a change targeted specifically at countering a tax avoidance scheme) announced and coming into force after Completion or the withdrawal of any extra-statutory concession previously made by a Tax Authority (whether or not the change is retrospective in whole or in part), provided that this paragraph 4.1.4 will not apply to any payment made under paragraph 11;
 - 4.1.5 it would not have arisen but for a change in accounting policies (including a change in accounting reference date) or the accounting bases on which the Company values its assets (other than a change made to comply with UK GAAP) after Completion;
 - 4.1.6 the Buyer is compensated for the Liability for Tax under any other provision of this Agreement;
 - 4.1.7 a Relief other than a Buyer's Relief is available to the Company; or
 - 4.1.8 it would not have arisen but for a voluntary act, transaction or omission of the Company or the Buyer or any member of the Buyer's Tax Group outside the ordinary course of business after Completion and which the Buyer was aware, or ought reasonably to have been aware, would give rise to the Liability for Tax or other liability in question.
- 4.2 For the purposes of paragraph 4.1.8, an act will not be regarded as voluntary if undertaken under a legally binding obligation entered into by the Company on or before Completion or imposed on the Company by any legislation whether coming into force before, on or after Completion or to avoid or mitigate a penalty imposed by any legislation, or if carried out at the written request of the Sellers.

5. LIMITATIONS

- 5.1 The liability of the Sellers under paragraph 2 will terminate on:
- 5.1.1 the twenty-first anniversary of Completion, for any claim under paragraph 2 for a liability arising from a loss of Tax caused fraudulently or deliberately by the Company, or any related person, including a liability arising from an arrangement caught by Part 7A of ITEPA 2003 or from the failure of the Company to comply with an obligation to disclose information about a tax avoidance scheme to which it was a party; or
 - 5.1.2 the seventh anniversary of Completion (in any other case),
- except for any claim under paragraph 2 of which written notice is given to the Sellers before that relevant date containing, if reasonably practicable, a description of that claim and the estimated total amount of the claim.
- 5.2 Subject to paragraph 5.5 and paragraph 5.6, the aggregate liability of the Sellers under paragraph 2 and for all Claims, when taken together, shall not exceed the Purchase Price.
- 5.3 The amount of the aggregate liability of the Sellers under paragraph 5.2 will be increased by any amount received by the Sellers by payment or set off under paragraph 6 (Overprovisions), paragraph 7 (Savings) or paragraph 8 (Recovery from third parties).
- 5.4 The amount of the Sellers' aggregate liability under paragraph 5.2 will be increased by the amount of any liability of the Sellers arising (or that would have arisen but for paragraph 4) in

respect of Tax which is primarily the liability of, or is attributable to, a person other than the Company.

6. OVERPROVISIONS

6.1 If, on or before the seventh anniversary of Completion, the Buyer believes that there is an Overprovision, the Buyer shall notify the Sellers and if the auditors for the time being of the Company determine (at the request and expense of the Sellers) that there is an Overprovision, then:

6.1.1 the amount of any Overprovision shall first be set off against any payment then due from the Sellers under this Tax Covenant;

6.1.2 if there is an excess, a refund shall be made to the Sellers of any previous payment or payments made by the Sellers under this Tax Covenant (and not previously refunded under this Tax Covenant) up to the amount of that excess; and

6.1.3 if the excess referred to in paragraph 6.1.2 is not exhausted, the remainder of that excess will be carried forward and set off against any future payment or payments that become due from the Sellers under this Tax Covenant.

6.2 After the Company's auditors have made a determination paragraph 6.1, the Sellers or the Buyer may, at any time before the seventh anniversary of Completion, request the auditors for the time being of the Company to review and, if necessary and as appropriate, amend the original determination (at the expense of the party requesting the review, or where a payment becomes due under this paragraph 6.2 at the expense of the party required to make that payment) and an adjusting payment equal to the amount of any disparity between the original and revised determinations shall be made by or to the Sellers as soon as reasonably practicable.

7. SAVINGS

7.1 If, on or before the seventh anniversary of Completion, the Company's auditors for the time being determine (at the request and expense of the Sellers) that a Saving has arisen, the Buyer shall as soon as reasonably practicable repay to the Sellers, after deduction of any amounts then due by the Sellers, the lesser of:

7.1.1 the amount of the Saving (as determined by the auditors) less any costs incurred by the Buyer or the Company; and

7.1.2 the amount paid by the Sellers under paragraph 2 for the Liability for Tax which gave rise to the Saving less any part of that amount previously repaid to the Sellers under any provision of this Tax Covenant or otherwise.

