

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, you should pass this document and the Form of Proxy without delay to the purchaser or transferee, or to the stockbroker, bank or other person who arranged the sale or transfer so that they can pass this document to the person who now holds the Existing Ordinary Shares. If you have sold or otherwise transferred part only of your holding of Existing Ordinary Shares, you should retain this document and consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

This document which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire issued and to be issued share capital of the Company. This document does not constitute an offer or any part of an offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the FCA or any other competent authority.

Applications will be made for the Admission of the New Ordinary Shares and for the Re-Admission of the Existing Ordinary Shares to be admitted to trading on AIM. It is expected that First Admission will occur and that dealings will commence in the EIS and VCT Placing Shares at 8.00 a.m. on 28 August 2024 and that Re-Admission and Second Admission will occur and that dealings will commence in the Existing Ordinary Shares, the Non-EIS and VCT Placing Shares, the Bob Holt Loan Conversion Shares and the Initial Consideration Shares at 8.00 a.m. on 29 August 2024.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 10 of this document, and the Company accept responsibility for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company is speculative and involves a high degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.

EARNZ plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10114644)

**Proposed Acquisition of Cosgrove & Drew Ltd,
Proposed Acquisition of South West Heating Services Ltd,
Proposed Placing of 27,351,450 new Ordinary Shares at 7.5p per Ordinary Share,
Proposed waiver of Rule 9 of the City Code,
Admission of the New Ordinary Shares and Re-Admission of the Existing Ordinary
Share Capital to trading on AIM
and
Notice of General Meeting**



SHORE CAPITAL
CAPITAL MARKETS

Nominated Adviser and Joint Broker

ZEUS

Joint Broker

Ordinary Share Capital immediately following Second Admission

Issued and fully paid

Number
103,848,187

Amount
£4,153,927.48

Notice of a general meeting of the Company to be held at the offices of Shore Capital, Cassini House, 57 St James's Street, London SW1A 1LD at 10.00 a.m. on 27 August 2024 is set out at the end of this document. To be valid, the Form of Proxy should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD by no later than 10.00 a.m. on 22 August 2024 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish. As an alternative to completing the Form of Proxy, Shareholders can appoint proxies electronically

with the Company's Registrars via www.sharegateway.co.uk using the Shareholder's personal proxy registration code as shown on the Form of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Neville Registrars Limited no later than 10.00 a.m. on 22 August 2024 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting).

Shareholders who hold their Existing Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Neville Registrars Limited (ID 7RA11) by no later than 10.00 a.m. on 22 August 2024 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Any person entitled to receive a copy of documents and information relating to the Rule 9 waiver, including this document, is entitled to receive such documents in hard copy form. Such person may request that all future documents and information in relation to the Rule 9 waiver are sent to them in hard copy form. You may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting the Company at First Floor, Holborn Gate, 330 Holborn, London WC1V 7QT.

Shore Capital and Corporate Limited ("**Shore Capital and Corporate**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as nominated adviser to the Company in connection with the Placing, Admission and Re-Admission and accordingly, will not be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital and Corporate or for providing advice in relation to the Placing, Admission and Re-Admission or any other matter referred to in this document. Shore Capital and Corporate's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of such person's decision to acquire shares in the Company in reliance on any part of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Shore Capital and Corporate by the FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Shore Capital and Corporate as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

In accordance with the AIM Rules for Nominated Advisers, Shore Capital and Corporate has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules for Companies and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules for Companies have been complied with. No liability whatsoever is accepted by Shore Capital and Corporate for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

Shore Capital Stockbrokers Limited ("**Shore Capital Stockbrokers**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no one else in connection with the Placing, Admission and Re-Admission and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital Stockbrokers or for providing advice in relation to the Placing, Admission and Re-Admission, or any other matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Shore Capital Stockbrokers by the FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Shore Capital Stockbrokers as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Shore Capital Stockbrokers for the accuracy of any information or opinion contained in this document or for the omission of any material information for which it is not responsible.

Zeus Capital Limited ("**Zeus**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no one else in connection with the Placing, Admission and Re-Admission and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Zeus or for providing advice in relation to the Placing, Admission and Re-Admission, or any other matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus by the FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Zeus as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Zeus for the accuracy of any information or opinion contained in this document or for the omission of any material information for which it is not responsible.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.earnzplc.com.

IMPORTANT INFORMATION

GENERAL

This document should be read in its entirety before making any decision to subscribe for Ordinary Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Nominated Adviser or the Joint Brokers or any of their respective affiliates, officers, directors, partners, employees or agents.

Without prejudice to the Company's obligations under applicable laws and the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company, the Nominated Adviser or the Joint Brokers or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the UK, or, if you are outside the UK, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing, the Acquisitions, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Nominated Adviser or the Joint Brokers or any of their respective representatives, that any recipient of this document should subscribe for or purchase any of the Ordinary Shares.

Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors" in Part II of this document. Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it.

In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on the Nominated Adviser or the Joint Brokers or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied

upon as having been authorised by or on behalf of the Company, the Directors, the Nominated Adviser or the Joint Brokers.

None of the Company, the Directors, the Nominated Adviser or the Joint Brokers or any of their respective representatives makes any representation to any subscriber or purchaser of Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, the Joint Brokers and any of their affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by the Joint Brokers or any of their affiliates acting as investors for their own accounts. The Joint Brokers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Joint Brokers and the Nominated Adviser and any of their affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to, the Company, for which they would have received customary fees. The Joint Brokers and the Nominated Adviser and any of their affiliates may provide such services to the Company and any of its affiliates in the future.

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should”, or, in each case, their negative or other variations or comparable terminology.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group’s actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in Part II of this document entitled “Risk Factors” which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect the Company’s current views, intentions, beliefs or expectations with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as at the date of this document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

INFORMATION TO DISTRIBUTORS

UK Product Governance Requirements

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK MiFIR Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraphs 3.5 and 3.6 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their

investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Brokers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

EU Product Governance Requirements

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**EU Target Market Assessment**”). Notwithstanding the EU Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The EU Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the EU Target Market Assessment, the Joint Brokers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE INVESTORS

General

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Placing Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Placing Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any

and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of the Placing Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for any of the Placing Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Notice to prospective investors in the United Kingdom

No Placing Shares have been offered or will be offered pursuant to the Placing to the public in the United Kingdom prior to the publication of a prospectus in relation to the Placing Shares which has been approved by the FCA, except that the Placing Shares may be offered to the public at any time:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the Prospectus Regulation); or
- (c) in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of the Placing Shares shall require the Company or any other person to publish a prospectus pursuant to section 85 of the FSMA or supplemental prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the Placing Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Placing Shares.

Neither the Company, the Nominated Adviser, nor the Joint Brokers nor any other person has authorised, nor do they authorise, the making of any offer of Placing Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus in the United Kingdom in respect of such offer.

In addition, in the United Kingdom, this document is only being directed at persons who are “**qualified investors**” within the meaning of Article 2 of the Prospectus Regulation and who are (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**FPO**”); (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO; and/or (iii) persons to whom it is otherwise lawful to distribute it without any obligation to issue a prospectus approved by competent regulators. Any investment or investment activity to which this document relates is only available to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and under no circumstances should persons of any other description rely on or act upon the contents of this document.

Notice to prospective investors in the European Economic Area

In relation to each member state of the European Economic Area (each, a “**Relevant State**”), no Placing Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant State, except that the Placing Shares may be offered in that Relevant State at any time:

- (d) to any legal entity which is a qualified investor as defined in Article 2 of the EU Prospectus Regulation;
- (e) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the EU Prospectus Regulation); or
- (f) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Placing Shares shall require the Company or any other person to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation. For the purposes of this

provision, the expression “an offer to the public” in relation to the Placing Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Placing Shares, and the expression “**EU Prospectus Regulation**” means Regulation (EU) 2017/1129.

Neither the Company, the Nominated Adviser, nor the Joint Brokers nor any other person has authorised, nor do they authorise, the making of any offer of Placing Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus for such offer.

Overseas distribution

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state or other jurisdiction of the United States, any province or territory of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered or sold, directly or indirectly, within the United States, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

The distribution of this document outside the UK may be restricted by law. No action has been taken by the Company or Shore Capital or Zeus that would permit a public offer of shares in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this document should inform themselves about the distribution of this document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company’s website, any website mentioned in this document (including those of the Targets), or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

ROUNDING

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

CURRENCIES

In the document, references to “sterling”, “£”, “penny”, “pence” and “p” are to the lawful currency of the United Kingdom. Unless otherwise indicated, the financial information contained in this document has been expressed in sterling. The Group presents its financial statements in sterling.

PRESENTATION OF FINANCIAL INFORMATION

The consolidated historical financial information for:

- Cosgrove & Drew Ltd for the ten months ended 31 December 2021 and the two years ended 31 December 2023; and

- South West Heating Services Ltd for the three years ended 30 June 2023 and the nine months ended 31 March 2024,

are set out in Parts IV to V respectively of this document and have been prepared in accordance with IFRS.

PRESENTATION OF MARKET AND OTHER DATA

Unless the source is otherwise identified, the market, economic and industry data and statistics in this document constitute management's estimates, using underlying data from third parties. The Company has obtained market and economic data and certain industry statistics from internal reports, as well as from third-party sources, as described in the footnotes to such information. All third-party information set out in this document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such third-party information has not been audited or independently verified and the Company and the Directors accept no responsibility for its accuracy or completeness.

Market and industry data is inherently predictive and speculative and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information.

INTERPRETATION

Certain terms used in this document, including capitalised terms and certain technical and other terms, are defined in the section of this document entitled "Definitions".

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment, or extension thereof. Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

CONTENTS

	Page No.
	10
	11
	12
PART I	13
PART II	38
PART III	49
PART IV	56
	56
	59
PART V	95
	95
	98
	118
	120
PART VI	131
PART VII	135
PART VIII	138
PART IX	144
	176
	182
	183

DIRECTORS, SECRETARY AND ADVISERS

Directors	Robert “Bob” Holt OBE (<i>Executive Chair</i>) Elizabeth Janet Lake (<i>Chief Financial Officer</i>) John William Charles Charlton (<i>Executive Director</i>) Linda Jane Main (<i>Senior Independent Director</i>) Sandra Diana Skeete (<i>Non-Executive Director</i>) all of whose business address is the Company’s registered office
Company Secretary	CFPro CoSec Limited 35 Ballards Lane London England, N3 1XW
Registered Office	First Floor Holborn Gate 330 Holborn London WC1V 7QT
Company website	www.earnzplc.com
Nominated Adviser	Shore Capital and Corporate Limited Cassini House 57 St James’s Street London SW1A 1LD
Joint Broker	Shore Capital Stockbrokers Limited Cassini House 57 St James’s Street London SW1A 1LD
Joint Broker	Zeus Capital Limited Stock Exchange Tower 125 Old Broad Street London EC2N 1AR
Legal Advisers to the Company	BPE Solicitors LLP St James House St James Square Cheltenham GL50 3PR
Legal Advisers to the Nominated Adviser and Joint Brokers	Bryan Cave Leighton Paisner LLP Governor’s House 5 Laurence Pountney Hill London EC4R 0BR
Auditors and Reporting Accountants	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD

PLACING AND ADMISSION STATISTICS

Placing Price	7.5p
Number of Existing Ordinary Shares	62,879,828
Number of EIS and VCT Placing Shares	20,798,491
Percentage of Enlarged Share Capital represented by the EIS and VCT Placing Shares	20.03%
Number of Ordinary Shares in issue immediately following First Admission	83,678,319
Aggregate number of Initial Consideration Shares and Bob Holt Loan Conversion Shares to be issued by the Company	13,616,909
Percentage of Enlarged Share Capital represented by the Initial Consideration Shares and the Bob Holt Loan Conversion Shares	13.11%
Number of Non-EIS and VCT Placing Shares	6,552,959
Percentage of Enlarged Share Capital represented by the Non-EIS and VCT Placing Shares	6.31%
Aggregate number of Placing Shares to be issued by the Company	27,351,450
Percentage of Enlarged Share Capital represented by the Placing Shares	26.34%
Percentage of Enlarged Share Capital represented by the Existing Ordinary Shares	60.55%
Number of Ordinary Shares in issue immediately following Re-Admission and Second Admission	103,848,187
Market capitalisation of the Enlarged Group at the Placing Price immediately following Re-Admission and Second Admission	£7.79 million
Gross proceeds of the EIS and VCT Placing	£1.56 million
Gross proceeds of the Non-EIS and VCT Placing	£0.49 million
Total gross proceeds of the Placing	£2.05 million
Estimated expenses of the Proposals	£1.3 million
ISIN Code	GB00BRC2TB67
SEDOL number	BRC2TB6
LEI	213800YWMHGTNXCWZC33
AIM TIDM	EARN

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2024¹

Publication of this document	9 August
Latest time and date for receipt of completed Forms of Proxy and CREST voting instructions	10.00 a.m. on 22 August
General Meeting	10.00 a.m. on 27 August
First Admission occurs and dealings commence in the EIS and VCT Placing Shares on AIM	8.00 a.m. on 28 August
EIS and VCT Placing Shares credited to CREST accounts, where applicable, by	8.00 a.m. on 28 August
Re-Admission and Second Admission occur and dealings re-commence in the Existing Ordinary Shares and commence in the Non-EIS and VCT Placing Shares, the Initial Consideration Shares and the Bob Holt Loan Conversion Shares on AIM	8.00 a.m. on 29 August
Non-EIS and VCT Placing Shares, the Initial Consideration Shares and the Bob Holt Loan Conversion Shares credited to CREST accounts, where applicable, by	8.00 a.m. on 29 August
Despatch of definitive share certificates (as applicable)	within 10 business days of each Admission date

Notes:

- 1. Each of the above times and dates is subject to change at the absolute discretion of the Company and Shore Capital. Any changes will be notified via a Regulatory Information Service.*
- 2. All references to times in this document are to the time in London, unless otherwise stated.*

PART I
LETTER FROM THE CHAIR

(incorporated in England and Wales under the Companies Act 2006 with registered no. 10114644)

Directors:

Robert “Bob” Holt OBE (*Executive Chair*)
Elizabeth Janet Lake (*Chief Financial Officer*)
John William Charles Charlton (*Executive Director*)
Linda Jane Main (*Senior Independent Director*)
Sandra Skeete (*Non-Executive Director*)

Registered Office:

First Floor
Holborn Gate
330 Holborn
London WC1V 7QT

To: Shareholders and, for information only, holders of options over Ordinary Shares

Dear Shareholder,

9 August 2024

Proposed Acquisition of Cosgrove & Drew Ltd,
Proposed Acquisition of South West Heating Services Ltd,
Proposed Placing of 27,351,450 new Ordinary Shares at 7.5p per Ordinary Share,
Proposed waiver of Rule 9 of the City Code
and
Admission of the New Ordinary Shares and Re-Admission of the
Existing Ordinary Share Capital to trading on AIM

1 INTRODUCTION

Earlier today, EARNZ plc, an AIM Rule 15 cash shell, announced that EHL (its wholly owned subsidiary) had entered into two separate sale and purchase agreements (the “**SPAs**”), each conditional on Shareholder approval, to acquire the entire issued share capital of each of Cosgrove & Drew Ltd (“**C&D**”) and South West Heating Services Ltd (“**SWHS**”) (together, the “**Acquisitions**” and together with the Company, the “**Enlarged Group**”) for a total maximum consideration of £3.1 million, the initial consideration for which will be settled as to £0.67 million by the allotment of 8,933,332 new Ordinary Shares and as to approximately £0.9 million in cash. Each of the Targets operates in the energy services sector, in accordance with the Company’s acquisition strategy. These Acquisitions, together and separately, constitute a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies and, as such, are subject to Shareholders’ approval at the General Meeting, notice of which is set out at the end of this document. I am a shareholder in C&D, therefore the proposed acquisition of C&D is a related party transaction, further details of which are set out in paragraph 22 below.

At the same time, the Company is proposing to raise conditionally approximately £2.05 million (all of which is EIS/VCT qualifying) by way of a Placing, subject to shareholder approval, the net proceeds of which will be used to satisfy the cash consideration payable for the Acquisitions and to provide working capital for the Enlarged Group. Certain of the Directors are subscribing for, in aggregate, 879,999 Placing Shares, further details of which are set out in paragraph 22 below.

The purpose of this document is to provide Shareholders with further information on the Acquisitions (including the Bob Holt Loan Conversion) as well as the Placing and the Rule 9 waiver (together, the “**Proposals**”). This letter explains why the Board believes that the Proposals are in the best interests of the Company and its Shareholders as a whole, and why the Board therefore recommends that Shareholders vote in favour of the Resolutions to be proposed and voted upon at the General Meeting, as they intend to do so in respect of their aggregate beneficial shareholdings representing approximately 10.49 per cent. of the Existing Ordinary Share Capital.

2 HISTORY AND BACKGROUND

The Company, previously named Verditek plc and under a different board, historically looked to identify early-stage business opportunities in the clean technology sector, invest in the opportunities identified and then guide them through to commercial success. As part of this former strategy, the Company invested in Verditek Italy srl ("**Verditek Italy**"), an Italian solar business. However, the financial year ended 31 December 2023 ("**FY23**") proved to be operationally and commercially challenging and although the Company's previous board sought to mitigate these challenges through several measures to lower the cost base, these measures were not successful. As a result, on 28 February 2024, a general meeting was held to approve the disposal of Verditek Italy to Verditek Solar Ltd, a new company established by the holders of the Company's secured convertible loan notes (the "**Notes**") in exchange for the surrender of those Notes by the noteholders (the "**Disposal**"). The noteholders and Verditek Solar Ltd warranted that Verditek Solar Ltd was the legal and beneficial owner of the Notes with full title guarantee free from all encumbrances and other third party rights, and that each waived, released and relinquished all rights they may have had under the Notes and their instrument, and that the Company's obligations under the same had been fully satisfied. At the same meeting, authority was sought from the Shareholders of the Company to issue up to 400 million new shares to raise up to £300,000 at 0.075p per share. The purpose of seeking this authority was to give the Company the flexibility to issue new shares on successful completion of the Disposal and to facilitate the transition to the new management team.

On 28 February 2024, it was announced that I had entered into a £300,000 loan agreement with the Company and agreed to help procure subscribers for 400 million new ordinary shares at 0.075p per share pursuant to the Shareholder authority referred to above.

Completion of the Disposal took place on 29 February 2024 and, on 1 March 2024, it was announced that the Company's previous directors, The Rt Hon, Lord David Willetts, Robert Richards and George Kataros, had all resigned and that John Charlton and I had been appointed as directors of the Company, which had become an AIM Rule 15 cash shell looking for acquisitions in the energy services sector. As a result of becoming an AIM Rule 15 cash shell, the Company has until 31 August 2024, being 6 months from the date of the Disposal, to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14, failing which trading in the Company's shares on AIM will be suspended. Should the Company's shares remain suspended from trading for 6 months, admission of the Company's shares to trading on AIM will be cancelled under AIM Rule 41 on 28 February 2025.

On 18 March 2024, the Company announced a proposed share consolidation (100:1), fundraising of £3.7 million at 7.5p per share and the conversion into new ordinary shares of my £300,000 loan to the Company. These proposals were approved by Shareholders at a general meeting on 4 April 2024. The net proceeds of the fundraising were used for working capital purposes and, in particular, to satisfy the costs of the due diligence to be carried out on any potential acquisitions to be made by EARNZ.

The Directors have sourced and agreed commercial terms for two acquisition targets, namely C&D and SWHS, that operate within the energy services sector. In particular, these Targets specialise in the maintenance and/or installation of energy efficient products for domestic and commercial use. The Directors believe this sector presents some exciting commercial opportunities that will ultimately deliver positive shareholder value, further details of which are described in this document.

3 STRATEGY

The Company's corporate objective is to grow and develop a sustainable business in the energy services sector with a focus on decarbonisation for the benefit of all of its stakeholders. The principal means by which it intends to achieve this is to continue building and extending its presence in its key markets and to be its customers' partner of choice through the provision of consistent, high quality and multi-dimensional offerings across each of the Targets.

As part of this strategy, the Enlarged Group intends specifically to focus upon:

Organic growth and increasing market share

The Enlarged Group will seek to increase its levels of business from existing customers and to win new customers in its existing markets. The Directors believe that there is a significant opportunity to capitalise on the various high quality and/or longstanding relationships within each of the Targets' customer bases as well as each Target's established reputation for reliability, service quality and successful delivery of services, thereby increasing the Enlarged Group's market share in its key markets.

Cross-selling of services

The Directors believe that there is an opportunity to benefit from the increasing focus on procurement efficiency and supplier rationalisation within its core client base by providing multiple services to individual clients, particularly within C&D. Each of the Targets has significant, longstanding customer relationships (particularly SWHS and its relationship with national insurers) within their respective geographies and the Directors believe that this represents an opportunity for the Enlarged Group to promote the leading service capabilities of each Target to these customers and so offer a more comprehensive service offering that rationalises the customer's supply chain and therefore offers an attractive operational and financial solution for both the customer and the Enlarged Group.

Expansion into complementary markets and adjacent geographies

Going forward, the Directors intend to pursue further opportunities, both organically and by focused acquisitions, to provide additional services within the wider energy services sector.

The Enlarged Group intends to explore opportunities to expand its presence in its core markets and geographies and in other complementary markets and geographies with attractive growth characteristics. The Directors will look to leverage the Enlarged Group's existing capabilities, expertise and broad service offering together with its understanding of local client requirements so as to continue developing its geographical footprint beyond the South-West and the South of England.

Targeted complementary acquisitions

The Enlarged Group will continue to look to broaden and enhance its capabilities and accelerate its growth profile through targeted acquisitions. The Directors believe that there are opportunities to:

- pursue further earnings-enhancing acquisitions which build further presence in the Enlarged Group's core energy services markets;
- broaden the Enlarged Group's service proposition by adding services which are complementary to its existing service offering and which can offer further opportunities to cross-sell these services;
- extend coverage into adjacent or other geographies; and
- provide the opportunity to enhance operating margins and improve cash generation.

4 **BACKGROUND TO AND REASONS FOR THE ACQUISITIONS**

As an AIM Rule 15 cash shell, the Company is required to make an acquisition or acquisitions which constitute a reverse takeover by 31 August 2024. The Company stated previously that it was looking for acquisitions in the energy services sector and the Board believes that the Acquisitions represent an opportunity which aligns with the Company's corporate strategy to capitalise on the drive for global decarbonisation and will provide a platform for future growth both organically and inorganically through further acquisitions in the energy services sector. Each Acquisition is considered by the Directors to be complementary to the core ambition of the Company and earnings enhancing.

5 SUMMARY OF THE ACQUISITIONS

The Company has identified and agreed commercial terms with the vendors of the following two Targets which operate in the energy services sector:

- Cosgrove & Drew Ltd, which was incorporated in 2015 by Zac Cosgrove and Luke Drew, is an award-winning asset and energy support services company which focuses on two key services: (i) major projects, self-delivering mechanical engineering projects for mainly commercial sites within the public sector; and (ii) facilities management, providing maintenance, compliance or reactive services of client facilities for heating and plumbing.
- South West Heating Services Ltd, which was incorporated in 2019 by Andrew Custer, provides heating and installation maintenance services largely for domestic insurance claims, while also offering its services directly to domestic households.

Further details of the Acquisitions are set out in Part III of this document.

6 SUMMARY HISTORICAL FINANCIAL INFORMATION ON THE ACQUISITIONS

Cosgrove & Drew Ltd

The table below sets out C&D's summary financial information for the periods indicated, prepared in accordance with IFRS. As these are only summaries, Shareholders are advised to read the whole of this document, including the historical financial information of C&D as set out in Section B of Part IV of this document and not rely solely on this summarised information.

£'000	10 months ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023
Revenue	3,856	6,290	9,085
Cost of sales	(3,854)	(5,014)	(8,627)
Gross profit	2	1,276	458
(Loss) / profit before tax	(524)	413	(832)
Total (loss) / profit	(361)	327	(591)

In the six months ended 30 June 2024, C&D had unaudited revenue of £4.8 million and EBITDA of £0.24 million. The Board considers that the year ended 31 December 2024 will be second half weighted.

South West Heating Services Ltd

The table below sets out SWHS's summary financial information for the periods indicated, prepared in accordance with IFRS. As these are only summaries, Shareholders are advised to read the whole of this document, including the historical financial information of SWHS set out in Sections B and D of Part V of this document) and not rely solely on this summarised information.

£'000	Year ended 30 June 2021	Year ended 30 June 2022	Year ended 30 June 2023	9 months ended 31 March 2024
Revenue	803	687	971	1,085
Cost of sales	(631)	(553)	(697)	(720)
Gross profit	172	134	274	365
Profit before tax	120	61	184	275
Total profit	89	56	152	220

7 SUMMARY TERMS OF THE ACQUISITIONS

Cosgrove & Drew Ltd

Under the terms of the C&D SPA, the Company has, through its wholly owned subsidiary, EHL, conditionally agreed to acquire C&D for a total consideration of up to £1.96 million, comprising:

- initial consideration of approximately £0.73 million payable on Second Admission comprising: (i) £0.41 million in cash; and (ii) approximately £0.32 million to be satisfied by the issue of 4,308,453 new Ordinary Shares by the Company at the Placing Price. Approximately £0.16 million of the cash consideration will be paid to C&D on Completion in satisfaction of Zac Cosgrove's and Luke Drew's outstanding directors' loan account. I will not receive any of the initial cash consideration, but will receive 1,641,790 new Ordinary Shares to ensure that I receive my proportionate share of the initial cash consideration (ignoring for these purposes the £0.16 million relating to directors' loans) (i.e. 33 per cent.); and
- deferred consideration of up to approximately £1.23 million via earnout, to be satisfied wholly by the issue of new Ordinary Shares, subject to C&D achieving minimum EBITDA targets (exceeding £500,000) in each 12 month period from Completion and each anniversary thereof until the total consideration of £1.96 million is achieved.

As part of the acquisition of C&D, half of my outstanding non-interest bearing loan to C&D of £450,000 will be discharged and settled on Second Admission (subject to the acquisition of C&D completing) through the issue of 3,000,000 new Ordinary Shares by the Company at the Placing Price. The balance of £225,000 will remain outstanding following Completion and I have undertaken not to demand repayment of the balance until 1 January 2027 at the earliest.

Further details of the C&D SPA are set out in paragraph 12.1.9 of Part IX of this document.

The C&D Sellers have agreed to the lock-in arrangements as more particularly described in paragraph 12.1.10 of Part IX of this document.

South West Heating Services Ltd

Under the terms of the SWHS SPA, the Company has, through its wholly owned subsidiary, EHL, conditionally agreed to acquire SWHS for a total consideration of up to £1.15 million plus an amount equal to the surplus cash in SWHS on Completion (the "**Surplus Cash Sum**"), comprising;

- initial consideration of £0.85 million plus the Surplus Cash Sum payable on Second Admission comprising: (i) £0.5 million plus the Surplus Cash Sum in cash; and (ii) £0.35 million to be satisfied by the issue of 4,666,666 new Ordinary Shares by the Company at the Placing Price; and
- deferred consideration of up to £0.3 million to be satisfied by the issue of new Ordinary Shares or cash at the SWHS Seller's discretion, subject to SWHS achieving minimum EBITDA for each of the first two 12-month periods immediately following Completion.

Further details of the SWHS SPA are set out in paragraph 12.1.11 of Part IX of this document.

The SWHS Seller has agreed to the lock in arrangements as more particularly described in paragraph 12.1.12 of Part IX of this document.

8 MARKET OVERVIEW

Some believe that climate change is the planet's biggest existential threat, and if greenhouse gas ("**GHG**") emissions are not limited through a series of measures, including the reduction in burning of fossil fuels, there will be serious consequences caused by rising global temperatures, including increased frequency of droughts and flooding.¹ Every year, the United Nations holds a convention on climate change to measure progress and negotiate multilateral responses to climate change, with 196 parties attending COP28, the latest convention held in Dubai in December 2023. COP28 signalled the "beginning of the end" of the fossil fuel era through large cuts in emissions and scaled-up finance required to achieve this. It recognised that global GHGs need to reduce by 43 per cent. by 2030 (when compared to 2019 levels), to limit global warming to just 1.5°C. COP28 tasked the 196 parties to take actions towards achieving, at a global scale, a tripling of their renewable energy capacity and doubling energy efficiency improvements by 2030, by phasing down the use of unabated coal power, phasing out inefficient fossil fuel subsidies and other measures to drive away the use of fossil fuels.²

¹ <https://www.nrdc.org/stories/what-are-effects-climate-change#weather>

² <https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era>

As part of the 2015 Paris Agreement (in which 196 countries agreed to limit the global temperature increase to 1.5°C above pre-industrial levels), GHGs reporting has become increasingly more common.³ In 2013, the CA 2006 introduced changes requiring quoted companies to report their GHG emissions, with additional disclosures introduced in 2018, as well as new requirements for large private companies and large limited liability partnerships. Under the Streamlined Energy and Carbon Reporting (“**SECR**”) these companies and partnerships must report their GHG emissions under the GHG Protocol Corporate Standard classifying GHG emissions into three “scopes”:

- Scope 1 – direct emissions from owned or controlled sources;
- Scope 2 – indirect emissions from the generation of purchased energy; and
- Scope 3 – all other indirect emissions not included in scope 2.

The current existing reporting requirements focus primarily on scope 1 and 2 with scope 3 emission disclosures being voluntary.⁴ As the standardised method to measure and report on GHG emissions has developed, companies are able to identify areas in which their carbon footprint can be reduced, contributing to efforts to reduce GHG emissions. It also provides a platform for investors to make informed decisions based on the company’s sustainable prospects and future prospects.⁵ The Directors believe that not only will Government pressure push companies to increase their energy efficiency, but investor pressure will also drive companies to reduce their GHG emissions through improvement in energy usage and sources.

Alongside reporting on GHG emissions, the UK has launched the Energy Savings Opportunity Scheme (“**ESOS**”) currently in its third phase. ESOS requires a mandatory energy assessment scheme for large UK undertakings and their corporate groups. Large undertakings are deemed to be UK companies that either employ more than 250 people or have an annual turnover in excess of £44.0 million and an annual balance sheet total in excess of £38.0 million. ESOS is administered by the UK Environment Agency with mandatory assessments to be undertaken every four years. This involves audits of the energy used by a company’s buildings, industrial processes and transport, including appointing an approved ESOS lead assessor. Non-compliance can result in civil sanctions, including financial penalties if obligations are not met.⁶

In November 2022, ahead of the COP27 conference, the UK joined the Net Zero Government Initiative, led by the United States, in which participants agreed to develop a roadmap for governments to reduce their GHG emissions by 2050. This followed the 2008 Climate Change Act in which the UK committed to reducing its GHG emissions by 80 per cent. by 2050 compared to levels recorded in the 1990s. Alongside this, a Committee on Climate Change and UK carbon budgets were established. This was further strengthened in June 2019 with the UK committing to reducing all GHG emissions to net zero by 2050 (the UK net zero target). This has been published as a phased approach with the UK Government aiming to reduce all direct GHG emissions from public sector buildings by 50 per cent. by 2032, and 75 per cent. by 2037, using 2017 as a baseline.⁷ The UK became the first major economy to halve its GHG emissions, reducing them by 50 per cent. between 1990 and 2022, compared to a 23 per cent. reduction in France and no change in the United States for the period 1990 to 2021. The reductions are largely due to moving away from using coal for energy to renewables. Renewable energy now accounts for more than 40 per cent. of the country’s electricity, compared to just 7 per cent. used in 2010. Since September 2023, UK companies have announced £30 billion in new investments across the energy sector.⁸

Direct emissions from public sector buildings accounts for approximately 2 per cent. of all UK GHG emissions, which are primarily from heating, which in turn (from private homes and workspaces) amounts to almost a third of all UK carbon emissions. The UK Government has noted that heat decarbonisation is critical to reducing carbon emissions. Each devolved

³ <https://unfccc.int/process-and-meetings/the-paris-agreement>

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/43491/4793-faq-greenhouse-gas-emissions-las.pdf

⁵ <https://www.wri.org/insights/ghg-accounting-corporate-climate-disclosures-explained>

⁶ <https://www.gov.uk/guidance/energy-savings-opportunity-scheme-esos#large-undertakings>

⁷ <https://assets.publishing.service.gov.uk/media/6569cb331104cf000dfa7352/net-zero-government-emissions-roadmap.pdf>

⁸ <https://www.gov.uk/government/news/uk-first-major-economy-to-halve-emissions#:~:text=The%20UK%20is%20the%20first,USA%20between%201990%20and%202021.>

administration in the UK has allocated funding and together has provided over £1.0 billion in both grant and loan funding, with a further £1.0 billion committed.

England

The Public Sector Decarbonisation Scheme (“**PSDS**”) provides grant funding for energy efficiency measures and heat decarbonisation to public sector bodies. The main use of the PSDS has been to replace old fossil fuel boilers as well as upgrades to buildings. Phase 1 of the scheme provided £1.0 billion in grant funding, Phase 2 of the PSDS will provide £75.0 million and Phase 3 will provide £1.4 billion between 2022 and 2025.

The Low Carbon Skills Fund (“**LCSF**”) provides funding for both skills and expertise to help develop heat decarbonisation plans for public sector bodies. It is the belief of the LCSF that a robust heat decarbonisation plan will enable organisations to be in a stronger position to decarbonise, including the development of detailed project proposals to apply for future grant funding. Between 2023 and 2024, phase 4 of the LCSF will provide up to £17.0 million in grant funding.

Another scheme implemented is the Social Housing Decarbonisation Fund (“**SDHF**”) which entered Wave 2 in March 2023 and have committed £778 million aiming to upgrade social housing which is currently below band C of the energy performance certificate. It aims to support the installation of energy performance measures in social homes in England.⁹

Scotland

The main government led scheme in Scotland is the Scottish Green Public Sector Estate Decarbonisation Scheme (the “**SGPSEDS Scheme**”) which supports leadership on decarbonisation of buildings owned by the public sector. The SGPSEDS Scheme offers zero-interest loans which facilitates energy efficiency improvement projects resulting in financial and carbon savings as well as contributing to the net-zero target. Over the current parliamentary term, £200 million was committed to the public sector for renewable heating and energy efficiency.

Wales

During 2023/24, the Welsh Government launched a £17.0 million Low Carbon Heat Grant scheme (the “**LCHG Scheme**”) which supports local governments to decarbonise its buildings. It offers interest-free loans to public sector organisations within Wales to decarbonise and covers energy efficiency and renewable electricity.¹⁰

Another initiative launched by the UK Government in its pursuit of achieving net zero emissions by 2050 is the Energy Company Obligation (“**ECO**”), with the latest iteration of this being ECO4 implemented for the period July 2022 until March 2026 and administered through Ofgem. The £4.0 billion scheme aims to deliver energy efficiency and heating measures directly to low income and vulnerable households in the UK. Since its launch in 2013, the ECO scheme has improved 2.3 million homes, and the next iteration of the scheme is estimated to upgrade around 450,000 homes.¹¹ The ECO scheme works by placing a Home Heating Cost Reduction Obligation (“**HHCRO**”) on medium and large energy suppliers.¹⁴ ECO4, which covers the period 27 July 2022 to 31 March 2026, is uncapped and has been designed to tackle fuel poverty as well as reducing carbon emissions. The scheme is managed via local authorities and provides for a whole house approach to net zero.¹² The HHCRO requires energy suppliers to achieve £224.3 million in annual bill savings for domestic premises. This is to be achieved by suppliers promoting improvement measures to low-income, fuel-poor and vulnerable households to improve the ability to heat their home, including actions resulting in reduced energy usage such as upgrades to heating systems and installing insulation.¹³ There are 3.5 million social homes which are eligible for some form of grant funding under ECO4.

⁹ <https://www.gov.uk/government/publications/social-housing-decarbonisation-fund-wave-22>

¹⁰ <https://assets.publishing.service.gov.uk/media/6569cb331104cf000dfa7352/net-zero-government-emissions-roadmap.pdf>

¹¹ <https://assets.publishing.service.gov.uk/media/6113ec46d3bf7f04482f89d0/eco4-consultation.pdf>

¹² <https://www.ofgem.gov.uk/sites/default/files/2022-09/ECO4%20Flex%20fact%20sheet.pdf>

¹³ https://www.ofgem.gov.uk/sites/default/files/2024-04/eco4_delivery_guidance_v2.1.pdf

The UK Government spends around £300 billion a year on public procurement. On 26 October 2023, the Procurement Act 2023 received Royal Assent, which will make the UK's public procurement regime simpler as well as shortening the tender process. It is expected that the Procurement Act 2023 will come into force in October 2024. Part of the changes introduced by this act will open up public procurement so small companies are able to compete and win more public contracts.¹⁴ The new regime will be based on value for money as well as competition with objective criteria in the decision-making process. Contracting authorities must ensure the contracts awarded have regard to maximising public benefit, delivering value for money and acting with integrity.¹⁵ As a publicly quoted company, the Directors believe that the greater transparency required will provide the Enlarged Group with greater opportunities to win new business following the regime change.

The Directors believe that the Enlarged Group is well positioned to take advantage of all the available opportunities, both public and private, as the UK moves towards its goal of net zero emissions by 2050 through upgrades to current heating systems to increasing energy efficiency upgrades as well as the shift towards renewable energy usage.

9 DETAILS OF THE PLACING

The Placing comprises the issue by the Company of, in aggregate, 27,351,450 Placing Shares at the Placing Price raising gross proceeds of approximately £2.05 million (approximately £0.75 million net of expenses) for the Company comprising:

- the EIS and VCT Placing Shares, representing approximately 20.03 per cent. of the Enlarged Share Capital, and raising gross proceeds of approximately £1.56 million for the Company; and
- the Non-EIS and VCT Placing Shares, representing approximately 6.31 per cent. of the Enlarged Share Capital, and raising gross proceeds of approximately £0.49 million for the Company.

The Placing Price represents a discount of 9.1% to the closing price of an Ordinary Share on 7 August 2024, being the last day of trading in the Ordinary Shares prior to the publication of this document.

The Company, the Directors, Shore Capital and Zeus have entered into the Placing Agreement, pursuant to which, subject to certain conditions, each of Shore Capital and Zeus has conditionally agreed to use reasonable endeavours to procure subscribers for the Placing Shares to be issued by the Company, pursuant to the Placing.

The Placing has not been underwritten by Shore Capital or Zeus in any respect. The issue of the EIS and VCT Placing Shares is conditional on compliance by the Group in all material respects with its obligations under the Placing Agreement as at their date of issue but is not conditional on either First Admission, the Acquisitions or Second Admission or on the issue of any of the Non-EIS and VCT Placing Shares and is not conditional on the Placing Agreement becoming wholly unconditional. The EIS Placing Shares and VCT Placing Shares are expected to be issued to the relevant investors at 11.59 p.m. on 27 August 2024 and 7.30 a.m. on 28 August 2024, respectively, with admission to trading to AIM for such shares taking place at 8.00 a.m. on 28 August 2024.

The issue of the Non-EIS and VCT Placing Shares, the Initial Consideration Shares, and the Bob Holt Loan Conversion Shares is conditional, among other things, upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Second Admission and Second Admission taking place by 8.00 a.m. on 29 August 2024 (or such later time and/or date as Shore Capital, Zeus and the Company may agree, in each case, being not later than 8.00 a.m. on 5 September 2024).

The placing of the EIS and VCT Placing Shares will be completed and effective immediately upon allotment and issue of the EIS and VCT Placing Shares and such allotment and issue will not be conditional upon either First Admission or Second Admission. **It is therefore**

¹⁴ [https://www.hfw.com/insights/uk-procurement-act-2023-major-reform-of-regime-for-public-sector-and-utilities-contracts/#:~:text=The Procurement Act 2023 \(the,5Bits%5D international obligations%E2%80%9D](https://www.hfw.com/insights/uk-procurement-act-2023-major-reform-of-regime-for-public-sector-and-utilities-contracts/#:~:text=The Procurement Act 2023 (the,5Bits%5D international obligations%E2%80%9D)

¹⁵ <https://www.gov.uk/government/publications/the-procurement-bill-summary-guide-to-the-provisions/the-procurement-bill-a-summary-guide-to-the-provisions>

possible that the EIS and VCT Placing Shares will be allotted and issued but the Non-EIS and VCT Placing Shares, the Initial Consideration Shares, and the Bob Holt Loan Conversion Shares are never issued, Second Admission never occurs and so the Non-EIS and VCT Placing Shares, the Initial Consideration Shares, and the Bob Holt Loan Conversion Shares are never admitted to trading on AIM. The placing of the Non-EIS and VCT Placing Shares is conditional on First Admission.

The Placing Shares will be issued credited as fully paid and will, once issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, paid or made after such Admission.

The Placing Shares, following their issue and assuming that all such Placing Shares are allotted, will represent approximately 26.34 per cent. of the Enlarged Share Capital; the Initial Consideration Shares and the Bob Holt Conversion Loan Shares, following their issue, will represent approximately 13.11 per cent. of the Enlarged Share Capital; and the Existing Ordinary Shares following Re-Admission will represent approximately 60.55 per cent. of the Enlarged Share Capital.

Further details of the Placing Agreement are set out in paragraph 12.1.13 of Part IX of this document.

10 USE OF PROCEEDS

The net proceeds of the Placing will be used by the Company to:

- satisfy the initial cash consideration payable to the Sellers; and
- provide working capital for the Enlarged Group.

11 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

11.1 Directors

Robert “Bob” Holt OBE, Chairman and Chief Executive Officer (aged 69)

Bob is a highly-accomplished executive with over 35 years' experience in senior leadership roles across various sectors, most recently serving as CEO of Revolution Beauty plc after joining its board as interim COO. Prior to that, he successfully led Sureserve Group plc as Chairman, overseeing its successful turnaround that resulted in over a fivefold increase in the company's share price. He is perhaps most widely known for his role in the rise of Mears Group PLC. Since being appointed as Chair in 1996, he guided the company through its successful IPO on AIM and played a pivotal role in building its order book value to £3 billion, establishing Mears as a market leader in its sector. Bob has been awarded the OBE for his services to philanthropic causes.

The Company notes that, as Chair, I have an executive role. The Company believes that there are exceptional and well-justified circumstances for this which are set out in Principle 6 in paragraph 12 below. The role of Executive Chair is considered to be temporary and will exist only until a suitable Chief Executive is found, whether that is from within a company which is acquired in future by the Enlarged Group or, if not, following an executive search which would be undertaken at the appropriate time.

