

**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 personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies (“**AIM Rules**”), has been issued in connection with an application for admission to trading on AIM of the entire share capital, issued and to be issued pursuant to the Placing, of RC Fornax plc. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of 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.

**Application has been made for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM at 8.00 a.m. on 5 February 2025.**

**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 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 Company and the Directors, whose names appear on page 9 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge 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 contains no omission likely to affect the import of such information.

**Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part II of this document.**

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## **RC FORNAX PLC**

*(Incorporated under the Companies Act 2006 and registered in England and Wales  
with registered number 12795371)*

**Placing of 15,846,153 new Ordinary Shares and 3,078,457 Sale Shares at  
32.5 pence per share**

and

**Admission of the Enlarged Share Capital to trading on AIM**

*Nominated Adviser and Financial Adviser*

**Strand Hanson Limited**

*Sole Broker and Sole Bookrunner*

**Cavendish Capital Markets Limited**

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Strand Hanson Limited (“**Strand Hanson**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and financial adviser to the Company and Cavendish Capital Markets Limited (“**Cavendish**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as sole broker and sole bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Strand Hanson or Cavendish or for advising any other person in respect of the proposed Placing and Admission or any

transaction, matter or arrangement referred to in this document. Strand Hanson's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his 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 Strand Hanson and Cavendish by the FSMA or the regulatory regime established thereunder, Strand Hanson and Cavendish do not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Strand Hanson and Cavendish accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

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, New Zealand, the Republic of South Africa ("**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 Ordinary Shares have not been and will not be registered under the US Securities Act 1933, as amended nor under the applicable securities laws of any State of the United States or any province or territory of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, Canada, Australia, New Zealand, South Africa, Japan or to any resident of the United States, Canada, Australia, New Zealand, South Africa or Japan. No public offering of securities is being made in the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Holding Ordinary Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge on the Company's website, [www.rcfornax.co.uk](http://www.rcfornax.co.uk).

## IMPORTANT INFORMATION

### General

This document should be read in its entirety before making any decision to subscribe for or purchase Placing 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, Strand Hanson or Cavendish or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under the AIM Rules, 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, Strand Hanson or Cavendish 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 United Kingdom, or, if you are outside the United Kingdom, 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 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, 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.

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, Strand Hanson or Cavendish 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 Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors".

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 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 or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Strand Hanson, Cavendish 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, Strand Hanson or Cavendish.

None of the Company, the Directors, Strand Hanson or Cavendish or any of their respective representatives makes any representation to any subscriber or purchaser of Placing Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Strand Hanson, Cavendish and any of their respective 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 Strand Hanson, Cavendish or any of their respective affiliates acting as investors for their own accounts. Neither Strand Hanson nor Cavendish intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Strand Hanson, Cavendish and any of their respective 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. Strand Hanson, Cavendish and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

### **Notice to prospective investors in the United Kingdom**

In the United Kingdom, the Placing is only directed at persons who (a) are defined as qualified investors falling within the meaning of article (2)(e) of the Prospectus Regulation; and (b) fall within the definition of “**investment professionals**” in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**) (investment professionals); or (c) who fall within the definition of “high net worth companies, unincorporated associations etc.” in Article 49(2)(a) to (d) of the Order; or (d) are “**qualified investors**” as defined in section 86 of the Financial Services and Markets Act 2000; or (e) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as **Relevant Persons**). Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

### **Notice to prospective investors in the European Economic Area**

The Placing is only directed at persons in member states of the European Economic Area (the EEA) who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Regulation (Regulation EU 2017/1129 and amendments thereto).

### **Forward looking statements**

Certain statements in this document are or may constitute forward looking statements, including statements about current beliefs and expectations of the Directors. In particular, the words “envisage”, “projects”, “expect”, “anticipate”, “estimate”, “may”, “should”, “plan”, “intend”, “will”, “would”, “could”, “target”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board’s expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Group’s financial performance. Though the Board believes these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part II of this document.

Any forward looking statement in this document speaks only as of the date it is made. Save as required by law or regulation or the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board’s expectations or in order to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

### **Presentation of financial information**

The report on the Historical Financial Information included in Section A “*Accountant’s report on the Historical Financial Information*” or Part III “*Financial Information*” of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom and the related consent to its inclusion in this document appearing in Part III “*Financial Information*” of this document has been included as required by the AIM Rules and solely for that purpose.

Unless otherwise indicated, the financial information in this document, including the Historical Financial Information for the three years ended 31 August 2022, 31 August 2023 and 31 August 2024, has been prepared in accordance with UK-adopted international accounting standards (“IFRS”).

### **Non-IFRS Information**

This document contains certain financial measures that are not defined or recognised under IFRS, including EBITDA. EBITDA results from Group operating profit adjusted for depreciation and amortisation. Information regarding EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company’s operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of EBITDA or similar measures and the criteria upon which EBITDA or similar measures are based can vary from company to company. EBITDA, alone, does not provide a sufficient basis to compare the Company’s performance with that of other companies and should not be considered in isolation or as a substitute for operating profit, revenue or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

### **Market and financial information**

The data, statistics and information and other statements in this document regarding the markets in which the Company operates, or its market position therein, is based upon the Company’s records or are taken or derived from statistical data and information derived from the sources described in this document. In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

**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: (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. Specifically, Strand Hanson and Cavendish have not authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Strand Hanson or Cavendish for the accuracy or completeness of any market or industry data which is included in this document. Currency presentation.**

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

### **No incorporation of website information**

The contents of the Company’s website, any website mentioned in this document 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.