7.2 After the Company's auditors have made a determination under paragraph 7.1, the Sellers or the Buyer may, at any time before the seventh anniversary of Completion, request the auditors for the time being of the Company to review and, if necessary and as appropriate, amend the original determination (at the expense of the party requesting the review, or where a payment becomes due under this paragraph 7.2, at the expense of the party required to make that payment) and an adjusting payment equal to the amount of any disparity between the original and revised determinations shall be made by or to the Sellers as soon as reasonably practicable.

8. RECOVERY FROM THIRD PARTIES

8.1 Where the Sellers have paid an amount under paragraph 2 for any Liability for Tax and the Buyer, the Company is, or becomes, entitled to recover from some other person that is not the Buyer, the Company or any other company in the Buyer's Tax Group, any amount for any Liability for Tax, the Buyer shall or shall procure that the Company shall:

8.1.1 notify the Sellers of their entitlement as soon as reasonably practicable; and

8.1.2 if required by the Sellers and, subject to the Buyer and the Company being secured and indemnified by the Sellers against any Tax that may be suffered on receipt of that amount and any costs and expenses incurred in recovering that amount, take, or procure that the Company takes all reasonable steps to enforce that recovery against the person in question (keeping the Sellers fully informed of the progress of any action taken) provided that the Buyer shall not be required to take any action under this paragraph 8.1

that, in the Buyer's reasonable opinion, is likely to harm its or the Company's commercial or employment relationship (potential or actual) with that or any other person.

8.2 If the Buyer or the Company recovers any amount referred to in paragraph 8.1, the Buyer shall account to the Sellers for the lesser of:

8.2.1 any amount recovered (including any related interest or related repayment supplement) less any Tax suffered in respect of that amount and any costs and expenses incurred in recovering that amount (except where and to the extent that amount has already been made good by the Sellers under paragraph 8.1.2); and

8.2.2 the amount paid by the Sellers under paragraph 2 in respect of the Liability for Tax in question.

9. CORPORATION TAX RETURNS

9.1 Subject to this paragraph 9, the Buyer will have exclusive conduct of all Tax affairs of the Company after Completion.

9.2 The Buyer will procure that the Company keeps the Sellers' representative appointed under this Agreement fully informed of its Tax affairs for any accounting period ended on or before Completion for which final agreement with the relevant Tax Authority of the amount of Tax due from the Company has not been reached. The Buyer will not submit any substantive correspondence or submit or agree any return or computation for any such period to any Tax Authority without giving the Sellers a reasonable opportunity to comment and taking account any reasonable representations made by the Sellers' representative.

9.3 The Buyer will procure that the Company does not amend or withdraw any return or computation or any claim, election, surrender or consent made by it for its accounting periods ended on or before Completion without giving the Sellers a reasonable opportunity to comment and taking account of any reasonable representations made by the Sellers.

9.4 For the avoidance of doubt:

9.4.1 where any matter gives rise to a Tax Claim, the provisions of paragraph 10 shall take precedence over the provisions of this paragraph 9 and

9.4.2 the provisions of this paragraph 9 shall not prejudice the rights of the Buyer to make a claim under this Tax Covenant.

10. CONDUCT OF TAX CLAIMS

10.1 Subject to paragraph 10.2, if the Buyer, the Company becomes aware of a Tax Claim, the Buyer shall give or procure that notice in writing is given to the Sellers' representative as soon as reasonably practicable, provided that giving that notice shall not be a condition precedent to the Sellers' liability under this Tax Covenant.

10.2 If the Sellers become aware of a Tax Claim, the Sellers' representative shall notify the Buyer in writing as soon as reasonably practicable, and, on receipt of the notice, the Buyer shall be deemed to have given the Sellers notice of the Tax Claim in accordance with the provisions of paragraph 10.1.

10.3 Subject to paragraph 10.4, if the Sellers indemnify and secure the Buyer and the Company to the Buyer's reasonable satisfaction against all liabilities, costs, damages or expenses that may be incurred (including any additional Liability for Tax) the Buyer shall take and shall procure that the Company shall take any action that the Sellers' representative may reasonably request by notice in writing given to the Buyer to avoid, dispute, defend, resist, appeal, request an internal HMRC or WRA review or compromise any Tax Claim.