John Charlton, Executive Director (aged 68)

John spent 28 years in various senior corporate banking and risk management roles within Barclays plc, specialising latterly in listed business service companies. He joined Sureserve Group plc as Group Company Secretary in 2017 and assisted with the successful turnaround of that business. In addition, John is Trustee and Chair of The Sureserve Foundation.

Elizabeth Lake, Chief Financial Officer (aged 56)

Elizabeth is an accomplished executive with more than 25 years of finance and commercial experience. Previously, Elizabeth joined the board of Revolution Beauty plc as CFO in May 2022 and was instrumental in turning around the business following the suspension of its shares from trading on AIM. Prior to Revolution Beauty plc, she was CFO of AIM quoted, Everyman Media Group plc. During her time at Everyman Media Group plc, Elizabeth

successfully led the company through the challenges presented by the Covid 19 pandemic, demonstrating her ability to navigate uncertainty with strong financial and operational acumen. Prior to Everyman Media Group plc, Elizabeth was Chief Financial Officer at the AIM-quoted, Science in Sport plc, and before that, was finance director of Hugo Boss UK and Ireland Limited. She brings extensive UK plc experience to EARNZ having also worked in finance roles at Marks & Spencer, Pearson and Thomson Reuters. Elizabeth is FCA qualified having trained at Coopers and Lybrand (now PwC).

Linda Main, Senior Independent Director (aged 61)

Linda is a Chartered Accountant who retired from KPMG LLP in September 2023 after a long career leading its Capital Markets Advisory Group. Linda has advised on well over 100 IPOs and significant transactions by listed companies of all sizes ranging from start-ups to members of the FTSE 100. She was also a member of the UK board of KPMG where she chaired the Risk Committee and sat on the Audit Committee. Until December 2023, Linda was a member of the London Stock Exchange's AIM Advisory Group and, earlier in her career, she sat on a number of the QCA's technical committees. She has recently joined the QCA board. Linda is a Trustee of Carers Trust, a leading charity working to transform the lives of unpaid carers. She is also a Non-Executive Director of two private companies. Linda chairs the Company's Audit and Remuneration Committees.

Sandra Skeete, Non-Executive Director (aged 59)

Sandra has over 25 years' experience working in social housing, holding senior roles in organisations such as the Peabody Trust and Refugee Housing Association Limited, and was previously a director of One Housing Group and the Duke of Lancaster Housing Trust. She was the Chief Executive of Octavia Housing Association Group, a not-for-profit organisation offering social housing and care services for vulnerable members of the community in central and west London. She was previously a non-executive board associate of Principality Building Society. Sandra sits on the Company's Audit and Remuneration Committees.

The Company has agreed that, as a substantial shareholder following completion of the Placing and Admission, Gresham House Asset Management Limited will have the right to appoint a Non-Executive Director to the Board post-Admission and for so long as it holds not less than 15 per cent. of the Company's issued share capital. The appointment of any such appointee, shall be subject to satisfaction of applicable due diligence requirements in accordance with the AIM Rules for Companies.

11.2 Senior Management

Zac Cosgrove, Managing Director of C&D (aged 33)

Zac who co-founded C&D with Luke Drew, started his career as an apprentice mechanical engineer for national contractor Lorne Stewart. He has recently completed a PGCert in Leading Business at Gloucester University, and is currently working towards an MBA, to help further enhance his business and leadership skills.

Luke Drew, Managing Director of C&D (aged 34)

Luke who co-founded C&D with Zac Cosgrove, started as an apprentice mechanical engineer. He is currently working towards his Masters 'MBA Masters Administration' with the University of Gloucestershire following on from a recent award of PGCert in Leading Business.

Andrew Custer, Managing Director of SWHS (aged 45)

Andrew is a skilled professional with experience in the Royal Navy and HVAC industry. After serving on HM submarines, he became a registered gas engineer and joined SWES Ltd as a heating technician and became lead engineer. He played a key role in a management buyout, tripling the company's revenue over five years. In 2011, Andrew helped SWES gain certification under the Microgeneration Certification Scheme, specialising in solar and heat pump installations. In 2019, he founded South West Heating Services, focusing on repair and maintenance for major heating insurance providers.

Melanie Cowperwait, Group Financial Controller of EARNZ (aged 48)

Melanie is an FCCA qualified accountant with more than fifteen years' experience of financial accounting, control and reporting within organisations of varying operational reach and complexity. Her background is largely in AIM quoted mining, oil & gas and shipping companies. Melanie has held a number of senior accounting positions and has experience in a number of corporate finance transactions.

11.3 Employees

At the date of this document, other than the Executive Directors, the Group has two employees. Following Second Admission, other than the Executive Directors, the Enlarged Group will have 74 employees.

12 CORPORATE GOVERNANCE

AIM companies are required to state which recognised corporate governance code they follow from Admission, how they comply with such code and to explain reasons for any non-compliance.

12.1 QCA Code

The Directors recognise the value and importance of high standards of corporate governance and intend, given the Enlarged Group's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code (as updated in 2023). The QCA Code was devised by the Quoted Companies Alliance, in conjunction with a number of significant institutional small company investors as an alternative corporate finance code applicable to AIM companies and has become a widely recognised benchmark for corporate governance of small and mid-size quoted companies, particularly AIM companies.

Principle 1: Establish a business strategy and business model which promote long-term value for Shareholders

The Enlarged Group's business model and strategy is set out in this Part I. The Directors believe that the Enlarged Group's model and growth strategy will help to promote long-term value for Shareholders. An update on strategy will be given from time to time in the strategic report that is included in the Company's annual report and accounts.

The principal risks facing the Enlarged Group are set out in Part II of this document. The Directors will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Second Admission, and any emerging risk, including implementing a risk management framework. In the Company's annual report and accounts, further consideration will be given to risks as required by relevant legislation and guidance.

Principle 2: Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that its decisions regarding strategy and risk will impact the Enlarged Group's corporate culture and that this will impact performance. The culture is set by the Board and is considered and discussed at board meetings and the Board is aware that the tone and culture it sets impacts all aspects of the Enlarged Group and the way that employees behave. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Enlarged Group are expected to operate in an ethical manner in all of their internal and external dealings.

The Enlarged Group undertakes regular reviews and audits in certain specific areas of risk, including anti-bribery, cyber/data risk and whistleblowing.

The Enlarged Group has several policies in place which promote this culture and include whistleblowing, social media, anti-bribery and corruption. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Enlarged Group, and for ensuring that such values and behaviours guide the Enlarged Group's objectives and strategy. The Enlarged Group also has a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM Rules for Companies and MAR.

The Directors believe that a long-term sustainable business model is essential for discharging the Board's responsibility to promote the success of the Enlarged Group, its employees, Shareholders and other stakeholders of the Company. In considering the Enlarged Group's strategic plans for the future, the Directors will proactively consider the potential impact of its decisions on all stakeholders within its business, in addition to considering the broader environmental and social impact as well as the positive impact it can have within the local community in which the Enlarged Group operates.

The Company fully endorses the aims of the Modern Slavery Act 2015 and takes a zero-tolerance approach to slavery and human trafficking within the Enlarged Group and its supply chain.

Principle 3: Seek to understand and meet Shareholder needs and expectations

The Board is committed to, and actively encourages, effective relationships and communication with Shareholders. The Enlarged Group will meet with its institutional shareholders and will seek regular feedback from those shareholders through its nominated adviser and joint brokers, Shore Capital and Zeus.

All Shareholders are actively encouraged to participate in, and, if possible, attend, the Enlarged Group's annual general meetings ("**AGMs**"). The Enlarged Group will prepare annual report and accounts and a notice of AGM, which will be sent to all Shareholders and will be available for download from the Company's website at www.earnzplc.com.

The Enlarged Group will seek to maintain an active dialogue with Shareholders, who will be kept up to date with its developments by way of announcements made through an RIS on matters of a significant substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected deviations to market expectations will be announced through an RIS. The Enlarged Group's AGM will be an opportunity for Shareholders to meet with the other members of the Board.

The AGM will be open to all Shareholders, giving them the opportunity to ask questions and raise issues during the formal business or, more informally, following the meeting. The results of the AGM will be announced through an RIS.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored, and the Enlarged Group intends to engage, as appropriate, with Shareholders who do not vote in favour of resolutions at AGMs.

The primary points of contact for Shareholders are the Enlarged Group's Executive Chair, CFO and Linda Main, the Senior Independent Director ("**SID**"). If a shareholder has failed to have a concern satisfactorily dealt with through the normal channels of the Executive Chair or the CFO, they should contact the SID.

All contact details for investor relations are included on the Enlarged Group's website, www.earnzplc.com

Principle 4: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Enlarged Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including shareholders, employees, customers, suppliers and local communities. The Directors will maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day to-day running of the business.

Further details of the Enlarged Group's ESG policy and plans are set out in paragraph 13 below and will be reported on in the Enlarged Group's annual report and accounts.

Principle 5: Embed effective risk management, internal controls and assurance activities considering both opportunities and threats, throughout the organisation

The principal risks facing the Enlarged Group are set out in Part II of this document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Second Admission. A review of these risks will be carried out at

least on an annual basis, the results of which will be included in the Enlarged Group's annual report and accounts going forward.

The Board has overall responsibility for the determination of the Enlarged Group's risk management objective and policies which will be overseen by the Audit Committee.

Principle 6: Establish and maintain the Board as a well-functioning, balanced team led by the Chair

On Admission, the Board will comprise three Executive Directors, and two independent Non-Executive Directors. The Directors' biographies are set out in paragraph 11 above. The Board considers that it combines a blend of sector and market expertise, with an effective executive management team and appropriate oversight by the Non-Executive Directors who are both independent.

The Enlarged Group is satisfied that the current Board is sufficiently resourced to effectively discharge its governance obligations on behalf of all its Shareholders and other stakeholders.

The Enlarged Group notes that, as Chair, I have an executive role. The Enlarged Group believes that there are exceptional and well-justified circumstances for this. The Board believes that I provide a wealth of knowledge and an excellent track record within the energy services sector and will be instrumental in helping to achieve the Enlarged Group's stated strategy. Utilising my array of knowledge and contacts in the industry, I will help seek acquisitions as well as maintaining day-to-day contact with the other Executive Directors.

The QCA Code recommends that the Board should comprise a balance of executive and non-executive directors, with at least two non-executive directors being independent. The QCA Code suggests that independence is a board judgement, but where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained. Neither of the Non-Executive Directors is or has been an employee of the Enlarged Group, has a significant business relationship with the Enlarged Group, or is a significant shareholder in the Enlarged Group.

Linda Main is the Senior Independent Director. The Company believes that Linda Main is very well suited to the role and this to be a very appropriate appointment given her background as a former member of the UK board of KPMG LLP where she chaired the Risk Committee and sat on the Audit Committee, a former member of the AIM Advisory Group and a current member of the board of the QCA having, earlier in her career, sat on a number of the QCA's technical committees.

As recommended by the QCA Code guidance, the Non-Executive Directors will not participate in the Enlarged Group's performance-related remuneration schemes.

Principle 7: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board will meet regularly, and processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties. The Board is also supported by the Audit Committee, and the Remuneration Committee. Given the current size of the Enlarged Group, the Board does not consider there is a need for a separate nominations committee. This will be reviewed regularly and will be implemented when the Board considers there to be adequate need for one. The Board will have the responsibility for reviewing the structure, size and composition of the Board, give consideration to succession planning and review the leadership needs of the organisation until it is deemed appropriate to implement a nominations committee.

The Board will receive a detailed monthly Board report, together with any other material necessary for the Board to hold fully informed discussions to discharge its duties, including the review of the Enlarged Group's strategy to ensure this aligns with creating shareholder value. It is the Board's responsibility to formulate, review and approve the Enlarged Group's strategy, budgets, major operating expenditure and capital expenditure, major contracts, acquisitions and disposals.

The Board has established two committees; Audit, and Remuneration, the terms of which are available for download from the Company's website at www.earnzplc.com.

Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors will consider the effectiveness of the Board, Audit Committee, Remuneration Committee and the individual performance of each Director. The outcomes of performance will be described in the Company's annual report and accounts.

The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the Company's size and development stage.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Enlarged Group believes that its remuneration structure for executives and senior managers is appropriate for a company of its size and current development stage. The remuneration package for the Executive Directors is comprised only of basic remuneration and a discretionary bonus.

The Enlarged Group encourages employees' interests to be aligned with all Shareholders via its Share Option Schemes.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with Shareholders and other key stakeholders

Responses to the principles of the QCA Code and the information that will be contained in the Enlarged Group's annual report and accounts and on its website provide details to all stakeholders on how the Enlarged Group will be governed. The Board is of the view that the Company's annual report and accounts as well as its half year report are key communication channels through which progress in meeting the Enlarged Group's objectives and updating its strategic targets can be given to Shareholders following Admission.

Additionally, the Board will use the AGMs as a mechanism to engage directly with Shareholders, to give information and receive feedback about the Enlarged Group and its progress.

12.2 The Audit Committee

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Enlarged Group is properly measured and reported on. It will receive and review reports from the Enlarged Group's external auditors relating to the interim and annual accounts and the accounting and internal control systems in use within the Enlarged Group. The Audit Committee will meet not less than three times in each financial year and will have unrestricted access to the Enlarged Group's external auditors. The terms of reference of the Audit Committee require that the members of the Audit Committee shall comprise only the independent Non-Executive Directors and one member, preferably the chair of the Audit Committee, shall have recent and relevant financial experience with competence in accounting and auditing.

The Audit Committee will comprise Linda Main (Chair), who has recent and relevant financial experience, and Sandra Skeete.

12.3 The Remuneration Committee

The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.

The members of the Remuneration Committee shall comprise only the independent Non-Executive Directors. The Remuneration Committee will comprise Linda Main (Chair) and Sandra Skeete. The Remuneration Committee aims to meet at least twice a year and otherwise as required.

The Board is responsible for setting the vision and strategy for the Enlarged Group to deliver value to its Shareholders by effectively putting in place its business model. The Board

members are collectively responsible for defining corporate governance arrangements to achieve this purpose, under clear leadership from the Chair.

13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Enlarged Group understands that its impact reaches beyond that of its core business and into the environment and society in which it operates. With integrity at the heart of its corporate social goals, the Enlarged Group's aim is to make a lasting positive contribution to all of its stakeholders.

In view of the limited number of stakeholders, the Company has not adopted a specific policy on corporate social responsibility or ESG matters. However, it does seek to protect the interests of stakeholders in the Enlarged Group through its policies, combined with ethical and transparent business operations.

Environment

EARNZ is sensitive to the environment in which it operates. Previously, the Group established well defined operating guidelines with some of the manufacturing partners where it sought their compliance with ISO14001 (a recognised international standard for Environmental Management Systems) when relevant, to ensure certain environmental standards are complied with. Going forward, the Enlarged Group will be operating in the energy services sector, and as such will be instrumental in assisting with the delivery of de-carbonisation across the public and private sector.

Human Rights

EARNZ is committed to socially and morally responsible research, development and manufacturing processes for the benefit of all stakeholders. The Enlarged Group's activities are in line with applicable laws on human rights.

Employees

Employees are key to achieving the business objectives of the Enlarged Group. The Board seeks to provide a working environment in which its employees can develop to achieve their full potential and have opportunities for both professional and personal development. The Board aims to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and to want to stay with us. The Enlarged Group embraces employee participation in issue raising and resolution through regular meetings with managers and values contributions from all levels regardless of their position in the business.

Shareholders

The Board actively encourages communication and seeks to protect Shareholders' interests at all times. The Enlarged Group will update Shareholders regularly through regulatory news, financial reports and research notes. The Enlarged Group will also engage directly with investors at its AGMs and investor events.

Health and Safety

The Enlarged Group's activities are carried out in accordance with its health and safety policy which adheres to all applicable laws.

14 EIS AND VCT STATUS

The following information is based upon the laws, interpretations and practice currently in force in the UK and may not apply to persons who do not hold Ordinary Shares as investments.

The Company has received independent advice that certain of the Placing Shares should be a qualifying holding for the purposes of the VCT Legislation.

However, prospective investors should note that the Company does not make any representations as to whether any investment in the Company will be one in respect of which tax relief under VCT rules or the EIS rules will be available or that any such tax relief will not subsequently be withdrawn by virtue of the Company's future actions.

The information below is intended only as a general guide to the current tax position under UK taxation law and is not intended to be exhaustive.

EIS

The Company intends to operate so that it qualifies for the taxation advantages offered under EIS. The main advantages are as follows:

- Individuals can claim a tax credit reduction of 30 per cent. of the amount invested in the Company against their UK income tax liability, provided they have a sufficient tax liability to reclaim this amount, thus reducing the effective cost of their investment to 70 pence for each £1 invested. However, there is an EIS subscription limit of £1 million in each tax year, or £2 million in each tax year providing any excess over £1 million is invested into shares in a company which qualifies as a knowledge intensive company, and, to retain the relief, the EIS Placing Shares must be held for at least three years.
- UK investors (individuals or certain trustees) may defer a chargeable gain by investing the amount of the gain in the Company. There is no limit to the level of investment for this purpose and, therefore, to the amount of gain which may be deferred in this way. Note that the deferred gain will come back into charge when the EIS Placing Shares are disposed of or if the Company ceases to qualify as an EIS company within the three-year qualifying period.
- There is no tax on capital gains made upon disposal after the three-year period (the “**Qualifying Period**”) of shares in an EIS qualifying company on which income tax relief has been given and not withdrawn.
- If a loss is made on disposal of the EIS Placing Shares at any time, the amount of the loss (after allowing for any income tax relief retained) can be set off against either the individual’s gains for the tax year in which the disposal occurs, or, if not so used, against capital gains of a subsequent tax year, or against the individual’s net income of the tax year of the disposal or of the previous tax year.
- Provided a Shareholder has owned EIS Placing Shares for at least two years and certain conditions are met at the time of transfer, up to 100 per cent. inheritance tax business property relief will be available, which reduces the inheritance tax liability on a chargeable event in relation to the EIS Placing Shares to nil.
- The amount of relief an investor may gain from an EIS investment in the Company will depend on the investor’s individual tax circumstances.

Qualifying Period

In order to retain the EIS reliefs, an investor must hold their shares for at least three years. A sale or other disposal (other than an inter-spousal gift or a transfer on death) will result in any income tax relief that has been claimed being clawed back by HMRC. Additionally, any capital gains deferred will come back into charge and the capital gains tax exemption will be lost. It is the investor’s responsibility to disclose a disposal to HMRC.

An individual can only be eligible for EIS relief on the subscription for shares if all shares held by that investor are shares which have been or will be eligible for EIS relief or the original subscriber shares which the investor has continued to hold.

Additionally, if the Company ceases to meet the EIS qualifying conditions within three years from the date of the share issue, the tax reliefs will be lost. This will be shown as the “Termination Date” on the EIS3 compliance certificate which the Company will issue to investors following formal approval of the share issue by HMRC.

EIS Status

In order for investors to claim EIS reliefs relating to their shares in the Company, the Company has to meet a number of rules regarding the kind of company it is, the amount of money it can raise, how and when that money must be employed for the purposes of the trade, and the trading activities carried on. The Company must satisfy HMRC that it meets these requirements and is therefore a qualifying company.

Although the Company currently expects to satisfy the relevant conditions for EIS investment, neither the Company nor the Directors give any warranty or undertaking that relief will be available in respect of any investment in the EIS Placing Shares or that the Company will continue to satisfy the conditions for EIS investment.

VCT

The status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Company continuing to satisfy the relevant requirements and on the Ordinary Shares being held as a “qualifying holding” for VCT purposes throughout the period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any VCT investment in the Company will remain a qualifying holding nor have they obtained any advance assurance from HMRC prior to the date of this document. The Company cannot guarantee or undertake to conduct its business following Admission, in a way to ensure that the Company will remain a qualifying holding for VCT purposes. VCTs considering making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

The status of the VCT Placing Shares as a qualifying holding for VCTs will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements.

Although the Company currently expects to satisfy the relevant conditions for VCT investment, neither the Company nor the Directors give any warranty or undertaking to any Shareholder that an investment in the VCT Placing Shares by a VCT will be a qualifying holding.

Structure of the EIS and VCT Placing

The EIS Placing Shares and VCT Placing Shares are expected to be issued to the relevant investors at 11.59 p.m. on 27 August 2024 and 7.30 a.m. on 28 August 2024, respectively. It is expected that First Admission will become effective and that dealings in the EIS and VCT Placing Shares will commence on AIM at 8.00 a.m. on 28 August 2024. It is expected that Second Admission will become effective and that dealings in the Non-EIS and VCT Placing Shares will commence on AIM at 8.00 a.m. on 29 August 2024.

As the rules governing EIS and VCT reliefs are complex and interrelated with other legislation, if Shareholders and investors are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the United Kingdom, they should consult their professional advisers.

15 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Earlier today, the Company announced its unaudited interim results for the six months ended 30 June 2024 which comprises trading for only January and February 2024 prior to the Disposal which completed on 29 February 2024. As set out above, since 1 March 2024, the Company has been an AIM Rule 15 cash shell and therefore has not traded in that period.

16 UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

An unaudited *pro forma* statement of net assets of the Enlarged Group is set out in Part VI of this document illustrating the effect of the Proposals as if they had taken place as at 30 June 2024.

17 CURRENT TRADING AND PROSPECTS

As set out above, since 1 March 2024, the Company has been an AIM Rule 15 cash shell and therefore has not traded in that period.

18 SHARE DEALING CODE

The Company has a share dealing code (the “**Share Dealing Code**”) which is compliant with MAR and Rule 21 of the AIM Rules for Companies. The Share Dealing Code applies to the

Directors and all applicable employees (as defined in the AIM Rules for Companies) of the Enlarged Group. The Directors consider that the Share Dealing Code is appropriate for a company whose securities are admitted to trading on AIM.

The Enlarged Group will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of this code and the relevant provisions of MAR.

19 **DISCLOSURE GUIDANCE AND TRANSPARENCY RULES**

The provisions of DTR 5 apply to the Company and the Ordinary Shares and shall be effective for so long as the Ordinary Shares are admitted to trading on AIM or any other stock exchange the rules of which would require these DTR provisions to apply. Such provisions bind the Enlarged Group and its members and references to an “issuer” (or similar expression) in such DTR provisions shall be deemed to be references to the Enlarged Group. Accordingly, Shareholders are required to notify the Enlarged Group when they acquire or dispose of a major proportion of their voting rights of the Enlarged Group (either as Shareholder or through their direct or indirect holding or certain financial instruments, or a combination of such holdings) equal to or in excess of three per cent. of the voting rights of such share capital (and every one per cent. thereafter).

20 **LOCK-IN ARRANGEMENTS**

Pursuant to the terms of the Lock-In Agreements, each of my fellow Executive Directors, the Sellers and I have undertaken to Shore Capital, Zeus and the Company that we shall not, except in certain specified circumstances, sell, transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in any Ordinary Shares (“**Interest**”) held by us at the date of Second Admission (or rights arising from any such shares or other securities or attached to any such shares) (together the “**Restricted Shares**”) prior to the first anniversary of Second Admission (the “**Lock-in Period**”).

In order to maintain an orderly market in the Ordinary Shares, each of my fellow Executive Directors, the Sellers and I have also undertaken to Shore Capital, Zeus and the Company that we shall only, for a period of one year following the expiry of the Lock-in Period, dispose of any Interest in the Restricted Shares through SCS or Zeus (on the basis of orderly market principles), provided that SCS or Zeus remain the Company’s broker at such time.

Similar lock-in and orderly market restrictions apply to any Additional Consideration Shares with effect from their respective dates of admission to trading on AIM.

Further details of the lock-in arrangements are set out in paragraphs 12.1.10, 12.1.12 and 12.1.14 of Part IX of this document.

21 **SHARE OPTION SCHEMES**

The Directors recognise the role of its staff in contributing to the overall success of the Group and the importance of the Group’s ability to incentivise and motivate its employees. Therefore, the Directors believe that employees should be given the opportunity to participate and take a financial interest in the success of the Company. The Board has adopted the long term incentive plan referred to in paragraph 9.3.2 of Part IX of this document and, subject to Second Admission, has granted nil-cost awards under it to the Executive Directors of up to five per cent. of the issued share capital of the Company as at the relevant vesting date, as set out in such paragraph 9.3.2 of Part IX of this document. Following Second Admission, the Board intends to implement a number of other share option schemes as are more particularly set out in paragraph 9 of Part IX of this document.

22 **RELATED PARTY TRANSACTIONS**

As I am a shareholder in C&D, as well as a Director of the Company, the proposed acquisition of C&D (including the Bob Holt Loan Conversion) is deemed to be a related party transaction pursuant to AIM Rule 13. The Independent Directors (being Linda Main and Sandra Skeete) consider, having consulted with the Company’s nominated adviser, Shore Capital and Corporate, that the terms of the acquisition of C&D (including the Bob Holt Loan Conversion) are fair and reasonable insofar as the Shareholders are concerned.

As Directors, my participation in the Proposals and that of John Charlton, Elizabeth Lake, Linda Main and Sandra Skeete in the Non-EIS and VCT Placing which, in aggregate, amounts to 879,999 Placing Shares are related party transactions pursuant to AIM Rule 13. As there are no independent Directors for this transaction, the Company's nominated adviser, Shore Capital and Corporate, considers that the terms of our participation in the Placing are fair and reasonable insofar as the Shareholders are concerned.

Gresham House has agreed to subscribe for 18,731,826 Placing Shares. As at 8 August 2024, being the latest practicable date prior to the date of this Document, so far as the Company is aware, Gresham House holds 6,287,982 Existing Ordinary Shares representing approximately 10.00 per cent. of the Existing Ordinary Share Capital. As such, Gresham House is a substantial shareholder of the Company and its participation in the Placing is a related party transaction pursuant to AIM Rule 13. The Directors consider, having consulted with the Company's nominated adviser, Shore Capital and Corporate, that the terms of Gresham House's participation in the Placing are fair and reasonable insofar as the Shareholders are concerned.

23 THE CITY CODE

The City Code applies to the Company.

Further information on the provisions of the City Code and the Concert Parties can be found in paragraph 4 of Part IX and paragraph 1 of Part VIII respectively of this document.

Under Rule 9 of the City Code, if an acquisition of interests in shares were to cause the acquirer and/or persons acting in concert with it to be interested in shares carrying, in aggregate, 30 per cent. or more of the voting rights in the Company, the acquirer and/or (depending on the circumstances) persons acting in concert with it would be required (except with the consent of the Panel) to make a cash offer for all of the equity share capital of the Company not already owned by the acquirer and persons acting in concert with it at a price not less than the highest price paid for an interest in a share by the acquirer or persons acting in concert with it during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of interests in shares by a person who, alone or together with persons acting in concert with that person, is interested in shares carrying at least 30 per cent. of the voting rights in the Company but does not hold more than 50 per cent. of such voting rights, if the effect of such acquisition were to increase the percentage of shares carrying voting rights in which the acquirer and the persons acting in concert with it are interested.

The City Code defines persons "acting in concert" as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control. A person and each of its affiliated persons will be deemed to be acting in concert with each other.

24 CONCERT PARTIES

The Company and the Panel have agreed that those persons set out below should be regarded as acting in concert for the purposes of the City Code:

- (i) the Existing Bob Holt Concert Party comprising:
 - a. the Bob Holt Concert Party: Bob Holt, Elizabeth Lake, John Charlton, Ian Currie, James Holt, Rachael Burnett, Robert Holt and William Holt; and
 - b. the C&D Concert Party: Bob Holt, Zac Cosgrove and Luke Drew; and
- (ii) the SWHS Concert Party: Andrew Custer

Bob Holt is a common member of the Bob Holt Concert Party and the C&D Concert Party and together they are known as the Existing Bob Holt Concert Party. Separately, the SWHS Concert Party, which comprises only Andrew Custer, is regarded as acting in concert for the

purposes of the City Code, but is not acting in concert with the Existing Bob Holt Concert Party.

As such, the table below outlines the combined holding of the Existing Bob Holt Concert Party at Second Admission and immediately following the issue of the Additional Consideration Shares. Immediately following Second Admission, as set out in the table below, members of the Existing Bob Holt Concert Party will be interested in approximately 16.40 per cent. of the voting rights of the Company. Following the issue of the Additional Consideration Shares, the members of the Existing Bob Holt Concert Party will be interested, in aggregate, in approximately 33.59 per cent. of the voting rights of the Company (as set out in the table below assuming all Additional Consideration Shares are issued at 4p per share). Following the exercise in full of the LTIP awards to be granted to the Executive Directors (being Bob Holt, John Charlton and Elizabeth Lake) on Second Admission, the members of the Existing Bob Holt Concert Party will be interested, in aggregate, in approximately 36.75 per cent. of the voting rights of the Company (as set out in the table below assuming all Additional Consideration Shares are issued at 4p per share):

Shareholder	% shareholding at Second Admission	% shareholding after issue of Additional Consideration Shares	% shareholding after exercise of LTIP options
Bob Holt ⁽¹⁾	10.46%	14.78%	16.93%
Elizabeth Lake	1.60%	1.17%	2.07%
John Charlton ⁽²⁾	0.77%	0.56%	1.49%
Ian Currie	0.32%	0.23%	0.22%
James Holt	0.20%	0.15%	0.14%
Rachael Burnett	0.13%	0.09%	0.09%
Robert Holt	0.06%	0.05%	0.04%
William Holt	0.06%	0.05%	0.04%
Sub-total Bob Holt Concert Party	13.62%	17.08%	21.03%
Zac Cosgrove	1.39%	8.25%	7.86%
Luke Drew	1.39%	8.25%	7.86%
Sub-total C&D Concert Party⁽³⁾	13.24%	31.28%	32.65%
The Existing Bob Holt Concert Party Total	16.40%	33.59%	36.75%

⁽¹⁾ Bob Holt's shareholding includes 0.09% of the Company's voting rights held by his wife Angela Burnett. The balance of Bob Holt's shares is held in his SSAS.

⁽²⁾ John Charlton's shareholding includes 0.09% of the Company's voting rights held by his wife Catherine Charlton.

⁽³⁾ This includes Bob Holt's shareholding.

Immediately following Second Admission, the SWHS Concert Party will be interested in approximately 4.49 per cent. of the voting rights of the Company (as set out in the table below). Following the issue of the Additional Consideration Shares, the SWHS Concert Party will be interested in approximately 8.57 per cent. of the voting rights of the Company (as set out in the table below assuming all Additional Consideration Shares are issued):

Shareholder	% shareholding at Second Admission	% shareholding after issue of Additional Consideration Shares
Andrew Custer	4.49%	8.57%
Total	4.49%	8.57%

The above tables are based on the following assumptions:

- completion of: (i) each of the Acquisitions (resulting in the issue of the Initial Consideration Shares and the Bob Holt Loan Conversion Shares); and (ii) the Placing;
- the maximum number of Additional Consideration Shares capable of being issued under the terms of the SPAs (as additional consideration depending on the performance of the Acquisitions after Second Admission) are allotted and issued to the relevant Sellers;
- the members of the Bob Holt Concert Party exercise all New Options to which they are entitled in full at the earliest available opportunity (being 29 August 2027); and
- there is no other issue of Ordinary Shares, or exercise of other New Options.

For so long as the respective aggregate interests of the Existing Bob Holt Concert Party and separately the SWHS Concert Party in the Ordinary Shares remains below 30 per cent., each of them will generally be able to increase its holding of Ordinary Shares without incurring any obligation on any member of the Existing Bob Holt Concert Party or the SWHS Concert Party under Rule 9 to make a general offer to Shareholders, and Shareholders will not benefit from any specific minority shareholder protection other than to the extent prescribed under the relevant law.

However, should the Existing Bob Holt Concert Party or the SWHS Concert Party or any individual member of the Existing Bob Holt Concert Party or the SWHS Concert Party: (i) acquire any interest in Ordinary Shares such that they become interested in 30 per cent. or more of the voting rights of the Company; or (ii) where such individual member is already interested in 30 per cent. or more of the voting rights of the Company but does not hold Ordinary Shares carrying more than 50 per cent. of the voting rights of the Company acquire any further interest in Ordinary Shares, the Panel may, subject to note 4 of Rule 9, regard this as giving rise to an obligation upon that member of the Existing Bob Holt Concert Party or the SWHS Concert Party to make an offer for the entire issued share capital of the Company at a price no less than the highest price paid by the individual member of the Existing Bob Holt Concert Party or the SWHS Concert Party or any other member of the Existing Bob Holt Concert Party or the SWHS Concert Party in the previous 12 months.

Investors should be aware that, under the City Code, if a person (or group of persons acting in concert) holds interests in shares carrying more than 50 per cent. of the Company's voting rights, that person (or any person(s) acting in concert with him) will normally be entitled to increase their holding or voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of the Existing Bob Holt Concert Party or the SWHS Concert Party will not be able to increase their percentage shareholding through or between a relevant Rule 9 threshold without Panel consent.

Further information on the Concert Parties is set out in Part VIII of this document.

25 **WAIVER OF RULE 9**

The Company has applied to the Panel for a waiver of Rule 9 in order to permit the allotment of the Initial Consideration Shares, the Additional Consideration Shares, the Bob Holt Loan Conversion Shares and the Placing Shares and the exercise of the LTIP awards referred to in paragraph 9 of Part IX of this document without triggering an obligation on the part of the Existing Bob Holt Concert Party to make a general offer to Shareholders. The Panel has agreed, subject to Independent Shareholders' approval on a poll, to waive the requirement for the Existing Bob Holt Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of the allotment of the Initial Consideration Shares, the Additional Consideration Shares, the Bob Holt Loan Conversion Shares and the Placing Shares to the Existing Bob Holt Concert Party and the exercise of the LTIP awards referred to in paragraph 9 of Part IX of this document. A Rule 9 Waiver has been granted by the Panel and in the event that the Existing Bob Holt Concert Party is allotted all the Additional Consideration Shares and the maximum LTIP awards vest under the terms of the LTIP, the Existing Bob Holt Concert Party may hold in excess of 30 per cent. but not more than 50 per cent. of the so enlarged ordinary share capital. As such, the Existing Bob Holt Concert Party would not be entitled to further increase its holding or voting rights without incurring a further obligation under Rule 9 to make a mandatory offer. Further, individual members of the Existing Bob Holt Concert Party will not be able to increase their percentage shareholding through or between a Rule 9 threshold without Panel consent.

In the event that the Proposals are approved at the General Meeting, the Existing Bob Holt Concert Party will not be restricted from making an offer for the Company unless they have made a statement that they will not, or have entered into an agreement with the Company not to, make an offer. No such statement has been made or agreement entered into.

26 **INTENTIONS OF THE CONCERT PARTIES**

Following Admission, the Enlarged Group's business will solely comprise the businesses of C&D and SWHS, which will be continued in the same manner as they are at present. With this in mind, the Existing Bob Holt Concert Party has confirmed that it intends to follow the strategic plans for the Company set out in paragraph 3 of this Part I. The Company currently has two employees (other than the Executive Directors), and on Completion, the Targets' employees will become employees of the Enlarged Group. The Existing Bob Holt Concert Party has confirmed that it has no plans to: (i) make any changes to the continued employment of the employees and management of the Company or the Targets, including any material change in the conditions of employment or in the balance of skills and functions of the employees and management; (ii) make any changes to employer contributions into any pension scheme(s), the accrual of benefits for existing members, or the admission of new members; or (iii) redeploy the fixed assets of the Company. The Existing Bob Holt Concert Party intends to maintain the admission of the Ordinary Shares to trading on AIM.

27 **ADMISSION, SETTLEMENT AND CREST**

Applications will be made for the New Ordinary Shares to be admitted to trading on AIM and for the Re-Admission of the Existing Ordinary Shares. It is expected that First Admission will occur and that dealings will commence in the EIS and VCT Placing Shares at 8.00 a.m. on 28 August 2024 and that Re-Admission of the Existing Ordinary Shares and Second Admission will occur and that dealings will commence in the Non-EIS and VCT Placing Shares, the Initial Consideration Shares, the Bob Holt Loan Conversion Shares and the Existing Ordinary Shares at 8.00 a.m. on 29 August 2024.

No temporary documents of title will be issued. All documents sent by or to a placee, or at his direction, will be sent through the post at the placees risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Ordinary Shares are enabled in CREST and settlement in CREST will occur on the date of the relevant Admission. Accordingly, settlement of transactions in Ordinary Shares following the relevant Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a "system member" (as defined in the CREST Regulations)

in relation to CREST. Dealings in advance of the crediting of the relevant CREST account(s) shall be at the sole risk of the persons concerned.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

28 RISK FACTORS

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

29 DIVIDEND POLICY

Following Re-Admission, the Enlarged Group intends to retain any earnings to expand the growth and development of its business and, therefore, does not anticipate paying dividends in the near term. The Board will review the Enlarged Group's capital allocation policy on an ongoing basis and given the cash generative nature of the Enlarged Group's activities would, subject to the availability of sufficient resources and distributable reserves, and, if commercially prudent to do so, consider commencing the payment of dividends in the medium term.

30 TAXATION

The attention of investors is drawn to the information regarding taxation set out in Part VII of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investors.

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK, are strongly advised to consult their own independent professional advisers.

31 GENERAL MEETING SUMMARY

The Proposals are conditional upon, amongst other things, Shareholder approval being obtained at the General Meeting.

In accordance with the City Code, Resolution 2 will be the subject of a poll of Independent Shareholders. To be passed, Resolution 2 will require a simple majority of votes entitled to be cast to vote in favour. None of the members of the Existing Bob Holt Concert Party (nor any adviser connected with them) nor any subscriber in the Placing (if they are an existing Shareholder) are permitted to exercise their voting rights in respect of Resolution 2.

The notice convening the General Meeting, to be held at the offices of Shore Capital, Cassini House, 57 St James's Street, London SW1A 1LD at 10.00 a.m. on 27 August 2024 to consider the Resolutions, is set out at the end of this document. A summary of the Resolutions (all of which will be taken on a poll) is set out below:

- Resolution 1, which will be proposed as an ordinary resolution, and is subject to and conditional upon the passing of Resolutions 2, 3 and 4, that each of the Acquisitions be and is hereby approved;
- Resolution 2, which will be proposed as an ordinary resolution and is subject to and conditional upon the passing of Resolutions 1 and 3, that the Rule 9 waiver is hereby approved;
- Resolution 3, which will be proposed as an ordinary resolution, seeks to authorise the Directors to allot equity securities in relation to the Consideration Shares, the Placing Shares, and the Bob Holt Loan Conversion Shares and of relevant securities up to a nominal amount of £1,893,597.00;
- Resolution 4, which will be proposed as a special resolution, and subject to the passing of Resolution 3, seeks to authorise the Directors to allot equity securities for cash as if s.561(1) of the 2006 Act did not apply to any such allotment, limited to the allotment of

the Consideration Shares, the Placing Shares, and the Bob Holt Loan Conversion Shares and the allotment of equity securities up to a nominal amount of £568,079.00; and

- Resolution 5, which will be proposed as a special resolution, will alter the Articles as follows:
 - a) in Article 24 by deleting Article 24.4 in full and replacing it with wording to require all the Directors to retire at each annual general meeting of the Company;
 - b) in Article 27.3 by deleting the words "...or goes or resides abroad...";
 - c) in Article 31.2 by deleting the first sentence and replacing it with "The quorum necessary for the transaction of business of the Board shall be two Directors.";
 - d) in Article 22.2 by deleting the figure of "£5,000,000" and replacing it with "the greater of £5,000,000 and an amount equal to 4 times the Adjusted Capital and Reserves"; and
 - e) by additions to Article 22 to define the term "Adjusted Capital and Reserves" (further details of such additions being set out in Resolution 5 in the Notice of General Meeting set out at the end of this document).

32 FURTHER INFORMATION

You should read the whole of this document, which provides additional information on the Enlarged Group, the Rule 9 waiver and the Proposals and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the information contained in the remainder of this document.

33 ACTION TO BE TAKEN

Notice of a general meeting of the Company to be held at the offices of Shore Capital, Cassini House, 57 St James's Street, London SW1A 1LD at 10.00 a.m. on 27 August 2024 is set out at the end of this document. To be valid, the Form of Proxy should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD by no later than 10.00 a.m. on 22 August 2024 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish. As an alternative to completing the Form of Proxy, Shareholders can appoint proxies electronically with the Company's Registrars via www.sharegateway.co.uk using the Shareholder's personal proxy registration code as shown on the Form of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Neville Registrars Limited no later than 10.00 a.m. on 22 August 2024 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting).

Shareholders who hold their Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Neville Registrars Limited (ID 7RA11) by no later than 10.00 a.m. on 22 August 2024 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

34 **RECOMMENDATION**

The Independent Directors, who have been so advised by Shore Capital and Corporate, believe that the Proposals and the Rule 9 waiver are in the best interests of the Company and its Independent Shareholders as a whole. Accordingly, the Independent Directors unanimously recommend Shareholders vote in favour of Resolutions 1 and 2. The Board unanimously recommends that you vote in favour of Resolutions 3, 4 and 5, as the Directors intend to do in respect of their aggregate beneficial shareholdings representing approximately 10.49 per cent. of the Existing Ordinary Share Capital.

Yours sincerely,

Bob Holt OBE
Executive Chair

PART II

RISK FACTORS

An investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.

If any of the following risks actually occur, the Enlarged Group's business, financial condition, capital resources, results and/or the future operations of the Enlarged Group could be materially and adversely affected. In such circumstances, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Enlarged Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Enlarged Group.

Prospective investors should be aware that the value of the Ordinary Shares and the income from them may go down as well as up and that they may not be able to realise their initial investment. In addition, it is possible that the market price of Ordinary Shares may be less than the underlying net asset value per Ordinary Share.

There can be no guarantee that the Company's investment objectives will be achieved.

References below to the Company are also deemed to include, where appropriate, each member of the Enlarged Group.

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS

Failure to complete the Acquisitions

The Acquisitions are conditional, *inter alia*, upon:

- (i) the approval of the requisite number of Shareholders, which is to be sought at the General Meeting;
- (ii) the Placing Agreement becoming unconditional in all respects, save for any condition relating to completion of the Acquisitions and Second Admission; and
- (iii) the Initial Consideration Shares being admitted to trading on AIM.

There can be no guarantee that all of these conditions will be satisfied and there is therefore no guarantee that the Acquisitions will complete. The Company will have expended significant funds in pursuing the Acquisitions and would therefore incur significant abort costs and there can be no guarantee that a suitable alternative transaction and/or funding on similar commercial terms to the Placing can be obtained on a timely basis or at all. Trading on AIM in the Ordinary Shares will be suspended if Completion does not occur by 31 August 2024. Furthermore, if a reverse takeover is not completed by 28 February 2025, admission to trading on AIM of the Ordinary Shares will be cancelled. In that event, the Directors would have to consider the options for the Company and it might be that the Company pursues a members' voluntary liquidation and returns any funds then in the Company to Shareholders.