### **Interpretation**

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document are, unless otherwise stated, references to London time.

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.

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

### **Notice to Distributors**

#### ***UK Product Governance Requirements***

Solely for the purposes of Paragraph 3.2.7R regarding the responsibilities of UK Manufacturers under the Product Governance requirements contained within Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK 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 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 (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in UK Product Governance Requirements; and (ii) eligible for distribution through all distribution channels as are permitted by UK Product Governance Requirements (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 the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing.

For the avoidance of doubt, the 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.

#### ***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 (**EU MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing EU MiFID II; and (c) local implementing measures (together, the **EU 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 EU 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 clients 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 EU 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.

For the avoidance of doubt, the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of EU 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.

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## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Mark Fahy (Non-Executive Chairman) Paul Reeves (CEO and Executive Director) Rob Shepherd (CFO and Executive Director) Kiri Cavill (Non-Executive Director) David Hitchcock OBE (Non-Executive Director)
<b>Registered Office</b>	71-75 Shelton Street London Greater London United Kingdom WC2H 9JQ
<b>Company website</b>	<a href="http://www.rcfornax.co.uk">www.rcfornax.co.uk</a>
<b>Company Secretary</b>	Rob Shepherd
<b>Nominated Adviser and Financial Adviser</b>	Strand Hanson Limited 26 Mount Row London W1K 3SQ
<b>Sole broker and sole bookrunner</b>	Cavendish Capital Markets Limited 1 Bartholomew Close London EC1A 7BL
<b>Legal advisers to the Company</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Legal advisers to Strand Hanson and Cavendish</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
<b>Auditor and Reporting Accountant</b>	Crowe U.K. LLP 2 <sup>nd</sup> Floor 55 Ludgate Hill London EC4M 7JW
<b>Financial PR</b>	BlytheRay Ltd 4-5 Castle Court London EC3V 9DL
<b>Registrars</b>	Share Registrars Limited 27-28 Eastcastle Street London W1W 8DH

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	the admission of the Enlarged Share Capital, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM rules for companies published by the London Stock Exchange from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
<b>“Articles”</b>	the articles of association of the Company
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 9 of this document
<b>“Cavendish”</b>	Cavendish Capital Markets Limited, the Company’s sole broker and sole bookrunner
<b>“City Code”</b>	the City Code on Takeovers and Mergers published by the Panel from time to time
<b>“Company”</b>	RC Fornax plc, a public limited company incorporated under the laws of England and Wales
<b>“Concert Party”</b>	comprises Paul Reeves and Dan Clarke, the co-founders of the Company as detailed in paragraph 18 of Part I of this document
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
<b>“DTRs”</b>	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA from time to time
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortisation
<b>“EIS”</b>	means the enterprise investment scheme, as particularised in Part VI of the Income Tax Act 2007
<b>“EIS Relief”</b>	relief from UK tax under EIS
<b>“Enlarged Share Capital”</b>	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the Placing Shares
<b>“EU”</b>	the European Union
<b>“Euroclear”</b>	Euroclear UK & International Limited, a company incorporated under the laws of England and Wales
<b>“Executive Directors”</b>	the executive directors of the Company, namely Paul Reeves and Rob Shepherd
<b>“Existing Ordinary Shares”</b>	the 40,003,200 Ordinary Shares in issue on the date of this document
<b>“FCA”</b>	the Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Group”</b>	the Company and its subsidiary undertakings and <b>“Group Company”</b> should be interpreted accordingly

<b>“Historical Financial Information”</b>	the audited historical financial information of the Group for the three years ended 31 August 2022, 31 August 2023 and 31 August 2024, as set out in Section B “ <i>Historical Financial Information</i> ” of Part III “ <i>Financial Information</i> ” of this document
<b>“HMRC”</b>	HM’s Revenue and Customs
<b>“IAS”</b>	UK adopted International Accounting Standards
<b>“IFRS”</b>	UK-adopted International Financial Reporting Standards
<b>“Last Practicable Date”</b>	29 January 2025
<b>“Lock-in Agreements”</b>	the lock-in agreements dated 30 January 2025 and made between the Company, Strand Hanson, Cavendish and each of Paul Reeves and Daniel Clark
<b>“Locked-in Shareholders”</b>	Paul Reeves and Daniel Clark who are subject to lock-in arrangements pursuant to the Lock-in Agreements, details of which are set out in paragraphs 12.4 and 12.6 of Part IV of this document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Non-Executive Director(s)”</b>	the non-executive directors of the Company, namely Mark Fahy, Kiri Cavill and David Hitchcock OBE
<b>“Official List”</b>	the Official List of the FCA
<b>“Ordinary Shares”</b>	ordinary shares of £0.0025 each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Placee”</b>	an investor who has agreed to acquire Placing Shares or Sale Shares pursuant to the Placing
<b>“Placing”</b>	the conditional placing of the Placing Shares and the Sale Shares by Cavendish at the Placing Price pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 30 January 2025 and made between the Company, Cavendish, Strand Hanson, the Directors and Daniel Clark relating to the Placing, further details of which are set out in paragraph 12.1 of Part IV of this document
<b>“Placing Price”</b>	32.5 pence per Placing Share and Sale Share
<b>“Placing Shares”</b>	the 15,846,153 new Ordinary Shares proposed to be issued by the Company to Placees pursuant to the Placing
<b>“Project FAS-G”</b>	the Company’s planned artificial intelligence tool, known as the Fornax Automated Statement of work Generator
<b>“Prospectus Regulation”</b>	Prospectus Regulation (EU) 2017/1129 as it applies in the UK by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended
<b>“QCA Code”</b>	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time
<b>“Registrar”</b>	Share Registrars Limited
<b>“Sale Shares”</b>	the 3,078,457 Existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing
<b>“Selling Shareholders”</b>	Paul Reeves and Daniel Clark, being those Shareholders selling Sale Shares pursuant to the Placing