10.4 The Buyer and the Company shall not be obliged to appeal or procure an appeal against any assessment to Tax if the Buyer, having given the Sellers' representative written notice of that assessment, does not receive written instructions to do so from the Sellers' representative within ten Business Days.

10.5 Without prejudice to the liability of the Sellers under this Schedule, the Buyer shall not be obliged to take, or procure the taking of, any action under paragraph 10.3 in respect of any Tax Claim:

10.5.1 if the Sellers' representative does not request the Buyer to take any action under paragraph 10.3 or the Sellers fail to indemnify and secure the Buyer, the Company to the Buyer's reasonable satisfaction in a reasonable period of time (starting with the date of the notice given to the Sellers' representative) considering the nature of the Tax Claim and the existence of any time limit for avoiding, disputing, defending, resisting, appealing, seeking a review or compromising that Tax Claim, and that period will not in any event exceed ten Business Days;

10.5.2 where it reasonably appears that the Sellers (or the Company before Completion) have engaged in fraudulent conduct or deliberate default relating to the Liability for Tax that is the subject matter of the Dispute; or

10.5.3 if the Dispute involves an appeal against a determination by the Tax Chamber of the First-tier Tribunal or higher tribunal, unless the Sellers have obtained the opinion of Tax counsel of at least five years' standing that the appeal has a reasonable prospect of success.

10.6 If paragraph 10.3 does not apply by virtue of any provision in paragraph 10.5, the Buyer, or the Company shall have the absolute conduct of the Dispute (without prejudice to its rights under this Tax Covenant) and shall be free to pay or settle the Tax Claim on any terms that the Buyer or the Company in its absolute discretion considers fit.

10.7 Neither the Buyer nor the Company shall be liable to any of the Sellers for non-compliance with any of the provisions of this paragraph 10 if the Buyer or the Company has acted in good faith in accordance with the instructions of any one or more of the Sellers.

11. GROSSING UP

11.1 All amounts due under this Tax Covenant from the Sellers to the Buyer shall be paid in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax required by law). If any deductions or withholdings are required by law to be made from any of the sums payable under this Tax Covenant, the Sellers shall provide any evidence of the relevant withholding as the Buyer may reasonably require and shall pay to the Buyer any sum as will, after the deduction or withholding is made, leave the Buyer with the same amount as it would have been entitled to receive without that deduction or withholding.

11.2 If any sum payable by the Sellers to the Buyer under this Agreement is subject to Tax in the hands of the Buyer, the Sellers shall pay any additional amount required to ensure that the net amount received by the Buyer shall be the amount that the Buyer would have received if the payment was not subject to Tax.

11.3 If the Buyer would, but for the availability of a Buyer's Relief, incur a Tax liability falling within paragraph 11.2, it shall be deemed for the purposes of that paragraph 11.2 to have incurred and paid that liability.

11.4 If the Buyer assigns the benefit of this Tax Covenant or this Agreement, the Sellers shall not be liable under paragraph 11.1 or paragraph 11.2, except where and to the extent that the Sellers would have been so liable had that assignment not occurred.

12. GENERAL

12.1 All payments made by the Sellers to the Buyer or by the Buyer to the Sellers in accordance with this Tax Covenant will be treated, if possible, as an adjustment to the Purchase Price for the Sale Shares.

12.2 The Buyer shall in its absolute discretion decide whether to make a claim under this Schedule or the Tax Warranties or both.

SCHEDULE 7 INTELLECTUAL PROPERTY RIGHTS

PART A REGISTERED INTELLECTUAL PROPERTY RIGHTS

THERE ARE NONE

PART B MATERIAL UNREGISTERED INTELLECTUAL PROPERTY RIGHTS

THERE ARE NONE

PART C INTELLECTUAL PROPERTY RIGHTS LICENSED FROM THIRD PARTIES

Logo:



PART D INTELLECTUAL PROPERTY RIGHTS LICENSED TO THIRD PARTIES

THERE ARE NONE

SCHEDULE 8 INFORMATION TECHNOLOGY

PART A PARTICULARS OF THE IT SYSTEMS

See the document marked; “CDE Services IT Services [16]” in the Data Rooms.