The Enlarged Group may fail to integrate the Targets successfully, to realise the envisaged benefits of the Acquisitions or identify future acquisitions

An important part of the Enlarged Group's longer-term business strategy involves expansion through the acquisition of further businesses. There is a risk related to the Enlarged Group's ability to accurately identify suitable targets and successfully execute transactions for such a strategy.

Any future material acquisitions may significantly affect the Enlarged Group's operational results. Furthermore, any new acquisitions may divert resources, including the attention of the Board, both

during the acquisition process and as a result of post-acquisition integration. No assurance can be given that the Enlarged Group will be able to manage future acquisitions profitably or integrate such acquisitions successfully without substantial costs, delays or other problems being incurred or experienced. In addition, no assurance can be given that any companies or businesses acquired will achieve levels of profitability that will justify the investment the Enlarged Group makes in them.

The Enlarged Group will be exposed to a variety of risks in relation to contract pricing and estimating, cost inflation and overruns and disputes

The nature of the Enlarged Group's business is that some of its services are procured through contracts where services may be required to be delivered over an extended period of time. For example, within C&D's Facilities Management and small works division ("FM"), contracts are held directly with the customer and an overarching contract typically spans 3 to 10 years. Each FM overarching contract defines the terms and conditions including the fixed charges, for Proactive Planned Maintenance ("PPM") and small works, and hourly charge-out rates, and a markup for any material required for reactive work. Within Major Projects, contracts are typically 12 to 36 months in length and held with the relevant third-party contractor. An independent expert is used to estimate costs for each Major Project to assist with provision of a quote.

Historically C&D has incurred losses on several contracts within its Major Projects division and these are treated as onerous contracts within the historical financial information of C&D as set out in Section B of Part IV of this document. Whilst the Directors have set out processes for monitoring project cost controls and identification of onerous contracts within the Board Memorandum on Financial Position and Prospects Procedures, if the Enlarged Group is unable to assess or estimate accurately the overall risks, revenues or costs on a particular contract, then a lower than anticipated profit may be achieved or a loss incurred on such contract. The Enlarged Group is susceptible to the pressures of cost inflation and within C&D, delays in projects, particularly within the Major Projects division, which can result in additional costs being incurred by C&D. If increases in costs are not met through corresponding increases in revenues from the Enlarged Group's contracts or predicted cost inflation is not accurately estimated or any negotiations on cost overruns result in additional costs incurred not being recovered, then the Enlarged Group may suffer losses in relation to such contracts which may have a material adverse impact on the Enlarged Group's cash flows and its business, financial condition and results of operations.

If there has been an error made in the pricing structure and cost estimates built into an agreement (for example, cost inflation occurs at a rate which exceeds the cost built into the contract pricing structure or additional costs are incurred on a contract which are not able subsequently to be recovered), the Enlarged Group might potentially find itself locked into a long-term contract with an uneconomic pricing structure whilst also having to absorb additional wage, supply chain and materials costs.

As the businesses that the Enlarged Group carries on increasingly comprise larger-scale and, in some cases, more complex contracts, as well as a significant number of medium- to long-term contracts, the potential impact of these risks may also increase. For example, within C&D, the risk of significant claims arising between C&D and its customers and/or C&D and its suppliers is likely to be greater in the context of higher-value, longer-term building and/or regeneration and maintenance contracts within its Major Projects division than lower-value, shorter-term ones. There can be no assurance given as to the value of any such claims and no guarantee that customers will settle or pay amounts to the Enlarged Group in respect of any such claims in a timely manner or at all. Similarly, there can be no assurance as to the number or quantum of any such claims that the Enlarged Group may face in the future. Large-value claims, whether brought by or against the Enlarged Group, may have a material adverse impact on the Group's cash flows and its business, financial condition and results of operations.

In addition, failure to follow best practice guidelines could mean that projects are not delivered to time, cost, quality or appropriate health and safety and/or environmental standards and, therefore, do not meet customer expectations or the expectations of a relevant third party. Failure to follow the Enlarged Group's standards, procedures and guidelines could adversely affect the Enlarged Group's reputation and/or expose the Enlarged Group to financial liabilities and adversely affect its operational, financial and share price performance.

Dependence on key personnel and employees

The continued success of the Enlarged Group depends partly upon the performance and expertise of its current and future key executives and personnel. There is no guarantee that any of the Directors or directors of the Targets (the “**Senior Management Team**”) will remain employed by the Enlarged Group. However, the Enlarged Group provides various incentives for the Directors and Senior Management Team in order to ensure these employees are retained and rewarded. The Directors and Senior Management Team’s skills, knowledge, experience and performance are important to the Enlarged Group’s ongoing success. Whilst the Enlarged Group has entered into service agreements with each of the Directors and the Senior Management Team, the retention of their services cannot be guaranteed. The loss of such individuals, or the failure to train and attract other high calibre individuals, may impact on the Enlarged Group’s business and the Enlarged Group’s ability to achieve its growth targets.

The Enlarged Group may fail to maintain and develop existing key customer relationships with dependence on certain customers

A key element of the Enlarged Group’s strategy is to develop long-term relationships with key customers in order to win repeat business from those customers and to cross-sell the Enlarged Group’s other products and services to them. Whilst the Enlarged Group will attempt to increase customer spend as a relationship matures by identifying additional services that may be needed, for example, cross-selling the services provided by the Enlarged Group into existing contractual relationships, there can be no guarantee that existing customer relationships will continue to grow or that key customers will not scale back their use of the Enlarged Group or cease to contract with the Enlarged Group altogether.

The Enlarged Group has significant contracts and long-term relationships with a number of key customers with dependence on certain customers, some of which may be terminated without cause or on written notice during or at expiry of their term. In addition, many of the contracts to which the Targets are party contain change of control provisions that allow the other contracting party to terminate the contract if the relevant Target suffers a change of control. The Acquisitions will constitute changes of control and it may be the case that some or all of such contracts are terminated. Although the Enlarged Group knows of no reason why such contracts should be terminated or will not be renewed on the same or more favourable terms, the Directors cannot guarantee that the relevant parties’ commercial position or market conditions will not alter their position. Should any of these contracts be terminated or not be renewed, it could have a material adverse effect on the financial position and prospects of the Enlarged Group.

The regulatory environment in which the Enlarged Group operates may change

The Enlarged Group is required to comply with a significant number of laws, regulations and administrative requirements and policies in its operations which relate to, among other matters, national, local and other laws, planning, developments, building, land use, health and safety, environment, employment, anti-bribery and corruption and tax (including VAT). No assurance can be given that the Enlarged Group will be successful in complying with all such laws, regulations and administrative requirements and policies or maintaining any or all of the various approvals, licences and permits which may be required to be maintained by any member of the Enlarged Group. To the extent any approvals, licences or permits are required and not obtained, the Enlarged Group may be curtailed or prohibited from continuing or proceeding with certain business lines. These regulations, requirements and policies often provide broad discretion to the administering authorities and failing to comply, may result in civil or criminal fines or penalties being imposed on any member of the Enlarged Group. Changes in relevant law, regulations or policies, or the interpretation thereof, or delays in such interpretations being delivered, may delay or increase the cost of projects and the Enlarged Group’s business generally. It is expected that increasingly stringent regulatory requirements will be imposed in the future. Although the effect of these requirements cannot be predicted, compliance with them could cause delays and increase the Enlarged Group’s costs. This could have a material adverse effect on the financial condition and operating results of the Enlarged Group.

The markets in which the Enlarged Group operates are the subject of significant competition

Reputation, prior experience and quality of service, pricing and, if applicable, existing relationship with a client will all have a bearing on the Enlarged Group gaining new work. The failure by the Enlarged Group to compete effectively on these criteria could reduce its revenue, profitability or cash flow. The competitive market of each of the Targets is summarised within Part III of this document. The sectors in which the Enlarged Group operates are competitive on the basis of both price and service and some of these competitors may have greater financial, technical and operating resources or capabilities than the Enlarged Group. There can be no assurances as to the future competitiveness of the Enlarged Group or that the Enlarged Group will win any additional market share from any of its competitors or maintain the current aggregate market share of the Enlarged Group. As a result of this competition, the Enlarged Group may fail to win new contracts in its chosen growth markets, may be unable to renew current contracts or may fail to win contracts which are sufficiently profitable to maintain or improve the financial condition of the Enlarged Group

The Enlarged Group is required to comply with stringent health and safety and environmental laws

The Enlarged Group is subject to numerous laws, regulations and policies concerning the protection of health, safety and the environment. The impact of such laws, regulations and policies can vary greatly depending on the nature of the activity and the site where it is being undertaken. Environmental laws, regulations and policies may result in delays, may give rise to substantial compliance, remediation and/or other costs and can prohibit or severely restrict construction and/or development in certain locations. The consequences of breach of environmental law and regulation can be severe. The Enlarged Group may be liable for losses associated with environmental hazards, may have its licences and permits withdrawn or suspended or may be forced to undertake extensive remedial clean-up action or to pay for UK Government-ordered remedial clean-up actions, even in cases where such hazards have been caused by any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties or by acts of vandalism by trespassers. Any such losses, withdrawals, suspensions, actions or payments may have a material adverse effect on the reputation, business, results of operations and financial condition of the Enlarged Group.

A significant incident negatively impacting the Enlarged Group's reputation and/or exposing inadequate health and safety regimes could have a material adverse effect on the Enlarged Group's business and reputation

Part of the Enlarged Group's activities involve it providing regeneration, repair and maintenance and facilities management services to businesses and to certain housing associations and local authorities. Any significant service failure, whether a one-off incident or recurring practice, could negatively impact the reputation of the Enlarged Group and its operations and financial performance. This negative impact could be exacerbated or increased by the nature of the Enlarged Group's activities and the profile of its direct or indirect customers, specifically publicly-funded bodies.

The nature of the business being conducted by the Enlarged Group involves exposure to health and safety risks for both the Enlarged Group's employees and contractors as well as third parties. Part of the Enlarged Group's business involves its operatives working in people's homes and repairing and maintaining potentially dangerous equipment, such as gas central heating boilers. This requires the Enlarged Group to maintain a rigorous operational and occupational health and safety programme and to ensure that its employees and contractors comply with when carrying out their work. This is critical to the success of all areas of the Enlarged Group's business.

The Enlarged Group takes the management of both operational and occupational health and safety seriously. Any failure in health and safety performance which results in a major or significant health and safety incident is likely to be costly for the relevant business in terms of potential liabilities incurred as a result. Furthermore, such a failure could generate significant adverse publicity and have a negative impact on the Enlarged Group's reputation and its ability to win new business, which, in turn, could adversely affect its operating, financial and share price performance.

Failure to meet quality thresholds and/or failure to complete or loss of major contracts could have a material adverse effect on the Enlarged Group's business and financial performance

The work undertaken, and services provided, by the Enlarged Group or on its behalf by sub-contractors could be subject to quality measures and satisfaction of KPIs imposed by customers. In the event that the Enlarged Group fails to achieve the quality measures and/or KPIs imposed upon it or is otherwise found to be in breach of contract for any reason, it is subject to the risk that payments due under contracts for work undertaken may not be recovered in full or will not be recovered at all or that contracts could potentially be terminated or not renewed. In turn, this could have an adverse impact on the future profitability of the Enlarged Group and could damage its reputation, thereby adversely affecting its ability to secure future business or on terms acceptable to it. Even if amounts disputed under a contract are recovered, in whole or in part, it remains a risk that the time to recover such amounts will be longer than anticipated and, where payments are delayed, cash flow may be adversely affected, which, in turn, may adversely affect the financial condition and prospects of the Enlarged Group.

Provision of construction and support services is a complex activity which can involve disputes with third parties and there is no guarantee that a substantial third party claim will be covered by insurance

The Enlarged Group may be exposed to disputes and potentially significant litigation, including, but not limited to, breach of contract and contractual disputes arising from the work it completes or has undertaken for its customers or with its supply chain. Insurance, if any, may be insufficient to cover the particular claim or loss arising from such disputes and any significant litigation may adversely affect the Enlarged Group's business, financial condition and results of operations or cause the Enlarged Group significant reputational harm. The Enlarged Group maintains commercial insurances in an amount the Directors believe is appropriate against risks commonly insured against by persons carrying on similar businesses, but there can be no guarantee that it will be able to obtain similar levels of cover on acceptable terms in the future. In addition, even with such insurance in place, the risk remains that the Enlarged Group may incur liabilities to customers and other third parties which exceed the limits of such insurance cover or are not covered by it. Should such a situation arise, it may have a material adverse impact on the business, results of operations, financial condition or prospects of the Enlarged Group.

The Enlarged Group is exposed to risks arising from its dependence on contractors, sub-contractors and other service providers

Whilst certain of its services are provided on the basis of a direct delivery model, the Enlarged Group, and C&D, in particular, is, and will continue to be, reliant on its supply chain as it is required, to a significant extent, to use third party contractors to provide certain services.

The Enlarged Group seeks to build long-term relationships with its sub-contractors and providers of sub-contractors, in the same way that it does with its customers, but this is dependent on it being able to provide them with sufficient work to keep them engaged at attractive rates. To the extent that the Enlarged Group is unable to achieve this for any reason, then it could lose reliable sub-contractors to its competitors who they may consider are better able to provide them with the pipeline of work that they require which could affect the ability of the Enlarged Group to service its existing contracts and to secure new ones. This, in turn, could have a material adverse impact on the Enlarged Group's businesses, results of operations, financial condition and prospects.

If a sub-contractor or supplier of goods or services fails financially or is responsible for late or inadequate delivery or poor quality of work on a project, then it could damage the Enlarged Group's reputation and/or cause it to suffer financial losses on a particular contract. Any sub-contractor employed by the Enlarged Group is likely to be subject to the same competitive and challenging market conditions as the Enlarged Group, potentially increasing the risk of financial failure compared with the risk during more favourable conditions.

The Enlarged Group may hire a contractor that subsequently becomes insolvent, causing cost overruns, programme delays and increasing the risk that the Enlarged Group will be unable to recover costs in relation to any defective work performed by such contractor, to the extent that such costs are not covered by insurance. The insolvency or other financial distress of one or more sub-contractors could have a material adverse impact on the Group's business, financial condition and operating results. The Enlarged Group assesses the financial strength of its sub-contractors on an

ongoing basis. The directors of C&D do not consider there to be any over reliance on any one subcontractor or provider of sub-contractors.

Loss of, or failure to obtain, a key accreditation and/or certification could lead to withdrawal of work, contract loss or a failure to win new business

The Enlarged Group seeks to obtain and maintain a number of regulatory-driven accreditations and/or certifications in connection with the delivery of its services as these may either be required in order to secure certain types of work or, more frequently, assist with the securing of new contracts. For example, C&D and SWHS are Gas Safe-registered businesses. If these accreditations are detrimentally affected in any way, or withdrawn in their entirety by the bodies which issued them, this could have a material adverse effect on the Enlarged Group's financial condition and prospects as, unless those accreditations are restored, the Enlarged Group could potentially be excluded from opportunities to tender for future work or, in some cases, from being able to continue to perform its existing contracts. The possession of an accreditation or certification from a specific industry or assessment body may, in many cases, be required in order for the Enlarged Group to qualify to tender for, and/or to secure, new contracts from customers in sectors or markets in which the Enlarged Group does not currently operate, but into which it is seeking to expand. The process of obtaining a specific accreditation or certification can, in some cases, be costly and time-consuming, which could mean that the Enlarged Group is unable to bid for, or to secure, work whilst its application for accreditation or certification is in progress or being adjudicated. Any significant delay in obtaining, or failure to obtain at all, a particular accreditation or certification required could, therefore, inhibit the Enlarged Group's ability to grow its customer base and/or to expand into new markets, which could, in turn, have a material adverse impact on the Enlarged Group's business, financial condition, results of operations and prospects.

Failure to attract, develop and retain appropriately skilled management or other personnel could adversely impact the Enlarged Group's business, strategy and growth potential

The success of the Enlarged Group is dependent on recruiting, retaining, motivating and developing sufficient appropriately skilled and competent people at all levels of the organisation. The Enlarged Group faces strong competition for personnel from other companies and organisations. There may at any time be shortages in the availability of appropriately skilled people at all levels within the Enlarged Group. Such shortages, especially engineers, if they continue for a prolonged period, may affect the Enlarged Group's ability to tender for, or complete, work and therefore, have a negative effect on the Enlarged Group's businesses, financial performance and prospects.

In addition, the Enlarged Group's success depends, to a significant extent, on the continued services of its Senior Management Team, which has substantial knowledge of, and experience and expertise in, the industries in which the Enlarged Group operates. The members of the Senior Management Team contribute to the Enlarged Group's ability to obtain, generate, manage and develop opportunities. If the Enlarged Group is unable successfully to attract and retain such personnel, it may not be able to maintain standards of service or continue to grow its businesses as anticipated. The loss of such personnel, or the inability to attract and retain additional appropriately skilled employees required for their activities, could have a material adverse effect on the Enlarged Group's business and prospects. There is no guarantee that any of the Senior Management Team will remain employed by the Enlarged Group beyond those subject to lock in agreements as outlined in paragraphs 12.1.10, 12.1.12 and 12.1.14 of Part IX of this document. Succession planning is key at all levels of the Enlarged Group. The loss of the services of key members of the Senior Management Team and the failure to maintain a robust management reporting process may lead to a lack of, or inadequate, information being provided to decision-makers in the Enlarged Group which could have an adverse effect on the Enlarged Group's future prospects, financial condition or results of operations.

Additional capital requirements

The Enlarged Group's capital requirements depend on numerous factors, including its ability to maintain and expand its customer base, monitoring of working capital, including payment terms with suppliers and customers, seasonality of revenue, adequate project cost control activities as well as potential acquisitions. If the plans or assumptions set out in the Enlarged Group's business plan change or prove to be inaccurate, or if the Company makes any material acquisitions, this may necessitate further financing. Any additional equity financing may be dilutive to Shareholders, and

debt financing, if available, may involve restrictions on financing and operating activities. If the Enlarged Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its strategic plans. The Directors are of the opinion, having made due and careful enquiry, that the Enlarged Group will have sufficient working capital available to it for its present requirements, that is for at least twelve months from Admission.

Of the Enlarged Group, certain self-employed sub-contractors could be deemed to be employees for tax and employment law purposes

The Enlarged Group engages with self-employed sub-contractors through third party contractor agencies, but also directly with *bona fide* contractors and self-employed contractors. Whilst the Enlarged Group conducts an onboarding process to ensure that it remains compliant with published HMRC guidelines on the status of self-employed sub-contractors, if any arrangements in relation to those persons change in the future, or if HMRC successfully challenges whether these activities are compliant with the employment status rules, the relevant persons could be deemed to be employees instead of sub-contractors, in which case, the Enlarged Group would be liable to make payments in respect of PAYE/NIC relating to their employment. Pursuant to UK employment law, employees and workers enjoy various rights which are not available to genuinely self-employed individuals and there is also a risk that self-employed contractors might therefore seek to claim employee or worker status in order to benefit from additional entitlements, such as compensation in respect of unfair dismissal (a right which is available only to an employee). The Enlarged Group would also be liable for increased costs (such as PAYE income tax, National Insurance Contributions (“**NICs**”) (this can be offset against tax/NIC paid by the worker/his Personal Service Company etc), interest and penalties) and contractors could also seek to claim statutory entitlements such as holiday pay, sick pay and maternity pay. If successful, their entitlements could extend back to the commencement of engagement by the relevant Enlarged Group company. Whilst the Enlarged Group endeavours to ensure that both the contracts and procedures in place with such parties are constructed in such a way so as to minimise the risk that an employee relationship is established, the risk nevertheless remains that a court or tribunal might determine that, in reality, there is an employment relationship, even if this contradicts what is written in a contract. Any such determination could, therefore, have a material adverse effect on the Enlarged Group’s business, financial condition, results of operations and prospects.

Disruption or failure of networks and information systems, the internet or other technology

The Enlarged Group’s business is dependent on the availability of network and information systems, the internet and other technologies, in particular access to, and use of, software applications. Shutdowns or service disruptions caused by events such as criminal activity, sabotage or espionage, computer viruses, hacking and other cyber-security attacks, router disruption, automated attacks such as denial of service attacks, power outages, natural disasters, accidents, terrorism, equipment failure or other events within or outside the Enlarged Group’s control could adversely affect the Enlarged Group and customers. Furthermore, such attacks cannot always be immediately detected, which means that the Enlarged Group may not be in a position to promptly address the attacks or to implement adequate preventative measures.

Such events could result in large expenditures necessary to recover data, or repair or replace such networks or information systems or to protect them from similar events in the future. Significant incidents could result in a disruption of parts of the Enlarged Group’s business, consumer dissatisfaction, damage to the Enlarged Group’s brands, legal costs or liability, and a loss of customers or revenues and affect the Enlarged Group’s financial performance and prospects.

Data protection breaches

The Enlarged Group must ensure ongoing compliance with various data protection laws, including; (i) the UK version of Regulation (EU) 2016/679 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK GDPR**”) as set out in The Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019; (ii) the Data Protection Act 2018 (the “**DPA**”); and (iii) the Privacy and Electronic Communications (EC Directive) Regulations 2003). The Enlarged Group is under an obligation to protect the private and personal data that it holds, including that of its employees and any personal information that the Enlarged Group holds in respect of its employees would be subject to the UK GDPR, the DPA and other relevant laws. There is an inherent risk that such data could be processed in a manner

which is in direct breach of the relevant data protection legislation, the consequence of which would not only be a potentially significant fine, but may also result in damage to the Enlarged Group's reputation further impacting the Enlarged Group's revenue. There is a risk that any data breach within the Company could have significant reputational impact, given the nature of the services the Enlarged Group offers. Although the Board considers that the Enlarged Group has in place adequate procedures to ensure compliance with the UK GDPR, the DPA and other relevant laws and controls to ensure the security of the data collected, this does not preclude the possibility of litigation or damage of goodwill as a result of a perceived breach, or an actual breach of the UK GDPR, the DPA and other relevant data protection laws.

Intellectual property rights

The Enlarged Group relies on a combination of trademarks, service marks and domain name registrations, common law or statutory copyright protection and contractual restrictions to establish and protect its intellectual property. Any third party may challenge the Enlarged Group's intellectual property. The Enlarged Group may incur substantial costs in defending any claims relating to its intellectual property rights. There can be no guarantee that third parties have not and/or will not manage to independently develop brands and websites similar to those offered by the Enlarged Group without infringing the Enlarged Group's intellectual property rights, which could adversely affect the Enlarged Group's reputation, business, financial condition or prospects.

Litigation and other adversarial actions in the ordinary course of business could materially adversely affect the Enlarged Group

Although the Enlarged Group is not currently party to (either as a claimant or as a defendant) any material litigation, it may be subject to such litigation in the future. In addition, the Company may be subject to other disputes, claims and complaints, including adversarial actions, by customers, employees, suppliers, insurers and others in the ordinary course of business. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of the Directors and the Senior Management Team away from the Enlarged Group's operations and may result in the Enlarged Group having to pay monetary damages, any of which could have a material adverse effect on the Enlarged Group's financial condition, business, prospects and results of operations. In addition, adverse publicity or substantial litigation against the Enlarged Group could negatively impact its reputation, even if the Enlarged Group is not found liable, which could have a material adverse effect on the Enlarged Group's business and financial condition.

Adequacy of warranties within the SPAs

The objective of the due diligence conducted on each of the Targets is to identify any material issues which might affect an acquisition decision and ensure, where relevant, the sufficiency of warranties given by the Sellers within the SPAs. When conducting due diligence and making an assessment regarding an acquisition, the Directors are required to rely on resources available to them, including, in the main, data provided by the Targets and public information. As a result, there can be no assurance that the due diligence undertaken will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such acquisitions or the adequacy of warranties contained within the SPAs for all of the past and future liabilities relating to the operations and activities of the Targets, including, but not limited to, tax as well as a tax covenant and indemnities in respect of specific liabilities.

Suppliers

The Enlarged Group relies on certain suppliers, without whom the Enlarged Group's revenue generation, efficiency of operations and cash flow may not be optimised. The Enlarged Group cannot guarantee that service and products delivered from third parties will remain of a high quality in the future and be provided without interruption. In the event of a major disruption to the timely supply of third party products and services, alternative suppliers may only be available at higher prices or at the cost of some delay in supply which could negatively affect the Enlarged Group's operations, financial results and performance.

Financial controls and internal reporting procedures

As part of the Admission process, the Enlarged Group has implemented various new processes and controls to allow it to produce accurate and timely financial statements and to monitor and manage risks. If any of these systems or controls were to fail, the Enlarged Group may be unable to produce financial statements accurately or on a timely basis or expose the Enlarged Group to risk. Any concerns investors may have in respect of the potential lack of available and current financial information and the controls the Enlarged Group has in place could adversely affect the Enlarged Group's share price.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

General

An investment in Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to the investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Prospective investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio. Prospective investors should be aware that the value of an investment in the Enlarged Group may go down as well as up and investors may therefore not recover their original investment.

Legislation and tax status

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct, and it is always possible that legislation, rules and practice may change. Any change in legislation and in particular in tax status or tax residence of the Enlarged Group or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Enlarged Group.

General economic climate

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Enlarged Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Enlarged Group.

Economic, political, judicial, administrative, taxation, environmental or other regulatory matters

In addition to the impact of the downturn of the world's economies, the Enlarged Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters. The Enlarged Group may not have been and may not be at all times in complete compliance with environmental laws, regulations and permits, and the nature of the Enlarged Group's operations expose it to the risk of liabilities or claims with respect to environmental, regulatory and worker health and safety matters. If the Enlarged Group violates or fails to comply with relevant laws, regulations and permits, it could be subject to penalties, fines, restrictions on operations or other sanctions, and the Enlarged Group's operations could be interrupted or suspended.

Share price volatility and liquidity

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Company may make in terms of developing and expanding its products or its actual financial, trading, or operational performance. These factors could include the performance of the Enlarged Group, purchases, or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in certain lock-in and orderly marketing arrangements), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity in the Enlarged Group's shares. The share price for publicly traded companies, particularly those at

an early stage of development, such as the Enlarged Group, can be highly volatile. Admission should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop, or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile, and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

There is no guarantee that the Ordinary Shares will continue to be traded on AIM

The Enlarged Group cannot assure Shareholders that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. Trading on AIM in the Ordinary Shares will be suspended if Completion does not occur by 31 August 2024. Furthermore, if a reverse takeover is not completed by 28 February 2025, admission of the Ordinary Shares to trading on AIM will be cancelled.

Investment in AIM traded securities

The Ordinary Shares will be traded on AIM rather than admitted to the Official List. AIM is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than the rules for companies admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity (as stated above), therefore making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Prospective investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List and may not reflect the underlying value of the Enlarged Group. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and they could lose their entire investment in the Enlarged Group.

Issue of additional Ordinary Shares

It is expected that the Enlarged Group will make further acquisitions following Completion which will be funded by the issue of further Ordinary Shares and cash which would be funded either by bank debt, if available to the Enlarged Group, or by the issue of further Ordinary Shares. It is possible that the Enlarged Group may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Enlarged Group, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders. This will particularly be the case if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis, or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

Dilution

If the Enlarged Group were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Enlarged Group may also in the future issue Ordinary Shares, warrants and/or options to subscribe for new Ordinary Shares, including (without limitation) to certain advisers, employees, directors, senior management, and consultants. The exercise of such warrants and/or options may also result in the dilution of the shareholdings of other investors.

Risks relating to EIS and VCT

Investors should be aware of the possibility that only the EIS and VCT Placing Shares might be issued and that none, or only some, of the Non-EIS and VCT Placing Shares, the Initial Consideration Shares and the Bob Holt Loan Conversion Shares are issued. Investors should also be aware that Second Admission might not take place. Consequently, even if the EIS and VCT Placing Shares have been issued there is no guarantee that the placing of the Non-EIS and VCT

Placing Shares and issue of the Initial Consideration Shares and the Bob Holt Loan Conversion Shares will become unconditional. The working capital statement set out in paragraph 16 of Part IX of this document assumes that all of the New Ordinary Shares are issued and Second Admission takes place. **If all of the New Ordinary Shares are not issued and Second Admission does not take place, the Company may not be able to implement the strategy and growth plans as outlined in this document and on the assumption that none of the Acquisitions has taken place, all the issued shares in the Company would be suspended from trading on AIM.**

The availability of EIS Relief and the status of the relevant EIS Placing Shares and/or the VCT Placing Shares as a qualifying holding for VCT purposes will be conditional on (amongst other things) the Company and the investor both continuing to satisfy the relevant requirements, under the relevant tax legislation, throughout, broadly, the period of three years from the date of issue of the relevant EIS Placing Shares and for VCTs for the period during which the VCTs hold the shares. Neither the Company, the Board nor the Company's advisers represent, warrant or undertake that the Company or the EIS Placing Shares and VCT Placing Shares will comply with the requirements of respectively the EIS Legislation or the VCT Legislation at or following the Placing, that investors will be able to obtain EIS Relief or VCT Relief in respect of their subscription for EIS Placing Shares or VCT Placing Shares, or that in due course such EIS or VCT Relief will not be withdrawn.

Circumstances may arise (which may include the sale of the Enlarged Group) where the Board believes that the interests of the Enlarged Group are not best served by acting in a way that preserves VCT qualifying status, or ensures that the Company and/or the EIS Placing Shares and VCT Placing Shares will continue to meet the conditions for EIS Legislation or VCT Legislation respectively. In such circumstances, the Enlarged Group and the Board cannot undertake to conduct the activities of the Enlarged Group in a manner designed to preserve any such relief or status. Should the relevant legislation regarding EIS or VCTs change, then eligibility for EIS Relief or qualifying status for VCT purposes previously obtained may be lost.

Any person seeking to obtain EIS or VCT Relief should consult their own professional tax adviser in order that they may fully understand how the EIS Legislation and VCT Legislation applies in their individual circumstances. In particular, any such person should seek professional tax advice as to whether or not they are considered to be "independent", for the purposes of seeking EIS Relief. There is a risk that such person may consider themselves to be "independent", but HMRC does not agree with such classification.

PART III

INFORMATION ON THE ACQUISITIONS

1 INTRODUCTION

As an AIM Rule 15 cash shell, the Company has six months to make an acquisition or acquisitions that would constitute a reverse takeover pursuant to AIM Rule 14. The Company has identified two companies which operate in the energy services sector and which fit its acquisition strategy.

2 COSGROVE & DREW LTD

2.1 Introduction

Cosgrove & Drew Ltd is an award winning asset and energy support services company, predominantly servicing customers in the South-West of England across Bristol, Gloucestershire, Wiltshire and Dorset, but also London and the South of England. It delivers a range of mechanical engineering services, such as full industrial and commercial projects, installations across housing associations, local authorities and domestically, transitioning to renewable energy and, and servicing and maintenance.

The company was founded in 2014 by its Joint Managing Directors, Zac Cosgrove and Luke Drew, incorporated in 2015 and is headquartered in Bristol. It currently employs over 50 staff, including approximately 40 engineers and 14 support staff. Its apprenticeship programme set up in 2016 allows the company to train new engineers pairing junior staff with senior mentors offering a blend of experience levels which contributes to consistent and efficient project delivery.

The Directors believe that C&D has created a strong reputation for delivering bespoke and complex mechanical engineering solutions and building fabric within both the private and public sectors, including for housing associations and local authorities.

2.2 Business overview

The company operates across two core business divisions:

- i) **Major Projects (“MP”)** – self delivery of large commercial projects such as industrial pipework installations. The company utilises a highly skilled team of engineers bringing years of hands-on experience in self-delivery, project management, and executing complex builds from start to finish.

Core services which can be provided are set out below:

- heating solutions – a complete design and installation service ranging from small domestic to large commercial installations;
- hot and cold-water systems – plumbing installations, including hot and cold-water distribution and sanitary ware installations from a single WC to full toilet blocks, showers and wet rooms;
- sanitary installation – across commercial, retail, leisure or the residential sectors that can be designed and installed to specific requirements;
- above ground drainage – installations of building drainage and ventilation systems to improve both the efficiency of the drainage systems and mitigate the escape of foul air into habitable areas;
- plantroom installations – a range of services for plant rooms from design and specification through to fabrication, installation, commissioning and maintenance;
- gas services – a full range of commercial gas services, including pipework installation, testing and commissioning and plant service works utilising Gas Safe registered operatives; and
- design and consultation – delivering full mechanical and electrical projects utilising the company’s ever-growing specialist subcontractor supply chain, which are typically similar sized businesses from the local area to create a team of highly

skilled engineers with the capabilities to deliver commercial projects on time, on budget and to the highest of standards.

Contracts are entered into between C&D and the contractor managing the site, with typical contracts being between 12 and 36 months.

Upon an initial tender, an independent estimating consultant is engaged to advise C&D on the quote. Quotes are reviewed and approved internally and all quotes submitted are recorded within C&D's project management and CRM software system, "**Simpro**". If a quote is accepted, it is moved, within Simpro, to an 'Open Workflow', where materials and sub-contractors can be ordered, and engineers assigned. Once a predetermined milestone of the project has been met, C&D will assess the work that has been completed to date, as a percentage of the total contract value. C&D will then submit a corresponding claim for revenue to the contractor. Should the contractor not agree with C&D's assessment of work completed, the contractor will submit a 'pay less notice'. C&D is entitled to the whole amount of the quote agreed. However, timing of recognition is dependent on agreement of deliverables and milestones with each contractor. Further details of C&D's revenue recognition policy is set out in Section B of Part V of this document.

The timeline for the whole project is detailed by the contractor within the 'Programme of Works', although it can be subject to delays and unforeseen costs as C&D is dependent on other contractors on site completing their work within the agreed timeline. Delays are highlighted to the contractor in a weekly 'Dependencies Report' which can result in C&D incurring additional costs, which may be negotiated and recouped with the contractor through either:

- revisiting charges – additional labour costs for site revisits by C&D engineers is recharged;
- variation of work charges – for changes to original scope of work in the quote; or
- agreed extension of time charges – C&D will agree extension of time rates to keep assigned staff onsite albeit C&D do not retain any profits under extension of time charges.

As a result of timing of revenue recognition and potential delays, fluctuations in gross profit margins occur between different MP projects, the C&D directors note that typically the smaller and quicker the project, the lower the likelihood for delays and unforeseen costs arising.

The Major Projects division contributed revenue of approximately £6.0 million in the year ended 31 December 2023.

- ii) **Facilities Management ("FM")** – the provision of small scale project work or maintenance services of customer facilities, including existing heating, hot water, gas and renewable energy assets to ensuring continuity, longevity, efficiency, regulatory compliance, and onsite safety.

In 2022, C&D started focusing on smaller remedial projects, classified as FM. The FM division became a separate division in 2023 with further investment made establishing the FM division, including employing FM specific staff. C&D's management notes that FM projects are smaller in scale and therefore have a lower likelihood of incurring unexpected costs compared to MP, with higher and more stable gross profit margins. Thus C&D management's long-term strategy is to increase the FM offering, while reducing the MP offering, becoming more selective with the type of works it undertakes as part of MP with key clients.

FM and small works can be further sub-divided into the following three primary services:

- **PPM** – C&D's engineers attend onsite to conduct initial site audit, testing and servicing before carrying out planned phased maintenance of equipment to help maximise efficiency and ensure safety and compliance. This includes upgrading legacy systems by retrofitting new, energy efficient technologies to reduce energy usage and costs and management and the commissioning of new plants and responsible decommissioning of outdated infrastructure in accordance with environmental regulations;

- **Reactive support** – the company’s responsive maintenance services are available 24/7, 365 days a year and comprise a day-to-day reactive service enabling C&D’s customers to address immediate needs with respect to breakdowns and repairs; and
- **Advice and innovation** – focusing on renewable energy solutions to help improve energy efficiency. This service helps customers assess the viability of integrating renewable energy sources or lower-carbon alternatives, where applicable, to support the planning and co-ordination required for these complex infrastructure projects. C&D utilises advanced diagnostic equipment and data analytics to optimise operational efficiency to recommend targeted solutions.

Each service is carried out by a dedicated team of maintenance and small works engineers who are specifically trained and supported to work full time on maintenance contracts. FM work typically derives via two routes; through scoping and identifying public tender opportunities which align with C&D’s wider term strategic plans and also through offering C&D’s core business services to target clients.

Once the customer order is finalised, it is logged in Simpro. Material purchase orders, subcontractor work orders, and engineers are then requested and assigned. During the course of the project, purchase invoices and timesheets are recorded and assigned to the project Simpro. Once the work is finished, the engineer on site will mark the project as ‘Complete’ on Simpro, and a sales invoice is generated for payment.

As compared to MP, FM projects are typically smaller in scope and therefore a lower likelihood of incurring unexpected costs with higher, more stable gross profit margins albeit small fluctuations in gross profit margins do occur between FM projects due to differing mark-ups depending on geographical location and small additional costs incurred.

The C&D directors intend to expand FM as part of C&D’s longer-term strategy. FM contributed revenue of approximately £3.3 million in the year ended 31 December 2023.

Customer concentration

The C&D directors believe that C&D has a number of key strengths which both define it and differentiate it from its competitors. The C&D directors note that it has created a strong reputation in its core markets of the private, public and regulated sectors, built on reliability, service quality and the successful delivery of technology-led cost effective services to its customers. As a consequence, C&D has developed a number of significant, long standing relationships with private companies, local authorities and housing associations enabling it to refine its service offering further and capitalise on a range of cross-selling and other growth opportunities.

Competitive market

The competitive environment is diverse and the other companies operating in the same market include larger national contractors, and South West England based retrofit specialists, which together with small local firms form a key part of the competitive landscape in local regions.

C&D seeks to differentiate itself from its competitors by concentrating on its core strengths in mechanical engineering services, collaborative working practices, including leveraging technology to inform decision making, excellent service, and quality of workmanship.

The C&D directors seek to leverage technology to overcome problems typically prevalent in the construction industry; such as delays, budget overruns and material or labour shortages. Within its MP, C&D utilises Simpro to obtain real-time project data, to inform decision making, planning, visibility, and control with the aim to help mitigate delays and budget overruns. However, C&D has been subject to losses on three onerous contracts within its MP division through lack of control around project analysis which are treated as onerous contracts within the historical financial information of C&D as set out in Section B of Part V of this document. As part of the Admission process, the Directors have set out processes for monitoring project cost controls and identification of onerous contracts within the Board Memorandum on Financial Position and Prospects Procedures.

Within the FM division, the C&D directors note that larger commercial sites now expect advanced technology integration and intelligent building solutions as standard offerings. However, the C&D directors believe the mechanical engineering and construction industry tends to lag in adopting new technologies which presents an opportunity for C&D to stand out by providing cutting-edge intelligent building services that solve modern problems which many customers face such as limited asset life cycle plans, the lack of data to analyse usage insights and inefficient lighting and heating, ventilation and air conditioning systems. C&D utilises advanced diagnostic equipment and data analytics to optimise operational efficiency. By taking a data-driven approach and focusing on services on intelligent building implementation, the C&D directors believe the company can recommend targeted solutions for each customer in a way competitors fail to address.

2.3 Principal terms of the C&D acquisition

Under the terms of the C&D SPA, the Company has, through its wholly owned subsidiary, EHL, conditionally agreed to acquire C&D for a total consideration of up to approximately £1.96 million, comprising;

- initial consideration of approximately £0.73 million payable on Second Admission comprising: (i) approximately £0.41 million in cash (of which approximately £0.16 million will be paid to C&D on Completion in satisfaction of each of Zac Cosgrove's and Luke Drew's outstanding directors' loan account); and (ii) approximately £0.32 million to be satisfied by the issue of 4,308,453 new Ordinary Shares at the Placing Price. Bob Holt will not receive any of the initial cash consideration but will receive 1,641,790 new Ordinary Shares to the value of his current holding of 33 per cent.; and
- deferred consideration of up to approximately £1.23 million via earnout, to be satisfied wholly by the issue of new Ordinary Shares, subject to C&D achieving minimum EBITDA targets in each 12 month period from Completion and each anniversary thereof until the total consideration of £1.96 million is achieved.

As part of the C&D acquisition and subject to completion of that acquisition occurring, half of Bob Holt's outstanding non-interest bearing loan in C&D of £450,000 will be discharged and settled through the issue of 3,000,000 new Ordinary Shares by the Company at the Placing Price on Second Admission. The balance being approximately, £225,000 will remain owing by C&D to Bob Holt but Bob Holt has waived any right to be repaid until 1 January 2027 at the earliest.

The C&D SPA contains customary warranties and indemnities from the C&D Sellers in favour of EHL subject to certain limitations, in particular, as to the maximum amounts which may be claimed. Further details of the C&D SPA are set out in paragraph 12.1.9 of Part IX of this document.

The C&D Sellers have agreed to the lock-in arrangements more particularly described in paragraph 12.1.10 of Part IX of this document.

2.4 Summary historical financial information

The table below sets out C&D's summary financial information for the periods indicated, prepared in accordance with IFRS. As these are only summaries, Shareholders are advised to read the whole of this document, including the historical financial information of C&D as set out in Section B of Part iv of this document (Historical Financial Information of C&D) and not rely solely on this summarised information.

£'000	10 months ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023
Revenue	3,856	6,290	9,085
Cost of sales	(3,854)	(5,014)	(8,627)
Gross profit	2	1,276	458
(Loss) / profit before tax	(524)	413	(832)
Total (loss) / profit	(361)	327	(591)

In the six months ended 30 June 2024, C&D had unaudited revenue of £4.8 million and EBITDA of £0.24 million. The Board considers that the year ended 31 December 2024 will be second half weighted.

3 SOUTH WEST HEATING SERVICES LTD

3.1 Introduction

South West Heating Services Ltd was incorporated in 2019 by its founder and Managing Director, Andrew Custer, who has over 20 years' experience operating within the heating services sector and manages an experienced team of qualified heating technicians. SWHS provides heating installation and maintenance services predominantly for domestic insurance claims of national heating providers, but it also offers its services directly to some private domestic clients. SWHS is based in Plymouth and operates across Cornwall, Devon and Somerset. It has 14 employees consisting of a team of administrative staff and 10 heating technicians, most of whom are based in Plymouth with two engineers being based in Bristol.