<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK MAR”</b>	the UK Market Abuse Regulation, which is the retained UK law version of the EU Market Abuse Regulation (596/2014) which has applied in the UK since the end of the Brexit transition period
<b>“uncertificated” or “in uncertificated form”</b>	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“US Securities Act”</b>	the United States Security Act of 1933 (as amended)
<b>“VCT”</b>	means venture capital trusts
<b>“VCT Legislation”</b>	Part 6 of the Income Tax Act 2007 and any provisions of UK or European law referred to therein
<b>“VCT Relief”</b>	relief from UK tax under the VCT Legislation
<b>“Warrants”</b>	the 2,513,221 warrants over Ordinary Shares outstanding on Admission, as set out in paragraph 21 of Part I of this document

## GLOSSARY

The following glossary of terms applies throughout this document, unless the context otherwise requires:

<b>AI</b>	artificial intelligence
<b>blue chip</b>	large and successful companies that are seen as significant participants and as safe investments in their industries
<b>CAGR</b>	compound annual growth rate
<b>GCAP</b>	global combat air programme
<b>GDP</b>	gross domestic product
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation
<b>FTE</b>	full-time equivalent
<b>FY</b>	financial year
<b>HM</b>	His Majesty's
<b>HMRC</b>	His Majesty's Revenue and Customs
<b>IR35</b>	inland revenue 35 <sup>th</sup> tax regulation
<b>ISO15288</b>	international standard for 'Systems and Software Engineering – System Life Cycle Processes developed by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)
<b>ML</b>	machine learning
<b>MoD</b>	Ministry of Defence
<b>NATO</b>	North Atlantic Treaty Organisation
<b>PMO</b>	project management office
<b>R&amp;D</b>	research & development
<b>RAF</b>	Royal Air Force
<b>SME</b>	small and medium enterprises
<b>Statement of Work or SOW</b>	documentation that outlines a projects scope, timeline and cost between two parties
<b>SQEP</b>	suitably qualified and experienced person
<b>T&amp;M</b>	time and materials

## PLACING STATISTICS

Placing Price	32.5 pence
Number of Existing Ordinary Shares	40,003,200
Number of Placing Shares to be issued pursuant to the Placing	15,846,153
Number of Sale Shares to be sold by the Selling Shareholders pursuant to the Placing	3,078,457
Number of Ordinary Shares in issue on Admission (the Enlarged Share Capital)	55,849,353
Percentage of Enlarged Share Capital represented by the Placing Shares	28.4%
Percentage of Enlarged Share Capital represented by the Sale Shares	5.5%
Percentage of the Enlarged Share Capital represented by the Warrants	4.5%
Market capitalisation of the Company at the Placing Price on Admission	£18.2 million
Approximate gross proceeds from the Placing receivable by the Company	£5.2 million
Estimated net proceeds of the Placing receivable by the Company	£3.7 million
ISIN	GB00BTTQ2F04
SEDOL code	BTTQ2F0
AIM TIDM	AIM:RCFX
LEI code	984500B7385AD7A5EA42

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	30 January 2025
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 5 February 2025
CREST accounts credited by	as soon as reasonably practicable on the morning of 5 February 2025
Despatch of definitive share certificates, where applicable	within 10 business days of Admission

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*Notes:*

- 1. All references to times in this document are to the time in London, unless otherwise stated.*
- 2. Each of the above dates are subject to change at the absolute discretion of the Company, Strand Hanson and Cavendish.*

## PART I

### INFORMATION ON THE GROUP

#### Introduction

RC Fornax is an established, highly accredited engineering consultancy, formed to define and execute engineering design projects under Statements of Work, enhancing and augmenting customer capabilities while improving project efficiency. As a veteran founded SME, primarily focussed on supporting the UK defence industry, the Company seeks to drive long-term relationships and repeat business.

RC Fornax was co-founded in 2020 by Paul Reeves and Daniel Clark, two Royal Air Force veterans, with a combined service of over 24 years. Progressing from their service careers to consultancy roles, they supported an array of tier 1 defence contractors, leading large engineering teams to deliver high value projects and in doing so, identified common challenges. The Directors have firsthand experience witnessing inefficiency on outsourced projects in the defence industry. As a result, challenges can manifest in budget overruns and project delays, frequently communicated in defence news and an issue the contracting authority (MoD) is seeking to tackle. The Company has demonstrated that through bespoke solutions and agile working practices it is able to compete with larger firms which the Directors believe are not as nimble as their SME competitors and may struggle to provide bespoke services. It is thought that these businesses, which the Directors believe have many bureaucratic tendencies, find it increasingly challenging to keep up with the industry's ever-evolving demands, specifically in providing niche, more specialised services. RC Fornax therefore sought to become a challenger to the industry and aims to become a best-in-class provider of services to the UK defence industry, by offering a wider range of expertise and capabilities, with an initial focus on systems, software and hardware engineering.