PART B PARTICULARS OF THE IT CONTRACTS

See the document marked; “CDE Services – The Managed-Services-Agreement [18]” in the Data Rooms.

PART C PARTICULARS OF DOMAIN NAMES AND SOCIAL MEDIA ACCOUNTS

Domain Names	cde-services.co.uk
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SCHEDULE 9 THE PROPERTY**Particulars of the Property**

Description of the Property	Building A2, Phase 1, Vantage Park, Old Gloucester Road, Bradley Stoke, Bristol, BS16 1GW
Description of Lease (lease, underlease, licence, date and parties)	Lease
Owner	Barnbury Enterprises Limited
Registered/unregistered	Pending registration
Title number (if registered)	Landlord's title number GR299095
Contractual date of termination of lease	30 November 2032
Occupier	Cosgrove & Drew Ltd
Current Use	Use within class E(g) of the Town and Country Planning (Use Classes) Order 1987.

SCHEDULE 10 ADDITIONAL CONSIDERATION**1. DEFINITIONS**

The definitions in this paragraph apply in this Agreement.

Additional Admission: means, in respect of each proposed allotment and issue of Additional Consideration Shares pursuant to this Schedule, the admission of those Additional Consideration Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules.

Additional Consideration Payments: has the meaning set out in paragraph 2.1 of this Schedule.

Additional Consideration Statement: has the meaning set out in paragraph 3.2(b) of this Schedule.

EBITDA: means, in relation to a Relevant Period, the earnings of the Company before interest, tax, depreciation and amortisation as set out in an Additional Consideration Statement.

EBITDA Target: means:

- (a) in respect of the First Relevant Period, £500,000 plus 50% of the Total PAYE Liability Amount;
- (b) in respect of the Second Relevant Period, £500,000 plus 50% of the Total PAYE Liability Amount; and
- (c) in respect of each subsequent Relevant Period, £500,000.

Expert: has the meaning set out in paragraph 3.6 of this Schedule.

First Relevant Period: means the Relevant Period commencing on the Completion Date.

FRC: means the Financial Reporting Council in the United Kingdom.

FRS 102: means Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (applying the permitted reduced disclosure requirements as set out in Section 1 thereof) as issued by the FRC and in force from time to time.

Objection Notice: has the meaning set out in paragraph 3.3 of this Schedule.

Reference Accounts: means in relation to a Relevant Period, the management accounts of the Company prepared on a basis consistent with the Accounts in accordance with UK GAAP and the applicable accounting requirements of the CA 2006 in force for that Relevant Period.

Relevant Period: means a period of 12 months commencing on and from the Completion Date and each anniversary thereof. **Resolution Notice:** has the meaning set out in paragraph 3.6 of this Schedule.

Review Period: has the meaning set out in paragraph 3.3 of this Schedule.

Second Relevant Period: means the Relevant Period commencing on the first anniversary of the Completion Date.

Total PAYE Liability Amount: means the Agreed PAYE Liability plus the amount of professional fees incurred by the Company in relation to making the Voluntary Disclosure and agreeing the Agreed PAYE Liability with HMRC as certified by the Buyer.

UK GAAP: means generally accepted accounting principles, standards and practices applied in the United Kingdom, including Financial Reporting Standards 100 to 105 issued by the FRC (and applied as appropriate having regard to the position of the Company), and the applicable accounting requirements of the CA 2006.

2. ADDITIONAL CONSIDERATION PAYMENTS

- 2.1 As additional consideration for the Sale Shares, subject to paragraph 2.2, the Buyer shall pay to the Sellers an amount equal to 50% of the amount (if any) by which EBITDA in each Relevant Period exceeds the EBITDA Target for that Relevant Period (together the Additional Consideration Payments, each an Additional Consideration Payment).
- 2.2 In the event that payment of an Additional Consideration Payment calculated pursuant to paragraph 2.1 above would when aggregated with the Completion Cash Payment, the Completion Share Payment and all prior Additional Consideration Payments (**Total Aggregate Price Paid**) exceed the Maximum Purchase Price, the Additional Consideration Payment shall be reduced to such amount as would cause the aggregate of such Additional Consideration Payment and the Total Aggregate Price Paid to equal the Maximum Purchase Price.
- 2.3 The provisions of this Schedule 10 shall cease to apply once the Maximum Purchase Price has been paid and the Buyer shall have no further liability to make Additional Consideration Payments.
- 2.4 The Additional Consideration Payments shall be agreed or determined (as the case may be) in accordance with paragraph 3 and paragraph 4 of this Schedule.
- 2.5 Each Additional Consideration Payment shall (subject to paragraphs 6.1 and 6.5 of this Schedule) be satisfied by the Parent allotting and issuing to the Sellers such number of Additional Consideration Shares as shall have an aggregate value (calculated in accordance with paragraph 6.2 (subject to paragraph 6.4)) of this Schedule nearest to that sum.
- 2.6 The Buyer shall be entitled to withhold and set off against any Additional Consideration Payment otherwise due and payable to the Sellers under this Schedule any amount due and payable by the Sellers to the Buyer in respect of any Claim, Indemnity Claim or claim under the Tax Covenant, or that may become payable by the Sellers upon the settlement or determination of any outstanding Claim, Indemnity Claim or claim under the Tax Covenant.