3.2 Business overview

SWHS offers three service lines:

1. *Boiler service, maintenance and repairs*

SWHS predominantly operates as a third-party heating installation and repair company, servicing domestic systems for private homeowners on behalf of their boiler insurance provider. Representing c.80 per cent. of the company's revenue in the year ended 30 June 2023 ("FY23"), the boiler servicing, maintenance and repairs service utilises a team of fully qualified heating technicians, providing reactive and preventative maintenance on domestic heating systems. SWHS also offers provision of these services to customers directly.

2. *New boiler installation*

New boiler installation includes a survey to assess the current boiler installation and to discuss the customers' requirements with advice on suitable boiler options, as well as a provision of a quote tailored to the individual customer. SWHS's heating technicians will supply and fit a new boiler which includes a ten year extended manufacturer parts and labour guarantee as standard.

3. *Care plans*

SWHS offers three maintenance plan options for private homeowners and landlords as outlined below. These provide proactive and reactive maintenance and repair for heating systems with call-outs, servicing and parts all included in a single monthly payment.

- Swes Care – cover for domestic boiler, controls and heating system with an annual boiler service;

- Swes Care Landlord – cover for the domestic boiler, controls and heating system with an annual boiler service and gas safety check; and
- Swes Care Service –cover for the controls and heating system with an annual boiler service.

While in FY23 this represented an insignificant proportion of SWHS’s revenue, Andrew Custer, the SWHS Seller, considers that it could represent a growth opportunity through marketing this to existing customers during routine services, and maintenance call outs.

Competitive market

SWHS operates in a regionally focused fragmented marketplace with a large number of owner operators in the wider domestic heating installation, repair and service sector. There is thus a high level of competition for private domestic work and qualified employees. However, Andrew Custer considers that SWHS’s reputation and established longstanding relationships with national insurers means there are considered to be significant barriers to entry for competitors to operate within SWHS’s main revenue stream of servicing domestic systems for private homeowners on behalf of their boiler insurance provider.

Customer Concentration

SWHS’s key customers are national insurers, with its three main insurance customers accounting for over 75 per cent. of its revenue in FY23, of which one customer, represented approximately 45 per cent. of FY23’s revenue. Whilst there are no exclusivity arrangements in place between the national insurers and SWHS, SWHS is a preferred supplier for its largest customer and has established long standing relationships with its top customers with additional business driven by reputation and recommendation.

3.3 Principal terms of the SWHS Acquisition

Under the terms of the SWHS SPA, the Company has, through its wholly owned subsidiary, EHL, conditionally agreed to acquire SWHS for a total consideration of up to £1.15 million plus an amount equal to the surplus cash in SWHS (the “**Surplus Cash Sum**”), comprising;

- initial consideration of £0.85 million plus the Surplus Cash Sum payable on Second Admission comprising: (i) £0.5 million plus the Surplus Cash Sum in cash; and (ii) £0.35 million to be satisfied by the issue of 4,666,666 new Ordinary Shares by the Company at the Placing Price; and
- deferred consideration of up to £0.3 million to be satisfied by the issue of new Ordinary Shares or cash at the SWHS Seller’s discretion, subject to SWHS achieving minimum EBITDA for each of the first two 12-month periods immediately following Completion.

The SWHS SPA contains customary warranties and indemnities from the SWHS Seller in favour of EHL subject to certain limitations, in particular as to the maximum amounts which may be claimed. Further details of the SWHS SPA are set out in paragraph 12.1.11 of Part IX of this document.

The SWHS Seller has agreed to the lock-in arrangements more particularly described in paragraph 12.1.12 of Part IX of this document.

3.4 Summary historical financial information

The table below sets out SWHS's summary financial information for the periods indicated, prepared in accordance with IFRS. As these are only summaries, Shareholders are advised to read the whole of this document, including the historical financial information of SWHS set out in Sections B and D of Part V (Historical Financial Information of SWHS) and not rely solely on this summarised information.

£'000	Year ended 30 June 2021	Year ended 30 June 2022	Year ended 30 June 2023	9 months ended 31 March 2024
Revenue	803	687	971	1,085
Cost of sales	(631)	(553)	(697)	(720)
Gross profit	172	134	274	365
Profit before tax	120	61	184	275
Total profit	89	56	152	220

PART IV

HISTORICAL FINANCIAL INFORMATION OF COSGROVE & DREW LTD

SECTION A: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF COSGROVE & DREW LTD

haysmacintyre



10 Queen Street Place, London EC4R 1AG
T 020 7969 5500 F 020 7969 5600

E service@haysmacintyre.com
DX 307453 CHEAPSIDE
W www.haysmacintyre.com

Follow us on twitter @haysmacintyre

The Directors
EARNZ plc
First Floor, Holborn Gate
330 Holborn
London WC1V 7QT

The Directors
Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London SW1A 1LD

The Directors
Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London SW1A 1LD

9 August 2024

Dear Sirs

Cosgrove & Drew Ltd ("C&D")

We report on the historical financial information of Cosgrove & Drew Ltd set out in Section B of Part IV of EARNZ plc's admission document dated 9 August 2024 (the "Admission Document") for the period ended 31 December 2021, and the years ended 31 December 2022 and 31 December 2023.

Qualified Opinion on Historical Financial Information

In our opinion, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' paragraph in our report, the historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of C&D as at 31 December 2021, 31 December 2022 and 31 December 2023 and of its results, cash flows and changes in equity for the years then ended in accordance with UK adopted International Financial Reporting Standards ("UK IFRS").

Responsibilities

The directors of EARNZ plc (the "Directors") are responsible for preparing the historical financial information in accordance with UK IFRS.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies (the "AIM Rules") to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person other than the addressees of this letter for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules.

Basis of Preparation

This historical financial information of C&D has been prepared for inclusion in the Admission Document on the basis of preparation and accounting policies set out in note 2 to the historical financial information. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purposes of complying with the AIM Rules and for no other purpose.

Basis of Qualified Opinion

The audit evidence available to us with respect to inventory balances at 31 December 2023 was limited due to the circumstances described below:

As at and for the year ended 31 December 2023

With respect to inventory having a carrying value of £150,363 as at 31 December 2023, there was no auditor in attendance at any counts at 31 December 2023 or at the date of the opening statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 31 December 2023, or to cost of sales of £8,627,222 for the year ended 31 December 2023, were necessary

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of C&D in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the historical financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the historical financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of C&D to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly, the use by the Directors of the going concern basis of accounting in the preparation of the historical financial information is appropriate.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

A handwritten signature in cursive script that reads "Haysmacintyre LLP".

Haysmacintyre LLP
Chartered accountants
10 Queen Street Place
London
EC4R 1AG

SECTION B: HISTORICAL FINANCIAL INFORMATION OF COSGROVE & DREW

Income Statement for the Year Ended 31 December 2023

	Note	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Revenue	3	9,085,128	6,290,094	3,856,264
Cost of sales		<u>(8,627,222)</u>	<u>(5,014,141)</u>	<u>(3,854,425)</u>
Gross profit/(loss)		457,906	1,275,953	1,839
Administrative expenses		(1,199,626)	(837,829)	(524,280)
Other operating income	5	3,445	5,112	8,197
Other losses	6	-	(462)	-
Operating (loss)/profit	7	<u>(738,275)</u>	<u>442,774</u>	<u>(514,244)</u>
Finance income		-	459	409
Finance costs		<u>(94,009)</u>	<u>(30,659)</u>	<u>(9,752)</u>
Net finance cost	8	<u>(94,009)</u>	<u>(30,200)</u>	<u>(9,343)</u>
(Loss)/profit before tax		(832,284)	412,574	(523,587)
Income tax receipt/(expense)	12	<u>241,675</u>	<u>(85,389)</u>	<u>162,582</u>
(Loss)/profit for the year		<u>(590,609)</u>	<u>327,185</u>	<u>(361,005)</u>
(Loss)/profit per ordinary share	13	<u>(591)</u>	<u>327</u>	<u>(3,610)</u>

The above results were derived from continuing operations.

Statement of Comprehensive Income for the Year Ended 31 December 2023

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
(Loss)/profit for the year	(590,571)	327,185	(361,005)
Total comprehensive income for the year	<u>(590,571)</u>	<u>327,185</u>	<u>(361,005)</u>

Statement of Financial Position as at 31 December 2023

		31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
	Note	£	£	£
Assets				
Non-current assets				
Property, plant and equipment	14	239,617	139,170	105,976
Right of use assets	15	205,019	262,315	15,004
Deferred tax assets	12	148,507	-	85,389
		<u>593,143</u>	<u>401,485</u>	<u>206,369</u>
Current assets				
Inventories	16	150,363	29,500	22,000
Trade and other receivables	17	2,291,223	1,638,370	796,257
Income tax asset		93,168	-	203,103
Cash and cash equivalents	18	210,666	69,894	7,107
		<u>2,745,420</u>	<u>1,737,764</u>	<u>1,028,467</u>
Total assets		<u>3,338,563</u>	<u>2,139,249</u>	<u>1,234,836</u>
Equity and liabilities				
Equity				
Share capital	19	1,000	1,000	100
Share premium	20	169,750	169,750	-
Retained earnings	20	(371,244)	219,365	(66,900)
Total equity		<u>(200,494)</u>	<u>390,115</u>	<u>(66,800)</u>
Non-current liabilities				
Long-term lease liabilities	22	166,764	220,714	7,694
Loans and borrowings	21	246,663	233,505	289,641
		<u>413,427</u>	<u>454,219</u>	<u>297,335</u>
Current liabilities				
Current portion of long-term lease liabilities	22	53,950	36,759	7,550
Trade and other payables	24	2,572,251	1,121,282	925,389
Loans and borrowings	21	149,429	136,874	71,362
Provisions	23	350,000	-	-
		<u>3,125,630</u>	<u>1,294,915</u>	<u>1,004,301</u>
Total liabilities		<u>3,539,057</u>	<u>1,749,134</u>	<u>1,301,636</u>
Total equity and liabilities		<u>3,338,563</u>	<u>2,139,249</u>	<u>1,234,836</u>

Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2023	1,000	169,750	219,365	390,115
Loss for the year	-	-	(590,609)	(590,609)
Total comprehensive income	-	-	(590,609)	(590,609)
At 31 December 2023	1,000	169,750	(371,244)	(200,494)

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2022	100	-	(66,900)	(66,800)
Profit for the year	-	-	327,185	327,185
Total comprehensive income	-	-	327,185	327,185
Dividends	-	-	(40,920)	(40,920)
New share capital subscribed	900	169,750	-	170,650
At 31 December 2022	1,000	169,750	219,365	390,115

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 March 2021	100	-	405,313	405,413
Loss for the period	-	-	(361,005)	(361,005)
Total comprehensive income	-	-	(361,005)	(361,005)
Dividends	-	-	(111,208)	(111,208)
At 31 December 2021	100	-	(66,900)	(66,800)

Statement of Cash Flows for the Year Ended 31 December 2023

		Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Cash flows from operating activities				
(Loss)/profit for the year		(590,609)	327,185	(361,005)
Adjustments to cash flows from non-cash items				
Depreciation and amortisation	7	66,350	29,876	26,690
Depreciation on right of use assets	7	57,297	20,769	6,050
Loss on disposal of property plant and equipment	6	-	462	-
Finance income	8	-	(459)	(409)
Finance costs	8	94,009	30,659	9,752
Income tax expense/(credit)	12	(241,675)	85,389	(162,582)
		(614,628)	493,881	(481,504)
Working capital adjustments				
(Increase)/decrease in inventories	16	(120,863)	(7,500)	6,958
Increase in trade and other receivables	17	(652,853)	(842,113)	(5,571)
Increase in trade and other payables	24	1,450,968	195,893	327,034
Increase in hire purchase contract liabilities	21	63,661	10,507	14,099
Increase in provisions	23	350,000	-	-
Cash generated from operations		476,285	(149,332)	(138,984)
Income taxes received	12	-	203,103	48,928
Net cash flow from operating activities		476,285	53,771	(90,056)
Cash flows from investing activities				
Interest received	8	-	459	409
Acquisitions of property plant and equipment	14	(166,797)	(66,632)	(34,390)
Proceeds from sale of property plant and equipment		-	3,100	110
Net cash flows from investing activities		(166,797)	(63,073)	(33,871)
Cash flows from financing activities				
Interest paid	8	(61,564)	(18,922)	(7,924)
Proceeds from issue of ordinary shares, net of issue costs		-	170,650	-
Repayment of bank borrowing	21	(47,948)	(41,131)	(5,213)
Proceeds from other borrowing draw downs	21	10,000	40,000	-
Payments to finance lease creditors	22	(69,204)	(37,588)	(9,431)
Dividends paid	26	-	(40,920)	(111,208)
Net cash flows from financing activities		(168,716)	72,089	(133,776)
Net increase in cash and cash equivalents		140,772	62,787	(257,703)
Cash and cash equivalents at 1 January (2021: 1 March)		69,894	7,107	264,810
Cash and cash equivalents at 31 December		210,666	69,894	7,107

Notes to the Historical Financial Information for the Year Ended 31 December 2023

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Unit A2
Vantage Office Park
Old Gloucester Road
Hambrook
Bristol
BS16 1GW

Principal activity

The principal activity of the company is that of plumbing, heat and air-conditioning installation and engineering.

2 Accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the UK ("UK adopted IFRSs"). The company is an individual entity.

Summary of material accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

These financial statements are the first the company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2022, the company prepared its financial statements in accordance with Financial Reporting Standard 102 Section 1A (FRS 102 1A).

Accordingly, the company has prepared financial statements that comply with IFRS applicable as at 31 December 2023, together with comparative period data for the year ended 31 December 2022. In preparing the financial statements, the company's opening statement of financial position was prepared as at 1 March 2021, the company's date of transition to IFRS. The principal adjustments made in restating the company's FRS 102 1A financial statements are explained in note 29.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The financial statements have been prepared in sterling, which is the functional currency of the company and rounded to the nearest £.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have been mindful of any potential future impact from events such as COVID-19, the impact of Brexit, the cost-of-living crisis and the current situation in Ukraine and have reviewed budgets and projections for the next twelve months. From this review, the directors consider that the company is

unlikely to be significantly affected and thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2023 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2023 and which have not been adopted early, are expected to have a material effect on the financial statements.

New standards, interpretations and amendments not yet effective

The following newly issued but not yet effective standards, interpretations and amendments have not been early adopted by the company:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information – effective date 1 January 2024
- IFRS S2 Climate-related Disclosures – effective date 1 January 2024
- IFRS 18 Presentation and Disclosure in Financial Statements – effective date 1 January 2027
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) – effective no earlier than 1 January 2024
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16) – effective date 1 January 2024
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – effective date 1 January 2024
- IFRS 17 Insurance Contracts – effective date 1 January 2025
- Amendments to the SASB standards to enhance their international applicability – effective date 1 January 2025
- IAS 21 The Effects of Changes in Foreign Exchange Rates – effective date 1 January 2025

The company will continue to assess any impact on the company from the adoption of these amendments. It is not anticipated that any of these will have a material impact on the company's financial statements.

Revenue recognition

Recognition

The company earns revenue from the provision of services relating to plumbing, heat and air-conditioning installation. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

The main performance obligations in contracts consist of transfer of services to a customer. These obligations are the key activities that a company agrees to perform as part of the contract and for Cosgrove & Drew Ltd this typically includes either “Infrastructure projects”, which includes mechanical services installation, and “Facilities management”, which includes plumbing, heating, gas, renewable and electrical maintenance and reactive type works. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date using methods that ensure the accurate representation of the extent to which performance obligations have been fulfilled.

The specific method chosen can depend on the division such as facilities management and infrastructure projects.

Infrastructure projects - revenue is recognized based on the value of work progressed in the month and is quantified by the client's quantitative surveying team. Revenue is recognised via the raising of invoices on completion of the monthly work and once agreed with the client.

Facilities management - revenue is recognised when a performance obligation is satisfied and an invoice is raised and sent to the customer. Engineers are scheduled to individual jobs and these are marked as complete once the engineer has fulfilled their responsibility. Once the job is marked as complete, it notifies our helpdesk who check the job has the associated documents such as gas safe certificate, jobs cards, electrical certificates and/or any other job specific documentation attached ready for invoice. Revenue is only recognised once the invoice has been sent to the client.

Transaction price

Infrastructure projects - all infrastructure project costs are built from a schedule of rates. At tender stage a set of scaled drawings are received and of which are measured and quantified, this is then put into a quantified schedule of rates of which builds a cost for the project including profit. The only item of which is not costed based on the schedule of rates is the prelim element, this is built based on an agreed value multiplied by the duration of the project and covers items such as H&S, management, site set up, hires and consumables.

Facilities management - within facilities management, there are two ways of building the transaction price. One of which being a schedule of rates. These are agreed upfront with the client prior to contract negotiations and include items that form part of the contract when the contract is built around fixed assets and doesn't include reactive works. The other method of building a transaction price is where the hourly rates, call out fees and material mark-up is agreed and this would form an open book contract. On contracts over 12 months the company also makes an adjustment to the contract price to reflect the time value of money.

Principal versus agent

The company has arrangements whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the company has in establishing the price for the specified good or service, whether the company has inventory risk and whether the company is primarily responsible for fulfilling the promise to deliver the service or good.

This assessment of control requires judgement in particular in relation to certain service contracts. An example is the provision of certain specialist subcontractors and/or consultants whereby a specialist skillset is required to meet a client's needs where the company may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

Where the company is acting as a principal, revenue is recorded on a gross basis. Where the company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

Contract modifications

The company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. Prospectively as an additional separate contract;
- b. Prospectively as a termination of the existing contract and creation of a new contract;
- c. As part of the original contract using a cumulative catch up; or

d. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional.

Contract assets and receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Financing components of customer contracts

When a significant financing component exists in a contract, the company considers there are two components: a revenue component (for the notional cash sales price); and a loan component (for the effect of the deferred or advance payment terms). Interest revenue or interest expense is recognised only to the extent that a contract asset (or receivable) or a contract liability is recognised in accounting

for a contract with a customer. The amount allocated to the significant financing component is presented separately from revenue recognised from contracts with customers. The financing component is presented in the income statement as interest expense (when the customer pays in advance) or interest income (when the customer pays in arrears).

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim or payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Finance income and costs policy

Finance income and expenses are recognised using the effective interest method.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	Straight-line over the term of the lease
Furniture, fittings and equipment	25% on reducing balance
Motor vehicles	25% on reducing balance and straight-line over the term of the lease

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Profit on long-term contracts is taken as the work is carried out if the final outcome has been assessed with reasonable certainty. The profit is included on a prudent basis to reflect the proportion of work carried out at the year end, by recording revenue and related costs (as defined above) as contract activity progresses. Percentage complete at the year-end is normally measured by surveys of work performed to date.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset; and
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, plant and equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short-term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short-term and low value leases are accounted for on a straight-line bases over the term of the lease or other systematic basis if considered more appropriate. Short-term and low value lease payments are included in operating expenses in the income statement.

Subleases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they

are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the marketplace.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Derecognition – financial assets

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- (a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised;
- (b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- (c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined;
- (d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets.

Derecognition – financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities – financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the

financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Modification of financial assets and financial liabilities – financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Impairment of financial assets

The company assesses on a forward-looking basis expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Accounting estimates and assumptions

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

Revenue recognition

For some of the company's contracts with customers, significant judgement is required to assess whether control of the related performance obligation(s) transfers to the customer over time or at a point in time in accordance with IFRS 15. All contracts are reviewed to assess when the performance obligation is transferred to the customer so revenue is recognised correctly.

In addition, recognised amounts of contracts revenues reflect management's best estimate of each contract's outcome and stage of completion. Assessments are made and agreed with the customer's quantitative surveying team. Where no quantitative surveyor feedback is obtained at period end, the company will estimate the stage of completion conservatively.

Recoverability of trade receivables

Judgements have been made on the recoverability of trade receivables and the valuation of any provision required against these. Where the directors believe amounts are not recoverable, an appropriate provision is made.

Recoverability of deferred tax asset

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement and measurement are required to determine the amount of deferred tax that can be recognised, based on the likely timing of future taxable profit together with future tax planning strategies.

Research and development tax credit/asset calculation

The company expenses all research and development costs and, where applicable, will claim enhanced research and development allowable expenditure in preparation of their corporation tax returns.

Estimates in determining incremental borrowing rate used to measure lease liabilities

The company enters into leases with third-party landlords and as a consequence the discount rate implicit in the relevant lease is not readily determinable. Therefore, the company uses its incremental

borrowing rate as the discount rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the company would have to pay to borrow over similar terms, which requires estimations when no observable rates are available.

Onerous contracts

Contracts with customers are reviewed on a regular basis to assess whether there are any unavoidable costs of meeting the obligations that exceed the expected economic benefits to be received. Where these contracts are identified, an assessment of the unavoidable costs is made and recognised immediately.

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Financial instruments - Risk Management

The company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Liquidity risk is deemed to not be material, so no maturity analysis has been provided in the financial statements.

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Infrastructure projects	5,825,488	6,290,094	3,856,264
Facilities management	3,259,640	-	-
	<u>9,085,128</u>	<u>6,290,094</u>	<u>3,856,264</u>

For the infrastructure projects revenue stream, this is recognised at points in time based on valuations of work completed in line with the original main contract. For the facilities management revenue stream, both those with and without a framework agreement, revenue is recognised at a point in time as the service is undertaken, i.e. the sales invoice is raised as soon as possible after the service is completed.

4 Segment information

The company considers its business activities fall into the following operating segments:

- Infrastructure projects – provision of designated sub-contractor works on a specific element of an infrastructure project.
- Facilities management – small works including planned visits for maintenance and service works.

Factors that management used to identify the company's reportable segments

The company's reportable segments are strategic business units that offer different services. They are managed separately because each business unit requires different management skills and engineering capability, along with different reporting and accounting responsibilities.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team, including the joint Managing Directors and Head of Finance.

Measurement of operating segment profit or loss, assets and liabilities

The company evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Loans and borrowings are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the company position.

Disaggregated information relating to the profit or loss, assets and liabilities for each segment is provided below.

The facilities management division was opened on 1 January 2023 and no costs relating to the division were incurred prior to this date. Therefore, there are no comparative entries for the division for either 2021 or 2022.

All revenue is generated from sales in the United Kingdom.

2023	Infrastructure projects £	Facilities management £	Total £
Revenue	5,825,488	3,259,640	9,085,128
Cost of sales	(6,267,153)	(2,360,069)	(8,627,222)
Administrative expenses	<u>(507,518)</u>	<u>(692,108)</u>	<u>(1,199,626)</u>
Segment profit/(loss)	<u>(949,183)</u>	<u>207,463</u>	<u>(741,720)</u>
Other operating income			3,445
Other losses			-

Finance income			-
Finance expenses			<u>(94,009)</u>
Company (loss) before tax			<u>(832,284)</u>
2022 (as restated)	Infrastructure projects	Facilities management	Total
	£	£	£
Revenue	6,290,094	-	6,290,094
Cost of sales	(5,014,141)	-	(5,014,141)
Administrative expenses	<u>(837,829)</u>	<u>-</u>	<u>(837,829)</u>
Segment profit	<u>438,124</u>	<u>-</u>	<u>438,124</u>
Other operating income			5,112
Other losses			(462)
Finance income			459
Finance expenses			<u>(30,659)</u>
Company profit before tax			<u>412,574</u>
2021 (as restated)	Infrastructure projects	Facilities management	Total
	£	£	£
Revenue	3,856,264	-	3,856,264
Cost of sales	(3,854,425)	-	(3,854,425)
Administrative expenses	<u>(524,280)</u>	<u>-</u>	<u>(524,280)</u>
Segment (loss)	<u>(522,441)</u>	<u>-</u>	<u>(522,441)</u>
Other operating income			8,197
Other losses			-
Finance income			409
Finance expenses			<u>(9,752)</u>
Company (loss) before tax			<u>(523,587)</u>

2023	Infrastructure projects £	Facilities management £	Total £
Additions to non-current assets	<u>-</u>	<u>100,000</u>	100,000
Reportable segment assets	<u>1,541,222</u>	<u>578,167</u>	2,119,389
Head office property			48,996
Tax assets			241,675
Other unallocated and central assets			<u>928,503</u>
Total company assets			<u>3,338,563</u>
Reportable segment liabilities	<u>2,057,680</u>	<u>220,325</u>	2,278,005
Loans and borrowings			616,806
Other unallocated and central liabilities			<u>644,246</u>
Total company liabilities			<u>3,539,057</u>
2022 (as restated)	Infrastructure projects £	Facilities management £	Total £
Additions to non-current assets	<u>-</u>	<u>-</u>	-
Reportable segment assets	<u>1,460,051</u>	<u>-</u>	1,460,051
Head office property			17,598
Tax assets			-
Other unallocated and central assets			<u>661,600</u>
Total company assets			<u>2,139,249</u>

Reportable segment liabilities	<u>913,501</u>	<u>-</u>	913,501
Loans and borrowings			627,852
Other unallocated and central liabilities			<u>207,781</u>
Total company liabilities			<u>1,749,134</u>
2021 (as restated)	Infrastructure projects	Facilities management	Total
	£	£	£
Additions to non-current assets	<u>-</u>	<u>-</u>	-
Reportable segment assets	<u>722,385</u>	<u>-</u>	722,385
Head office property			-
Tax assets			288,492
Other unallocated and central assets			<u>223,959</u>
Total company assets			<u>1,234,836</u>
Reportable segment liabilities	<u>669,708</u>	<u>-</u>	669,708
Loans and borrowings			376,247
Other unallocated and central liabilities			<u>255,681</u>
Total company liabilities			<u>1,301,636</u>

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Government grants	-	612	7,797
Miscellaneous other operating income	3,445	4,500	400
	<u>3,445</u>	<u>5,112</u>	<u>8,197</u>

6 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Gain or loss on disposal of property, plant and equipment	-	(462)	-

7 Operating (loss)/profit

Arrived at after charging/(crediting):

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Depreciation expense	66,350	29,876	26,690
Depreciation on right of use assets - property	24,717	-	-
Depreciation on right of use assets - other	32,580	20,769	6,050
Loss on disposal of property, plant and equipment	-	462	-

8 Finance income and costs

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Finance income			
Other finance income	-	459	409
Finance costs			
Interest on bank overdrafts and borrowings	(17,641)	(12,731)	(6,884)
Interest on obligations under finance leases and hire purchase contracts	(62,248)	(14,152)	(2,868)
Interest expense on other financing liabilities	(14,120)	(3,776)	-
Total finance costs	(94,009)	(30,659)	(9,752)
Net finance costs	(94,009)	(30,200)	(9,343)

9 Government grants

No government grant income was received in the current period. In the year to 31 December 2022, the company received grant income of £612 relating to Business Interruption Payments on the company's Coronavirus Business Interruption Loan Scheme (CBILS) loan.

In the period to 31 December 2021, the company received grant income of £6,121 relating to Business Interruption Payments on the company's Coronavirus Business Interruption Loan Scheme (CBILS) loan, £77 relating to Statutory Sick Pay (SSP) grants and £1,600 relating to Coronavirus Job Retention Scheme (JRS) grants.

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year to 31 December 2023	(as restated) Year to 31 December 2022	(as restated) 10 months to 31 December 2021
	£	£	£
Wages and salaries	1,561,497	1,178,703	925,613
Social security costs	150,280	119,790	93,271
Pension costs, defined contribution scheme	25,577	21,366	19,970
	<u>1,737,354</u>	<u>1,319,859</u>	<u>1,038,854</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.	2021 No.
Production	32	24	22
Administration and support	13	9	7
	<u>45</u>	<u>33</u>	<u>29</u>

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year to 31 December 2023	(as restated) Year to 31 December 2022	(as restated) 10 months to 31 December 2021
	£	£	£
Remuneration	30,000	110,975	88,148
Contributions paid to defined contribution schemes	555	1,672	-
	<u>30,555</u>	<u>112,647</u>	<u>88,148</u>

The company's directors are deemed to be key management personnel and no additional disclosures are required.

12 Income tax

Tax charged/(credited) in the income statement:

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
Current taxation			
UK corporation tax	(93,168)	-	(56,975)
Deferred taxation			
Arising from origination and reversal of temporary differences	(148,507)	85,389	(105,607)
Tax (receipt)/expense in the income statement	<u>(241,675)</u>	<u>85,389</u>	<u>(162,582)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK; 2021 - lower than the standard rate of corporation tax in the UK) of 25% (2022 - 19%, 2021 – 19%).

The differences are reconciled below:

	Year to 31 December 2023 £	(as restated) Year to 31 December 2022 £	(as restated) 10 months to 31 December 2021 £
(Loss)/profit before tax	(832,284)	412,574	(523,587)
Corporation tax at standard rate	(208,071)	78,389	(99,482)
Decrease in current tax from adjustment for prior periods	(93,168)	-	(56,975)
Decrease from effect of capital allowances depreciation	(18,456)	(6,166)	(2,402)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	5,503	1,689	256
Tax decrease from utilisation of tax losses	-	(80,012)	-
Increase from effect of unrelieved tax losses carried forward	70,932	-	102,248
Deferred tax expense from unrecognised tax loss or credit	-	85,389	(105,607)
Other tax effects for reconciliation between accounting profit and tax expense	1,585	6,100	(620)
Total tax (credit)/charge	<u>(241,675)</u>	<u>85,389</u>	<u>(162,582)</u>

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £	Net deferred tax £
2023			
Accelerated capital allowances	-	(44,268)	(44,268)
Tax losses	192,775	-	192,775
	<u>192,775</u>	<u>(44,268)</u>	<u>148,507</u>

Deferred tax movement during the year:

	At 1 January 2023 £	Recognised in income £	At 31 December 2023 £
Accelerated capital allowances	-	(44,268)	(44,268)
Tax losses	-	192,775	192,775
	-	148,507	148,507

	Asset £	Liability £	Net deferred tax £
2022			
Accelerated capital allowances	-	-	-
Tax losses	-	-	-
Other short-term timing differences	-	-	-
	-	-	-

Deferred tax movement during the year:

	At 1 January 2022 £	Recognised in income £	At 31 December 2022 £
Accelerated capital allowances	(23,224)	23,224	-
Tax losses	108,182	(108,182)	-
Other short-term timing differences	431	(431)	-
	85,389	(85,389)	-

	Asset £	Liability £	Net deferred tax £
2021			
Accelerated capital allowances	-	(23,224)	(23,224)
Tax losses	108,182	-	108,182
Other short-term timing differences	431	-	431
	108,613	(23,224)	85,389

Deferred tax movement during the year:

	At 1 March 2021 £	Recognised in income £	At 31 December 2021 £
Accelerated capital allowances	(20,218)	(3,006)	(23,224)
Tax losses	-	108,182	108,182
Other short-term timing differences	-	431	431
	(20,218)	105,607	85,389

13 Profit/(loss) per share

The calculation of profit/(loss) per share is based on the company's profit/(loss) for the year and the weighted average number of shares in issue during the year. There were no potentially dilutive ordinary shares or share options outstanding in any period and therefore, the diluted loss per share is the same as basic loss per share.

	Year to 31 December 2023	(as restated) Year to 31 December 2022	(as restated) 10 months to 31 December 2021
Profit/(loss) for the period and earnings used in basic and diluted earnings per share (£)	(590,609)	327,185	(361,005)
Weighted average number of ordinary shares in issue used in basic and diluted earnings per share	1,000	1,000	100
Basic and diluted profit/(loss) per share (£)	(591)	327	(3,610)

14 Property, plant and equipment

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 March 2021	-	39,115	103,162	142,277
Additions	-	-	34,390	34,390
Disposals	-	-	(110)	(110)
At 31 December 2021	-	39,115	137,442	176,557
At 1 January 2022	-	39,115	137,442	176,557
Additions	17,746	8,887	39,999	66,632
Disposals	-	-	(8,000)	(8,000)
At 31 December 2022	17,746	48,002	169,441	235,189
At 1 January 2023	17,746	48,002	169,441	235,189
Additions	41,080	25,717	100,000	166,797
At 31 December 2023	58,826	73,719	269,441	401,986
Depreciation				
At 1 March 2021	-	10,737	33,154	43,891
Charge for year	-	5,912	20,778	26,690
Eliminated on disposal	-	-	-	-
At 31 December 2021	-	16,649	53,932	70,581
At 1 January 2022	-	16,649	53,932	70,581
Charge for year	148	6,230	23,498	29,876
Eliminated on disposal	-	-	(4,438)	(4,438)
At 31 December 2022	148	22,879	72,992	96,019
At 1 January 2023	148	22,879	72,992	96,019
Charge for the year	9,682	11,723	44,945	66,350
At 31 December 2023	9,830	34,602	117,937	162,369
Carrying amount				
At 31 December 2023	48,996	39,117	151,504	239,617
At 31 December 2022	17,598	25,123	96,449	139,170
At 31 December 2021	-	22,466	83,510	105,976

At 1 March 2021	-	28,378	70,008	98,386
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Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	31 December 2023 £	31 December 2022 £	31 December 2021 £
Vehicles on hire purchase contracts	140,146	81,306	79,710

15 Right of use assets

	Land and buildings £	Motor vehicles £	Total £
Cost or valuation			
At 1 March 2021	-	26,841	26,841
Additions	-	10,988	10,988
Disposals	-	-	-
At 31 December 2021	-	37,829	37,829
At 1 January 2022	-	37,829	37,829
Additions	148,750	119,330	268,080
Disposals	-	(26,841)	(26,841)
At 31 December 2022	148,750	130,318	279,068
At 1 January 2023	148,750	130,318	279,068
At 31 December 2023	148,750	130,318	279,068
Depreciation			
At 1 March 2021	-	16,775	16,775
Charge for year	-	6,050	6,050
Eliminated on disposal	-	-	-
At 31 December 2021	-	22,825	22,825
At 1 January 2022	-	22,825	22,825
Charge for year	-	20,769	20,769
Eliminated on disposal	-	(26,841)	(26,841)
At 31 December 2022	-	16,753	16,753
At 1 January 2023	-	16,753	16,753
Charge for the year	24,717	32,580	57,297
At 31 December 2023	24,717	49,333	74,050
Carrying amount			
At 31 December 2023	124,034	80,985	205,019
At 31 December 2022	148,750	113,565	262,315
At 31 December 2021	-	15,004	15,004
At 1 March 2021	-	10,066	10,066

16 Inventories

	31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
	£	£	£
Raw materials	107,162	29,500	22,000
Finished goods	43,256	-	-
	<u>150,363</u>	<u>29,500</u>	<u>22,000</u>

During the year, £2,599,348 (2022: £1,499,748; 2021: £665,231) inventories relating to revenue were recognised as a cost in the profit and loss account.

No stock provision has been recognised in any of the periods above.

17 Trade and other receivables

		31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
Current	Note	£	£	£
Trade receivables		1,447,274	1,034,239	475,235
Receivables from related parties	28	243,505	148,934	57,927
Prepayments		67,216	58,885	37,945
Other receivables		533,228	396,312	225,150
		<u>2,291,223</u>	<u>1,638,370</u>	<u>796,257</u>

18 Cash and cash equivalents

	31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
	£	£	£
Cash at bank	<u>210,666</u>	<u>69,894</u>	<u>7,107</u>

19 Share capital

Allotted, called up and fully paid shares

	31 December 2023		31 December 2022		31 December 2021	
	No.	£	No.	£	No.	£
Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:
Full voting and dividend rights.

Capital management

The Board's objective is to maintain a financial position that is both efficient and delivers long term shareholder value. The company had cash balances of £210,666 as at 31 December 2023 (2022: £69,894). The Board continues to monitor the balance sheet to ensure it has an adequate capital

structure.

20 Reserves

The following describes the nature and purpose of each reserve within equity:

- Issued share capital – amount subscribed for share capital at nominal value. The company has one class of shares, being ordinary shares.
- Share premium – amount subscribed for share capital in excess of nominal value. This includes share issue costs, which are deducted from share premium.
- Retained earnings – cumulative earnings net of distribution to owners.

21 Loans and borrowings

		31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
	Note	£	£	£
Current loans and borrowings				
Bank borrowings		56,500	58,222	44,543
Hire purchase contracts		42,929	38,652	26,819
Other borrowings	28	50,000	40,000	-
		<u>149,429</u>	<u>136,874</u>	<u>71,362</u>

		31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
		£	£	£
Non-current loans and borrowings				
Bank borrowings		139,630	185,856	240,666
Hire purchase contracts		107,033	47,649	48,975
		<u>246,663</u>	<u>233,505</u>	<u>289,641</u>

Bank borrowings contain a fixed and floating charge and are secured against the undertakings of the company.

Hire purchase and finance lease contracts are secured against the assets to which they relate.

22 Leases

	31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
	£	£	£
Current lease liability	53,950	36,759	7,550
Non-current lease liability	166,764	220,714	7,694
	<u>220,714</u>	<u>257,473</u>	<u>15,244</u>

Lease liabilities are analysed further below.

	Land and buildings	Motor vehicles	Total
	£	£	£
At 1 March 2021	-	11,859	11,859
Additions	-	10,988	10,988
Interest expense	-	1,828	1,828
Lease payments	-	(9,431)	(9,431)
At 31 December 2021	<u>-</u>	<u>15,244</u>	<u>15,244</u>

At 1 January 2022	-	15,244	15,244
Additions	148,750	119,330	268,080
Interest expense	-	11,737	11,737
Lease payments	-	(37,588)	(37,588)
At 31 December 2022	148,750	108,723	257,473
At 1 January 2023	148,750	108,723	257,473
Additions	-	-	-
Interest expense	13,286	19,159	32,445
Lease payments	(26,089)	(43,115)	(69,204)
At 31 December 2023	135,947	84,767	220,714

The cash outflow on lease liability payments in the year was £69,204 (2022: £37,588; 2021: £9,431). The interest expense on lease liabilities recognised in the year was £32,445 (2022: £11,737; 2021: £1,828).

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2023 £	(as restated) 31 December 2022 £	(as restated) 31 December 2021 £
Less than one year	77,240	69,204	9,680
2 years	76,647	77,240	3,557
3 years	56,967	76,648	3,557
4 years	34,125	56,967	2,964
5 years	25,594	34,125	-
Over 5 years	-	25,594	-
Total lease liabilities (undiscounted)	270,573	339,778	19,758

23 Other provisions

	Onerous contracts £	Total £
Additional provisions	350,000	350,000
At 31 December 2023	350,000	350,000
Current liabilities	350,000	350,000

The company has recognised an onerous contract relating to a contract where losses will be incurred to conclude the contract in the first half of FY24. The estimated costs required to fulfil the contract are significantly greater than the remaining revenue on the contract, and therefore need recognising in the FY 2023 accounts. The onerous contract is expected to be fulfilled by July 2024. No provisions were recognised for the period ended 31 December 2021 or the year ended 31 December 2022.

24 Trade and other payables

	31 December 2023	(as restated) 31 December 2022	(as restated) 31 December 2021
	£	£	£
Trade payables	1,927,651	913,501	669,708
Accrued expenses	49,494	52,282	44,519
Amounts due to related parties	-	-	737
Social security and other taxes	230,449	29,842	172,411
Outstanding defined contribution pension costs	4,644	3,996	5,177
Other payables	360,013	121,661	32,837
	<u>2,572,251</u>	<u>1,121,282</u>	<u>925,389</u>

25 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £25,577 (2022 - £21,366; 2021 - £19,970).

Contributions totalling £4,644 (2022 - £3,996; 2021 - £5,177) were payable to the scheme at the end of the year and are included in creditors.

26 Dividends

	(as restated) Year to 31 December 2023	(as restated) Year to 31 10 months to December 31 2022	(as restated) Year to 31 December 2021
	£	£	£
Interim dividend of £nil (2022 - £40.92, 2021 - £1,112.08) per ordinary share	-	40,920	111,208

27 Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2023 was as follows:

	Financial assets at amortised cost £	Financial liabilities at amortised cost £
Financial assets		
Trade and other receivables	2,291,223	-
Income tax asset	93,168	-
Cash and cash equivalents	210,666	-
Total financial assets	<u>2,595,067</u>	-

Financial liabilities

Loans and borrowings	-	(396,092)
Lease liabilities	-	(220,174)
Trade and other payables	-	(2,572,251)
Total financial liabilities	-	(3,189,057)

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2022 was as follows:

	Financial assets at amortised cost £	Financial liabilities at amortised cost £
Financial assets		
Trade and other receivables	1,638,370	-
Cash and cash equivalents	69,894	-
Total financial assets	<u>1,708,264</u>	-
Financial liabilities		
Loans and borrowings	-	(370,379)
Long term lease liabilities	-	(257,473)
Trade and other payables	-	(1,121,282)
Total financial liabilities	-	<u>(1,749,134)</u>

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2021 was as follows:

	Financial assets at amortised cost £	Financial liabilities at amortised cost £
Financial assets		
Trade and other receivables	796,257	-
Income tax asset	203,103	-
Cash and cash equivalents	7,107	-
Total financial assets	<u>1,006,467</u>	-
Financial liabilities		
Loans and borrowings	-	(361,003)
Long term lease liabilities	-	(15,244)
Trade and other payables	-	(925,389)
Total liabilities	-	<u>(1,301,363)</u>

28 Related party transactions

Summary of transactions with other related parties

Other related parties include companies under common control.

Loans to related parties

	Key management £	Other related parties £
2023		
At start of period	51,747	97,187
Advanced	173,132	12,668
Repaid	(61,229)	(30,000)
At end of period	<u>163,650</u>	<u>79,855</u>
	Key management £	Other related parties £
2022 (as restated)		
At start of period	207	57,720
Advanced	51,540	49,992
Repaid	-	(10,525)
At end of period	<u>51,747</u>	<u>97,187</u>
	Key management £	Other related parties £
2021 (as restated)		
At start of period	2,664	245,440
Advanced	63,306	141,044
Repaid	(65,763)	(328,764)
At end of period	<u>207</u>	<u>57,720</u>

Terms of loans to related parties

Loans to key management are interest free and repayable on demand.

Loans to other related parties are interest free and repayable on demand.

Loans from related parties

	Key management £	Other related parties £
2023		
At start of period		40,000
Advanced		50,000
Repaid		(40,000)
At end of period		<u>50,000</u>
	Key management £	Other related parties £
2022 (as restated)		
At start of period	737	-
Advanced	-	40,000
Repaid	(737)	-
At end of period	<u>-</u>	<u>40,000</u>

2021 (as restated)	Key management	Other related parties
	£	£
At start of period	-	-
Advanced	737	-
Repaid	-	-
	<hr/>	<hr/>
At end of period	737	-
	<hr/>	<hr/>

Terms of loans from related parties

Loans from key management are interest free and repayable on demand.