Specifically, RC Fornax builds bespoke project teams, from an associate community of expert consultants to ramp up at pace, against specific customer requirements. As opposed to a simple outsourced recruitment style model, RC Fornax does not act as an intermediary and does not simply supply labour. Instead, it works with its clients to define their specific needs and takes full responsibility for delivering the Statement of Work (**SoW**), with clear deliverables, so that the focus is always on engineering outcomes. This approach drives efficiency against wider customer projects which are complex product developments and the Company believes this embeds RC Fornax into its customers' operations and positions the Company as a partner that can be trusted to deliver.

Since inception, RC Fornax has engaged directly as preferred supplier with 10 well-recognised blue chip defence businesses, which involved overcoming the high barriers to entry in accessing high-value frameworks to bid for work. This has allowed the Company to progress plans to capture further opportunities as the contracting authority pursues more cost-effective alternatives to the industry norms, as documented in the MoD's SME action plan where it outlines commitments to maximise the integration of SMEs and shorten the supply chain. The MoD has an overarching goal for SMEs to comprise over 25 per cent. of its annual spend.

The Company has demonstrated a strong financial history with a Revenue CAGR of 100 per cent. since formation, having generated £6.5 million in 2024, resulting in £1.0 million EBITDA. Further details on the Group's historical financial information are summarised in paragraph 7 of this Part I and full Historical Financial Information is set out in Section B "*Historical Financial Information*" of Part III "*Financial Information*" of this document.

The Directors believe that RC Fornax, catalysed by their expertise, can become a significant consulting partner within the UK defence industry by providing clients with bespoke solutions as the defence industry continues to grow with the attendant requirement for contractors to become more specialised and advanced.

RC Fornax is seeking Admission in order to raise £5.2 million (before expenses) through the issue of the Placing Shares at the Placing Price. The net proceeds of the Placing received by the Company will be used to accelerate the Company's growth objectives including the development of an advanced Artificial Intelligence tool designed to streamline the creation of SoWs by harnessing the Company's expertise and in depth-industry knowledge. In addition, the Placing will provide a partial realisation for the Selling Shareholders who will receive approximately £1.0 million from the sale of the Sale Shares in the Placing. Further details of the Placing and the Company's intended use of proceeds are set out in paragraphs 9 and 10 of this Part I.



## 1. Key Strengths

The Directors believe the success of the Company and the expectations for its future growth are founded on the following key strengths:

- RC Fornax's Directors and Senior Management possess vast industry experience and in-depth market knowledge;
- RC Fornax operates in a growing industry with the UK's defence spending continuing to rise;
- RC Fornax has demonstrated its ability to deliver bespoke solutions to highly reputable players within the defence industry, including 10 blue chip customers;
- RC Fornax has the ability to grow its revenue share from each of its existing clients while targeting new businesses and international expansion;
- RC Fornax is highly accredited, having been approved for frameworks which provide a high barrier-to-entry for potential competitors;
- RC Fornax has generated an aggregate of over £12 million of revenue since orders commenced in September 2021 through to 31 August 2024, achieving an average profit margin of 29.4 per cent;
- RC Fornax is well placed to win high value contracts from key defence frameworks which have high barriers-to-entry with a new bid capability;
- RC Fornax provides a differentiated approach by offering the advantages of traditional consultancies combined with that of recruitment solutions; and
- RC Fornax provides flexible and adaptable services, delivering incremental and dynamic deliverable-based contracts to align with customers' changing requirements without penalties of contract change.

## 2. History and Background

RC Fornax was co-founded in 2020 by Paul Reeves and Daniel Clark, two Royal Air Force veterans, with a combined service of over 24 years. Progressing from their service careers to consultancy roles, they supported an array of tier 1 defence contractors, leading large engineering teams to deliver high value projects and in doing so, identified common challenges. The Directors have firsthand experience witnessing inefficiency on projects in the defence industry. As a result, challenges can manifest in budget overruns and project delays, frequently communicated in defence news and an issue the contracting authority (MoD) is seeking to tackle. The Company has demonstrated that through bespoke solutions and agile working practices that they are able to compete with larger firms who the Directors believe are not as nimble as their SME competitors and may be more inclined to provide mass market style services. It is thought that these businesses, which the Directors believe have many bureaucratic tendencies, find it increasingly challenging to keep up with the industry's ever-evolving demands, specifically in providing niche, more specialised services. RC Fornax therefore sought to become a challenger to the industry and would like to become a best-in-class provider of services to the UK defence industry, by offering a wider range of expertise and capabilities, with an initial focus on systems, software and hardware engineering.

Just over 12 months following its inception, RC Fornax won its first contract with a tier 1 defence company where the Company acted as an outsourcing partner, delivering outcomes such as feasibility studies and technical roadmaps for advanced technology integration on next generation aircraft, which is now known as the GCAP programme. Since then, the Company has provided services to over 10 blue chip clients, building close partnerships and developing a growing reputation as a company with solutions that can support a range of capabilities with high quality and agile performance.

Since inception, RC Fornax has grown revenues by 100 per cent. CAGR to FY24 and delivered aggregate EBITDA of over £1.9 million. The Company also reported gross margins of 25 per cent. in the most recent year (FY24) and has a clear strategy to increase its gross margin through transitioning more customers to higher margin services (offload) and the Company plan to use permanent employees for 20 per cent. of deployed teams to reduce the cost base. The Company is

currently exclusively based in the UK, with offices in Manchester, Cranfield and Bristol in close proximity to its major clients.