3. ADDITIONAL CONSIDERATION STATEMENT AND AGREEING THE ADDITIONAL CONSIDERATION PAYMENTS

- 3.1 The Buyer shall use its reasonable endeavours to procure that the Reference Accounts for each Relevant Period are prepared and audited within 30 Business Days of the last day of the Relevant Period.
- 3.2 Within 10 Business Days of completion of the Reference Accounts in respect of a Relevant Period, the Buyer shall deliver to the Sellers:
- 3.2.1 a copy of the relevant Reference Accounts; and
- 3.2.2 a statement prepared by the Buyer (**Additional Consideration Statement**) setting out:
- (a) its calculation of EBITDA for that Relevant Period;

- (b) any adjustments made in calculating EBITDA; and
 - (c) its calculation of the resulting Additional Consideration Payment (if any) payable in respect of that Relevant Period.
- 3.3 The Sellers shall, within 10 Business Days from receipt of the Reference Accounts and the Additional Consideration Statement for a Relevant Period (**Review Period**), deliver to the Buyer a written notice stating whether it agrees with the Additional Consideration Statement and the Buyer's calculation of the Additional Consideration Payment. In the case of any disagreement, the notice (**Objection Notice**) shall specify the areas disputed by the Sellers and describe, in reasonable detail, the basis for the dispute provided.
- 3.4 If the Sellers fail to deliver an Objection Notice during the Review Period, they shall, with effect from the expiry of the Review Period, be deemed to agree the Additional Consideration Statement and the amount of Additional Consideration Payment specified in it.
- 3.5 During each Review Period, the Buyer shall upon reasonable notice and during normal business hours, permit the Sellers (and their agents or advisers) to access and review such books and records of the Company as the Sellers (or their advisers) may reasonably require for the purpose of reviewing the Additional Consideration Statement and the Buyer's calculation of the corresponding Additional Consideration Payment.
- 3.6 If the Sellers serve an Objection Notice in accordance with paragraph 3.3 of this Schedule, the parties shall seek in good faith to resolve the disputed matters and agree the EBITDA calculation and the Additional Consideration Payment for the Relevant Period as soon as reasonably possible. If the parties are unable to reach agreement within 10 Business Days of the service of the Objection Notice, then at any time following the expiry of such period either party may, by written notice to the other (**Resolution Notice**), require the disputed matters to be referred for determination in accordance with paragraph 4 of this Schedule, by an independent chartered accountant based in a firm of repute and with appropriate experience of determining similar disputes (**Expert**).
- 3.7 Each party shall bear and pay its own costs incurred in connection with the preparation, review and agreement of each Additional Consideration Statement and the calculation of each Additional Consideration Payment.
- 4. **EXPERT DETERMINATION**
- 4.1 If either party serves a Resolution Notice:
 - 4.1.1 the parties shall endeavour to agree as soon as reasonably possible who will be appointed to act as the Expert, and to agree the terms of their appointment; and
 - 4.1.2 if the parties fail to agree and appoint the Expert within 10 Business Days of an appointee being proposed by a party for this purpose, either party shall be entitled to request the ICAEW to appoint the Expert.
- 4.2 The Buyer and the Sellers shall co-operate with each other fully and promptly in relation to appointing the Expert, including:
 - 4.2.1 taking all necessary actions to agree (and shall not unreasonably withhold or delay their consent to) the Expert's terms of appointment; and