Loans from other related parties are interest free and repayable on demand.

29 Transition to IFRS

The originally reported opening prior period statement of financial position, closing prior year statement of financial position and prior year income statement under FRS 102 section 1A have been adjusted via prior period adjustments to correct the accounting treatment of assets held under finance lease agreements, including the value of the assets and associated liabilities.

Under FRS 102, the company recognised expenditure under operating leases through the income statement, taking into consideration any rent-free periods. However, following the adoption of IFRS, the directors have assessed these leases to determine if they meet the requirements of IFRS 16 *Leases* and should be capitalised as a right-of-use asset. Where these leases meet the requirements, the value of the right-of-use asset has been discounted to its net present value using an appropriate interest rate with a corresponding liability being recognised on the statement of financial position. Depreciation has been calculated on the right-of-use assets over the length of the lease with the expense being debited against the income statement. The liabilities have been unwound with interest recognised through the income statement. The impact of the recognition of the adjustments under IFRS 16 as at 1 January 2022 and 31 December 2022 can be found below.

Statement of Financial Position at 1 January 2022

	As originally reported	Reclassification	As restated
	£	£	£
Assets			
Non-current assets			
Property, plant and equipment	116,506	(10,530)	105,976
Right of use assets	-	15,004	15,004
Deferred tax assets	85,389	-	85,389
	<hr/>	<hr/>	<hr/>
	201,895	4,474	206,369
Current assets			
Inventories	22,000	-	22,000
Trade and other receivables	796,257	-	796,257
Income tax asset	203,103	-	203,103
Cash and cash equivalents	7,107	-	7,107
	<hr/>	<hr/>	<hr/>
	1,028,467	-	1,028,467
Total assets	<hr/>	<hr/>	<hr/>
	1,230,362	4,474	1,234,836
Equity and liabilities			

Equity			
Share capital	100	-	100
Retained earnings	(65,676)	(1,224)	(66,900)
Total equity	(65,576)	(1,224)	(66,800)
Non-current liabilities			
Loans and borrowings (non-current)	297,335	-	297,335
Current liabilities			
Trade and other payables	925,389	-	925,389
Loans and borrowings (current)	73,214	5,698	78,912
	998,603	5,698	1,004,301
Total liabilities	1,295,938	5,698	1,301,636
Total equity and liabilities	1,230,362	4,474	1,234,836

Statement of Financial Position at 31 December 2022

	As originally reported £	Reclassification £	As restated £
Assets			
Non-current assets			
Property, plant and equipment	252,735	(113,565)	139,170
Right of use assets	-	113,565	113,565
	252,735	-	252,735
Current assets			
Inventories	29,500	-	29,500
Trade and other receivables	1,668,370	-	1,668,370
Cash and cash equivalents	69,894	-	69,894
	1,767,764	-	1,767,764
Total assets	2,020,499	-	2,020,499
Equity and liabilities			
Equity			
Share capital	1,000	-	1,000
Share premium	169,750	-	169,750
Retained earnings	249,365	-	249,365
Total equity	420,115	-	420,115
Non-current liabilities			
Loans and borrowings (non-current)	318,271	-	318,271
Current liabilities			
Trade and other payables	1,121,282	-	1,121,282
Loans and borrowings (current)	160,831	-	160,831
	1,282,113	-	1,282,113
Total liabilities	1,600,384	-	1,600,384
Total equity and liabilities	2,020,499	-	2,020,499

Income Statement for the year ended 31 December 2022

	As originally reported £	Reclassification £	Remeasuremen t £	As restated £
Revenue	6,320,094	-	-	6,320,094
Cost of sales	(5,014,141)	-	-	(5,014,141)
Gross profit	1,305,953	-	-	1,305,953
Administrative expenses	(839,940)	1,649	-	(838,291)
Other operating income	13,042	-	-	13,042
Operating profit	479,055	1,649	-	480,704
Finance income	459	-	-	459
Finance costs	(38,164)	(425)	-	(38,589)
Net finance income / cost	(37,705)	(425)	-	(38,130)
Profit before tax	441,350	1,224	-	442,574
Income tax	(85,389)	-	-	(85,389)
Profit for the financial year	355,961	1,224	-	357,185

Income Statement for the year ended 31 December 2021

	As originally reported £	Reclassification £	Remeasuremen t £	As restated £
Revenue	3,856,264	-	-	3,856,264
Cost of sales	(3,854,425)	-	-	(3,854,425)
Gross profit	1,839	-	-	1,839
Administrative expenses	(526,341)	2,061	-	(524,280)
Other operating income	44,785	-	-	44,785
Operating profit/(loss)	(479,717)	2,061	-	(477,656)
Finance income	409	-	-	409
Finance costs	(44,848)	(1,492)	-	(46,340)
Net finance income / cost	(44,439)	(1,492)	-	(45,931)
Profit/(Loss) before tax	(524,156)	569	-	(523,587)
Income tax	162,582	-	-	162,582
Profit/(Loss) for the financial year	(361,574)	569	-	(361,005)

PART V

HISTORICAL FINANCIAL INFORMATION OF SOUTH WEST HEATING SERVICES LTD

SECTION A: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SOUTH WEST HEATING SERVICES LTD

haysmacintyre



10 Queen Street Place, London EC4R 1AG
T 020 7969 5500 F 020 7969 5600

E service@haysmacintyre.com
DX 307453 CHEAPSIDE
W www.haysmacintyre.com

Follow us on twitter @haysmacintyre

The Directors
EARNZ Plc
First Floor, Holborn Gate,
330 Holborn,
London WC1V 7QT

The Directors
Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London SW1A 1LD

The Directors
Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London SW1A 1LD

9 August 2024

Dear Sirs

South West Heating Services Limited ("SWHS")

Introduction

We report on the historical financial information of South West Heating Services Limited set out in Section B of Part V of EARNZ plc's admission document dated 9 August 2024 (the "Admission Document") for the three years ended 30 June 2021, 30 June 2022 and 30 June 2023.

Qualified Opinion on Historical Financial Information

In our opinion, except for the possible effects of the matter described in the 'Basis for Qualified Opinion' paragraph in our report, the historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of SWHS as at 30 June 2021, 30 June 2022 and 30 June 2023 and of its results, cash flows and changes in equity for the years then ended in accordance with UK adopted International Financial Reporting Standards ("UK IFRS").

Responsibilities

The directors of EARNZ plc (the "Directors") are responsible for preparing the historical financial information in accordance with UK IFRS.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies (the "AIM Rules") to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person other than the addressees of this letter for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules.

Basis of Preparation

This historical financial information of SWHS has been prepared for inclusion in the Admission Document on the basis of preparation and accounting policies set out in note 2 to the historical financial information. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purposes of complying with the AIM Rules and for no other purpose.

Basis of Qualified Opinion

The audit evidence available to us with respect to inventory balances at 30 June 2021, 30 June 2022 and 30 June 2023 was limited due to the circumstances described below:

As at and for the year ended 30 June 2021

With respect to inventory having a carrying value of £19,827 as at 30 June 2021, there was no auditor in attendance at any counts at 30 June 2021 or at the date of the opening statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 30 June 2021, or to cost of sales of £630,696 for the year ended 30 June 2021, were necessary.

As at and for the year ended 30 June 2022

With respect to inventory having a carrying value of £20,999 as at 30 June 2022, there was no auditor in attendance at any counts at 30 June 2022 or at the date of the opening statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 30 June 2022, or to cost of sales of £552,716 for the year ended 30 June 2022, were necessary.

As at and for the year ended 30 June 2023

With respect to inventory having a carrying value of £25,999 as at 30 June 2023, there was no auditor in attendance at any counts at 30 June 2023 or at the date of the opening statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the inventory quantities and values by using other audit procedures. Consequently, we were unable to determine whether any adjustments to inventory as at 30 June 2023, or to cost of sales of £697,096 for the year ended 30 June 2023, were necessary.

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of SWHS in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the historical financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the historical financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of SWHS to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly the use by the Directors of the going concern basis of accounting in the preparation of the historical financial information is appropriate.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

A handwritten signature in cursive script that reads "Haysmacintyre LLP".

Haysmacintyre LLP
Chartered accountants
10 Queen Street Place
London
EC4R 1AG

SECTION B: HISTORICAL FINANCIAL INFORMATION OF SOUTH WEST HEATING SERVICES LTD FOR THE THREE YEARS ENDED 30 JUNE 2023

Statements of Profit or Loss and Other Comprehensive Income

	<i>Note</i>	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Revenue	4	803	687	971
Cost of sales		(631)	(553)	(697)
Gross profit		172	134	274
Administrative expenses		(52)	(70)	(86)
Total operating profit		120	64	188
Finance expense	8	—	(3)	(4)
Profit before taxation		120	61	184
Taxation	9	(31)	(5)	(32)
Profit for the year		89	56	152
Other comprehensive income				
Total other comprehensive income		—	—	—
Total comprehensive income for the year		89	56	152

All amounts related to continuing operations.

There are no items to be recognised in the statement of comprehensive income and hence, SWHS has not presented a separate statement of other comprehensive income.

Statements of Financial Position

		<i>As at</i> <i>30 June</i> <i>2021</i> <i>£'000</i>	<i>As at</i> <i>30 June</i> <i>2022</i> <i>£'000</i>	<i>As at</i> <i>31 June</i> <i>2023</i> <i>£'000</i>
	<i>Note</i>			
Assets				
Current assets				
Inventories	10	20	21	26
Director loans	13	17	33	51
Trade and other receivables	11	18	54	118
Cash and cash equivalents	12	232	84	186
Total current assets		<u>287</u>	<u>192</u>	<u>381</u>
Non-current assets				
Property, plant and equipment	14	23	55	44
Right-of-use assets	17	—	—	45
Total non-current assets		<u>23</u>	<u>55</u>	<u>89</u>
Total assets		<u><u>310</u></u>	<u><u>247</u></u>	<u><u>470</u></u>
Liabilities				
Current liabilities				
Trade and other payables	15	156	76	158
Corporation tax liability	15	31	5	32
Total current liabilities		<u>187</u>	<u>81</u>	<u>190</u>
Non-current liabilities				
Borrowings	16	49	84	63
Lease liabilities	17	—	—	56
Total non-current liabilities		<u>49</u>	<u>84</u>	<u>119</u>
Total liabilities		<u>236</u>	<u>165</u>	<u>309</u>
NET ASSETS		<u><u>74</u></u>	<u><u>82</u></u>	<u><u>161</u></u>
Equity				
Share capital		—	—	—
Retained earnings		74	82	161
TOTAL EQUITY		<u><u>74</u></u>	<u><u>82</u></u>	<u><u>161</u></u>

Statement of changes in Equity

	<i>Share capital £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Balance at 1 July 2020	—	39	39
<i>Comprehensive income for the year</i>			
Profit for the year	—	89	89
<i>Transactions with owners</i>			
Dividends	—	(54)	(54)
Balance at 30 June 2021	—	74	74
Balance at 1 July 2021	—	74	74
<i>Comprehensive income for the year</i>			
Profit for the year	—	56	56
<i>Transactions with owners</i>			
Dividends	—	(48)	(48)
Balance at 30 June 2022	—	82	82
Balance at 1 July 2022	—	82	82
<i>Comprehensive income for the year</i>			
Profit for the year	—	152	152
<i>Transactions with owners</i>			
Dividends	—	(73)	(73)
Balance at 30 June 2023	—	161	161

SWHS currently has 100 ordinary shares in issue. The nominal value of shares held in 2021, 2022 and 2023 was £1 per share.

Statement of cash flows

<i>Note</i>	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Cash flows from operating activities			
Profit before taxation from continuing activities	120	61	184
Adjustments for non-cash/non-operating items:			
Depreciation of property, plant and equipment	8	19	15
Amortisation of right-of-use assets	—	—	15
Finance expense	—	3	4
	<u>128</u>	<u>83</u>	<u>218</u>
Increase in inventories	(4)	(1)	(5)
Decrease/(increase) in trade and other receivables	20	(36)	(65)
(Decrease)/increase in trade and other payables	42	(74)	57
	<u>186</u>	<u>(28)</u>	<u>205</u>
Corporation tax paid	(25)	(31)	(5)
	<u>161</u>	<u>(59)</u>	<u>200</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(22)	(51)	(4)
	<u>(22)</u>	<u>(51)</u>	<u>(4)</u>
Cash flows from financing activities			
Principal paid on lease liabilities	—	—	(4)
Proceeds from borrowings	—	45	—
Repayment of borrowings	(1)	(13)	(25)
Loans to the director	(17)	(16)	(17)
Dividends paid	(51)	(54)	(48)
	<u>(69)</u>	<u>(38)</u>	<u>(94)</u>
Net cash used in financing activities	(69)	(38)	(94)
Net increase/(decrease) in cash and cash equivalents	70	(148)	102
Cash and cash equivalents at beginning of year	162	232	84
	<u>232</u>	<u>84</u>	<u>186</u>
Cash and cash equivalents at end of year from continuing operations	<u><u>232</u></u>	<u><u>84</u></u>	<u><u>186</u></u>

Notes to the consolidated historical financial information

1 General Information

South West Heating Services Ltd (“**SWHS**”) is a private company, limited by shares, incorporated and registered in England and Wales. The registered office is 128 City Road, London, United Kingdom, EC1V 2NX and the registered number is 12074906.

The principal activities of SWHS are that of providing maintenance services on behalf of insurance companies to customers who are paying for a maintenance plan on their heating or home boiler.

2 Accounting policies

2.1 Basis of preparation

The SWHS historical financial information (“**SWHS HFI**”) provided presents the financial track record of SWHS for the three years ended 30 June 2021, 30 June 2022, and 30 June 2023 (“**SWHS HFI Period**”). The SWHS HFI has been prepared solely for the purposes of Admission and Re-Admission. The SWHS HFI does not constitute statutory financial statements within the meaning of section 434 of the 2006 Act.

For all periods up to and including the SWHS HFI Period, SWHS prepared its financial statements in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“**FRS 102**”) and the requirements of company law. The SWHS HFI has been prepared in accordance with the UK-adopted International Accounting Standards (“**UK IAS**”). SWHS’s transition date to IFRS for the purposes of the SWHS HFI is 1 July 2020.

The SWHS HFI is prepared on a going concern basis, under the historical cost convention. The SWHS HFI is presented in pounds sterling and all values are rounded to the nearest thousand (£’000), except where otherwise indicated.

The principal accounting policies adopted in the preparation of the SWHS HFI are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2 Going Concern

The Directors are of the opinion that the business model, together with forward projections, mean that SWHS continues to be a going concern. SWHS has procedures in place for reviewing future performance, including budgeted and forecast trading and profitability. These forecasts include reasonable assumptions and predictions over assumed customers and turnover to indicate SWHS will continue as a going concern.

SWHS has taken significant actions over recent periods with the aim of improving the financial results of the business and these have continued to improve the trading results. Whilst SWHS, like most other businesses, is exposed to fluctuations in trading and the need to continually win and deliver new business on a profitable basis to new and existing customers to ensure its continued success and survival, the Directors believe that their forecast, gives a reasonable expectation to assume that SWHS has adequate resources to continue as a going concern.

2.3 New standards, amendments and interpretations not yet adopted

There are certain new standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that SWHS decided not to adopt early. These standards, amendments or interpretations are not expected to have a material impact on SWHS.

	UK effective date Periods beginning on or after:
Amendments to IAS 1: Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current and Non-current	1 January 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 21: Lack of Exchangeability	1 January 2025

2.4 Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" is a principle-based model of recognising revenue from contracts with customers. It has a five-step model that requires revenue to be recognised when control over goods and services are transferred to the customer.

SWHS earns revenue from the repair of customer boilers and heating apparatus on behalf of insurance providers as covered by the customer's maintenance plans. Revenue is recognised at a point in time when the relevant performance obligation is satisfied. SWHS considers that the control over goods is transferred to the customer at the point of completion of an individual customer's job. The performance obligation is considered to be satisfied when SWHS completes the service provided to a customer. Contracts with customers may contain an element of variable consideration depending on the size of the contracted work.

Invoices are raised upon completion of a contract. As SWHS considers the significant risks and rewards of the services provided, and ownership of the materials utilised, to be transferred at this point, revenue is subsequently measured at this point and does not give rise to any contract assets or liabilities.

The amounts invoiced are dependent on the terms and conditions agreed between each insurance company. For certain insurance companies, SWHS receives a fixed rate per repair up to a set threshold regardless of time/cost to SWHS to complete a repair. Historically, the time/cost to complete the job is below the fixed rate received. The threshold is set on a client specific basis.

2.5 Employee benefits: pension obligations

SWHS operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which SWHS pays fixed contributions into a separate entity. Once the contributions have been paid, SWHS has no further payment obligations.

The contributions are recognised as an expense in the Statements of Profit or Loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from SWHS in independently administered funds.

2.6 Net finance costs

Finance expense

Finance expense comprises bank fees, interest on bank loan and hire purchase charges which are expensed in the period in which they are incurred and reported in finance costs.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statements of Profit or Loss except that a charge attributable to an item of income and expense

recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the UK.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Property plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and machinery – 25% reducing balance;
- fixtures and fittings – 25% reducing balance; and
- computer equipment – 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.9 Leased assets

At inception of a contract, SWHS assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, SWHS assesses whether: an identified physically distinct asset can be identified; and SWHS has the right to obtain substantially all of the economic benefits from the asset throughout the period of use and has the ability to direct the use of the asset over the lease term being able to restrict the usage of third parties as applicable.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case SWHS's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of SWHS if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised; and
- a determination over the lease length on any options around break clauses and options to terminate and the likelihood on whether they would be taken.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where SWHS is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When SWHS revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term highly liquid deposits which are subject to an insignificant risk of changes in value.

2.11 Inventory

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statements of Profit or Loss.

2.12 Financial assets

Financial assets are all measured at amortised cost.

Amortised cost

SWHS's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables).

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses (“ECL”). The ECL balance is determined based on historical data available to management in addition to forward looking information utilising management’s knowledge. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in Statements of Profit or Loss and Other Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, SWHS follows the 3-stage approach to ECL. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IFRS 9.

2.13 Financial liabilities

SWHS measures its financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when SWHS becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost

SWHS’s financial liabilities held at amortised cost comprise trade payables, other payables and borrowings.

These financial liabilities are initially measured at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the historical financial information in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement and use assumptions in applying SWHS’s accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believes that the estimates utilised in preparing the historical financial information are reasonable.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the historical financial information are discussed below.

Key accounting estimates and judgements

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended, when necessary, to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets.

Revenue recognition profile for contracts with customers

All revenue is recognised at the point in time in which an individual customer’s work is completed. No contract assets are recognised during any of the periods included within this document.

As a result, the revenue recognition policy is not subject to, nor dependent upon, material judgements and estimates.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Most of SWHS' revenue was generated from contract work in the performance of repairs and maintenance at a point in time (rather than over a period of time). All revenue has been generated from within the UK.

	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Insured Maintenance & Repair Work	666	614	868
Private Maintenance & Repair Work	30	25	29
SWES Care	—	2	1
Heating Installations	107	46	73
	<u>803</u>	<u>687</u>	<u>971</u>

SWHS' revenue included 4 customers that each made up more than 10% of revenue during at least one year during the SWHS HFI Period.

	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Customer 1	264	242	438
Customer 2	189	199	204
Customer 3	109	96	93
Customer 4	90	—	—
Other Customers	151	150	236
Total revenue	<u>803</u>	<u>687</u>	<u>971</u>

5 SEGMENTAL INFORMATION

The Chief Operating Decision Maker (“CODM”) has been identified as the Managing Director. The CODM reviews SWHS' internal reporting in order to assess performance and allocate resources. The CODM has determined that there is 1 operating segment.

6 EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses (including directors) comprise:

	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Wages and salaries	273	258	308
Social security costs	99	88	106
Pensions	12	16	15
	<u>384</u>	<u>362</u>	<u>429</u>

Average number of people (including directors):

	<i>Year ended 30 June 2021</i>	<i>Year ended 30 June 2022</i>	<i>Year ended 30 June 2023</i>
Employees (including directors)	5	6	14
	<u>5</u>	<u>6</u>	<u>14</u>

Key management personnel compensation

Key management personnel include all directors of SWHS, who together have authority and responsibility for planning, directing, and controlling the activities of SWHS.

	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Wages and salaries	18	18	19
	<u>18</u>	<u>18</u>	<u>19</u>

7 OPERATING PROFIT

Operating profit is stated after charging:

	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Depreciation of property, plant and equipment	8	19	15
Amortisation of right of use assets	—	—	15
Staff costs	384	362	429

8 FINANCE EXPENSE

	<i>Year ended 30 June 2021 £'000</i>	<i>Year ended 30 June 2022 £'000</i>	<i>Year ended 30 June 2023 £'000</i>
Bank fees	—	3	3
Hire purchase charges	—	—	1
Total finance expense	<u>—</u>	<u>3</u>	<u>4</u>

9 TAXATION

Analysis of charge in year

	<i>Year ended</i> <i>30 June</i> <i>2021</i> <i>£'000</i>	<i>Year ended</i> <i>30 June</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>30 June</i> <i>2023</i> <i>£'000</i>
Current tax on profits for the year	(31)	(5)	(32)
Adjustments in respect of previous periods	—	—	—
Total current tax	(31)	(5)	(32)
Deferred tax			
Origination and reversal of temporary differences	—	—	—
Effect of tax rate change on opening balance	—	—	—
Total deferred tax	—	—	—
Tax charge per statement of comprehensive income	(31)	(5)	(32)

The tax credits for the periods presented differ from the standard rate of corporate tax in the UK. The differences are explained below:

	<i>Year ended</i> <i>30 June</i> <i>2021</i> <i>£'000</i>	<i>Year ended</i> <i>30 June</i> <i>2022</i> <i>£'000</i>	<i>Year ended</i> <i>30 June</i> <i>2023</i> <i>£'000</i>
Profit on ordinary activities before tax	120	61	197
Tax using SWHS's domestic tax rates	23	12	40
Effects of:			
Capital allowances in excess of depreciation	(3)	(7)	(7)
Other adjustments	11	—	(1)
Total tax charge	31	5	32

Following the increase in the standard rate of corporate tax in the UK from 19 per cent. to 25 per cent. effective from 1 April 2023, the effective rate of UK corporation tax was 20.5 per cent for the year ended 30 June 2023 (30 June 2022: 19 per cent., 30 June 2021: 19 per cent.).

10 INVENTORIES

	<i>As at</i> <i>30 June</i> <i>2021</i> <i>£'000</i>	<i>As at</i> <i>30 June</i> <i>2022</i> <i>£'000</i>	<i>As at</i> <i>30 June</i> <i>2023</i> <i>£'000</i>
Materials	20	21	26
	20	21	26

11 TRADE AND OTHER RECEIVABLES

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Amounts falling due within one year:			
Trade debtors	18	53	115
Prepayments	—	1	1
Other debtors	—	—	2
	<u>18</u>	<u>54</u>	<u>118</u>

SWHS applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analyses performed, there is no material impact on the transition to ECL from previous methods of estimating the provision for doubtful accounts.

Analysis of trade receivables based on age of invoices:

	<i>< 30 £'000</i>	<i>31 – 60 £'000</i>	<i>61 – 90 £'000</i>	<i>> 90 £'000</i>	<i>Total Gross £'000</i>	<i>ECL £'000</i>	<i>Total Net £'000</i>
30 June 2021	8	3	1	6	18	—	18
30 June 2022	28	7	6	12	53	—	53
30 June 2023	27	11	6	20	115	—	115

12 CASH AND CASH EQUIVALENTS

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Cash at bank available on demand	232	84	186
	<u>232</u>	<u>84</u>	<u>186</u>

13 DIRECTOR LOANS

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Director loans	17	33	51
	<u>17</u>	<u>33</u>	<u>51</u>

14 PROPERTY, PLANT AND EQUIPMENT

DEPRECIATION CHARGE IS RECOGNISED IN OPERATING EXPENSES IN THE STATEMENT OF PROFIT OR LOSS.

	<i>Plant and machinery £'000</i>	<i>Office equipment £'000</i>	<i>Motor Vehicles £'000</i>	<i>Total £'000</i>
Cost				
At 1 July 2020	2	2	7	11
Additions	—	2	20	22
At 30 June 2021	<u>2</u>	<u>4</u>	<u>27</u>	<u>33</u>
Depreciation				
At 1 July 2020	—	—	2	2
Charge for the year	1	1	6	8
At 30 June 2021	<u>1</u>	<u>1</u>	<u>8</u>	<u>10</u>
Net book amount				
At 30 June 2021	<u>1</u>	<u>3</u>	<u>19</u>	<u>23</u>
Cost				
At 1 July 2021	2	4	27	33
Additions	—	—	51	51
At 30 June 2022	<u>2</u>	<u>4</u>	<u>78</u>	<u>84</u>
Depreciation				
At 1 July 2021	1	1	8	10
Charge for the year	—	1	18	19
At 30 June 2022	<u>1</u>	<u>2</u>	<u>26</u>	<u>29</u>
Net book amount				
At 30 June 2022	<u>1</u>	<u>2</u>	<u>52</u>	<u>55</u>
Cost				
At 1 July 2022	2	4	78	84
Additions	2	2	—	4
At 30 June 2023	<u>4</u>	<u>6</u>	<u>78</u>	<u>88</u>
Depreciation				
At 1 July 2022	1	2	26	29
Charge for the year	1	1	13	15
At 30 June 2023	<u>2</u>	<u>3</u>	<u>39</u>	<u>44</u>
Net book amount				
At 30 June 2023	<u>2</u>	<u>3</u>	<u>39</u>	<u>44</u>

15 TRADE AND OTHER PAYABLES

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Amounts falling due within one year:			
Trade payables	63	11	40
Corporation tax (Note 9)	31	5	32
VAT	38	15	42
Other payables	1	2	3
Dividends payable	54	48	73
	<u>187</u>	<u>81</u>	<u>190</u>
	<u><u>187</u></u>	<u><u>81</u></u>	<u><u>190</u></u>
	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Amounts falling due after more than one year:			
Borrowings (Note 16)	49	84	63
Lease liabilities (Note 17)	—	—	56
	<u>49</u>	<u>84</u>	<u>119</u>
	<u><u>49</u></u>	<u><u>84</u></u>	<u><u>119</u></u>

The directors consider that the carrying value of trade and other payables approximates to their fair value.

The dividends payable represent dividends that have been declared.

16 BORROWINGS

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Non-current:			
Bank loans	49	84	63
	<u>49</u>	<u>84</u>	<u>63</u>
	<u><u>49</u></u>	<u><u>84</u></u>	<u><u>63</u></u>

A maturity analysis of SWHS' borrowings is shown below:

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Later than one year and less than five years	49	84	63
	<u>49</u>	<u>84</u>	<u>63</u>
	<u><u>49</u></u>	<u><u>84</u></u>	<u><u>63</u></u>

The bank loans represent two loans entered into in May 2020 and April 2022 for a principal amount of £50,000 and £45,000 respectively. The 2020 loan will be repaid 72 months from drawdown, with an interest rate of 2.5 per cent. per annum. The 2022 loan will be repaid after 48 months, with an interest rate of 9.3 per cent. per annum.

17 LEASES

SWHS holds hire purchases for motor vehicle assets all with fixed lease payments over the HP term.

	<i>As at 30 June 2021</i>	<i>As at 30 June 2022</i>	<i>As at 30 June 2023</i>
Number of active leases	—	—	2

In 2023, SWHS entered into two finance lease agreements for three hire leases with a cumulative value of £49,732 (2022: £nil; 2021: £nil).

The lease payments have been amortised over the hire purchase agreement over the term of each individual lease.

	<i>As at 30 June 2021</i>	<i>As at 30 June 2022</i>	<i>As at 30 June 2023</i>
Lease liabilities	—	—	56

A maturity analysis of SWHS' lease liabilities is shown below:

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Less than one year	—	—	—
Later than one year and less than five years	—	—	60
Effect of discounting	—	—	(4)
	—	—	56

18 RIGHT-OF-USE ASSETS

	<i>Motor Vehicles £'000</i>	<i>Total £'000</i>
Cost		
At 1 July 2022	—	—
Additions	60	60
At 30 June 2023	60	60
Amortisation		
At 1 July 2022	—	—
Charge for the year	15	15
At 30 June 2023	15	15
Net book amount		
At 30 June 2023	45	45

19 CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	<i>As at 1 July 2020 £'000</i>	<i>Financing cash flows £'000</i>	<i>Non-cash changes £'000</i>	<i>As at 30 June 2021 £'000</i>
Borrowings	50	(1)	—	49
Total liabilities from financing activities	50	(1)	—	49

	<i>As at 1 July 2021 £'000</i>	<i>Financing cash flows £'000</i>	<i>Non-cash changes £'000</i>	<i>As at 30 June 2022 £'000</i>
Borrowings	49	32	3	84
Total liabilities from financing activities	49	32	3	84

	<i>As at 1 July 2022 £'000</i>	<i>Financing cash flows £'000</i>	<i>Non-cash changes £'000</i>	<i>As at 30 June 2023 £'000</i>
Borrowings	84	(25)	4	63
Lease liabilities	—	(4)	60	56
Total liabilities from financing activities	84	(29)	63	119

20 FINANCIAL INSTRUMENTS

Financial assets at amortised cost

Financial assets measured at amortised cost comprise trade receivables, other receivables, and cash and cash equivalents. It does not include prepayments.

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Trade receivables	18	53	115
Other receivables	—	—	2
Cash at bank and on hand	232	84	186
	250	137	303

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost comprise trade payables, other payables and borrowings. It does not include deferred income and other taxation and social security.

	<i>As at 30 June 2021 £'000</i>	<i>As at 30 June 2022 £'000</i>	<i>As at 30 June 2023 £'000</i>
Trade payables	63	11	40
Other payables	1	2	3
Borrowings	49	84	63
	<u>113</u>	<u>97</u>	<u>106</u>

Financial risk management

SWHS is exposed through its operation to the following financial risks: credit risk, interest rate risk and liquidity risk. Risk management is carried out by the directors of SWHS. SWHS uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

SWHS finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade debtors and trade payables which arise directly from SWHS' operations.

Credit risk

Credit risk is the risk of financial loss to SWHS if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In order to minimise the risk, SWHS endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in these notes to the historical financial information.

The Trade receivables' age analysis is evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information. No impairments to trade receivables have been made to date. Further disclosures regarding trade and other receivables are provided in note 11.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "B+" are accepted.

Currently SWHS holds only one bank account with NatWest Group plc.

Liquidity risk

SWHS seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether SWHS has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

A maturity analysis of SWHS' trade and other payables is shown below:

	<i>As at</i> <i>30 June</i> <i>2021</i> <i>£'000</i>	<i>As at</i> <i>30 June</i> <i>2022</i> <i>£'000</i>	<i>As at</i> <i>30 June</i> <i>2023</i> <i>£'000</i>
<i>Less than one year</i>			
Trade payables	63	11	40
Other payables	1	2	3
	<u>64</u>	<u>135</u>	<u>43</u>
<i>Later than one year and less than five years</i>			
Borrowings	49	84	63
Lease liabilities	—	—	56
	<u>49</u>	<u>84</u>	<u>119</u>

A maturity analysis of SWHS' borrowings is included in note 16 and a maturity analysis of SWHS' lease liability is included in note 17.

Interest rate risk

Interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. SWHS manages the risk by entering into fixed interest rates only.

Capital Disclosures

The capital structure of the business consists of cash and cash equivalents, debt and equity.

SWHS' current objectives when maintaining capital are to:

- safeguard SWHS's ability as a going concern so that it can continue to pursue its growth plans.
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

SWHS sets the amount of capital it requires in proportion to risk. SWHS manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, SWHS may issue new shares.

During the years ended 30 June 2021, 30 June 2022, and 30 June 2023 SWHS' business strategy remained unchanged.

21 RELATED PARTY TRANSACTIONS

As of 30 June 2023, SWHS has a balance due from Andrew Custer of £50k in the form of a director loan account.. This represents amounts previously held under investments.

Dividends have been declared to shareholders during the years ended 30 June 2021, 30 June 2022, and 30 June 2023 at a rate per each respective year of £535, £481 and £730 per Ordinary Share.

Transactions with key management personnel

Total compensation of key management personnel is disclosed in note 6.

22 RESERVES

Share capital

Share capital represents the nominal value of shares that have been issued. The nominal value of shares held and in issue in 2021, 2022 and 2023 was £100. The shares are fully paid.

Retained earnings

Retained earnings relate to cumulative net gains and losses less distributions made.

23 ULTIMATE CONTROLLING PARTY

Andrew Custer has ultimate control over SWHS.

24 SUBSEQUENT EVENTS

No significant events to note after the reporting periods.

**SECTION C: ACCOUNTANTS' REPORT ON THE INTERIM RESULTS OF
SOUTH WEST HEATING SERVICES LTD FOR THE NINE MONTHS
ENDED 31 MARCH 2024**

haysmacintyre



10 Queen Street Place, London EC4R 1AG
T 020 7969 5500 F 020 7969 5600

E service@haysmacintyre.com
DX 307453 CHEAPSIDE
W www.haysmacintyre.com

Follow us on twitter @haysmacintyre

The Directors
EARNZ Plc
First Floor
Holborn Gate
330 Holborn
London WC1V 7QT

The Directors
Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London SW1A 1LD

The Directors
Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London SW1A 1LD

9 August 2024

Dear Sirs,

South West Heating Services Limited ("SWHS")

Introduction

We report on the interim financial information of South West Heating Services Limited set out in Section D of Part V of EARNZ plc's admission document dated 9 August 2024 (the "Admission Document") for the nine months ended 31 March 2024. This interim historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purposes of complying with the AIM Rules and for no other purpose. We have not audited or reviewed the financial information for the nine months ended 31 March 2023 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The preparation of the unaudited interim financial information is the sole responsibility of the directors of EARNZ plc (the "Directors").

It is our responsibility to express a conclusion based on our review of the interim financial information.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies (the “**AIM Rules**”) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person other than the addressees of this letter for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410) issued by the Financial Reporting Council for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside of the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the nine months ended 31 March 2024 is not prepared, in all material respects, in accordance with the AIM Rules.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully



Haysmacintyre LLP
Chartered accountants
10 Queen Street Place
London
EC4R 1AG

SECTION D: INTERIM FINANCIAL INFORMATION OF SOUTH WEST HEATING SERVICES LTD FOR THE NINE MONTHS ENDED 31 MARCH 2024

Statements of profit or loss and other comprehensive income

	<i>Note</i>	<i>Nine months ended 31 March 2023 (unaudited) £'000</i>	<i>Nine months ended 31 March 2024 (unaudited) £'000</i>
Revenue	4	687	1,085
<i>Cost of sales</i>		<i>(501)</i>	<i>(720)</i>
Gross profit		186	365
Administrative expenses	5	(50)	(85)
Total operating profit		136	280
Finance expense		(2)	(5)
Profit before taxation		134	275
Taxation		(20)	(55)
Profit for the period		114	220
Other comprehensive income			
Total other comprehensive income		—	—
Total comprehensive income for the period		114	220

All amounts relate to continuing operations.

Statements of financial position

		<i>As at 30 June 2023 (unaudited) £'000</i>	<i>As at 31 March 2024 (unaudited) £'000</i>
	<i>Note</i>	<u> </u>	<u> </u>
Assets			
Current assets			
Inventories	7	26	81
Directors loans		51	67
Trade and other receivables	8	118	105
Cash and cash equivalents		186	344
		<u> </u>	<u> </u>
Total current assets		381	597
Non-current assets			
Property, plant and equipment		44	55
Right-of-use assets		45	34
		<u> </u>	<u> </u>
Total non-current assets		89	89
		<u> </u>	<u> </u>
Total assets		470	686
Liabilities			
Current liabilities			
Trade and other payables	9	190	216
		<u> </u>	<u> </u>
Total current liabilities		190	216
Non-current liabilities			
Borrowings	10	63	44
Lease liabilities		56	45
		<u> </u>	<u> </u>
Total non-current liabilities		119	89
		<u> </u>	<u> </u>
Total liabilities		309	305
		<u> </u>	<u> </u>
Net assets		161	381
		<u> </u>	<u> </u>
Equity			
Share capital		—	—
Retained earnings		161	381
		<u> </u>	<u> </u>
Total equity		161	381
		<u> </u>	<u> </u>

Statements of changes in equity

	<i>Called up share capital £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Balance at 1 July 2022	—	82	82
<i>Comprehensive income for the period</i>			
Profit for the period	—	114	114
Balance at 31 March 2023	—	196	196
Balance at 1 July 2023	—	161	161
<i>Comprehensive income for the period</i>			
Profit for the period	—	220	220
Balance at 31 March 2024	—	381	381

Statements of cash flows

	<i>Nine months ended 31 March 2023 (unaudited) £'000</i>	<i>Nine months ended 31 March 2024 (unaudited) £'000</i>
Cash flows from operating activities		
Profit before taxation	134	275
Adjustments for non-cash/non-operating items:		
Depreciation of property, plant and equipment	14	18
Amortisation of right-of-use asset	—	11
Finance expense	—	3
	<u>148</u>	<u>307</u>
Increase in inventories	—	(55)
(Increase) / decrease in trade and other receivables	(86)	13
Increase in trade and other payables	67	41
	<u>129</u>	<u>306</u>
Cash generated from operations	129	306
Corporation tax paid	(5)	(32)
	<u>124</u>	<u>274</u>
Net cash generated from operating activities	124	274
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(1)	(30)
	<u>(1)</u>	<u>(30)</u>
Net cash used in investing activities	(1)	(30)
Cash flows from financing activities		
Principal paid on lease liabilities	—	(12)
Repayment of borrowings	(19)	(22)
Loans to the director	(1)	(17)
Dividends paid	(28)	(35)
	<u>(48)</u>	<u>(86)</u>
Net cash used in financing activities	(48)	(86)
Net increase in cash and cash equivalents	75	158
Cash and cash equivalents at beginning of period	84	169
	<u>159</u>	<u>344</u>
Cash and cash equivalents at end of period	<u>159</u>	<u>344</u>

Notes to the interim financial information

1 General information

South West Heating Services Ltd (“SWHS”) is a private company, limited by shares, incorporated and registered in England and Wales. The registered office is 128 City Road, London, United Kingdom, EC1V 2NX and the registered number is 12074906.

The principal activities of SWHS are that of providing maintenance services on behalf of insurance companies to customers who are paying for a maintenance plan on their heating or home boiler.

2 Accounting policies

2.1 Basis of preparation

This Interim Financial Information for the nine months ended 31 March 2024 has been prepared in accordance with UK-adopted International Accounting Standards (“IFRS”) (the “Interim Financial Information”).

The Interim Financial Information is prepared on a going concern basis, under the historical cost convention. The Interim Financial Information is presented in GB Pounds Sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

2.2 Accounting policies

The accounting policies are consistent with those followed in the preparation of the SWHS HFI, included in part VI admission document.

A number of amendments to IFRS accounting standards have become applicable for the Interim Financial Information period. SWHS did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

2.3 Revenue recognition

IFRS 15 “Revenue from Contracts with Customers” is a principle-based model of recognising revenue from contracts with customers. It has a five-step model that requires revenue to be recognised when control over goods and services are transferred to the customer.

SWHS earns revenue from the repair of customer boilers and heating apparatus on behalf of insurance providers as covered by the customer maintenance plans. Revenue is recognised at a point in time when the relevant performance obligation is satisfied. SWHS considers the control over goods is transferred to the customer at the point on completion of an individual customer’s job. The performance obligation is considered to be satisfied when SWHS completes the service provided to a customer. Contracts with customers may contain an element of variable consideration depending on the size of the contracted work.

Invoices are raised upon completion on a contract. As SWHS considers the significant risks and rewards of the services provided, and ownership of the materials utilised, to be transferred at this point, revenue is subsequently measured at this point and does not give rise to any contract assets or liabilities.

The amounts invoiced are dependent on the terms and conditions agreed between each insurance company. For certain insurance companies, SWHS receive a fixed rate per repair up to a set threshold regardless of time/cost to SWHS to complete a repair. Historically, the time/cost to complete the job is below the fixed rate received. The threshold is set on a client specific basis.

2.4 Employee benefits: pension obligations

SWHS operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which SWHS pays fixed contributions into a separate entity. Once the contributions have been paid SWHS has no further payment obligations.

The contributions are recognised as an expense in the Statements of Profit or Loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statements of Financial Position. The assets of the plan are held separately from SWHS in independently administered funds.

2.5 Net finance costs

Finance expense

Finance expense comprises bank fees, interest on bank loan and hire purchase charges which are expensed in the period in which they are incurred and reported in finance costs.

2.6 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statements of Profit or Loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the UK.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

<i>Plant and equipment</i>	— 25% reducing balance
Fixtures and fittings	— 25% reducing balance
Computer equipment	— 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.8 Leased assets

At inception of a contract, SWHS assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, SWHS assesses whether: an identified physically distinct asset can be identified; and SWHS has the right to obtain substantially all of the economic benefits from the asset throughout the period of use and has the ability to direct the use of the asset over the lease term being able to restrict the usage of third parties as applicable.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease

unless (as is typically the case) this is not readily determinable, in which case SWHS incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of SWHS if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised; and
- a determination over the lease length on any options around break clauses and options to terminate and the likelihood on whether they would be taken.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where SWHS is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When SWHS revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term highly liquid deposits which are subject to an insignificant risk of changes in value.

2.10 Inventory

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statements of Profit or Loss.

2.11 Financial assets

Financial assets are all measured at amortised cost.

Amortised cost

SWHS's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables).

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses (“ECL”). The ECL balance is determined based on historical data available to management in addition to forward looking information utilising management’s knowledge. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in Statements of Profit or Loss and Other Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, SWHS follows the 3-stage approach to ECL. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IFRS 9.

2.12 Financial liabilities

SWHS measures its financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when SWHS becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost

SWHS’s financial liabilities held at amortised cost comprise trade payables, other payables and borrowings.

These financial liabilities are initially measured at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

3 Critical accounting judgements and estimates

The preparation of the Interim Financial Information in compliance with IFRS requires the use of certain critical accounting estimates. It also requires SWHS management to exercise judgement and use assumptions in applying SWHS’s accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing the Interim Financial Information are reasonable and prudent.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the Interim Financial Information are discussed below:

Key accounting estimates and judgements

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended, when necessary, to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets.