### **3. Market Overview**

The UK defence industry spend, valued at approximately £54 billion in 2023/2024 is on an upward trend driven by increases in defence spending amid escalating geopolitical tensions. This surge was historically driven following NATO's Heads of State and Government agreement to commit 2 per cent. of their national Gross Domestic Product (GDP) to defence spending. Currently, the UK's defence spending is expected to reach about 2.3 per cent. of GDP by the end of 2024, and ongoing government discussions are in place to raise this to 2.5 per cent. by 2030. RC Fornax is well positioned to capitalise on increased spending, as development cycles for new products become ever more complex and costly, large defence organisations are seeking more innovation and agility from the supply chain, placing an emphasis on more outsourcing to derisk development. This drive to outsource is evidenced by many tier 1 defence companies creating procurement strategies with large frameworks and establishing clearer process for packaging and distributing engineering work. A framework is typically a project being undertaken by the MoD, pursuant to which contracts are awarded to defence companies to deliver on such a project. A framework agreement enables procurers to place orders to the approved suppliers without undertaking a full procurement exercise.

The MoD's core departments in 2023/2024, spent £37.6 billion with UK and foreign owned organisations, having placed an estimated £15.7 billion of new contracts, an increase of £2.5 billion on the year before. As outlined in the MoD's SME Action Plan adopted in 2019, the MoD has set a goal of directing 25 per cent. of its procurement spending towards SMEs.

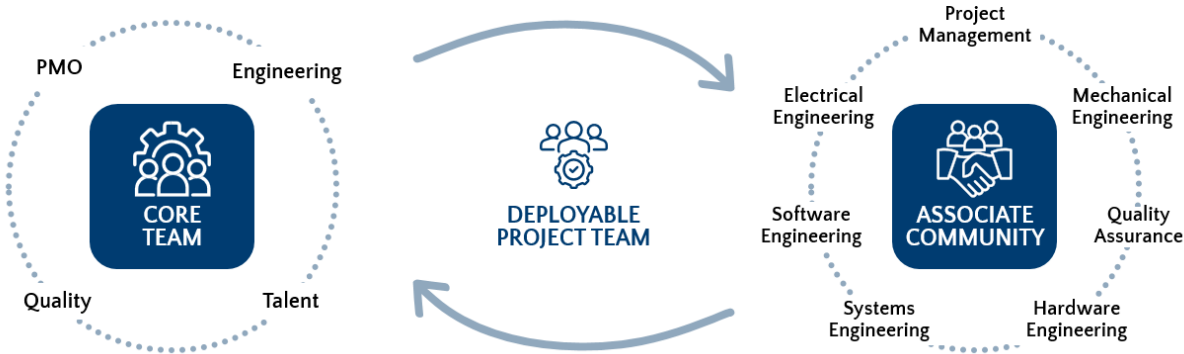
### **4. Business Overview**

A rapid growth, market-disruptive, solutions provider in the defence sector, RC Fornax was founded in 2020 by two ex-RAF engineers who spotted deficiencies in the existing outsourced contract defence market. The Company is already profitable, having exhibited significant growth over the past four years, helped by the founders' knowledge of industry operating needs and strong customer contacts within the defence space and an intimate understanding of how the MoD works.

The business is disruptive in its market; by utilising a well-established associate community approach to augment core capabilities, RC Fornax defines and executes engineering design projects under Statements of Work. Services are provided with the aim of supporting the whole product lifecycle with expertise of Systems, Software and Hardware engineering of high complexity and high integrity platforms. The Directors are confident that the Company has demonstrated to customers a more rapid and efficient way to support resource demands with a full suite of services from teams provided on a time and materials basis, to fully managed embedded teams, all the way to full outsourcing capabilities. The Directors believe RC Fornax is able to augment the capabilities of large defence organisations in ways that traditional consultancies which have specific capabilities and a broader scope but less technical recruitment solutions cannot.

By offering a differentiated working environment to outsourced defence contractors, the Company is able to attract high quality individuals to become associates (as distinct to traditional contractors), through involvement on projects with elements of project-specific profit share potential if deliverable targets are exceeded and more benefits than a pure outsourced worker would receive, for example also managing contractors' IR35 needs. RC Fornax is not a recruitment consultancy; rather, it offers a blended approach to delivering project professionals and solutions packages which offers the benefits of traditional consultancy solutions and recruitment solutions. Working with the client, work packages are defined in parallel to a bespoke team being formed to execute that work. RC Fornax's method to form a deployable project team to deliver a work package is outlined in Figure 1 below.

Figure 1: RC Fornax’s method to form a deployable project team to deliver a work package (source: Company materials)



This approach to team formation enables the Company to pivot in response to changing industry demands and new technological developments; by accessing the specialist skills required for a particular project and should the next project demand require an entirely different set of specialist skills, they can be engaged from the community and not carry the risk of an underutilised bench of engineers.

While the defence industry customer base was the original target market, the Company’s innovative and efficient business proposition is expected to see adoption and growth in adjacent markets. The aim is to convert more customers from time and materials (T&M) based work to outcome-based solutions contracts, implementing managed services or fully defined outsourced work packages. The outcome for the customer is a more rapid deployment and delivery of projects resulting in greater efficiency and customer cost savings.

RC Fornax has developed a blue-chip customer base that has long term contractual/framework relationships and repeat business. A typical contract for the Company on a framework is approximately 12 months. Customers include 10 blue chip companies, many of which are international businesses, and RC Fornax has ambitions to internationalise its own business. The Company benefits from its blue chip UK defence customer base typically having strong credit ratings and settling payables in a timely manner, with the Company’s average receivable days for FY24 being 30 days.