SCHEDULE 10 – ADDITIONAL CONSIDERATION

- 4.2.2 agreeing and signing any engagement letter, terms of reference or other documentation in connection with the Expert's appointment.
- 4.3 Except for any procedural matters, or as otherwise expressly provided in this Schedule, the scope of the Expert's remit shall be limited to determining the unresolved matters in the Objection Notice relating to:
 - 4.3.1 whether the Additional Consideration Statement has been prepared, and the corresponding calculation of the Additional Consideration Payment has been made, in accordance with the requirements of this Schedule;
 - 4.3.2 whether any errors have been made in the preparation of the Additional Consideration Statement and the corresponding calculation of the Additional Consideration Payment; and
 - 4.3.3 any consequential adjustments, corrections or modifications that are required for the Additional Consideration Statement to have been prepared, and the corresponding calculation of the Additional Consideration Payment to have been made, in accordance with the requirements of this Schedule.
- 4.4 To the extent not provided for by this paragraph 4, the Expert may in their reasonable discretion determine such other procedures as they consider just or appropriate.
- 4.5 Each party shall:
 - 4.5.1 co-operate with the Expert and provide all assistance and access to such information, documents or records in the possession or control of that party (or any member of its Group) as the Expert may reasonably require for the purpose of making their determination;
 - 4.5.2 be entitled to make submissions to the Expert, and each party shall, with reasonable promptness, supply the other with access to such information, documents or records in the possession or control of that party (or any member of its Group) as the other party may reasonably require to make a submission under this paragraph; and
 - 4.5.3 shall act reasonably and co-operate in good faith to give effect to the provisions of this paragraph 4, and shall not do anything to hinder or prevent the Expert from making their determination.
- 4.6 The Expert shall be required to prepare a written decision (including reasons) and to provide a copy to each party as soon as reasonably practicable and in any event within 10 Business Days of their appointment.
- 4.7 All matters under this paragraph 4 shall be conducted, and the Expert's decision shall be written, in the English language.
- 4.8 The Expert shall act as an expert and not as an arbitrator. The Expert's written decision on the matters referred to them shall be final and binding on the parties in the absence of manifest error or fraud.
- 4.9 If an appointed Expert dies or becomes unwilling or incapable of acting, or does not deliver their determination within the time required by this paragraph 4:

- 4.9.1 the parties shall use all reasonable endeavours to agree the identity and terms of appointment of a replacement Expert;
 - 4.9.2 if the parties fail to agree and appoint a replacement Expert within 10 Business Days of a replacement being proposed in writing by a party, then either party may apply to ICAEW to discharge the appointed Expert and to appoint a replacement Expert; and
 - 4.9.3 this paragraph 4 shall apply in relation to each and any replacement Expert as if they were the first Expert appointed.
- 4.10 Each party shall bear and pay its own costs incurred in connection with the Expert's determination pursuant to this paragraph 4. The Expert's fees and any costs or expenses properly incurred in making their determination (including the fees and costs of any advisers appointed by the Expert) shall be borne between the Buyer and the Sellers in such other proportions as the Expert shall direct.
- 4.11 All matters concerning the process and result of the determination by the Expert shall be kept confidential among the parties and the Expert.

5. **CONDUCT OF BUSINESS DURING THE ADDITIONAL CONSIDERATION PERIOD**

- 5.1 Subject to paragraph 5.2 of this Schedule, the Buyer shall:
- 5.1.1 have sole discretion with regard to all matters relating to the management and operation of the Company following Completion; and
 - 5.1.2 be under no obligation to operate the Company with a view to achieving or maximising the amount of the Additional Consideration Payments.
- 5.2 The Buyer undertakes to the Sellers that at all times between Completion and the expiry of the last Relevant Period it shall not take any action (or cause or permit anything to be done) in bad faith with the sole purpose of avoiding or reducing the amount of any Additional Consideration Payment.

6. **ADDITIONAL CONSIDERATION SHARES**

- 6.1 In respect of each Additional Consideration Payment, the Parent shall apply for Additional Admission of the relevant number of Additional Consideration Shares as soon as reasonably practicable following the agreement or determination (as the case may be) of the amount of the relevant Additional Consideration Payment. The Buyer shall procure that, subject to the relevant approvals of the board/relevant committee of the Parent and Additional Admission having taken place, the Parent shall, subject to paragraph 6.5 of this Schedule, issue and allot Additional Consideration Shares to the Sellers as soon as reasonably practicable following Additional Admission.
- 6.2 For the purposes of paragraph 2.5 of this Schedule, the number of Additional Consideration Shares to be allotted and issued in respect of an Additional Consideration Payment shall be calculated by dividing the Additional Consideration Payment by the value of each Additional Consideration Share. For such purposes, the value of each Additional Consideration Share shall be the average of the mid-market closing price of an Ordinary Share on AIM for the period of five Business Days up to and including the date 3 Business Days prior to the Issue Date.