Revenue recognition profile for contracts with customers

All revenue is recognised at the point in time in which an individual customer’s work is completed. No contract assets are recognised during any of the periods included within the document. As a

result, the revenue recognition policy is not subject to, nor dependent upon, material judgements and estimates.

4 Revenue from contracts with customers

Most of SWHS's revenue was generated from contract work in the performance of repairs and maintenance at a point in time (rather than over a period of time). All revenue has been generated from within the UK.

	<i>Nine months ended 31 March 2023 (unaudited) £'000</i>	<i>Nine months ended 31 March 2024 (unaudited) £'000</i>
Insured Maintenance & Repair Work	627	896
Private Maintenance & Repair Work	22	36
SWES Care	1	2
Heating Installations	37	151
	<u>687</u>	<u>1,085</u>

5 Operating profit

Operating profit is stated after charging:

	<i>Nine months ended 31 March 2023 (unaudited) £'000</i>	<i>Nine months ended 31 March 2024 (unaudited) £'000</i>
Depreciation of property, plant and equipment	14	18
Amortisation of right of use assets	—	11

6 TAXATION

	<i>Nine months ended 31 March 2023 (unaudited) £'000</i>	<i>Nine months ended 31 March 2024 (unaudited) £'000</i>
Analysis of charge in year		
Current tax on profits for the year	(20)	(55)
Adjustments in respect of previous periods	—	—
Total current tax	<u>(20)</u>	<u>(55)</u>
Deferred tax		
Origination and reversal of temporary differences	—	—
Effect of tax rate change on opening balance	—	—
Total deferred tax	<u>—</u>	<u>—</u>
Tax charge per statement of comprehensive income	<u>(20)</u>	<u>(55)</u>

The tax credits for the periods presented differ from the standard rate of corporate tax in the UK. The differences are explained below:

	<i>Nine months ended 31 March 2023 (unaudited) £'000</i>	<i>Nine months ended 31 March 2024 (unaudited) £'000</i>
Profit on ordinary activities before tax	134	275
Tax using SWHS's domestic tax rates	25	69
Effects of:		
Other adjustments	(5)	(14)
Total tax charge	20	55

Following the increase in the standard rate of corporate tax in the UK from 19 per cent. to 25 per cent. effective from 1 April 2023.

7 Inventories

	<i>As at 30 June 2023 £'000</i>	<i>As at 31 March 2024 £'000</i>
Materials	26	81
	26	81

8 Trade and other receivables

	<i>As at 30 June 2023 £'000</i>	<i>As at 31 March 2024 £'000</i>
Amounts falling due within one year:		
Trade debtors	115	105
Prepayments	1	—
Other debtors	2	—
	118	105

9 Trade and other payables

	<i>As at 30 June 2023 £'000</i>	<i>As at 31 March 2024 £'000</i>
Amounts falling due within one year:		
Trade payables	40	54
Corporation tax	32	55
VAT	42	69
Other payables	3	—
	<u>73</u>	<u>38</u>
Dividend payable	<u>73</u>	<u>38</u>
	<u>190</u>	<u>216</u>

Management consider that the carrying value of trade and other payables approximates their fair value.

10 Borrowings

	<i>As at 30 June 2023 £'000</i>	<i>As at 31 March 2024 £'000</i>
Non-current:		
Bank loans	<u>63</u>	<u>44</u>

A maturity analysis of SWHS's borrowings is shown below:

	<i>As at 30 June 2023 £'000</i>	<i>As at 31 March 2024 £'000</i>
Less than one year	—	—
Later than one year and less than five years	<u>63</u>	<u>44</u>
	<u>63</u>	<u>44</u>

11 Related party transactions

As of 31 March 2024, SWHS has a balance due from Andrew Custer of £13k in the form of a director loan account.

Dividends have been declared to shareholders during the year ended 30 June 2023 at a rate of £730 per Ordinary Share.

12 Post balance sheet events

No significant events to note after 31 March 2024.

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited *pro forma* statement of net assets of the Enlarged Group. The unaudited *pro forma* statement of net assets has been prepared on the basis set out in the notes below to illustrate the impact of the Acquisitions, Placing proceeds, Bob Holt Loan Conversion, cash outflow to SWHS, the outstanding directors' loan account repayment from C&D and the advance of a finance facility as if they had occurred on 30 June 2024.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only, in accordance with item 20.2 of Annex I and items 1 to 6 of Annex II of the Prospectus Rule, and by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual financial position or results.

The unaudited *pro forma* statement of net assets is based on: -

- the interim net assets of the Company as at 30 June 2024, as announced earlier today;
- the net assets of C&D as at 31 December 2023 as set out in Section B of Part IV of this document; and
- the net assets of SWHS as at 31 March 2024 as set out in Section D of Part V of this document.

No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2024, being the date of the unaudited interim financial information of the Company; 31 December 2023, being the date of the historical financial information for C&D; and 31 March 2024, being the date of the unaudited interim financial information of SWHS.

The unaudited *pro forma* statement of net assets does not constitute financial statements within the meaning of section 434 of the 2006 Act.

SECTION B: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

	The Company's net assets as at 30 June 2024 (Note 1) £'000	C&D's net assets as at 31 December 2023 (Note 2) £'000	SWHS' net assets as at 31 March 2024 (Note 3) £'000	Acquisition adjustments (Note 4) £'000	Placing proceeds net of expenses (Note 5) £'000	Bob Holt Loan Conversion (Note 6) £'000	Cash outflow to SWHS (Note 7) £'000	Loan repayment from C&D (Note 8) £'000	Advance of finance facility (Note 9) £'000	Unaudited pro forma adjusted consolidated net assets of the enlarged group £'000
Non-current assets										
Intangible assets	—	—	2,924	—	—	—	—	—	—	2,924
Property plant & equipment	3	240	55	—	—	—	—	—	—	298
Right-of-use assets	—	205	34	—	—	—	—	—	—	239
Deferred tax assets	—	149	—	—	—	—	—	—	—	149
Total non-current assets	3	594	89	2,924	—	—	—	—	—	3,869
Current assets										
Trade and other receivables	160	2,291	105	—	—	—	—	(155)	—	2,401
Cash and cash equivalents	3,140	211	344	(905)	750	—	(232)	155	406	3,194
Inventories	—	150	81	—	—	—	—	—	—	231
Directors loans	—	—	67	—	—	—	—	—	—	67
Income tax assets	—	93	—	—	—	—	—	—	—	93
Total current assets	3,300	2,745	597	(905)	750	—	(232)	—	406	6,661
Total Assets	3,303	3,339	686	2,019	750	—	(232)	—	406	10,271
Current liabilities										
Trade and other payables	395	2,572	161	—	—	(225)	—	—	425	3,328
Lease liabilities	—	54	—	—	—	—	—	—	—	54
Contingent consideration	—	—	55	509	—	—	—	—	—	509
Corporation tax liability	—	—	—	—	—	—	—	—	—	55
Provisions	—	350	—	—	—	—	—	—	—	350
Borrowings	—	149	—	—	—	—	—	—	—	149
Total current liabilities	395	3,125	216	509	—	(225)	—	—	425	4,445
Non-current Liabilities										
Borrowings	—	247	44	—	—	—	—	—	—	291
Lease liabilities	—	167	45	—	—	—	—	—	—	212
Financial liabilities	—	—	—	—	—	—	—	—	—	—
Contingent consideration	—	—	—	1,018	—	—	—	—	—	1,018
Provisions	—	—	—	—	—	—	—	—	—	—
Other payables	—	—	—	—	—	—	—	—	—	—
Total non-current liabilities	—	414	89	1,018	—	—	—	—	—	1,521
Total liabilities	395	3,539	305	1,527	—	(225)	—	—	425	5,966
Net assets	2,908	(200)	381	492	—	225	(232)	—	(19)	4,305

Notes

The *pro forma* statement of net assets has been prepared on the following basis:

1. The net assets of the Company as at 30 June 2024 have been extracted without adjustment from the unaudited interim financial information as announced earlier today.
2. The net assets of C&D as at 31 December 2023 have been extracted without adjustment from the historical financial information on C&D set out in Section B of Part IV of this document.
3. The net assets of SWHS as at 31 March 2024 have been extracted without adjustment from the unaudited interim financial information as shown in Section D of Part V of this document.
4. *Pro forma* adjustments have been made to reflect the acquisitions of C&D and SWHS. Total goodwill of £2,924k is recognised and of the total consideration of £3,105k, total initial cash consideration paid of £905k has been adjusted for. Share consideration of £673k is recognised in equity, with contingent cash or share consideration, at the SWHS Seller's discretion, totalling £300k, in relation to Crocus, and contingent share consideration totalling £1,227k, in relation to C&D, recognised in total liabilities as detailed below. The Company will need to determine the fair value of the net assets acquired pursuant to the Acquisitions within 12 months of Completion in accordance with IFRS 3. This process, known as a Purchase Price Allocation exercise may result in a reduction of goodwill or result in the recognition of a gain on bargain purchase, which may be material. The Purchase Price Allocation process will require a valuation of identifiable intangible assets acquired. The approach adopted by the Directors is permissible and appropriate.
 - 4.1. Goodwill recognised of £2,155k and cash consideration paid of £405k relates to the acquisition of C&D;
 - 4.2. Goodwill recognised of £769k and cash consideration paid of £500k relates to the acquisition of SWHS; and
 - 4.3. An adjustment to recognise the contingent consideration totalling £1,527k is recognised, appropriately split between current and non-current liabilities based on the expected settlement dates.
5. Adjustments have been made to reflect:
 - 5.1. approximately £0.49 million gross proceeds from the Non-EIS and VCT Placing Shares;
 - 5.2. approximately £1.56 million gross proceeds from the EIS and VCT Placing Shares; and
 - 5.3. Payment in cash of estimated costs related to the Placing of approximately £1.3 million.
6. An adjustment has been made following a loan conversion that is to take place at the same time as Admission. Bob Holt has elected to convert £225k of a £450k interest-free loan advanced to C&D, into 3,000,000 new Ordinary Shares on Second Admission and will not demand repayment of the balance until 1 January 2027 at the earliest.
7. As part of the SWHS SPA, the Seller will withdraw the total cash held within the business as of the Acquisition date.
8. On Completion, the directors of C&D will repay their directors' loan accounts with the company totalling £155k.
9. In May 2024 C&D entered into an invoice finance agreement with a facility limit of up to £600k. An adjustment has been made for the estimated drawdown at the date of Admission, which is £425k, less estimated interest payable and administration charges. The invoice finance agreement includes a recourse period of 90 days, therefore an adjustment has been made for a corresponding amount in financial liabilities.

10. No adjustments have been made to reflect the trading or other transactions, other than described above of:
 - 10.1. the Company since 30 June 2024;
 - 10.2. C&D since 31 December 2023; and
 - 10.3. SWHS since 31 March 2024.
11. The *pro forma* statement of net assets does not constitute financial statements.

PART VII

TAXATION

Taxation in the UK

The following information is based on UK tax law and His Majesty's Revenue and Customs ("HMRC") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her tax position should contact their professional advisor immediately. The tax legislation of an investor's Member State or home country and the Company's country of incorporation may have an impact on the income received from an investment in the Ordinary Shares.

1.1 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Enlarged Group.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Enlarged Group or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

1.2 Dividends

Where the Enlarged Group pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual and trustee Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Enlarged Group.

The following information is based on current UK tax law in relation to rules applying to dividends paid to individuals and trustees from 6 April 2024 onwards. There is a dividend allowance of £500 per annum for individuals. Dividends falling within this allowance will effectively be taxed at 0 per cent. but such dividends will still count as taxable income when determining how much of the basic rate band or higher rate band has been used. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 8.75 per cent., (for individuals not liable to tax at a rate above the basic rate), 33.75 per cent., (for individuals subject to the higher rate of income tax) and 39.35 per cent. (for individuals subject to the additional rate of income tax).

Trustees of discretionary trusts receiving dividends from shares are liable to account for income tax at the dividend trust rate, currently 39.35 per cent (a rate of 0 per cent applies to the first £500 of income). Trustees do not qualify for the £500 dividend allowance available to individuals.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

1.3 Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

UK resident individual Shareholders will be subject to capital gains tax to the extent their net gains exceed the annual exempt amount of £3,000, after taking account of any other available reliefs. The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent., and 20 per cent. for upper rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

The corporation tax rate applicable to taxable profits is currently 25 per cent. applying to profits over £250,000. A small profits rate applies for companies with profits of £50,000 or less so that these companies pay corporation tax at 19 per cent. Companies with profits between £50,000 and £250,000 pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

1.4 Further information for Shareholders subject to UK income tax and capital gains tax

“Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

1.5 Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax will be payable on the allotment and issue of Placing Shares.

There is an exemption from stamp duty and SDRT in respect of securities admitted to trading on certain recognised growth markets, including AIM and which are not listed on a Recognised Investment Exchange.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

1.6 Inheritance Tax

Shares in AIM quoted trading companies or a holding company of a trading group may, after a two-year holding period, qualify for Business Property Relief for United Kingdom inheritance tax purposes, subject to the detailed conditions for the relief.

Taxation outside the UK

A Shareholder resident or otherwise subject to tax outside the UK (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE ENLARGED GROUP. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS

OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.

PART VIII

INFORMATION ON THE CONCERT PARTIES AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE CITY CODE

1. Information on the Concert Parties

- (a) The members of the Concert Parties as agreed by the Panel are:
- (i) the Existing Bob Holt Concert Party comprising: -
- a. the Bob Holt Concert Party: Bob Holt, Elizabeth Lake, John Charlton, Ian Currie, James Holt, Rachael Burnett, Robert Holt and William Holt; and
- b. the C&D Concert Party: Bob Holt, Zac Cosgrove and Luke Drew; and
- (ii) the SWHS Concert Party: Andrew Custer
- (b) Full details of the members of each Concert Party are shown below.
- (c) Save as set out below, no member of each Concert Party is currently interested in any Existing Ordinary Shares.
- (d) Set out below is a table showing the potential interests of the members of each Concert Party in the Enlarged Share Capital:

The Bob Holt Concert Party

Name	Number of Existing Ordinary Shares held at the date of this document	Number of Initial Consideration Shares and/or Bob Holt Loan Conversion Shares to be issued	Number of Placing Shares to be subscribed for	Total holding of Ordinary Shares immediately following Second Admission	% of Enlarged Share Capital	Expected Number of Additional Consideration Shares to be issued	% of Enlarged Issued Share Capital (assuming all Additional Consideration Shares are issued)	New Options held	% of Enlarged Share Capital (assuming all New Options are exercised)
Bob Holt ⁽¹⁾	4,799,999	6,063,579	—	10,863,578 ⁽³⁾	10.46%	10,121,645	14.78%	4,260,595	16.93%
Elizabeth Lake	1,333,333	—	333,333	1,666,666	1.60%	—	1.17%	1,420,198	2.07%
John Charlton ⁽²⁾	466,666	—	333,333	799,999	0.77%	—	0.56%	1,420,198	1.49%
Ian Currie	333,333	—	—	333,333	0.32%	—	0.23%	—	0.22%
James Holt	212,030	—	—	212,030	0.20%	—	0.15%	—	0.14%
Rachael Burnett	133,333	—	—	133,333	0.13%	—	0.09%	—	0.09%
Robert Holt	66,666	—	—	66,666	0.06%	—	0.05%	—	0.04%
William Holt	66,666	—	—	66,666	0.06%	—	0.05%	—	0.04%
Total	7,412,026	—	6,063,579	14,142,271	13.62%	10,121,645	17.08%	7,100,891	21.03%

(1) this includes Angela Burnett's (Bob Holt's wife) shareholding of 133,333 Ordinary Shares

(2) this includes Catherine Charlton's (John Charlton's wife) shareholding of 133,333 Ordinary Shares

(3) this includes the 3,000,000 Bob Holt Loan Conversion Shares

The C&D Concert Party

Name	Number of Existing Ordinary Shares held at the date of this document	Number of Initial Consideration Shares to be issued	Number of Placing Shares to be subscribed for	Total holding of Ordinary Shares immediately following Second Admission	% of Enlarged Issued Share Capital	Expected Number of Additional Consideration Shares to be issued	% of Enlarged Issued Share Capital (assuming all Additional Consideration Shares are issued)	New Options held	% of Enlarged Share Capital (assuming all New Options are exercised)
Bob Holt ⁽¹⁾	4,799,999	3,063,579	—	10,863,578 ⁽²⁾	10.46%	10,121,645	14.78%	4,260,595	16.93%
Zac Cosgrove	—	1,443,331	—	1,443,331	1.39%	10,275,003	8.25%	0	7.86%
Luke Drew	—	1,443,331	—	1,443,331	1.39%	10,275,003	8.25%	0	7.86%
Total	4,799,999	5,950,241	—	13,750,240	13.24%	30,671,650	31.28%	4,260,595	32.65%

(1) this includes Angela Burnett's (Bob Holt's wife) shareholding of 133,333 Ordinary Shares

(2) this includes the 3,000,000 Bob Holt Loan Conversion Shares

The SWHS Concert Party

Name	Number of Existing Ordinary Shares held at the date of this document	Number of Initial Consideration Shares to be issued	Number of Placing Shares to be subscribed for	Total holding of Ordinary Shares immediately following Second Admission	% of Enlarged Issued Share Capital	Expected Number of Additional Consideration Shares to be issued	% of Enlarged Issued Share Capital (assuming all Additional Consideration Shares are issued)	New Options held	% of Enlarged Share Capital (assuming all New Options are exercised)
Andrew Custer	—	4,666,666	—	4,666,666	4.49%	7,500,000	8.57%	0	8.16%
Total	—	4,666,666	—	4,666,666	4.49%	7,500,000	8.57%	0	8.16%

The above tables are based on the following assumptions:

- completion of: (i) each of the Acquisitions (resulting in the issue of the Initial Consideration Shares and the Bob Holt Loan Conversion Shares); and (ii) the Placing;
- the maximum number of Additional Consideration Shares capable of being issued under the terms of the SPAs (as additional consideration depending on the performance of the Acquisitions after Admission) are allotted and issued to the relevant Sellers;
- the members of the Concert Parties exercise all New Options to which they are entitled in full at the earliest available opportunity (being 28 August 2027); and
- there is no other issue of Ordinary Shares, or exercise of other New Options.

On the basis of the above assumptions, the maximum controlling position of the Existing Bob Holt Concert Party is 54,804,574 Ordinary Shares representing 36.75 per cent. of the Enlarged Share Capital comprising: -

31,364,907 Ordinary Shares representing 21.03 per cent. of the Enlarged Share Capital held by the Bob Holt Concert Party (this includes Bob Holt's shareholding); and

48,682,485 Ordinary Shares representing 32.65 per cent. of the Enlarged Share Capital held by the C&D Concert Party (this includes Bob Holt's shareholding).

On the basis of the above assumptions, the maximum controlling position of the SWHS Concert Party is 12,166,666 Ordinary Shares representing 8.16 per cent. of the Enlarged Share Capital.

2. Relationship between the members of the Concert Parties

The Concert Party members and the rationale for their inclusion in each Concert Party are set out below:

(i) The Existing Bob Holt Concert Party comprising:

- the Bob Holt Concert Party – Bob Holt is presumed to be acting in concert with his close relatives (being Angela Burnett, William Holt, James Holt, Rachael Burnett and Robert Holt) and the Executive Directors (being John Charlton and Elizabeth Lake) and their close relatives and Ian Currie (a serial co-investor with Bob Holt); and

- The C&D Concert Party – the C&D Sellers are each presumed to be acting in concert with each other on the presumption that all shareholders of a private company (in this case C&D), who sell their shares to a company to which the City Code applies (the Company) in consideration for shares in the Company are acting in concert.
- (ii) the SWHS Concert Party
- The SWHS Seller is presumed to be acting in concert on the presumption that all shareholders of a private company (in this case SWHS), who sell their shares to a company to which the City Code applies (the Company) in consideration for shares in the Company are acting in concert.

3. Interests of the Concert Parties in the Company

Save as set out in paragraph 1 above:

- (a) no member of the Existing Bob Holt Concert Party, the SWHS Concert Party, no person acting in concert with a member of one of the Concert Parties and no person with whom any member of any Concert Party has an arrangement has an interest in or a right to subscribe for, or has any short position in relation to any Relevant Securities of the Company, nor has any such person dealt in such securities during the disclosure period; and
- (b) no member of the Existing Bob Holt Concert Party, the SWHS Concert Party nor any person acting in concert with them has borrowed or lent (including entering into any financial collateral arrangement of the type referred to in Note 3 on Rule 4.6 of the City Code) any Relevant Securities of the Company, save for any borrowed shares which have either been on-lent or sold.

4. Middle Market Quotations

The following table sets out the middle market quotations of an Ordinary Share, as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange, for the first business day of each of the six months immediately preceding the date of this document and for 7 August 2024 (being the last day in trading the Ordinary Shares prior to the publication of this document):

Date (2024)	Price per Ordinary Share (p)
1 March	10.50
2 April	8.50
1 May	7.75
3 June	7.75
1 July	7.25
1 August	7.75
7 August	8.25

5. Additional disclosures required by the City Code

At the close of business on the disclosure date, save as disclosed in this paragraph 6 or paragraph 24 of Part I of this document:

- (a) neither the Directors, any person acting in concert with the Company nor any person with whom the Company or any person acting in concert with the Company has an arrangement has any interest in or a right to subscribe for, or has any short position in relation to, any Relevant Securities of the Company;
- (b) neither the Company nor any person acting in concert with the Company had borrowed or lent (including entering into any financial collateral arrangement of the type referred to in Note 3 on Rule 4.6 of the Code) any Relevant Securities of the Company, save for any borrowed shares which have either been on-lent or sold;

- (c) In the disclosure period, the following members of the Existing Bob Holt Concert Party have dealt in the Relevant Securities of the Company as set out below:

Name	Type of dealing	Number of Ordinary Shares	Date of dealing	Price (p)
Bob Holt	Conversion of loan	4,000,000	8 April 2024	7.50
Bob Holt	Subscription	666,666	8 April 2024	7.50
Bob Holt ⁽¹⁾	Subscription	133,333	8 April 2024	7.50
Bob Holt ⁽²⁾	Sale	4,000,000	16 May 2024	8.00
Bob Holt ⁽²⁾	Sale	666,666	23 May 2024	8.25
John Charlton	Subscription	333,333	1 March 2024	7.50
John Charlton ⁽³⁾	Subscription	133,333	8 April 2024	7.50
Elizabeth Lake	Subscription	1,333,333	1 March 2024	7.50
Ian Currie	Subscription	333,333	1 March 2024	7.50
James Holt	Subscription	212,030	8 April 2024	7.50
Rachael Burnett	Subscription	133,333	8 April 2024	7.50
Robert Holt	Subscription	66,666	8 April 2024	7.50
William Holt	Subscription	66,666	8 April 2024	7.50

(1) Subscription by Angela Burnett, wife of Bob Holt

(2) Sale by Bob Holt to his Small Self-Administered Scheme

(3) Subscription by Catherine Charlton, wife of John Charlton

- (d) Save as set out in sub-paragraph 5(c) above, neither the Company nor any person acting in concert with the Company has dealt in Relevant Securities of the Company during the disclosure period;
- (e) no member of the Existing Bob Holt Concert Party, the SWHS Concert Party, nor any person acting in concert with them has entered into any agreement, arrangement or understanding (including any compensation arrangements) with any of the Directors, recent directors, Shareholders, recent Shareholders or any other person interested or recently interested in Ordinary Shares which are connected with or dependent upon the outcome of the Proposals;
- (f) no member of the Existing Bob Holt Concert Party, the SWHS Concert Party, nor any person acting in concert with them has entered into (or reached an advanced stage of discussions on proposals to enter into) any form of incentivisation arrangement with any member of the Company's management who is interested in Ordinary Shares
- (g) no member of the Existing Bob Holt Concert Party nor the SWHS Concert Party has entered into an agreement, arrangement or understanding to transfer any interest (acquired pursuant to the Proposals) in Relevant Securities of the Company; and
- (h) there were no arrangements which existed between the Company, or any person acting in concert with of the Company, and any other person.

6. Identity of persons acting in concert with the Company

The Company is deemed to be acting in concert with the Directors, the Company's subsidiary undertakings, Shore Capital and Zeus.

7. Definitions

For the purposes of this Part VIII:

- (a) references to persons "acting in concert" comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful

outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:

- (i) a company ("X") and any company which controls, is controlled by or is under the same control as X, all with each other;
 - (ii) a company ("Y") and any other company ("Z") where one of the companies is interested, directly or indirectly, in 30 per cent. or more of the equity share capital in the other, together with any company which would be presumed to be acting in concert with either Y or Z under sub-paragraph (i) above, all with each other;
 - (iii) a company with any of its pension schemes and the pension schemes of any company covered in sub-paragraph (i) or (ii) above;
 - (iv) a company with any of its directors (together with their close relatives and related trusts);
 - (v) an investment manager of or investment adviser to:
 - i. an offeror;
 - ii. an investor in a new company (or other vehicle) formed for the purpose of making an offer; or
 - iii. the offeree company,
with the offeror or offeree company (as appropriate), together with any person controlling, controlled by or under the same control as that investment manager or investment adviser;
 - (vi) a connected adviser with its client and, if its client is acting in concert with an offeror or with the offeree company, with that offeror or with that offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader); and
 - (vii) the directors of a company which is subject to an offer or a possible offer (together with their close relatives and the related trusts of any of them);
 - (viii) a person, the person's close relatives, and the related trusts of any of them, all with each other;
 - (ix) the close relatives of a founder of a company to which the City Code applies, their close relatives, and the related trusts of any of them, all with each other; and
 - (x) shareholders in a private company or members of a partnership who sell their shares or interests in consideration for the issue of new shares in a company to which the Code applies, or who, in connection with an initial public offering or otherwise, become shareholders in a company to which the City Code applies.
- (b) an "arrangement" includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to Relevant Securities which may be an inducement to deal or refrain from dealing;
- (c) a "connected adviser" means:
- (i) in relation to the offeror or the offeree company, an organisation which is advising that party in relation to the offer or a corporate broker to that party; and
 - (ii) in relation to a person who is acting in concert with the offeror or the offeree company, an organisation which is advising that person either in relation to the offer or in relation to the matter which is the reason for that person being a member of the relevant concert party;
- (d) "control" means a holding, or aggregate holdings, of shares in the capital of a company carrying 30 per cent. or more of the voting rights of such company, irrespective of whether the holding or holdings give *de facto* control;

- (e) “dealing” or “dealt” include:
- (i) acquiring or disposing of Relevant Securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights allocated to Relevant Securities or of general control of Relevant Securities;
 - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any Relevant Securities;
 - (iii) subscribing or agreeing to subscribe for Relevant Securities;
 - (iv) exercising or converting (whether in respect of new or existing securities) any Relevant Securities carrying conversion or subscription rights;
 - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced directly or indirectly, to Relevant Securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell Relevant Securities;
 - (vii) redeeming or purchasing, or taking or exercising an option over, any of Relevant Securities by the Company; and
 - (viii) any other action resulting, or which may result, in an increase or decrease in the number of Relevant Securities in which a person is interested or in respect of which he has a short position;
- (f) “derivative” includes any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security;
- (g) “disclosure date” means 8 August 2024, being the latest practicable date prior to the publication of this document;
- (h) “disclosure period” means the period of 12 months ending on the disclosure date;
- (i) an “exempt fund manager” means a person who is recognised by the Panel as an exempt fund manager for the purposes of the City Code;
- (j) an “exempt principal trader” means a person who is recognised by the Panel as an exempt principal trader for the purposes of the City Code;
- (k) being “interested” in Relevant Securities includes where a person (otherwise than through a short position):
- (i) owns Relevant Securities; or
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to Relevant Securities or has general control over them; or
 - (iii) by virtue of an agreement to purchase, option or derivative, has the right or option to acquire Relevant Securities or to call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (l) “Relevant Securities” means securities which comprise equity share capital (or derivatives referenced thereto) and securities convertible into rights to subscribe for and options (including traded options) in respect of any such securities; and
- (m) “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

PART IX

ADDITIONAL INFORMATION

1. RESPONSIBILITY

- 1.1 The Directors, whose names appear on page 10 of this document, and the Company, accept responsibility, both individually and collectively, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors, and the Company (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Each member of the Existing Bob Holt Concert Party and the SWHS Concert Party, whose names are set out in paragraph 1 of Part VIII of this document, accepts responsibility for the information contained in this document relating to themselves. To the best of the knowledge and belief of each member of the Concert Parties (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

- 2.1 The Company was incorporated and registered in England and Wales on 10 April 2016 as a private limited company with the name Verditek Limited and with registration number 10114644. The Company was re-registered as a public company limited by shares on 6 March 2017 and accordingly its name was changed to Verditek plc. The Company was admitted to trading on AIM on 10 August 2017 with the ticker VDTK. On 6 March 2024, the Company changed its name to EARNZ plc along with its ticker to EARN.
- 2.2 The Company is a public limited company and accordingly the liability of its members is limited to the amount paid up or to be paid on their shares.
- 2.3 The principal legislation under which the Company operates, and under which the Existing Ordinary Shares have been, and the New Ordinary Shares will be, issued is the 2006 Act and the regulations made thereunder. The Company is also subject to the 2006 Act, the City Code and the AIM Rules for Companies.
- 2.4 The Company is domiciled in England and Wales and its registered and head office is at Holborn Gate, 330 Holborn, London WC1V 7QT. The Company's telephone number is +44 (0) 208 948 4909.
- 2.5 As at the date of this document, the Company's principal activity is that of a holding company as well as performing all administrative, strategic and governance functions for the Group. The Company's LEI (Legal Entity Identifier) is 213800YWMHGTNXCWZC33.
- 2.6 The Company's website is www.earnzplc.com and the information on such website does not form part of this document unless the information is incorporated by reference into this document.
- 2.7 As at the date hereof, the Company has the following subsidiaries:

Name	Country of incorporation	Registration number	Ownership interest	Type of business
EARNZ Holdings Limited	England and Wales	15741135	100 per cent.	Holding company
Verditek USA Limited	USA	6307958	100 per cent.	Dormant
EARNZ Regeneration Limited	England and Wales	12575293	100 per cent.	Dormant

- 2.8 Following Second Admission, it is anticipated that the Company will be the ultimate holding company of the Enlarged Group and it will have the following subsidiaries (those marked with an* will result from the Acquisitions):

Name	Country of incorporation	Registration number	Ownership interest	Type of business
EARNZ Holdings Limited	England and Wales	15741135	100 per cent.	Holding company
Cosgrove & Drew Ltd*	England and Wales	09436019	100 per cent. owned by EHL	Energy support services
South West Heating Services Ltd*	England and Wales	12074906	100 per cent. owned by EHL	Heating installation and maintenance
Verditek USA Limited	USA	6307958	100 per cent.	Dormant
EARNZ Regeneration Limited	England and Wales	12575293	100 per cent.	Active

2.9 Save as disclosed in paragraph 2.8 above, there are no subsidiary undertakings or undertakings in which the Enlarged Group holds a proportion of the capital that is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

3. SHARE CAPITAL OF THE COMPANY

3.1 The history of the Company's share capital since 1 January 2021 until the date of this Admission Document is as follows:

3.1.1 at the start of the period covered by the historical financial information (being 1 January 2021), the Company had an issued share capital of £177,002.31 comprised of 442,505,776 ordinary shares of 0.04p each;

3.1.2 on 28 October 2021, the Company allotted 1,032,530 ordinary shares of 0.04p each at a price of 2.75p per share by way of an exercise of warrants previously granted by the Company;

3.1.3 on 6 September 2023, the Company allotted 111,111,111 ordinary shares of 0.04p each at a subscription price of 0.45p per share by way of a subscription;

3.1.4 on 4 March 2024, the Company allotted 400,000,000 ordinary shares of 0.04p each at a subscription price of 0.075p per share by way of a subscription;

3.1.5 on 4 April 2024, the Company allotted 83 ordinary shares of 0.04p each at par in connection with a proposed share consolidation;

3.1.6 on 5 April 2024, the Company undertook a share consolidation whereby, every 100 ordinary shares of 0.04p each that were in issue was consolidated into one Ordinary Share following which, the Company's issued share capital was £381,859.80, comprising of 9,546,495 Ordinary Shares of £0.04 each, all of which were fully paid up; and

3.1.7 on 8 April 2024, the Company allotted 53,333,333 Ordinary Shares of £0.04 each at a price of 7.5p per share in a placing and related subscription.

3.2 The issued share capital of the Company, as at the date of this Admission Document is £2,515,193.12 comprising of 62,879,828 Ordinary Shares of £0.04 each. Whereas, as at 31 December 2023, being the date of the Company's most recent audited balance sheet, the nominal value of the issued and fully paid share capital of the Company was £221,859.76 comprised of 554,649,417 ordinary shares of 0.04p each. The changes since that date are as set out in paragraph 3.1 above.

3.3 As at the date of this document, the Company has agreed, subject to the passing of the resolutions referred to in paragraph 3.6 below:

3.3.1 to allot the EIS and VCT Placing Shares at the Placing Price; and

3.3.2 at Second Admission, to allot:

- (a) 10,616,909 Ordinary Shares at the Placing Price as partial consideration for the Acquisitions;
- (b) the Bob Holt Loan Conversion Shares; and
- (c) the Non-EIS and VCT Placing Shares at the Placing Price.

3.4 Immediately following Re-Admission, the Company will have:

- an issued share capital comprising 103,848,187 Ordinary Shares, all of which will be fully paid up;
- agreements to allot up to 38,171,650 Ordinary Shares by way of additional consideration in respect of the Acquisitions;
- awards under the LTIP over up to five per cent. of the issued share capital of the Company at the date on which such awards vest; and
- general authority to allot Ordinary Shares with a nominal value of up to £1,893,597.00 and authority to allot Ordinary Shares for cash with a nominal value of up to £568,079.00.

3.5 Pursuant to the 2006 Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and accordingly, save as referred to in paragraph 3.6 below, there is no limit on the maximum number of shares that may be allotted by the Company.

3.6 Resolutions of the Company will be proposed at the General Meeting as follows:

3.6.1 that the Directors are generally and unconditionally authorised pursuant to section 551 of the 2006 Act to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being “**relevant securities**”) (i) in respect of the Consideration Shares, the Placing Shares and the Bob Holt Loan Conversion Shares and (ii) other than pursuant to (i) above, up to an aggregate nominal amount of £1,893,597.00, such authority to expire upon the earlier of the conclusion of the next annual general meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during such period make offers or agreements which could or might require the allotment of relevant securities after the expiry of such period; and

3.6.2 the Directors are empowered pursuant to section 570(1) of the 2006 Act to allot equity securities (as defined in section 560(1) of the 2006 Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Companies Act referred to in paragraph 3.6.1 above, and/or by way of a sale of treasury shares by virtue of section 573 of the 2006 Act, as if the provisions of section 561 of the 2006 Act did not apply to such allotment provided that this power is limited to (i) the allotment of equity securities pursuant to a rights issue, open offer or similar offer to shareholders, (ii) the Consideration Shares, the Placing Shares, and the Bob Holt Loan Conversion Shares and (iii) other than pursuant to (i) and (ii) above, the allotment of equity securities up to an aggregate nominal amount of £568,079.00; such authority to expire upon the earlier of the conclusion of the next annual general meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during such period make offers or agreements which could or might require the allotment of equity securities after the expiry of such period.

3.7 The ISIN (International Security Identification Number) for the Ordinary Shares is GB00BRC2TB67 and its SEDOL (Stock Exchange Daily Official List) number is BRC2TB6.

3.8 The Company has no issued Ordinary Shares that are not fully paid up.

3.9 The Ordinary Shares have no redemption or conversion rights.

3.10 The voting and dividend rights attaching to the Ordinary Shares are set out in paragraphs 5.2 and 5.7 below. The Ordinary Shares have no right to participate in the profits of the Company other than through a dividend, distribution or return of capital.

3.11 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form. Euroclear has agreed that the Ordinary Shares are enabled for dealings through CREST as a participating security.

3.12 Save as disclosed in this Part IX:

- no share or loan capital of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option;
- no share or loan capital of the Company has been issued, or is now proposed to be issued, fully or partly paid, either for cash or other consideration to any person;
- no person has preferential subscription rights in respect of any share or loan capital of the Company;
- neither the Company nor any of its subsidiaries holds any Ordinary Shares;
- the Company has no convertible securities, exchangeable securities or securities with warrants in issue; and
- there are no acquisition rights or obligations over the unissued share capital of the Company and the Company has given no undertaking to increase the share capital of the Company.

4. TAKEOVERS

4.1 As a public limited company incorporated and centrally managed and controlled in the UK, the Company is subject to the City Code. Following the implementation of Part 28 of the 2006 Act, the Panel has statutory powers to enforce the City Code in respect of companies whose shares are admitted to trading on AIM.

4.2 Under Rule 9 of the City Code when (i) a person acquires an interest in shares which (taken together with shares in which he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the City Code; or (ii) a person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. and no more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to extend a general offer in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights not already held by them.

4.3 Squeeze-out: under the 2006 Act, an offeror which makes a takeover offer for the Company has the right to buy out minority Shareholders where it has acquired (or unconditionally contracted to acquire) not less than 90 per cent. In value of the shares to which the offer relates and not less than 90 per cent. of the voting rights in the Company. It would do so by sending a notice to the outstanding minority Shareholders telling them that it will compulsorily acquire their shares. Such notice must be sent within three months of the last day on which the offer can be accepted. The notice must be made in the prescribed manner. The squeeze-out of the minority Shareholders can be completed at the end of six weeks from the date the notice has been given, following which the offeror can execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding minority Shareholders. The consideration offered to the outstanding minority Shareholders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

4.4 Sell-out: the 2006 Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer for the Company, provided that at any time before the end of the period within which the offer can be accepted, the offeror has acquired (or unconditionally contracted to acquire) not less than 90 per cent. In value of the

shares to which the offer relates and not less than 90 per cent. of the voting rights in the Company. A minority Shareholder can exercise this right by a written communication to the offeror at any time until three months after the period within which the offer can be accepted or a later date specified in the notice given by the offeror. An offeror would be required to give the remaining Shareholders notice of their rights to be bought out within the one month from the end of the period in which the offer can be accepted. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

- 4.5 No person has made a public takeover bid for the Company's issued share capital in the financial period to 31 December 2023 or in the current financial year.

5. ARTICLES

The Articles, which were adopted by a special resolution of the Company passed on 13 February 2018, contain, *inter alia*, provisions to the following effect:

5.1 Objects

Section 31 of the 2006 Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles. The Articles do not contain any restrictions on the objects of the Company.

5.2 Voting rights

Subject to paragraph 5.9 below, and to any special terms as to voting upon which any shares may be issued or may for the time being, be held, on a show of hands every member who (being an individual) is present (or by proxy) in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

5.3 Alteration of capital

Subject to, and in accordance with the provisions of the 2006 Act, and to any rights for the time being attached to any shares, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an ordinary resolution.

The rights attaching to the Company's shares are set out in its Articles and summarised in this paragraph 4. The alterations or change of these rights would require the passing of a special resolution passed at a general meeting of the holders of that class of shares.

5.4 Variation of rights

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of that class of shares. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

5.5 Return of capital

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets remaining after the distribution of the Company's liabilities *pro rata* to the amount paid up or deemed to be paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the 2006 Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

5.6 Transfer of shares

A member may transfer all or any of his shares:

- 5.6.1 in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the directors; and
- 5.6.2 in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned.

The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, or on which the Company as a lien provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph 5.9 below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

The directors may also refuse to register the transfer of a share which is in favour of more than four transferees or as provided under paragraph 5.9 below. If the directors refuse to register a transfer, they shall within two months of the date on which the instrument of transfer was lodged with the Company (or in the case of uncertificated shares the operator instrument was received by the Company) send to the transferee notice of, and the reasons for, refusal.

There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change of control.

5.7 Dividends and other distributions

The Company may (subject to the provisions of the 2006 Act) by ordinary resolution declare dividends to be paid to members in accordance with their respective rights and their respective interests provided that no dividend shall be paid otherwise than out of profits of the Company available for distribution and no dividend shall exceed the amount recommended by the directors. The directors may from time to time pay such interim dividends as appear to the directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph 5.9 below, all dividends shall be apportioned and paid according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

The Company may deduct from any dividend payable all sums of money (if any) due to the Company by the member on account of calls or alterations and use such monies to satisfy such amount payable.

All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company. All dividends unclaimed for a period of 12 months shall be invested or otherwise made use of by the directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof.

The Board may if authorised by an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer any holder of ordinary shares the right to elect to receive additional ordinary shares, credited as fully paid, in lieu of cash in respect of any dividend or any part of any dividend specified by the ordinary resolution.

5.8 Pre-emption rights

There are no rights of pre-emption under the Articles in respect of transfers of issued ordinary shares. In certain circumstances, the Company's shareholders have statutory pre-emption rights under the 2006 Act in respect of the allotment of new shares in the capital of the Company. Unless disapplied with Shareholder approval, these statutory pre-emption rights

require the Company to offer new shares for allotment to existing shareholders on a *pro rata* basis before allotment to other persons for cash.

5.9 Restrictions on shares

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the 2006 Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents not less than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by either an arm's length sale, a transfer in consequence of a sale through a recognised investment exchange or a transfer pursuant to the acceptance of an offer made to all shareholders of the Company.

5.10 Meetings of members

Annual general meetings are called on 21 days' notice in writing, exclusive of the day of which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company must specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting. Notice of a general meeting may be validly given when sent in electronic form or made available on the Company's website.

All other general meetings may be called whenever the directors think fit or when a meeting has been requisitioned in accordance with the 2006 Act. General meetings are called on 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. A general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes. Shareholders need not attend a meeting of the Company in person but can do so by way of a validly appointed proxy. Proxies are appointed in accordance with the Articles. In order to be validly appointed, details of the proxy must be lodged with the Company no later than 48 hours before the commencement of the relevant meeting or in the case of a poll which is taken more than 48 hours after it was demanded, not less than 24 hours prior to the taking of the poll. Failure to lodge details of the appointed proxy in accordance with Articles will result in the proxy not being treated as valid.

5.11 Directors

Save as provided in the Articles, a director shall not vote as a director in respect of any matter in which he has any interest which conflicts or which may conflict with the interests of the Company. He will not be counted in the quorum present at the meeting, and if he does vote, his vote shall not be counted.