The changes to contractors’ IR35 taxation which came into effect on 6 April 2024 are also seen as a positive for the clients of RC Fornax, as engaging this section of the workforce becomes more favourable in the face of National Insurance rises. The Directors believe that the MoD is becoming increasingly focused on improving efficiency in contract awards, which is expected to have a positive impact on the Company’s business. At present the Company falls under the small companies exemption, which puts the Company outside the scope of IR35. As the Company continues to grow, it may fall under the IR35 legislation which applies to medium and large businesses.

As noted above in paragraph 3 of this Part I, the market is vast and growing through geopolitical influences as well as changing work practices. RC Fornax is approved supplier on frameworks which spent over £1.2bn with SMEs in 2023. RC Fornax was founded to provide more bespoke consultancy services and to disrupt traditional institutions in the defence industry in a more cost efficient and timely manner. RC Fornax is dedicated to fostering long-term partnerships with its clients by consistently providing innovative and impactful solutions tailored to address the complexities of their Statements of Work. This commitment goes beyond merely delivering services, it involves a deep understanding of clients’ unique and niche needs to deliver meaningful outcomes that make a positive difference on projects which resonates greatly with the co-founder’s vision for the business. By prioritising these relationships and having a client-centric approach, the organisation seeks to establish itself as a trusted ally in navigating the industry’s intricacies and requirements.

Given RC Fornax’s specialisation, clients approach the Company with niche problems, for example a client may not have the internal capabilities to perform specific software development using the out-dated and infrequently used ADA programming language, an issue that RC Fornax was previously able to assist in resolving by deploying the correct skills to uplift the customer capability

and get the project on track in a timely manner. The Company uses a “bottom-up” approach which involves designing a bespoke solution to solve niche and more traditionally complex issues for its clients with a focus on system, software and hardware and engineering.

**Examples of RC Fornax’s clients’ challenges include:**

– Tier 1 defence client – ISR Team Augmentation:

The customer requested that RC Fornax provide solutions to significant capability gaps within their Intelligence, Surveillance and Reconnaissance (ISR) division across several major programmes. The solution needed to be provided in a distributed fashion in order to effect maximum impact at scale.

The project required a variety of niche skillsets combined with targeted domain knowledge and experience. Noting the immediate and ongoing delivery impact of the customer’s capability gaps, as well as the distributed nature, RC Fornax opted for a Team Augmentation approach. Engineering SQEP was sourced, qualified and embedded into the customer’s projects.

To ensure quality and value for money, an output-based approach was maintained, with engineering associates delivering upon individually assigned Statements of Work. All SoWs were managed by a dedicated Project Manager. At peak delivery, RC Fornax provided 22 highly skilled engineering associates. This capability augmentation remains ongoing as at the Last Practicable Date, with RC Fornax adapting to the changing needs and priorities of the customer delivery portfolio.

– Tier 1 Defence Client – Electronic Systems:

The customer requested that RC Fornax provide engineering capability support to the design and development of cutting-edge Electronic Warfare technologies for a next generation combat platform. The project required specialist domain knowledge and the application of best practice approaches such as Model Based Systems Engineering compliant to ISO15288.

A complex and dynamic project, output needs were expected to evolve as the project progressed. It was necessary for the RC Fornax team to utilise customer facilities, tools and IT whilst integrating throughout a large delivery team.

An embedded offload model was identified as the most effective delivery method to meet the project needs. RC Fornax engineering leadership engaged with the customer’s internal work package delivery leads to scope and develop a detailed, output based Statement of Work. This supported a flexible project management and delivery approach. Evolutions in project priorities were managed in increments through formal but efficient change control process.

A team of SQEP engineers were sourced and embedded within the customer’s project, led by an RC Fornax Engineering Leader and Project Manager. All deliverables were met on cost, quality and schedule. The customer contracted RC Fornax to a second phase of the project.

– Tier 1 Maritime Defence Client – Submarine Systems and Electronics

The customer is contracted to develop and deliver Platform Management Systems for multiple UK underwater systems. A complex and safety critical subsystem, the client is working to demanding standards and deadlines driven by the shipbuilder and end user.

RC Fornax was approached with a customer requirement to augment key engineering output and capability gaps within the internal engineering teams. The customer made clear through consultation of their desire to attain the benefits of output driven offload yet recognised existing internal process deficiencies.

Noting the urgency of the immediate delivery needs, the RC Fornax team engaged key engineering stakeholders to define capability requirements. Disciplines include mechanical, electrical and systems engineering with maritime defence and control system domain knowledge.

As experts in output driven engineering delivery, RC Fornax committed to supporting the client through a procurement transition. Developing trusted relationships with commercial, programmatic and engineering stakeholders to facilitate enhanced capability supply processes.

High level associates were sourced and embedded to address immediate delivery needs. A comprehensive Statement of Work has since been developed to enable a smooth and effective transition to output based service delivery.

## **Diversified Approach**

The Company offers a range of services that set it apart from industry standard through a diversified approach. This service differentiation is set out in more detail below:

### *Project Professionals*

RC Fornax possesses a deep understanding of how projects within the industry work, and the appropriate resources needed to be successful. The Company sources the high-calibre contractors focusing on the upper echelon of the talent pool, which helps to deliver quality results. It is the view of the Directors, from learned experience, that this supports the delivery of projects in a more efficient way than selecting a team based purely on cost who may not deliver to the same time and quality metrics.

### *Speed*

Due to the inherent complexities of defence work and the critical need to finalise projects swiftly, speed is frequently a high priority. Traditional firms can struggle to source and mobilise teams in a timely manner, which may manifest in delays of months, and can result in costly delays and setbacks.