SCHEDULE 10 – ADDITIONAL CONSIDERATION

- 6.3 The Additional Consideration Shares shall rank *pari passu* in all respects with the existing Ordinary Shares (including all Consideration Shares and all previously issued Additional Consideration Shares), including the right to receive all dividends declared, made or paid after their respective Issue Date (save that they shall not rank for any dividend or other distribution declared made, or paid by reference to a record date before that Issue Date).
- 6.4 For the purposes of paragraph 2.5 of this Schedule, any Additional Consideration Shares shall be allotted and issued to the Sellers without issuing fractional shares and fractional entitlements shall be rounded down to the nearest whole share.
- 6.5 All or part of the sum referred to in paragraph 2.5 of this Schedule may be satisfied in cash if:
- 6.5.1 the Buyer notifies the Sellers in writing that (i) it is unable to procure Additional Admission within 20 Business Days of making the application for Additional Admission or (ii) it considers, in its absolute discretion, that it would not be in the interests of the Buyer to allot and issue the Additional Consideration Shares; or
- 6.5.2 following a written request from the Sellers, such issuance of Additional Consideration Shares would trigger a requirement for any of the Sellers to make a mandatory offer for the entire issued share capital of the Parent under Rule 9 of the UK Takeover Code, in which event the Buyer shall be entitled to allot such number of Additional Consideration Shares as brings the aggregate interest of the Sellers in the issued share capital of the Buyer to one share less than would trigger such requirement and to settle the balance of the Additional Consideration in cash,
- and any cash payment shall be made within three Business Days of notice being given by the Buyer pursuant to this paragraph 6.5 (or in the event of notice given by the Sellers pursuant to sub-paragraph 6.5.2, within ten Business Days of notice being given by the Sellers) to the Nominated Account.
- 6.6 The Buyer warrants to the Sellers that, subject to the prior approval of the requisite number of the Parent's shareholders, the Parent's directors will have the authority to allot and issue such number of Ordinary Shares as is required to be allotted and issued as Additional Consideration Shares pursuant to paragraph 2.5 of this Schedule.
- 6.7 The Buyer will procure that, subject to paragraph 6.5 of this Schedule, as soon as reasonably practicable following Additional Admission share certificates in respect of the Additional Consideration Shares are delivered to the Sellers by the Parent.

This Agreement has been executed and delivered as a deed on the date written at the beginning

THE BUYER

EXECUTED and DELIVERED)
as a Deed of
EARNZ HOLDINGS LIMITED)
by:)
Director

X.....
Please sign here

Signed by:
[Redacted Signature]
4790B526BB1443B...

Director / Company
Secretary

X.....
Please sign here

Signed by:
[Redacted Signature]
654832044D6C489...

THE SELLERS

EXECUTED and DELIVERED as a Deed)
by the said **ZAC ARRAN COSGROVE**)
in the presence of:)

DocuSigned by:
[Redacted]
F7A6D4E8DE4F41F...
X.....X
Please sign here

W Signature.....
I Full Name (Blocks)....
T Address.....
N
E
S
S Occupation.....

Signed by:
[Redacted]
7AD2FAE98AA84CC...

EXECUTED and DELIVERED as a Deed)
by the said **LUKE DREW**)
in the presence of:)

DocuSigned by:
[Redacted]
1A7D5863DE0D43F...
X.....X
Please sign here

W Signature.....
T Address.....
N
E
S
S Occupation.....

Signed by:
[Redacted]
977DD555EC079AA8...

EXECUTED and DELIVERED as a Deed)
by the said **ROBERT HOLT**)
in the presence of:)

Signed by:
[Redacted Signature]
BD5A1E6AC18B481.....X

Please sign here

W Signature.....
I Full Name (Blocks).....
T Address [Redacted]
N
E
S
S Occupation.. [Redacted]

Signed by:
[Redacted Signature]
314875C298C4419...