A director shall (in the absence of any other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- 5.11.1 the giving of any security, guarantee or indemnity in respect of money lent to, or obligations incurred by, him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- 5.11.2 the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- 5.11.3 any matter involving him or any person connected with him being a member of any body corporate, limited liability partnership, limited partnership or partnership which has been appointed by the Company to perform operating functions for any member of the Group;
- 5.11.4 an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;
- 5.11.5 any matter involving any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for this purpose to be a material interest in all circumstances);
- 5.11.6 an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- 5.11.7 the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

The directors may, subject to the Articles, authorise a director to be involved in a situation in which he may have an interest which conflicts with the interests of the Company, provided that the matter in question has been disclosed in writing for consideration at a Directors' meeting and the director shall not count in the calculation of any quorum at such Directors' meeting and shall not vote in connection with the authorisation. The authorisation may be given subject to such terms and conditions as are thought fit.

Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the directors may from time to time determine provided that such fees do not exceed the aggregate sum of £250,000 per annum.

The directors (including alternate directors) shall be entitled to be paid out of the funds of the Company all their reasonable travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the directors, committee meetings or general meetings.

Any director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of director and, subject to section 188 of the 2006 Act, on such terms as to remuneration and otherwise as the Board shall arrange.

No shareholding qualification is required by a director. Unless otherwise determined by ordinary resolution of the Company, the number of directors (other than alternate directors) shall not be less than two. The directors may from time to time appoint any one of their number to an executive office on such terms as they think fit. Such a director may receive such remuneration as the directors may determine. The directors may appoint any person to be a director, either to fill a casual vacancy or by way of addition of their number, but the total number of directors shall not exceed the maximum number fixed by or in accordance with the Articles. Any director so appointed shall retire from office at the next annual general meeting of the Company but shall then be eligible for re-appointment. Such a director shall not be taken into account when determining which directors shall retire by rotation at an annual general meeting. At each annual general meeting, one third of the directors (or if the number is not a multiple of three, this shall be rounded down to the nearest whole number) shall retire from office. A retiring director shall retain office until the close of the meeting at which he retires. The directors to retire at each annual general meeting will, first, be the directors who have been longest in office since their last appointment. As between directors who have been in office an equal length of time, the directors to retire shall, unless they shall otherwise agree among themselves, be selected from among them by lot. The retiring

directors shall be eligible for re-appointment. No other director other than a director retiring at the meeting shall be appointed or re-appointed unless not less than 7 and no more than 42 days before the date appointed for the meeting, notice signed by a member entitled to vote at the meeting (and not the person being proposed) has been given to the Company of the intention for that person to be appointed or reappointed, which must state the particular which would be added to the Company's register of directors, together with notice executed by the person being proposed of his willingness to be appointed.

5.12 Borrowing powers

The directors may exercise all the powers of the Company to borrow, indemnify and guarantee, or raise money to mortgage or charge all or any of its undertaking, property, assets (present and future) and uncalled capital, create and issue debentures and other securities, and give security whether outright or as collateral security for any debt, liabilities or obligations of the Company or any third party. The board shall restrict the borrowings of the Company to ensure that the aggregate of the amounts borrowed by the Group and remaining outstanding at any time (excluding intra-Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed the sum of £5,000,000.

5.13 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. This settlement procedure is reflected in the Articles.

5.14 Disclosure of interests in shares

The provisions of rule 5 of the DTRs govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. *Inter alia*, this requires a person who is interested in three per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to one per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

5.15 Proposed changes

At the General Meeting a resolution will be proposed to alter the Articles by:

- 5.15.1 requiring all the Directors to retire at each annual general meeting of the Company;
- 5.15.2 removing any obligation on the Company to recompense a Director for going or residing abroad;
- 5.15.3 removing the requirement for the quorum for a Board meeting to be three Directors and changing this to two Directors; and
- 5.15.4 altering the borrowing powers of the Directors so that they are limited to the greater of £5 million and 4 times the Company's Adjusted Capital and Reserves. The definition of Adjusted Capital and Reserves is set out in Resolution 5 of the notice of the General Meeting.

6. DIRECTORS

6.1 The business address of each of the Directors is First Floor, Holborn Gate, 330 Holborn, London WC1V 7QT.

6.2 Details of the length of service of each of the Directors to date in their current office are set out below:

Full Name	Age	Commencement date in office	Position
Robert ("Bob") Holt, OBE	69	29 February 2024	Executive Chair
John William Charles Charlton	68	29 February 2024	Executive Director
Elizabeth Janet Lake	56	13 March 2024	

Full Name	Age	Commencement date in office	Position
			Non- Executive Director (13 March 2024 – 2 June 2024) Chief Financial Officer (3 June 2024 onwards)
Linda Jane Main	61	1 May 2024	Senior Independent Director
Sandra Diana Skeete	59	3 June 2024	Non-Executive Director

6.3 Other than in relation to the Company and its related entities, details of any directorship that is, or was in the last five years, held by each of the Directors, and any partnership of which each of the Directors is, or was in the last five years, a member, are set out below:

Director	Current directorships and partnerships	Past directorships and partnerships
Bob Holt	Airfriendly Limited Coal Hole Limited Global Trees Leadership Today Limited Nylah's Enterprises Limited Synectics plc The Logical Utilities Company Limited	Arbed Am Byth Limited Business Strategy LLP Revolution Beauty Group plc Revolution Beauty Holdings Limited Revolution Beauty Labs Limited Revolution Beauty Limited Revolution Beauty Nominees Limited Revolution Beauty UK Holdco Limited Seneca Partners Limited Senone LLP Sureserve Compliance Services Limited Sureserve Design & Build Limited Sureserve Energy Services Limited Sureserve Group Limited Sureserve Holdings Limited Sureserve VGS Limited The Mears Foundation Totally plc
John Charlton	None	Aaron Heating Services Limited Aaron Services Limited Bury Metering Services Limited Business Strategy LLP CorEnergy Limited Everwarm Limited FJ Jones Heating Engineers Limited FJ Jones Holdings Limited H2O Nationwide Limited Just Energy Solutions Limited K&T Heating Services Limited PLS GRP Limited PLS Holdings Limited PLS Industries Limited Precision Lift Services Providor Limited Rowan Lodge Consultants Limited Smart Metering Limited

Director	Current directorships and partnerships	Past directorships and partnerships
		Speedfit Limited Sure Maintenance Group Limited Sure Maintenance Limited Sureserve Compliance Services Limited Sureserve Design and Build Limited Sureserve Energy Services Limited Sureserve Fire and Electrical Limited Sureserve Holdings Limited Sureserve Property Investments Limited Sureserve VGS Limited Vinshire Gas Services Limited
Elizabeth Lake	108 Editions Ltd Schoolready Ltd The Life Ready Group Limited	ECPee Ltd Everyman Media Group plc Everyman Media Holdings Limited Everyman Media Limited PhD Nutrition Limited Revolution Beauty Cosmetics Ireland Revolution Beauty Gmbh Revolution Beauty Group plc Revolution Beauty Holdings Ltd Revolution Beauty Labs Ltd Revolution Beauty Limited Revolution Beauty New Zealand Revolution Beauty Nominees Ltd Revolution Beauty UK Holdco Limited Science in Sport plc SiS (APAC) PTY Limited Science in Sport plc Science in Sport (Italy) Srl SiS (Science in Sport) Limited Science in Sport Inc
Linda Main	Carers Trust Enterprising Limpsfield Limited Gara Strategic Advisory LLP The Princess Royal Trust for Carers The Quoted Companies Alliance	KPMG LLP
Sandra Skeete	None	Citus Limited Duchy of Cornwall Housing Trust Octavia Housing Association Group One Housing Investment Limited Placeshapers Limited Principality Building Society RC Bond Holdings Limited RCB Bonds plc The Duke of Lancaster Housing Trust

6.4 Save as otherwise set out in this paragraph 6, as at the date of this document, none of the Directors has:

- any unspent convictions in relation to indictable offences; or
- been declared bankrupt or made any individual voluntary arrangement; or
- been a director of a company at the time of, or within the 12 months preceding, any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or
- been a partner of a partnership at the time of or within the 12 months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or
- had any asset subject to receivership or been a partner of any partnership at the time of, or within the 12 months preceding, any asset of such partnership being subject to a receivership; or
- been subject to any public criticism by statutory or regulatory authorities (including recognised professional bodies), nor been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7. DIRECTORS' INTERESTS

7.1 The interests, beneficial or non-beneficial, in Ordinary Shares of the Directors, their respective immediate families and (so far as is known to the Directors or could, with reasonable diligence, be ascertained by them) the persons connected with them (within the meaning of section 252 of the 2006 Act) (all of which are beneficial, save where otherwise stated) as at the date of this document, and as they are expected to be immediately following Second Admission, are as follows:

Name	Number of Ordinary Shares held as at the date of this document	Percentage of Existing Ordinary Share Capital (%)	Number of Ordinary Shares held immediately following Second Admission	Percentage of Enlarged Share Capital held (%)	Number of New Options held immediately following Second Admission
Bob Holt*	4,799,999	7.63	10,863,578	10.46%	—
John Charlton**	466,666	0.74	799,999	0.77%	—
Elizabeth Lake	1,333,333	2.12	1,666,666	1.60%	—
Linda Main	—	—	200,000	0.19%	—
Sandra Skeete	—	—	13,333	0.01%	—

* Of these, 133,333 Ordinary Shares are held by Angela Burnett, the wife of Bob Holt and 4,666,666 are held by his Small Self-Administered Scheme

** Of these, 133,333 Ordinary Shares are held by Catherine Charlton, the wife of John Charlton

7.2 Save as disclosed in paragraph 7.1 above, none of the Directors or any member of their respective immediate families, nor (so far as is known to the Directors or could, with reasonable diligence, be ascertained by them) any person connected with the Directors (within the meaning of section 252 of the 2006 Act) has any interest, beneficial or non-beneficial, in any Ordinary Shares or options to subscribe for, or securities convertible into, Ordinary Shares or shares in any of its subsidiaries.

7.3 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the 2006 Act) has a related financial product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.

8. SIGNIFICANT SHAREHOLDERS

8.1 As at the date of this document and at Second Admission, save for the interests of the Directors which are set out in paragraph 7 above, the Company is aware of the following

persons who hold or will hold, directly or indirectly, voting rights representing three per cent. or more of the issued share capital of the Company to which voting rights are attached:

Name	Number of Ordinary Shares held as at the date of this document	Percentage of Existing Ordinary Share Capital (%)	Number of Ordinary Shares held immediately following Second Admission	Percentage of Enlarged Share Capital held (%)
Gresham House	6,287,982	10.00	25,019,808	24.09
G Force Capital	5,700,000	9.06	5,700,000	3.53
Oakglen Wealth Limited	3,666,666	5.83	3,666,666	3.53
Pentwater Capital Management Europe Limited	2,466,666	3.93	5,799,999	5.59
Trium Capital	2,000,000	3.18	2,000,000	1.93

- 8.2 No major Shareholder has any different voting rights from the other Shareholders.
- 8.3 To the best of the Directors' knowledge, the Company is not directly or indirectly owned or controlled by any Shareholder.
- 8.4 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

9. OPTIONS

- 9.1 As at the date of this document, the Company has an existing employee management incentive share option scheme in place. Under this, only one option over Ordinary Shares remains outstanding as follows:

Number of Ordinary Shares	Exercise price (£)	Vested	Unvested	Lapse date
10,000	3.80	6,666	3,334	29.02.25

The unvested element of the above option will vest on 17 September 2024. None of the Directors has any interest in the above options. This scheme is closed and the Directors do not propose granting any further options under its terms.

- 9.2 All warrants to subscribe for Ordinary Shares previously granted by the Company have lapsed prior to the date of this document.
- 9.3 The following option schemes are to be established by the Company with effect from Admission:

9.3.1 *The EARNZ plc Enterprise Management Incentive Scheme 2024 ("EMI Scheme")*

The following is a summary of the rules of the EMI Scheme:

Eligibility

The Directors have absolute discretion as to the selection of persons to whom an option is granted by the Company. It is intended to grant options to Senior Management as the acquisition and organic strategy of the Company is progressed to incentivise and retain those individuals by targeting specific deliverables identified as performance conditions, the achievement of which will be a condition precedent to the vesting of the options.

Grant of options

Options may be granted at any time at the discretion of the Company, provided that the grant is permitted under the AIM Rules or any rule or law to which the Company or the optionholder is subject and provided that no grant would result in the total number of Ordinary Shares issued or issuable under the EMI Scheme does not, when added to the number of Ordinary Shares subject to the option issued in the previous 10 years under the EMI Scheme and any other share scheme operated by the Company, exceed 10 per cent. of the ordinary share capital of the Company on that date.

Options are to be granted under the provisions of Schedule 5 to the Income Tax (Earnings and Pensions) Act 2023, unless the Directors consider it to be unfeasible or inappropriate, in which case the Options may be granted outside of Schedule 5 to the Income Tax (Earnings and Pensions) Act 2023.

When granting options the terms of the grant should be set out in the option agreement between the Company and the optionholder.

Plan limits

The maximum number of Ordinary Shares in respect of which options may be granted under the EMI Scheme and any other share incentive arrangement operated by the Company shall not exceed 10 per cent. of the Company's issued share capital in any ten year period.

Relationship with employment

The grant of an option does not affect the rights and obligations of an optionholder under their contract of employment with the Company or any past or present subsidiary or associated company and the grant does not form part of an optionholder's entitlement to remuneration or benefits pursuant to their optionholder's contract of employment.

The optionholder is not entitled to any compensation or damages for any loss or potential loss suffered by the optionholder by reason of being unable to exercise an option as consequence of their loss or termination of their office or employment with the Company or any past or present subsidiary or associated company for any reason.

Exercise price

The price at which participants in the EMI Scheme may acquire Ordinary Shares may be such price as is determined by the Board, provided that the exercise price must not be lower than the nominal value of the Ordinary Shares.

Exercise, lapse and exchange of options

Options may only be exercised in whole or in part once the option has vested, provided that any performance conditions specified at the date of grant have been achieved (unless waived by the Directors) and within 10 years of the date of grant of the option (subject to any earlier lapse date under the EMI Scheme rules).

Save as set out below, exercise of Options will not be permitted within three years of Grant. In the event of a change of control of the Company the options (subject to the satisfaction of the performance conditions) shall vest immediately prior to the change of control.

Options may only be exercised by the optionholder during their lifetime, or may be exercised by the optionholder's personal representatives following the optionholder's death. Following the death of the participant, his personal representatives are permitted to exercise options for a period of 12 months but only to the extent that, at the date of such death, the option has vested and the performance conditions have been satisfied. Within 30 days of receiving the exercise notice from the optionholder, the Company is to allot and issue the Ordinary Shares subject to the option to the optionholder as set out in the exercise notice.

If an optionholder's employment is terminated (by either himself or the Company) any unvested options shall lapse (unless the Board determine otherwise in exceptional circumstances). If the termination is due to misconduct then all options held by the optionholder shall lapse. If the termination is not due to misconduct, the optionholder shall be

entitled to exercise any vested options (that had vested prior to the giving or receiving of notice of employment termination) within a period of 90 days following cessation of employment.

In the event that there is a change of control of the Company, the optionholders may exercise their options within 90 days of such change of control becoming effective and, if not so exercised, their options shall forthwith lapse. Subject to the satisfaction of certain conditions, the optionholders may exchange their options for new options in the company that has obtained control of the Company.

Options immediately lapse in the circumstances detailed above or on the day prior to the tenth anniversary of the date of grant, if the option is transferred, assigned, mortgaged, charged or otherwise disposed of by the optionholder, in the event that the optionholder becomes bankrupt, makes an interim order or proposes or makes a voluntary arrangement under the Insolvency Act 1986 or if required by operation of law or by action of the optionholder which causes him to be so deprived.

Variation of capital

The number of Ordinary Shares comprised in an option and/or exercise price may be adjusted by the Board in the event of a capitalisation or rights issue or sub-division, consolidation or reduction or any other variation of the Company's share capital occurs in order to ensure that the option has not increased or decreased in value in consequence of such variation.

Rights attaching to shares

All Ordinary Shares allotted under the EMI Scheme will rank equally in all respects with the Ordinary Shares for the time being in issue, save as regards any rights attaching to such Ordinary Shares by reference to a record date prior to the date of such allotment.

Alterations

The Board may at any time alter or add to any of the provisions of the EMI Scheme, provided that no such amendment that would materially adversely effect the optionholder(s) in relation to their options shall take effect without the consent of such optionholder and provided that no amendment to the material benefit of the optionholder(s) shall take effect without the consent of the shareholders of the Company.

Indemnity, income tax and national insurance

The optionholder shall indemnify their employer against the any liability of any person to account for any option tax liability including employer's national insurance contributions. The exercise of options is conditional on the optionholder making a payment to the Company for any income tax liability and national insurance contributions (including primary class I (employee) contributions, secondary employers' Class I contributions or any other tax charge levy or other sum, whether under the laws of the United Kingdom or otherwise) which may arise on the grant, vesting, exercise, assignment or release of the option or the acquisition of Ordinary Shares pursuant to the EMI Scheme rules.

9.3.2 The EARNZ plc Long Term Incentive Plan 2024 ("LTIP")

The following is a summary of the rules of the LTIP:

Awards granted under the LTIP will take the form of options to acquire Ordinary Shares either at a price equal to the nominal value of the Ordinary Shares or for nil consideration. The awards will have no beneficial tax status.

Eligibility

All employees (including executive directors) of the Enlarged Group may be granted awards under the LTIP. However, it is only currently proposed to grant awards to Bob Holt (Executive Chair), Elizabeth Lake (Chief Financial Officer), and John Charlton (Executive Director).

Grant of options

The Remuneration Committee will have absolute discretion to select the persons to whom awards may be granted and, subject to the limits set out below, in determining the number of Ordinary Shares to be subject to each award.

Awards may be granted during the period of forty-two days commencing on: (a) the date the LTIP is adopted by the Company (being the date of Admission), (b) the date of the announcement of the Company's audited final results or the announcement of its half-yearly results in any year (provided that if the Ordinary Shares continue to be admitted to trading on AIM at the time in question, no award shall be granted during the first three dealing days commencing on the date of any such announcement); or (c) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of awards, provided that no Award shall be granted on or after the first anniversary of the date of adoption of the LTIP.

If the grant of an award on any of the above days would be prohibited by virtue of the Market Abuse Regulation (whilst it applies in the United Kingdom), the AIM Rules for Companies, any share dealing code adopted by the Company or any statute or regulation or any order made pursuant thereto or any governmental directive, then such award may be granted during the period of the thirty nine days commencing immediately after the third dealing day following the time that such prohibitions shall cease to have effect.

No consideration is payable for the grant of an award.

Plan limits

On any date, no award may be granted under the LTIP if, as a result, the aggregate nominal value of Ordinary Shares issued or issuable pursuant to awards granted during the previous ten years under the LTIP or any other employee incentive share scheme adopted by the Company would exceed 10 per cent. of the nominal value of the ordinary share capital of the Company in issue on that date.

Exercise and lapse of awards

Subject to fulfilment of performance conditions set by the Remuneration Committee on grant (as described below), an award will vest and become capable of exercise on and from the third anniversary of grant ("**Vesting Date**") at any time before the tenth anniversary of the Grant Date and provided that such exercise is not prevented, by virtue of the Market Abuse Regulation (whilst it applies in the United Kingdom), the AIM Rules for Companies, any share dealing code adopted by the Company or any statute or regulation or any order made pursuant thereto or any governmental directive. If an option is exercised within any applicable holding period imposed by the Company on grant (a period during which shares acquired through an exercise cannot normally be sold) being in the case of awards proposed on Admission the fourth anniversary of grant ("**Holding Period**") the shares arising will be held by a nominee until the end of the Holding Period.

No award may be exercised at a time when such exercise would be prohibited by the Market Abuse Regulation (whilst it applies in the United Kingdom), the AIM Rules for Companies, any share dealing code adopted by the Company or any statute or regulation or any order made pursuant thereto or any governmental directive.

An award will lapse on the earlier of the expiry of the Award Period and the tenth anniversary of its date of grant unless it lapses sooner pursuant to another provision of the LTIP.

Performance conditions

Awards will vest on a sliding scale dependent on the achievement of certain share price hurdles measured at the Vesting Date ("**Hurdles**") based on the increase of the price per Ordinary Share between Admission and the Vesting Date, measured as the average of the mid-market price for an Ordinary Share for the five Business Days ending on the Vesting Date ("**Vesting Date Price**").

The Company has, subject to Second Admission, awarded Bob Holt, Elizabeth Lake and John Charlton nil cost options over such Ordinary Shares as shall constitute 3%, 1% and 1% respectively of the issued share capital of the Company at the Vesting Date.

The Hurdles, and hence the ultimate amount of options which may be exercised, will operate as follows:

		Hurdle 1	Hurdle 2	Hurdle 3
Percentage Increase of Vesting price over Admission Price	Less than 33.32%	33.33%	66.67% – 99.99%	100% or more
Percentage of Award which Vests	Nil	33.33%	66.66%	100%

Vesting of the Awards is generally conditional on continued employment to the Vesting Date, but (at the discretion of the Remuneration Committee) vesting may be scaled back for cause and all or a proportion of the Award may be retained on a time-apportioned basis in “good leaver” circumstances (such as redundancy or health-related retirement).

There are provisions for clawback of awards in the case (*inter alia*) of an adverse investigation into the financial or regulatory affairs of the Enlarged Group, or malus (e.g. misconduct or negligence) of the employee.

In the event of a takeover of the Company, a scheme of arrangement under Part 26 of the 2006 Act being sanctioned by the court in respect of the Company or the voluntary winding up of the Company (“**Corporate Event**”) special procedures may apply for the exercise of an award and an award will lapse at the end of a short period following the relevant Corporate Event.

In the event of an internal reorganisation, all award holders will be given the opportunity to exchange their award for an award over Ordinary Shares in the new holding company (subject to such new holding company’s consent) unless the Remuneration Committee determines that the internal reorganisation should be treated as if it were a Corporate Event. Any award will lapse if the ability to exchange that award is offered to the award holder but the award holder declines to exchange the award for an award over Ordinary Shares in the new holding company prior to the expiry of the period permitted by the Remuneration Committee for the exchange to take place.

If a proposed demerger, special dividend or other similar event is announced which, in the opinion of the Remuneration Committee, would affect the share price of an Ordinary Share to a material extent, the Remuneration Committee may decide to treat such demerger, special dividend or other similar event in question as if it was a takeover of the Company in which case the provisions referred to above shall apply.

Other award terms

An award may be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares (which may have been acquired by subscription or by purchase in the market) or by the transfer of Ordinary Shares held in treasury.

It is intended that an Employee Benefit Trust will be established by the Company to subscribe for the Ordinary Shares necessary to satisfy awards.

Awards are not capable of transfer or assignment.

Until awards are exercised, award holders have no voting or other rights in relation to the Ordinary Shares subject to those awards.

Ordinary Shares allotted pursuant to the exercise of an award will rank *pari passu* in all respects with the Ordinary Shares already in issue. Ordinary Shares transferred on the exercise of an award shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as the Company’s Ordinary Shares are traded on AIM the Company will make an application for the Ordinary Shares issued following exercise of any awards to be admitted to trading on AIM as soon as practicable after allotment.

Benefits under the LTIP are not pensionable.

Adjustment of awards

The number of Ordinary Shares under award and their nominal value and, where applicable, the exercise price may be adjusted by the Remuneration Committee in the event of:

- any capitalisation issue or rights issue (other than an issue of Ordinary Shares pursuant to the exercise of an option given to the shareholders of the Company to receive Ordinary Shares in lieu of a dividend or open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital; or
- a demerger, special dividend or other similar event occurs which in the opinion of the Remuneration Committee would affect the share price of an Ordinary Share to a material extent and where the Remuneration Committee has not exercised its discretion to treat the demerger, special dividend or other similar event as a Corporate Event.

Administration and amendment

The LTIP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the LTIP. The rules of the LTIP which relate to:

- the persons to whom Ordinary Shares are provided under the LTIP;
- the limits on the number of Ordinary Shares which may be issued under the LTIP;
- the maximum entitlement of any award holder;
- the basis for determining an award holder's entitlement to Ordinary Shares or awards; and
- the basis for determining the adjustment of any award granted under the LTIP following any variation in the share capital of the Company,

cannot be amended to the advantage of any award holder or potential award holder without the prior approval of the Company in a general meeting except for minor amendments to benefit the administration of the LTIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders or any Group company.

In addition, no amendment may be made to subsisting awards which will have a material adverse effect on such awards except with the written consent of the award holders who are affected by such amendment.

Termination

The LTIP may be terminated at any time by resolution of the Board. Termination shall not affect the outstanding rights of existing award holders.

*9.3.3 The EARNZ plc Save As You Earn option scheme ("**SAYE Scheme**")*

The following is a summary of the rules of the SAYE Scheme:

Administration

Options will be granted, and the SAYE Scheme will be administered by the Board. Options are non-transferable, other than on death.

The Company must ensure that, in order to satisfy the exercise of all options, at all times it has sufficient unissued or treasury Ordinary Shares available or arrangements are in place for any third party to transfer issued Ordinary Shares to satisfy the exercise of all options.

Eligibility

The SAYE Scheme will be open to all employees of the Company, and any of its subsidiaries which the Board selects for participation, who meet the eligibility criteria. At each time the Board issues invitations for options, all eligible employees must be invited to participate.

Invitation period

The invitation period to apply for SAYE options commences from the adoption date of the SAYE Scheme and expires on the tenth anniversary of the date of adoption of the SAYE Scheme.

Normally, eligible employees will only be invited to apply for options in the period of 42 days following:

- the date of adoption of the SAYE Scheme by the Company; and
- the end of a closed period (as defined in the Market Abuse Regulation).

Invitations may also be made in circumstances the Board considers to be exceptional.

No new invitations will be made under the SAYE Scheme if such invitations would be unlawful or in breach of the Market Abuse Regulation or other regulation or guidance applicable to the Company.

Invitations, Applications and Grant

Each invitation issued by the Board must specify the terms of the invitation in accordance with the SAYE Scheme rules and must include, or be accompanied by, invitations to enter into savings contracts under a certified SAYE savings arrangement as nominated by the Board and by an officer of HMRC.

If the Board has specified a limit of the maximum number of Ordinary Shares that the options may be granted over in a particular invitation tranche and, in response to those invitations, the Board receives applications for options over a total number of Ordinary Shares which exceeds that limit, the Board shall scale down applications to ensure the limit set by the Board is not exceeded.

Each application should be in a form approved by the Board and include the items listed in the SAYE Scheme rules.

The Board must grant an option to each person who has submitted a valid application. No consideration is to be paid on the grant of an option.

Savings arrangements

Eligible employees who apply for an option must enter into HMRC approved savings arrangements. Under these arrangements, the employee will agree to make monthly savings contributions of a fixed amount within statutory limits. The overall expected repayment under these savings arrangements must, as nearly as possible, equal the amount required to be paid to exercise the linked option in full.

Ordinary Shares may only be acquired on the exercise of the option using the repayment of accrued savings and interest under the savings arrangements. Each application will be treated as being for an option over the largest whole number of Ordinary Shares that can be acquired at the relevant Exercise Price using the repayment under the linked savings arrangement.

At the Board's discretion such repayment may be taken as including any bonus or interest payable (if any) under the savings arrangements. The Board must notify the applicants as to whether such bonus will apply when inviting applicants to the SAYE Scheme and when notifying the applicants of the grant of the options.

Plan limits

No options may be granted under the SAYE scheme if the grant would result in the total number of Dilutive Shares exceeding ten per cent. of the issued share capital of the Company.

For this purpose Dilutive Shares means on any date, all shares of the Company that:

- a) have been issued, or transferred out of treasury, on the exercise of options granted or in satisfaction of any other awards made, under any share incentive scheme of the Company (including the SAYE Scheme) during:
 - the period of ten years ending on (and including) that date; or
 - if shorter than ten years, the period since the Ordinary Shares were first admitted to trading on AIM; and
- b) remain capable of issue, or transfer out of treasury, under any existing options.

The number of Ordinary Shares subject to outstanding options or awards granted within the previous 10 years and the number of Ordinary Shares issued for the purpose of options and awards granted within the previous 10 years shall not exceed 10 per cent. of the Company's ordinary share capital in issue immediately prior to the proposed date of grant under the SAYE Scheme rules and any other employees' share scheme adopted by the Company.

Exercise price

The price payable for each Ordinary Share under option will be determined by the Board at grant provided that it must not be less than the nominal value of the Ordinary Share and must not be less than 80 per cent. of the market value of the Company's Ordinary Shares at the invitation date.

Exercise of options

An option may only be exercised where the optionholder is an employee or director of the Company (or its subsidiaries) and within six months of the earliest date on which a bonus is payable under the relevant savings arrangement linked to the option ("**Bonus Date**"). Options cannot be exercised where such exercise would breach the Market Abuse Regulation or any other rule applicable to the Company in respect of the Ordinary Shares subject to the option.

If the amount paid under the savings arrangement is not sufficient to exercise the option, the number of Ordinary Shares subject to the option to be acquired should be calculated by dividing the total monies paid under the savings arrangement by the exercise price for the option, rounded down to the nearest whole number.

Corporate actions

Where, in respect of the Company, there is a change of control, the court sanctions a compromise or arrangement, there is a non-UK reorganisation or a person becomes bound to acquire shares under the 2006 Act ("**Relevant Event**"), the option may be exercised within six months of the Relevant Event.

In the event of a change of control of the Company, an acquiring company may offer a roll-over into an option over Ordinary Shares in the acquiring company, subject to complying with the statutory requirements.

Lapse of Options and Leavers

Options are not transferable, assignable, chargeable or permitted to have any security created over them. Any option subject to any of those things (save for a transfer to an optionholder's personal representatives on death) shall result in the lapse of the option.

Options will lapse on the earliest of (1) the date six months after the Bonus Date (if the optionholder is still alive at that time), (2) when the optionholder's employment with the Group has ceased (unless exercisable as detailed below), (3) on the seventh occasion of the optionholder omitting to make payment under its savings arrangement, (4) upon the optionholder giving notice to terminate their savings arrangement, (5) at the end of the

relevant exercise period as detailed in the rules, (6) the bankruptcy of the optionholder or (7) the optionholder transferring, assigning, charging or creating security over their option.

Where an optionholder's cessation of office or employment with the Group is due to injury, disability, redundancy, retirement, the transfer of the option holder's employment in connection with a business sale, or the company with which the option holder holds office or employment ceasing to be an associated company by reason of a change of control the option holder shall be entitled to exercise their option at any time in the period ending on the earliest of the date six months after (1) the date on which their employment ceased or (2) the Bonus Date.

Where an optionholder's cessation of office or employment with the Group is due to any other reason, the optionholder may exercise an option granted more than three years before the date the employment ceased at any time in the period ending on the earliest of the date six months after (1) the date on which their employment ceased or (2) the Bonus Date.

Following the death of an optionholder, their personal representatives may exercise the option at any time commencing from the date following the optionholder's death until (1) the date 12 months after the optionholder's death if the optionholder died before the Bonus Date has occurred or (2) if the optionholder died within 6 months of the Bonus Date, the date falling 12 months after that Bonus Date.

Relationship with Employment

The grant of an option does not affect the rights and obligations of an optionholder under their contract of employment with the Company or any subsidiary. The value of the optionholder's option is not to be taken into account in determining any pension or similar entitlements of the optionholder.

The optionholder is not entitled to any compensation or damages for any loss suffered by the optionholder in connection with their option as consequence of their loss or termination of their office or employment with the Company or any past or present subsidiary or associated company for any reason.

Variation of capital

The number of Ordinary Shares comprised in an option and/or exercise price may be adjusted by the Board in the event of a capitalisation or rights issue or sub-division, consolidation or reduction or any other variation of the Company's share capital occurs in such manner as the Board consider to be reasonable, fair and appropriate, providing such adjustment occurs in accordance with the rules of the SAYE Scheme.

Alterations

The Board may at any time, subject to complying with the statutory requirements, alter or add to all or any of the provisions of the SAYE Scheme unless such amendment would result in the SAYE Scheme no longer being a Schedule 3 SAYE option scheme.

While the Ordinary Shares are admitted to trading on AIM, the Board may not amend the SAYE Scheme to the advantage of the optionholder in certain circumstances without the prior approval of the shareholders of the Company in general meeting.

10. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

- 10.1 Bob Holt is employed as Executive Chair pursuant to the terms of a service agreement with the Company dated 8 August 2024. The appointment is terminable by either party on not less than 6 months' written notice. Bob Holt is paid an annual salary of £50,000. His basic salary is subject to annual review by the Remuneration Committee but there is no obligation to increase this basic salary. Bob Holt is also entitled to life assurance cover equal to 3 times his annual salary and private medical insurance. He is subject to certain non-competition and non-solicitation covenants for a period of 6 months following the termination of his employment.
- 10.2 John Charlton is employed as an Executive Director pursuant to the terms of a service agreement with the Company dated 8 August 2024. The appointment is terminable by either party on not less than 6 months' written notice. John Charlton is paid an annual salary of

£50,000. His basic salary is subject to annual review by the Remuneration Committee but there is no obligation to increase this basic salary. John Charlton is also entitled to life assurance cover equal to 3 times his annual salary and private medical insurance. He is subject to certain non-competition and non-solicitation covenants for a period of 6 months following the termination of his employment.

- 10.3 Elizabeth Lake is employed as Chief Financial Officer pursuant to the terms of a service agreement with the Company dated 8 August 2024. The appointment is terminable by either party on not less than 6 months' written notice. Elizabeth Lake is paid an annual salary of £125,000. Her basic salary is subject to annual review by the Remuneration Committee but there is no obligation to increase this basic salary. Elizabeth Lake is also entitled to life assurance cover equal to 3 times her annual salary and private medical insurance. She is subject to certain non-competition and non-solicitation covenants for a period of 6 months following the termination of her employment. Prior to 3 June 2024, Elizabeth Lake was engaged as a non-executive director pursuant to a letter of appointment with the Company dated 13 March 2024 which was terminated on and with effect from entry into her current service agreement.
- 10.4 Pursuant to the terms of the letter of appointment with the Company dated 24 April 2024, Linda Main has agreed to serve as the Senior Independent Director (and Chair of the Audit and Remuneration Committees) with effect from 1 May 2024 for an annual fee of £20,000 rising to £30,000 following Completion. Although the initial term is three years, this appointment is terminable by either party by giving not less than one month's notice in writing but will terminate automatically if Linda Main is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 10.5 Pursuant to the terms of the letter of appointment with the Company dated 14 May 2024, Sandra Skeete has agreed to serve as a Non-Executive Director with effect from 3 June 2024 for an annual fee of £20,000, rising to £30,000 following Completion. Although the initial term is three years, this appointment is terminable by either party by giving not less than one month's notice in writing but will terminate automatically if Sandra Skeete is removed from office by a resolution of the Shareholders or is not re-elected to office.
- 10.6 There are no benefits payable by the Company to any Director under the terms of their service agreement or letter of appointment (as the case may be) upon the termination of the relevant Director's employment with the Company.
- 10.7 Save as disclosed in paragraphs 10.1 to 10.5 above, there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group and no service agreements or arrangements have been entered into by the Company with any of the Directors prior to those set out in this paragraph 10.
- 10.8 No loans made or guarantees granted or provided by the Company or any member of the Group to or for the benefit of any Director are outstanding.
- 10.9 The aggregate remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to Directors for the financial period ended 31 December 2023 was £0 as none of them were directors of the Company in that financial period.
- 10.10 No amounts are set aside or accrued by the Company or any member of the Group to provide for pension, retirement or similar benefits.

11. EMPLOYEES

As at 31 December 2023, and as at the date of this document, the Company and each of the Targets had the following number of employees:

	Company	C&D	SWHS***	Total
As at 31 December 2023	11*	45	14	70
As at the date of this document	5**	55	14	74

* Following the disposal of the Company's solar business in February 2024, all the existing employees of that business ceased to be employees of the Company

** This figure includes the Executive Directors

*** As at 31 March 2024

12. MATERIAL CONTRACTS

12.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company in the two years immediately preceding the date of this document and (i) are, or may be, material or (ii) contain provisions under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group:

12.1.1 Convertible Loan Notes dated 28 April 2023 issued by the Company

On 28 April 2023, the Company created and authorised secured convertible loan notes with an aggregate nominal value of up to £500,000. These notes accrued interest at a rate of 7 per cent. per annum and were redeemable two years after their creation. Pursuant to the agreement referred to in paragraph 12.1.3 below, all the outstanding were transferred back to the Company and subsequently cancelled.

12.1.2 Subscription Letter dated 31 August 2023 between (1) the Company and (2) Peel Hunt LLP

On 31 August 2023, Peel Hunt LLP agreed to subscribe for 111,111,111 ordinary shares of 0.04p each in the capital of the Company at 0.45p per share. These shares were issued and admitted to trading on AIM on 6 September 2023.

12.1.3 Asset Sale Agreement dated 27 February 2024 between (1) the Company, (2) Verditek Solar Ltd and (3) Gavin Mayhew, John Celaschi and Timothy Childs

Pursuant to this agreement the Company agreed to sell all its business and assets in respect of its solar business ("**Solar Business**") together with the shares in Verditek Solar Italy srl for £528,340 which was satisfied by the surrender to the Company of all outstanding convertible loan notes (and interest accrued due) issued previously by the Company and described in paragraph 12.1.1 above.

The convertible loan noteholders and Verditek Solar Ltd also waived, released and relinquished all rights they may have had under the convertible loan notes and agreed that the Company's obligations under those notes were fully satisfied. The benefit of all the contracts related to the Solar Business, including the contracts to which Verditek Solar Italy srl was a party, were either assigned to, or assumed by, Verditek Solar Ltd, where possible, without consent, and, where not possible, Verditek Solar Ltd undertook to assume the obligations and liabilities on the Company's behalf until consent could be secured. The Company has no further rights or obligations under any of Verditek Solar Italy srl's existing contracts.

12.1.4 Agreement dated 27 February 2024 between (1) the Company and (2) Bob Holt

Pursuant to this agreement Bob Holt agreed to assist the Company in its proposed fundraising to raise £300,000. Bob Holt was entitled to terminate the agreement if the Company was in material breach of the agreement, if any statement in the circular was found to be untrue, inaccurate or misleading, if there was any event that made performance of the agreement impractical or inadvisable, or if there was a cancellation or suspension of EARNZ's shares on AIM by the London Stock Exchange plc.

- 12.1.5 Loan Agreement dated 27 February 2024 between (1) the Company and (2) Bob Holt**
- On 27 February 2024, the Company entered into a loan agreement with Bob Holt, prior to his appointment as a director of the Company, for up to £300,000, of which £250,000 was drawn down on 28 February 2024 prior to the disposal of the Solar Business described at paragraph 12.1.3 above to settle outstanding liabilities of the Group. The loan was unsecured and interest free, convertible in part or in whole at any equity fundraising undertaken by the Company after the date of the drawdown. The full amount of that loan was converted into 400,000,000 ordinary shares of 0.04p each on 8 March 2024.
- 12.1.6 Nomad and Broker agreement dated 29 February 2024 between (1) the Company, (2) SCC and (3) SCS**
- Pursuant to this agreement, with effect from 1 March 2024 the Company appointed SCC to act as nominated adviser, and SCS to act as joint broker, to the Company for the purposes of the AIM Rules for Companies. The Company agreed to pay for its services as nominated adviser and joint broker for the purposes of the AIM Rules for Companies. The Company also agreed to pay Shore Capital's properly incurred costs, charges and expenses in connection with its services.
- Shore Capital may terminate this agreement with immediate effect in certain limited circumstances. The Nominated Adviser and Broker Agreement contains certain undertakings and indemnities given by the Company to Shore Capital. The appointment shall continue for a minimum of one year, and thereafter may be terminated by the Company or Shore Capital giving to the other not less than three months' prior written notice to be given at any time. This agreement will be replaced with the agreement described at paragraph 12.1.15 on and from 8 August 2024.
- 12.1.7 Joint Broker Agreement dated on or around 1 March 2024 between (1) EARNZ and (2) WH Ireland Limited**
- The Company entered into a joint broker agreement with WH Ireland Limited under which WH Ireland Limited agreed to act as joint broker to the Company and the Company agreed to pay for its services as joint broker for the purposes of the AIM Rules for Companies.
- The agreement continues for a period of 12 months, after which either party can terminate with three months' notice in writing to the other. WH Ireland Limited assigned its interest in this agreement to Zeus Capital Limited on and with effect from 15 July 2024.
- 12.1.8 Placing Agreement dated 18 March 2024 between (1) the Company, (2) SCC, (3) SCS and (4) WH Ireland Limited**
- Pursuant to this placing agreement, SCS and WH Ireland Limited conditionally agreed to use their respective reasonable endeavours to procure placees for 39,954,644 Ordinary Shares, and together with SCC, the Company's nominated adviser, were granted certain powers and authorities in connection with a placing and subscription of Ordinary Shares and the application for admission to trading of such shares on AIM. Under the terms of that placing agreement, the Company gave certain customary warranties and indemnities in connection with admission to trading of the above shares on AIM and other matters relating to the Company and its affairs.
- 12.1.9 Sale and purchase agreement dated 8 August 2024 between (1) the C&D Sellers and (2) EHL (the "C&D SPA")**
- Pursuant to the C&D SPA, subject to the prior approval of the Company's shareholders and Admission, EHL has agreed to acquire the entire issued share capital of C&D for a maximum price of £1,955,035. The initial consideration payable by EHL is £728,169 to be satisfied as to £405,035 in cash (payable to Zac Cosgrove and Luke Drew and of which £155,035 will immediately be paid to C&D to satisfy outstanding directors' loan accounts) and as to the balance by the issue of 4,308,453 new Ordinary Shares at the Placing Price. Additional consideration (capped at an aggregate £1,226,866) equal to 50 per cent. of the amount by which C&D's EBITDA

in each period of 12 months following Admission exceeds £500,000 will also be paid. Such additional consideration is to be settled by the issue of Ordinary Shares at the then prevailing share price.

The C&D SPA includes warranties given by the C&D Warrantors, including, but not limited to, tax as well as a tax covenant and indemnities in respect of specific liabilities. The aggregate liability of the C&D Warrantors for all claims is limited to the consideration paid. The warranties are subject to other market standard warrantor protection provisions.

The C&D SPA imposes market standard restrictive covenants upon the Sellers for a period of three years following Completion.

EHL has agreed to procure that the Company allots such portion of the Initial Consideration Shares and Additional Consideration Shares due to the C&D Sellers under the C&D SPA.