In contrast, RC Fornax is positioned to address these demands with efficiency and agility. The Company leverages its industry knowledge and access to its associate community, enabling it to deploy highly skilled teams ensuring that the right expertise and capabilities are available to meet specific needs of each project. The rapid mobilisation allows projects to move forward whilst minimising delays.

### *IR35 Processes*

IR35 is UK tax legislation designed to identify and prevent “disguised employment,” where self-employed contractors work as though they are employees to avoid paying income tax and National Insurance contributions. According to HMRC guidance, businesses and contractors must assess each working arrangement to determine whether the contractor should be classified as an employee for tax purposes. This responsibility shifted to medium and large businesses in the private sector in April 2021.

IR35 poses several challenges for medium and large businesses. Firstly, it places the onus on companies to assess the employment status of contractors, which can be complex and require detailed understanding of HMRC’s rules. This often leads to increased administrative and compliance costs, as businesses may need to hire experts or invest in compliance tools to navigate the rules accurately. Misclassification risks are also high; incorrect determinations can lead to significant tax liabilities, penalties, and reputational risks. Additionally, IR35 may make it more challenging for businesses to attract skilled contractors, as some may avoid projects that risk being classed under IR35, impacting flexibility and workforce agility.

Unlike traditional contractors, the Company possesses in-house expertise to fully manage IR35 compliance or provide targeted support with its complexities, enabling both the client and project team to remain focused on project objectives. Leveraging a combination of internal knowledge and strategic partnerships, the Company addresses IR35 requirements effectively – a critical step which can be overlooked by other firms that lack the necessary insight or capacity to manage these regulatory intricacies.

### *Supporting Client Transformation*

The Company aims to meet client needs at any stage of the project lifecycle, whether transitioning from T&M-based work to outcome-based contracts, implementing managed services, or fully defining and delivering outsourced packages. This approach underlines the Company’s agility and adaptability in addressing diverse client requirements.

## **Service Offerings**

RC Fornax can deliver an extensive array of project services, which can be classified into two primary categories: Team Augmentation and Offload/Outsourcing. It is typically through consultation with the Company that the appropriate service offering will be selected but in some cases the customer will specify clear requirements. An overview of RC Fornax’s core services is provided in Figure 2 below.

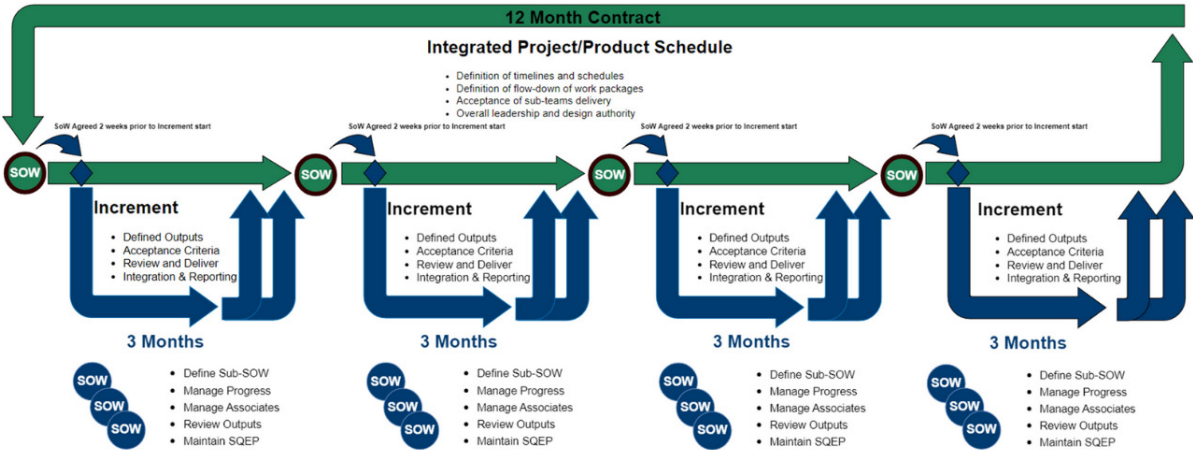
Figure 2: Overview of RC Fornax’s core service offerings (source: Company materials)

	TEAM AUGMENTATION		OFFLOAD / OUTSOURCING		
	Effort Based	Outcome Based	Embedded	Aligned	Full
Service Description	Individual bringing skills and expertise across a project	Individual providing outcome-based services to a project	Team embedded into a customer project team with a coherent overarching scope	Team delivering an apportioned piece of a client’s project alongside their team	Team delivering a fixed outcome on behalf of customer
Project Management	No	Yes			
Billing	Time & Material	Milestones			
Risk	Customer	Shared		RC Fornax	

While team augmentation services is a common business model utilised in the industry, RC Fornax specialises in embedding teams to meet customer’s requirements in addition to the traditional team augmentation services to facilitate offloading/outsourcing. By providing dedicated Project Managers, clear business-to-business interfaces are established and SoWs can be produced, updated and delivered in a collaborative way.