12.1.10 C&D Lock-in Deed dated 8 August 2024 between (1) the Company, (2) SCC, (3) SCS, (4) Zeus and (5) each of the C&D Sellers, (together the “C&D Locked-in Persons”)

Pursuant to the C&D Lock-in Deed, each of the C&D Locked-in Persons has undertaken to the Company, Shore Capital and Zeus that they will not, and will procure that their related parties will not, dispose of Ordinary Shares held by them at Second Admission or acquired following Second Admission for a period of 12 months from the date of Second Admission.

Each C&D Locked-in Person has also undertaken that, for the period of 12 months following the first anniversary of the date of Second Admission, they will, and will procure that their related parties will, only dispose of Ordinary Shares held by them at Second Admission or acquired following Admission on an orderly market basis through the Company's broker from time to time.

The above restrictions apply to any Additional Consideration Shares allotted to the C&D Locked-in Persons for the same periods as set out above but by reference to their date of admission to trading on AIM.

The restrictions on the disposal of Ordinary Shares contained in the C&D Lock-in Deed do not apply in certain limited circumstances, including disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company.

12.1.11 Sale and purchase agreement dated 8 August 2024 between (1) the SWHS Seller and (2) EHL (the “SWHS SPA”)

Pursuant to the SWHS SPA, subject to the prior approval of the Company's shareholders and Admission, EHL has agreed to acquire the entire issued share capital of SWHS for a maximum price of £1,150,000 plus an amount equal to the surplus cash in SWHS (“**Surplus Cash Sum**”). The initial consideration payable by the Company is £850,000 (plus Surplus Cash Sum), to be satisfied as to £500,000 (plus the Surplus Cash Sum) in cash and as to the balance by the issue of 4,666,666 new Ordinary Shares. Additional consideration of £300,000 will also be paid (£150,000 for each of the two relevant periods) if SWHS achieves EBITDA of not less than £350,000 in each of the 12 month periods following Completion. Such additional consideration is to be settled at the SWHS Seller's discretion either in cash or by the issue of new Ordinary Shares at the then prevailing share price.

The SWHS SPA includes warranties given by the SWHS Warrantor, including, but not limited to, tax as well as a tax covenant and indemnities in respect of specific liabilities. The aggregate liability of the SWHS Warrantor for all claims is limited to the consideration paid. The warranties are subject to other market standard warrantor protection provisions.

The SWHS SPA imposes market standard restrictive covenants upon the SWHS Seller for a period of three years following Completion.

EHL has agreed to procure that the Company allots such portion of the Initial Consideration Shares and Additional Consideration Shares due to the SWHS Seller under the SWHS SPA.

12.1.12 SWHS Lock-in Deed dated 8 August 2024 between (1) the Company, (2) SCC, (3) SCS, (4) Zeus and (5) the SWHS Seller, (“SWHS Locked-in Person”)

Pursuant to the SWHS Lock-in Deed, the SWHS Locked-in Person has undertaken to the Company, Shore Capital and Zeus that he will not, and will procure that his related parties will not, dispose of Ordinary Shares held by them at Second Admission or acquired following Second Admission for a period of 12 months from the date of Second Admission.

The SWHS Locked-in Person has also undertaken that, for the period of 12 months following the first anniversary of the date of Second Admission, he will, and will procure that his related parties will, only dispose of Ordinary Shares held by him at Second Admission or acquired following Second Admission on an orderly market basis through the Company’s broker from time to time.

The above restrictions apply to any Additional Consideration Shares allotted to the SWHS Locked-in Person for the same periods as set out above but by reference to their date of admission to trading on AIM.

The restrictions on the disposal of Ordinary Shares contained in the SWHS Lock-in Deed do not apply in certain limited circumstances, including disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company.

12.1.13 Placing Agreement dated 8 August 2024 between (1) the Company, (2) the Directors, (3) SCC, (4) SCS and (5) Zeus

Pursuant to the Placing Agreement, Shore Capital and Zeus conditionally agreed to use their respective reasonable endeavours to procure subscribers for the Placing Shares, and SCS and Zeus as the Company’s joint brokers and SCC, as the Company’s nominated adviser, have been granted certain powers and authorities in connection with the Placing and application for admission to trading of the Company’s shares on AIM. Under the terms of the Placing Agreement, the Company and the Directors have given certain customary warranties indemnities and undertakings to Shore Capital and Zeus in connection with admission to trading of the Company’s shares on AIM and other matters relating to the Enlarged Group and its affairs. Shore Capital and Zeus may terminate the Placing Agreement in certain specified circumstances prior to admission to trading of the Company’s shares on AIM, principally if any of the warranties has ceased to be true and accurate in any material respect or shall have become misleading in any material respect or in the event of circumstances existing which make it impracticable or inadvisable to proceed with admission to trading of the Company’s shares on AIM. The liability of the Directors in respect of a breach of the warranties given in the Placing Agreement is limited in time and amount.

12.1.14 Lock-in Deed dated 8 August 2024 between (1) the Company, (2) SCC, (3) SCS, (4) Zeus and (5) the Executive Directors

Pursuant to this lock-in deed, each of the Executive Directors has undertaken to the Company, Shore Capital and Zeus that they will not, and will procure that their related parties will not, dispose of Ordinary Shares held by them at Second Admission or acquired following Second Admission for a period of 12 months from the date of Second Admission.

Each Executive Director has also undertaken that, for the period of 12 months following the first anniversary of the date of Second Admission, they will, and will procure that their related parties will, only dispose of Ordinary Shares held by them at Second Admission or acquired following Second Admission on an orderly market basis through the Company’s broker from time to time.

The restrictions on the disposal of Ordinary Shares contained in this lock-in deed do not apply in certain limited circumstances, including disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company.

12.1.15 Nomad and Broker agreement dated 8 August 2024 between (1) the Company, (2) Shore Capital and Corporate and (3) Shore Capital Stockbrokers (the “Nomad and Broker Agreement”)

Pursuant to the Nomad and Broker Agreement, the Company appointed Shore Capital and Corporate to act as nominated adviser, and Shore Capital Stockbrokers to act as joint broker, to the Company for the purposes of the AIM Rules for Companies. The Company agreed to pay for its services as nominated adviser and joint broker for the purposes of the AIM Rules for Companies. The Company also agreed to pay Shore Capital's properly incurred costs, charges and expenses in connection with its services.

Shore Capital may terminate the Nomad and Broker Agreement with immediate effect in certain limited circumstances. The Nomad and Broker Agreement contains certain undertakings and indemnities given by the Company to Shore Capital. The appointment will take effect from Re-Admission and shall continue for a minimum of one year, and thereafter may be terminated by the Company or Shore Capital giving to the other not less than 3 months' prior written notice to be given at any time.

This agreement replaces the Nomad and Broker Agreement referred to in paragraph 12.1.6 above.

12.1.16 Loan Conversion Agreement dated 8 August 2024 between (1) Bob Holt, (2) the Company and (3) C&D

Under this agreement, subject to completion of the acquisition of C&D occurring, half of Bob Holt's outstanding non-interest bearing loan in C&D of £450,000 will be discharged and settled on Second Admission through the issue of 3,000,000 new Ordinary Shares by the Company at the Placing Price. The balance of £225,000 will remain outstanding following Completion and Bob Holt has also undertaken to C&D that he will not demand repayment of the balance of such loan before 1 January 2027 at the earliest.

12.2 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by C&D in the two years immediately preceding the date of this document and (i) are, or may be, material or (ii) contain provisions under which C&D has any obligation or entitlement which is, or may be, material to C&D or the Group:

12.2.1 Loan Conversion Agreement dated 8 August 2024 between (1) Bob Holt (2) the Company and (2) C&D

Under this agreement, subject to completion of the acquisition of C&D occurring, half of Bob Holt's outstanding non-interest bearing loan in C&D of £450,000 will be discharged and settled on Second Admission through the issue of 3,000,000 new Ordinary Shares by the Company at the Placing Price. Bob Holt has also undertaken to C&D that he will not require repayment of the balance of such loan before 1 January 2027 at the earliest.

12.3.2 Enterprise Finance Guarantee Scheme loan agreement dated 5 May 2017 between (1) National Westminster Bank plc and (2) C&D

Under this agreement C&D was loaned the sum of £65,000 by National Westminster Bank plc at an annual interest rate of 4.87 percentage points above the lender's base rate for the time being repayable in full by the tenth anniversary of drawdown. This agreement contains standard undertakings and events of default and is secured by a debenture creating a fixed and floating charge over the business and assets of C&D.

12.3.3 Coronavirus Business Interruption Loan Scheme loan agreement dated 29 January 2021 between (1) National Westminster Bank plc and (2) C&D

Under this agreement C&D was loaned the sum of £250,000 by National Westminster Bank plc at an annual interest rate of 2.81 percentage points above the lender's base rate for the time being repayable in full by the sixth anniversary of drawdown. The

first year's interest was payable by H.M. Government and thereafter by C&D. This agreement contains standard undertakings and events of default.

12.3.4 Loan agreement dated on or around 8 March 2024 between (1) Funding Circle Limited and (2) C&D

Under this agreement C&D was loaned the sum of £250,000 by Funding Circle Limited (which was drawn down on 8 March 2024). This loan is at an annual interest rate of 17.9 per cent. and repayable by equal monthly instalments of £9,512.95 with the final instalment due by the third anniversary of drawdown.. This agreement contains standard undertakings and events of default.

12.3.5 Invoice Finance facility agreement dated 23 May 2024 between (1) Time Invoice Finance Limited and (2) C&D

Under this agreement Time Invoice Finance Limited made an invoice finance facility of up to £600,000 available to C&D for an initial fixed period of 12 months and terminable on 6 months' notice thereafter. The discount charge and interest is charged at 3 percentage points above NatWest's base rate from time to time. This facility is secured by personal guarantees from Zac Cosgrove and Luke Drew as well as a debenture creating a fixed and floating charge over the business and assets of C&D. This agreement contains standard undertakings, indemnities, warranties and representations and events of default.

12.3 The following contract, not being a contract entered into in the ordinary course of business, have been entered into by SWHS in the two years immediately preceding the date of this document and (i) are, or may be, material or (ii) contain provisions under which SWHS has any obligation or entitlement which is, or may be, material to SWHS or the Group:

12.3.1 Bounce Back Loan Scheme loan agreement dated 21 May 2020 between (1) National Westminster Bank plc and (2) SWHS

Under this agreement, SWHS was loaned the sum of £50,000 by National Westminster Bank plc at an annual interest rate of 2.5% repayable in full by the fifth anniversary of drawdown. This agreement contains standard warranties and events of default and information obligations.

13. RELATED PARTY TRANSACTIONS

13.1 During the period covered by the audited historical financial information for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, the unaudited interim financial information for the six months ended 30 June 2024 and up to the date of this document, the Company entered into the following related party transactions:

13.1.1 On 28 May 2021, convertible loan notes with a term of 2 years were issued, secured by way of a floating charge against the assets of the Company, including £25,000, to Gavin Mayhew, a non-executive director of the Company. These have since been discharged.

13.1.2 On 28 April 2023, £500,000 of convertible loan notes with a term of 2 years were issued, secured by way of a floating charge against the assets of the Company of which Gavin Mayhew, a non-executive director of the Company, agreed to subscribe for £165,000 of the notes and John Celaschi, a significant shareholder in the Company, agreed to subscribe for £110,000 of such notes. As described at paragraph 12.1.1 above, these have since been discharged.

13.1.3 During the year ended 31 December 2023, the Company entered into a service agreement with FlySolarTech Solutions srl, a company of which a director of Verditek Solar srl was also a director and shareholder, resulting in rental payment and receipt of rental income of £34,831 (€40,050).

13.1.4 On 29 February 2024, the Company completed the disposal of Verditek Italy srl and all business assets of the Company relating to its solar panel business to Verditek Solar Limited, a company owned by the holders of the convertible loan notes referred to in paragraph 13.1.2 above, in consideration for the surrender of the Company's

outstanding secured convertible loan notes referred to in paragraph 12.1.1 above and accrued interest in the sum of £528,340.

- 13.1.5 As at the date hereof, the Company has entered into the C&D SPA to which Bob Holt is a party as one of the C&D Sellers. This transaction is more particularly described in paragraph 12.1.9 above. In addition, half of Bob Holt's loan to C&D is being converted into the Bob Holt Loan Conversion Shares as described in paragraph 12.1.16 above.
- 13.1.6 In addition, as set out in paragraph 22 of Part I of this document, certain of the Directors are participating in the Placing and are subscribing, conditional on Second Admission, for a total of 879,999 Placing Shares.
- 13.2 During the period covered by the historical financial information set out in Section B of Part IV of this document and up to the date of this document, C&D entered into the following related party transactions:
- 13.2.1 Over the period March 2023 to April 2024, Bob Holt loaned C&D a total of £450,000 on an interest free and repayable on demand basis. Subject to completion of the acquisition of C&D occurring and on Second Admission, half of Bob Holt's outstanding non-interest bearing loan in C&D of £450,000 will be discharged and settled on Second Admission through the issue of 3,000,000 new Ordinary Shares by the Company at the Placing Price. The balance of £225,000 will remain outstanding following Completion and Bob Holt has also undertaken to C&D that he will not demand repayment of the balance of such loan before 1 January 2027 at the earliest.
- 13.2.2 Key members of management owed the following amounts to C&D as at the relevant year end (31 December), 2021: £207, 2022: £51,747 and 2023: £163,650. C&D related parties (other than key members of management) owed the following amounts to C&D as at the relevant year end (31 December), 2021: £57,720, 2022: £97,187 and 2023: £79,855. These outstanding balances are interest free and repayable on demand.
- 13.2.3 C&D owed key members of management the following amounts as at the relevant year end (31 December), 2021: £737, 2022: £0 and 2023: £0. C&D owed C&D related parties (other than key members of management) the following amounts as at the relevant year end (31 December), 2021: £0, 2022: £40,000 and 2023: £50,000. These outstanding balances are interest free and repayable on demand.
- 13.3 During the period covered by the historical financial information set out in Sections B and D of Part V of this document and up to the date of this document, SWHS entered into the following related party transactions:
- 13.3.1 As at 30 June 2023, Andrew Custer had an overdrawn director's loan account of £50,000 but the relevant amount of overdrawn loan account was paid off by way of dividend at the end of each financial period. Dividends have been declared and paid to shareholders of SWHS during the years ended 30 June 2021, 30 June 2022, and 30 June 2023 at a rate per respective year of £535, £481 and £730 per ordinary share.
- 13.3.2 As at 31 March 2024, Andrew Custer had an overdrawn director's loan account of £13,000. Dividends have been declared and paid to shareholders of SWHS during the year ended 30 June 2023 at a rate of £730 per ordinary share.

14. LITIGATION

- 14.1 Save as set out in this document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened by or against the Company of which the Company is aware) during the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 14.2 Save as set out in this document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened by or against C&D of which the Company is aware) during the 12 months immediately preceding the date of this

document which may have, or have had in the recent past, significant effects on the financial position or profitability of C&D.

Save as set out in this document, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened by or against SWHS of which the Company is aware) during the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of SWHS.

15. NO SIGNIFICANT CHANGE

15.1 Save as disclosed in this document, there has been no significant change in the financial position or financial performance of the Company which has occurred since 30 June 2024, being the end of the last financial period for which the Company has published unaudited historical financial information.

15.2 Save as disclosed in this document, there has been no significant change in the financial position or financial performance of C&D which has occurred since 31 December 2023, being the end of the last financial period included in the financial information set out in Section B of Part IV of this document.

15.3 Save as disclosed in this document, there has been no significant change in the financial position or financial performance of SWHS which has occurred since 31 March 2024, being the end of the last financial period included in the financial information set out in Section D of Part V of this document.

16. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Enlarged Group, taking into account the net proceeds of the Placing, is sufficient for its present requirements, that is for at least 12 months from the date of Second Admission.

17. THIRD PARTY INFORMATION

17.1 The Company confirms that the information in this document which has been sourced from third parties has been accurately reproduced and that as far as it is aware and able to ascertain from information published by each of those parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.

17.2 The source of the third party information is indicated on the relevant pages.

18. GENERAL

18.1 The accounting reference date of the Company is 31 December each year. The Company will publish its audited accounts for the year ending 31 December 2024 by 30 June 2025.

18.2 The auditors of the Company are Haysmacintyre LLP of 10 Queen Street Place, London EC4R 1AG who were appointed on 9 April 2024. Previously, Crowe LLP of 2nd Floor, 55 Ludgate Hill, London EC4M 7JW were the Company's auditors. Each of Haysmacintyre LLP and Crowe LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

18.3 The total costs and expenses payable by the Company in connection with or incidental to Admission, including registration and London Stock Exchange fees, corporate finance, accountancy and legal fees, and the costs of printing and despatching this document, are estimated to be approximately £1.3 million (including VAT), all of which will be payable by the Company.

18.4 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

- received, directly or indirectly, from the Company within 12 months preceding the date of this document; or

- entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any:
 - fees, securities in the Company or any other benefit to the value of £10,000 or more at the date of Admission.
- 18.5 The Directors are not aware of any exceptional factors that have influenced the Company's activities.
- 18.6 No commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or (save for the commissions payable to SCS and Zeus as set out in paragraph 12.1.13 of this Part IX) of his procuring or agreeing to procure subscriptions for such securities.
- 18.7 No payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 18.8 Save as disclosed in this document, there are no patents or licences, industrial commercial or financial contracts which are, or may be, of fundamental importance to the business of the Enlarged Group.
- 18.9 The Directors are unaware of any environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- 18.10 Save as disclosed in this document, there are no investments in progress or future investments on which the Directors have already made firm commitments which are significant.
- 18.11 The Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for at least the current financial year.
- 18.12 Haysmacintyre LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear and to the inclusion of its accountants' reports and has authorised the contents of those reports set out in Sections A of Parts IV to V and Section C of Part V of this document for the purposes of Schedule Two of the AIM Rules for Companies.
- 18.13 Shore Capital and Corporate has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they appear.
- 18.14 Shore Capital Stockbrokers has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they appear.
- 18.15 Zeus has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they appear.

19. DOCUMENTS AVAILABLE FOR INSPECTION

- 19.1 The Company's accounts for the years ended 31 December 2021, 2022 and 2023 together with its unaudited interim results for the six months ended 30 June 2024 may be viewed at www.earnzplc.com/investors and these accounts and unaudited results are deemed to be incorporated into this document by reference to that website in accordance with Rule 23.15 of the City Code.
- 19.2 In addition to the financial results referred to in paragraph 19.1 above, copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the Company's registered office for a period of one month from the date of this document:
- (a) the Articles and New Articles;
 - (b) a copy of this document;
 - (c) the material contracts referred to in paragraph 12.1 above;

- (d) the share option scheme rules referred to in paragraph 9 above; and
- (e) copies of the service agreements of the Executive Directors and of the letters of appointment of the Non-Executive Directors referred to in paragraph 10 above.

20. AVAILABILITY OF THIS DOCUMENT

A copy of this document is available in electronic form at the Company's website, www.earnzplc.com.

Date: 9 August 2024

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“2006 Act”	the Companies Act 2006.
“Acquisition”	separately, the conditional acquisition of the issued share capital of C&D or SWHS, as the context requires
“Acquisitions”	together, the conditional acquisitions of C&D and SWHS
“Additional Consideration Shares”	up to 38,171,650 Ordinary Shares (on the basis that they are issued at 4p per share, being the nominal value of shares) to be issued to the Sellers in respect of the additional consideration provisions contained in the SPAs
“Admission”	as the context requires, First Admission and/or Second Admission
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company as adopted by a special resolution of the Company on 13 February 2018, a summary of which is set out in paragraph 5 of Part IX of this document
“Bob Holt Concert Party”	together, Bob Holt, Elizabeth Lake, John Charlton, Ian Currie, James Holt, Rachael Burnett, Robert Holt and William Holt for the purposes of the City Code
“Bob Holt Loan Conversion”	the conversion of half of Bob Holt’s loan to C&D into 3,000,000 new Ordinary Shares on Second Admission at the Placing Price
“Bob Holt Loan Conversion Shares”	the 3,000,000 new Ordinary Shares to be allotted to Bob Holt, conditional upon Admission, pursuant to the Bob Holt Loan Conversion
“City Code”	the City Code on Takeovers and Mergers published by the Panel from time to time
“Company” or “EARNZ”	EARNZ plc, a company incorporated under the laws of England and Wales with company number 10114644
“Concert Parties”	together the Existing Bob Holt Concert Party and the SWHS Concert Party for the purposes of the City Code
“Completion”	completion of the Acquisitions
“Consideration Shares”	together, the Initial Consideration Shares and the Additional Consideration Shares
“C&D”	Cosgrove & Drew LTD, a company incorporated under the laws of England and Wales with company number 09436019
“C&D Concert Party”	together, Bob Holt, Zac Cosgrove and Luke Drew for the purposes of the City Code
“C&D Lock-in Deed”	the lock-in agreement entered into between the Company, Shore Capital, Zeus and the C&D Locked-in Persons, as more particularly described in paragraph 12.1.10 of Part IX of this document
“C&D Locked-in Persons”	the C&D Sellers who are signatories of the C&D Lock-in Deed
“C&D Sellers”	the shareholders of C&D

“C&D SPA”	the agreement dated 8 August 2024 between (1) the C&D Sellers, (2) the Company and (3) EHL in respect of the conditional acquisition of the issued share capital of C&D which contains details of the consideration payable to, and the warranties and indemnities to be given by, the C&D Sellers
“C&D Warrantors”	the C&D Sellers who have provided warranties as part of the C&D SPA
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Directors” or “Board”	the directors of the Company whose names are set out on page 10 of this document
“DTRs”	the Disclosure Guidance and Transparency Rules sourcebook published by the FCA from time to time
“EHL”	EARNZ Holdings Limited, a company registered in England and Wales with company number 1574113 and whose registered office is at Holborn Gate, 330 High Holborn, London WC1V 7QT
“EIS”	Enterprise Investment Scheme
“EIS and VCT Placing”	the conditional placing of the EIS and VCT Placing Shares by the Joint Brokers pursuant to the Placing Agreement
“EIS and VCT Placing Shares”	the 20,798,491 Ordinary Shares to be issued and allotted at the Placing Price pursuant to the Placing to those Placees comprising certain VCTs and other investors seeking to qualify for VCT Relief or EIS Relief
“EIS Legislation”	Part 5 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein
“EIS Placing Shares”	the shares intended to qualify for EIS Relief
“EIS Relief”	relief from UK tax under the EIS Legislation
“Enlarged Group”	the Company as enlarged by the Acquisitions immediately following Second Admission
“Enlarged Share Capital”	the issued share capital of the Company immediately following Second Admission
“Euroclear”	Euroclear UK & International Limited, a company incorporated under the laws of England and Wales
“Executive Directors”	Bob Holt, Elizabeth Lake and John Charlton
“Existing Bob Holt Concert Party”	together the Bob Holt Concert Party and the C&D Concert Party for the purposes of the City Code
“Existing Ordinary Share Capital”	the Ordinary Shares in issue as at the date of this document
“Existing Ordinary Shares”	the 62,879,828 Ordinary Shares in issue at the date of this document
“FCA”	the Financial Conduct Authority of the UK
“First Admission”	admission of the EIS and VCT Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“FSMA”	the Financial Services and Markets Act 2000, as amended

“Form of Proxy”	the form of proxy accompanying this document for use at the General Meeting
“General Meeting”	the general meeting of the Company to be held at the offices of Shore Capital, Cassini House, 57 St James’s Street, London SW1A 1LD at 10.00 a.m. on 27 August 2024
“Group”	the Company and its subsidiary undertakings for the time being
“HMRC”	His Majesty’s Revenue and Customs (which shall include its predecessors, the Inland Revenue and HM Customs and Excise)
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board as adopted in the United Kingdom
“Independent Directors”	Linda Main and Sandra Skeete
“Independent Shareholders”	the Shareholders other than the members of the Bob Holt Concert Party
“Initial Consideration Shares”	the Ordinary Shares to be issued to the Sellers pursuant to the terms of, and subject to the conditions in, the SPAs
“ISIN”	International Securities Identification Number
“Joint Broker Agreement”	the joint broker agreement dated on or around 1 March 2024 and made between: (1) the Company and (2) WH Ireland Limited (and subsequently assigned by WH Ireland Limited to Zeus on 15 July 2024, further details of which are set out in paragraph 12.1.7 of Part IX of this document
“Joint Brokers”	together, SCS and Zeus
“Lock-in Agreements”	the lock-in and orderly market agreements entered into between (1) the Company, (2) Shore Capital (3) Zeus and the Locked-in Shareholders or the Executive Directors (as appropriate), as more particularly described in paragraphs 12.1.10, 12.1.12, and 12.1.14 of Part IX of this document
“Locked-in Shareholders”	together, the Executive Directors, the C&D Sellers and the SWHS Seller
“London Stock Exchange”	London Stock Exchange plc
“MAR”	the UK version of Regulation (EU) No. 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
“New Articles”	the Articles as proposed to be amended by Resolution 5
“New Options”	the awards granted to the Executive Directors under the terms of the long term incentive plan set out in paragraph 9.3.2 of Part IX of this document together with any other options that have not yet been granted but may be granted by the Board under the option schemes referred to in paragraph 9 of Part IX of this document
“New Ordinary Shares”	the Initial Consideration Shares, the Bob Holt Conversion Shares and the Placing Shares
“Nominated Adviser and Broker Agreement”	the nominated adviser and broker agreement dated 8 August 2024 and made between (1) the Company (2) Shore Capital and Corporate and (3) Shore Capital Stockbrokers, further details of which are set out in paragraph 12.1.15 of Part IX of this document
“Non-EIS and VCT Placing”	the conditional placing of the Non-EIS and VCT Placing Shares by the Joint Brokers pursuant to the Placing Agreement

“Non-EIS and VCT Placing Shares”	the 6,552,959 Ordinary Shares to be issued and allotted at the Placing Price pursuant to the Placing other than the EIS and VCT Placing Shares
“Non-Executive Directors”	Linda Main and Sandra Skeete
“Official List”	the Official List of the FCA
“Ordinary Shares”	ordinary shares of 4p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	together the EIS and VCT Placing and the Non-EIS and VCT Placing
“Placing Agreement”	the agreement dated 8 August 2024 between (1) the Company (2) the Directors (3) SCC (4) SCS and (5) Zeus relating to the Placing, details of which are set out in paragraph 12.1.13 of Part IX of this document
“Placing Price”	7.5p per Placing Share
“Placing Shares”	the 27,351,450 Ordinary Shares to be allotted and issued pursuant to the Placing
“Prohibited Territories”	USA, Australia, Canada, Japan, the Republic of South Africa and their respective territories and possessions
“Proposals”	together, the Acquisitions, the Bob Holt Loan Conversion, and the Placing
“Prospectus Regulation”	the UK version of the Prospectus Regulation (EU) No. 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
“Prospectus Regulation Rules”	the rules made pursuant to section 73A of the FSMA
“QCA”	the Quoted Companies Alliance
“QCA Code”	the QCA Corporate Governance Code published from time to time
“Re-Admission”	the re-admission of the Existing Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“Registrars”	Neville Registrars Limited of Neville House, Steelpark Road, Halesowen B62 8HD
“Resolutions”	the resolutions (each being a “Resolution”) to be proposed and voted upon at the General Meeting and which are contained in the General Meeting notice set out at the end of this document
“RIS”	Regulatory Information Service
“Rule 9”	Rule 9 of the City Code
“Rule 9 waiver”	the waiver of any requirement under Rule 9 of the City Code for the Existing Bob Holt Concert Party to make a general offer to the Shareholders as a result of any market purchase of Ordinary Shares by the Company
“Second Admission”	admission of the Non-EIS and VCT Placing Shares, the Bob Holt Conversion Shares and the Initial Consideration Shares, and the re-admission of the Existing Ordinary Shares, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“Sellers”	together, C&D Sellers and the SWHS Seller

“Share Option Schemes”	the existing employment management incentive scheme operated by the Company, together with the LTIP, the EMI Scheme and the SAYE Scheme as defined and, as more particularly described in paragraph 9 of Part IX of this document
“Shareholders”	holders of Ordinary Shares from time to time
“Shore Capital”	Shore Capital and Corporate and/or Shore Capital Stockbrokers, as the context requires
“Shore Capital and Corporate”, “SCC” or “Nominated Adviser”	Shore Capital and Corporate Limited (a private limited company incorporated and registered in England and Wales with company number 02083043), the Company’s nominated adviser for the purposes of the AIM Rules for Companies
“Shore Capital Stockbrokers” or “SCS”	Shore Capital Stockbrokers Limited (a private limited company incorporated and registered in England and Wales with company number 01850105), the Company’s joint broker for the purposes of the AIM Rules for Companies
“SWHS”	South West Heating Services Limited, a company incorporated under the laws of England and Wales with company number 12074906
“SWHS Lock-in Deed”	the lock-in agreement entered into between the Company, Shore Capital and Zeus and the SWHS Locked-in Person, as more particularly described in paragraph 12.1.12 of Part IX of this Document
“SWHS Locked-in Person”	the SWHS Seller who is a signatory of the SWHS Lock-in Deed
“SWHS Seller” or “SWHS Concert Party”	the sole shareholder of SWHS, being Andrew Custer
“SWHS SPA”	the agreement dated 8 August 2024 between (1) the SWHS Seller and (2) EHL in respect of the acquisition of the issued share capital of C&D which contains details of the consideration payable to, and the warranties and indemnities to be given by, the SWHS Seller
“SWHS Warrantor”	Andrew Custer who has provided warranties as part of the SWHS SPA
“SPAs”	together the C&D SPA and the SWHS SPA
“subsidiary undertakings”	as defined in section 1162 of the 2006 Act
“Targets”	together C&D and SWHS (each separately being a “Target”)
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	Ordinary Shares recorded on the Company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US” or “USA” or “United States”	the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America
“US” or “USD”	United States Dollars, the lawful currency of the United States
“US Securities Act”	the US Securities Act of 1933
“VAT”	value added tax
“VCT”	venture capital trust

“VCT Legislation”	Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein
“VCT Placing Shares”	the shares intended to qualify for VCT purposes
“VCT Relief”	relief from UK tax under the VCT Legislation
“Zeus”	Zeus Capital Limited
“£” and “p”	respectively pounds and pence sterling, the lawful currency of the UK

GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

ECO	Energy Company Obligation
ESOS	Energy Saving Opportunity Scheme
GHGs	green house gas emissions
HHCRO	Home Heating Cost Reduction Obligation
LCHG Scheme	Low Carbon Heat Grant
LCSF	Low Carbon Skills Fund
PSDS	Public Sector Decarbonisation Scheme
SECR	Streamlined Energy and Carbon Reporting
SHDF	Social Housing Decarbonisation Fund
SGPSEDS Scheme	Scottish Green Public Sector Estate Decarbonisation Scheme

EARNZ PLC

(Incorporated and registered in England and Wales with company number 10114644)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of EARNZ plc (the “**Company**”) will be held at the offices of Shore Capital, Cassini House, 57 St James’s Street, London SW1A 1LD, at 10.00 a.m. on 27 August 2024 (the “**General Meeting**”) for the purpose of considering and, if thought fit, passing resolutions 1 to 3 inclusive as ordinary resolutions and resolutions 4 and 5 as special resolutions (together, the “**Resolutions**”, and each a “**Resolution**”). Voting on all Resolutions will be conducted by way of a poll rather than on a show of hands.

Words and expressions used or defined in the Company’s admission document dated 9 August 2024, of which this notice forms part, shall have the same meaning in this notice.

Ordinary Resolutions

1. **THAT**, subject to and conditional upon the passing of Resolutions 2, 3 and 4 below, each of the Acquisitions be and is hereby approved as a reverse takeover in accordance with Rule 14 of the AIM Rules for Companies.
2. **THAT**, subject to and conditional upon the passing of Resolutions 1 above, 3 and 4 below, the waiver by the Panel of the obligation on the Existing Bob Holt Concert Party or any member thereof to make a general offer under Rule 9 of the City Code, as a result of the issue to the Existing Bob Holt Concert Party of the Bob Holt Loan Conversion Shares, the Consideration Shares pursuant to the terms of, and subject to the conditions in, the C&D SPA and pursuant to the exercise of all LTIP awards, be and is hereby approved.
3. **THAT**, in accordance with s.551 of the 2006 Act, the directors be generally and unconditionally authorised to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being **Relevant Securities**) provided that this authority shall be limited to:
 - (a) the allotment of the Consideration Shares, the Placing Shares, the Bob Holt Loan Conversion Shares; and
 - (b) the allotment, other than pursuant to sub-paragraph (a) of this Resolution 3, of Relevant Securities up to an aggregate nominal amount of £1,893,597.00.

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the conclusion of the next annual general meeting of the Company and the date which is 18 months from the date of the passing of this Resolution, save that the Company may, before such expiry, make offers or agreements which would, or might, require Relevant Securities to be allotted and the directors may allot equity securities in pursuance of such offer or agreement, notwithstanding that the authority conferred by this Resolution has expired.

Special Resolutions

4. **THAT**, in accordance with s.570 of the 2006 Act and subject to the passing of Resolution 3, the Directors be given the general power to allot equity securities (as defined in s.560 of the 2006 Act), pursuant to the authority conferred by Resolution 3, for cash as if s.561(1) of the 2006 Act did not apply to any such allotment, such authority to be limited to:
 - (a) the allotment of the Consideration Shares, the Placing Shares, and the Bob Holt Loan Conversion Shares; and
 - (b) the allotment, other than pursuant to sub-paragraph (a) of this Resolution 4, of equity securities up to an aggregate nominal amount of £568,079.00

provided that this power shall (unless previously revoked, varied or renewed) expire when the authority conferred by Resolution 3 above shall expire, save that the Company may, before such expiry, make offers or agreements which would, or might, require equity securities to be

allotted and the directors may allot equity securities in pursuance of such offer or agreement, notwithstanding that the authority conferred by this resolution has expired.

5. **THAT**, the Articles of the Company be altered as follows:

- (a) in Article 24 by deleting Article 24.4 in full and replacing it with “24.4 At the annual general meeting of the Company all the Directors shall retire from office. The Directors shall retain office until the close of that meeting or, if adjourned, until the close of such adjourned meeting.” And by deleting Article 24.5 and renumbering the remaining provisions of Article 24;
- (b) in Article 27.3 by deleting the words “...or goes or resides abroad...”;
- (c) in Article 31.2 by deleting the first sentence and replacing it with “The quorum necessary for the transaction of business of the Board shall be two Directors.”;
- (d) in Article 22.2 by deleting the figure of “£5,000,000” and replacing it with “the greater of £5,000,000 and an amount equal to 4 times the Adjusted Capital and Reserves”; and
- (e) by adding the following articles to Article 22:

“22.3 For the purpose of this Article:

Group means the Company and its subsidiary undertakings for the time being;

relevant balance sheet means the most recent audited consolidated balance sheet of the Group at the relevant time;

Adjusted Capital and Reserves means a sum equal to the aggregate, as shown by the relevant balance sheet, of the amount paid up or credited or deemed to be paid up on the issued or allotted share capital of the Company and the amount standing to the credit of the reserves (including, without limitation, the profit and loss account and any share premium account or capital redemption reserve) of the Company and its subsidiary undertakings included in the consolidation in the relevant balance sheet but after:

- (a) making such adjustment as may be appropriate to reflect the profit or loss of the Company since the relevant balance sheet;
- (b) excluding any amount set aside for taxation (including any deferred taxation) or any amounts attributable to outside shareholders in subsidiary undertakings of the Company;
- (c) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital and or any reserves (other than the profit and loss account) after the date of the relevant balance sheet. For this purpose, if any issue or proposed issue of shares by the Company for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription monies paid for them (other than money to be paid more than six months after the allotment date) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional);
- (d) making such adjustments as may be appropriate in respect of any distribution declared, recommended, made or paid by the Company or its subsidiary undertakings (to the extent not attributable directly or indirectly to the Company) out of profits earned up to and including the date of the relevant balance sheet to the extent such distribution is not provided for in such balance sheet;
- (e) making such adjustments as may be appropriate in respect of any variation in the interests of the Company in its subsidiary undertakings (including a variation where an undertaking ceases to be a subsidiary undertaking) since the date of the relevant balance sheet; and
- (f) making such adjustments as the auditors of the Company may consider appropriate.

minority proportion means a proportion equal to the proportion of the issued share capital of a partly-owned subsidiary undertaking which is not attributable to a member of the Group.

22.4 Borrowings shall be deemed to include the following except in so far as otherwise taken into account:

22.4.1 the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking of the Company owned otherwise than by a member of the Group;

22.4.2 the nominal amount of any other issued and paid up share capital and the principal amount of any debentures or borrowed moneys which is not at the relevant time beneficially owned by a member of the Group, the redemption or repayment of which is the subject of a guarantee or indemnity by a member of the Group or which any member of the Group may be required to buy;

22.4.3 the principal amount of any debenture (whether secured or unsecured) of a member of the Group beneficially owned otherwise than by a member of the Group;

22.4.4 the outstanding amount raised by acceptances by any bank or accepting house under any acceptance credit opened by or on behalf of any member of the Group; and

22.4.5 the minority proportion of moneys borrowed by a member of the Group and owing to a partly-owned subsidiary undertaking.

22.5 Borrowings shall not include and shall be deemed not to include:

22.5.1 borrowings incurred by any member of the Group for the purpose of repaying within six months of the borrowing the whole or any part (with or without premium) of any borrowings of that or other member of the Group then outstanding, pending their application for such purpose within such period; and

22.5.2 the minority proportion of moneys borrowed by a partly owned subsidiary undertaking and not owing to another member of the Group.

22.6 When the aggregate principal amount of borrowings required to be taken into account on any particular date is being ascertained, any particular borrowing then outstanding which is denominated or repayable in a currency other than sterling shall be notionally converted into sterling at the rate of exchange prevailing in London on the last business day before that date or, if it would result in a lower figure, at the rate of exchange prevailing in London on the last business day six months before that date. For these purposes the rate of exchange shall be taken to be the spot rate in London recommended by a London clearing bank, selected by the Board, as being the most appropriate rate for the purchase by the company of the currency in question for sterling on the day in question.

22.7 A certificate or report by the auditors of the Company as to the amount of any borrowings or to the effect that the limit imposed by this Article has not been or will not be exceeded at any particular time or times, shall be conclusive evidence of such amount or fact for the purposes of this Article. Nevertheless, the Board may at any time rely on a *bona fide* estimate of the aggregate of the borrowings. If, in consequence, the limit on borrowings set out in this Article is inadvertently exceeded, the amount of borrowings equal to the excess may be disregarded for 90 days after the date on which by reason of a determination of the auditors of the Company or otherwise the Board becomes aware that such a situation has or may have arisen.

22.8 No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or recipient of the security had, at the time the debt was incurred or security given, express notice that the said limit had been or would be exceeded.”

Dated: 9 August 2024

By order of the Board,
Lucy Tarleton
on behalf of
CFPro CoSec Limited
Company Secretary

Registered Office:
First Floor
Holborn Gate
330 Holborn
London
WC1V 7QT

NOTES TO THE NOTICE OF GENERAL MEETING

1. Entitlement to attend and vote

Only those Shareholders registered in the Company's register of members at:

- close of business on 22 August 2024, or
- if this meeting is adjourned, at close of business on the day two business days prior to the adjourned meeting,

shall be entitled to attend, speak and vote at the meeting.

Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Voting

The Resolutions in this notice of the General Meeting will be voted on a poll.

3. Attending in person

If you wish to attend the meeting in person, please contact John Charlton (john.charlton@earnzplc.com) at least 24 hours before the start of the General Meeting who will provide you with further instructions. Please also bring your attendance card, which you should have received with this Notice, as proof of your right to attend, speak and vote at the meeting.

4. Appointment of proxies

If you are a Shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Form of Proxy with this Notice. A proxy does not need to be a Shareholder of the Company but must attend the meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

Shareholders can:

- appoint a proxy or proxies and give proxy instructions by returning the enclosed Form of Proxy by post;
- register their proxy appointment electronically; or
- if a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolutions. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

5. Appointment of proxy by post

The notes to the Form of Proxy explain how to direct your proxy how to vote on each Resolution or withhold their vote.

To appoint a proxy using the Form of Proxy, the form must be:

- completed and signed;
- sent or delivered to the Company's Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD; and
- received by Neville Registrars Limited no later than 10.00 a.m. on 22 August 2024.

In the case of a Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

If you have not received a Form of Proxy and believe that you should have one, or if you require an additional Form of Proxy, please contact Neville Registrars Limited on 0121 585 1131. If you are outside the United Kingdom, please call +44 (0) 121 585 1131. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.00 pm, Monday to Friday (excluding public holidays in England and Wales).

6. Appointment of proxies electronically

As an alternative to completing the Form of Proxy, Shareholders can appoint proxies electronically with the Company's Registrars via www.sharegateway.co.uk using the Shareholder's personal proxy registration code as shown on the Form of Proxy. For an electronic proxy appointment to be valid, your appointment must be received by Neville Registrars Limited no later than 10.00 a.m. on 22 August 2024.

7. Appointment of proxies through CREST

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

For a proxy appointment or instructions made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Neville Registrars Limited (ID 7RA11) no later than 10.00 a.m. on 22 August 2024, or, in the event of an adjournment of the meeting, 48 hours (excluding any part of a day that is not a working day) before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Appointment of proxy by joint members

In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the

Company's register of members in respect of the joint holding (the first-named being the most senior).

9. Changing proxy instructions

Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Neville Registrars Limited.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

10. Termination of proxy appointment

A Shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard-copy notice, clearly stating your intention to revoke your proxy appointment, to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD.

In either case, the revocation notice must be received by Neville Registrars Limited no later than 10.00 a.m. on 22 August 2024.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

11. Corporate representatives

A corporation which is a Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a Shareholder provided that no more than one corporate representative exercises powers over the same share.

The Company will require a certified copy of the resolution of the board (or other governing body) by which the corporate representative was authorised to act for the corporate shareholder and unless such certified copy of such resolution is delivered to the Company, the authority granted by such resolution may at the discretion of the board of directors of the Company not be treated as valid.

12. Issued shares and total voting rights

As at 9 August 2024, the Company's issued ordinary share capital was 62,879,828 Ordinary Shares. The Company holds no ordinary shares in treasury therefore, the total voting rights as at 9 August 2024 are 62,879,828.

13. Communication

Except as provided above, Shareholders who have general queries about the meeting should contact the Company by email at john.charlton@earnzplc.com.