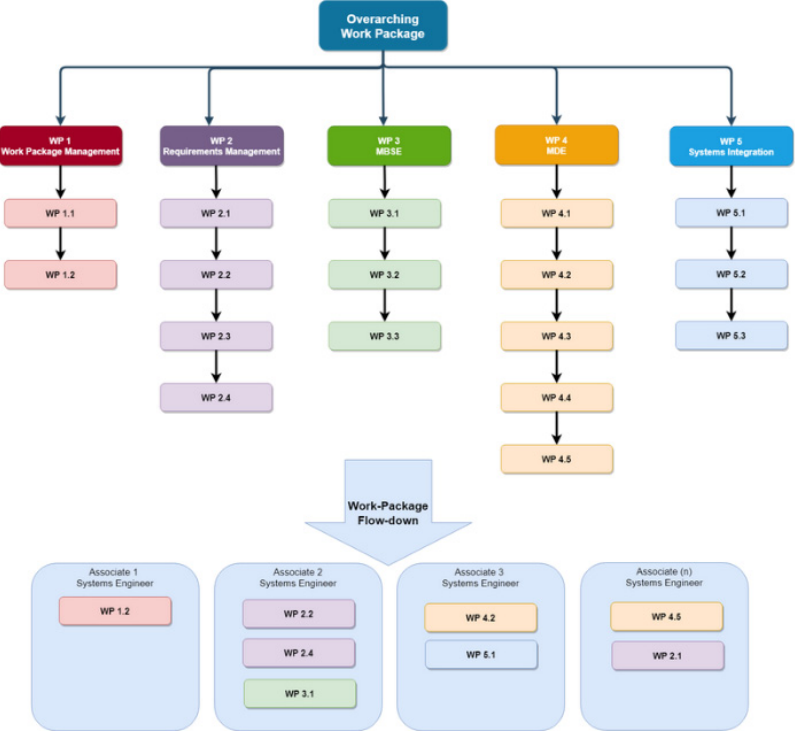
For illustrative purposes, Figure 3, below, shows the management cycle of an embedded team, consisting of an overarching Statement of Work covering a 12-month period, aligning with the client’s budget cycles. This SoW is then defined in greater detail in 3-month increments, providing the client a highly flexible approach which supports changing requirements, ensuring that the contract can dynamically adjust while emphasising accountability through clear deliverables. Increments are then further sub-divided into either individual associate SoWs or into work package descriptions controlled by the RC Fornax Project Manager who drives the project forward and performance manages all associates.

Figure 3: Embedded Team Management Cycle



An example of how SoW content is broken down into more granular work items and assigned to team members by the RC Fornax Project Manager is shown in the Figure 4 below.

Figure 4: A flowchart illustrating the Company's management of an example work package



**Competitive Environment**

A selection of RC Fornax’s competitors is shown in the table below. The Company believes that its ability to offer a more efficient and bespoke service to its customers (as detailed below) enables them to compete with and win contracts against its competitors. The engineering consulting space within defence is vast, evidenced by the recent turnover figures from leading organisations, some of which are listed in the table below.

Competitor	2023 Revenue (million)
Alten Engineering	€4,068
PA Consulting	£790
Expleo	€1,386
Morson	£1,300

The Directors believe RC Fornax’s key competitive advantages over its competitors lies within its ability to offer a more efficient and bespoke service to its customers, in contrast to slower-moving firms providing mass-market style services. Further information on the Company’s services and advantages over its competitors is set out in the sections entitled ‘Differentiated Approach’ and ‘Service Offerings’ in this paragraph 4 above; however, the Directors regard the following as the attributes of its business model:

- Quality: Forming bespoke teams from contracting workforce to achieve the precise skills and experience fit to ensure quality of deliverables
- Speed: The Company’s model facilitates rapid formation of project teams, a significant issue in the defence industry which often leads to project delays
- Familiarity: RC Fornax is formed by individuals who truly understand their customer needs as they have prior experience working with them to deliver projects
- Flexibility: Incremental delivery mechanism supports customers used to incurring penalties for changing scope with other suppliers

- Transformation: RC Fornax supports the transition from labour-based contracts to outcome-based services with hands-on support

The Company benefits from the above attributes, which it believes differentiates it from its competitors:

- RC Fornax is comprised of project professionals with strong track records, rather than recruiters who may not possess the skills and experience required to identify individuals and formulate teams to implement and deliver on Statements of Work
- As a nimble and specialised firm, the Directors believe that the Company's ability to act quickly and flexibly contrasts to competitors which may suffer from inefficiencies which could hinder the UK defence industry
- The Company possesses in-house expertise to fully manage IR35 compliance or provide targeted support with its complexities, enabling both the client and project team to remain focused on project objectives

Accordingly, RC Fornax aims to provide its clients with efficient and effective service, minimising challenges typically faced by its competitors, to provide support throughout the project lifecycle.

### **Accreditations, Certifications and Memberships**

The Company has the following accreditations, certifications and memberships:

- ADS – a membership body who connect members of the defence industry through events-based activities. They have a service called ADS Vetting which the Company use to obtain the appropriate security clearance for workers;
- Armed Forces Covenant – a promise by the nation ensuring that those who serve, or have served, in the Armed Forces, and their families, are treated fairly. By signing up to the covenant, the Company have committed to supporting this promise;
- ISO 9001 – an international standard that outlines the requirements for a Quality Management System (“QMS”). It is considered to be the most widely used QMS standard in the world and is often requested when onboarding with large defence organisations;
- Cyber Essentials – a Government-backed and industry-supported scheme that helps businesses protect themselves against the growing threat of cyber attacks and provides a clear statement of basic controls which organisations can use for protection;
- JOSCAR – an invitation only membership that creates individual profiles for companies, and acts as a centralised repository for buyers to access information and facilitate onboarding; and
- MAKE UK Defence – similar to ADS, another membership body that focuses on championing SMEs and connecting with buyers. Known for hosting ‘Meeting the Buyer’ style events, which aided in facilitating the Company with a numbers of initial client relationships.

### **5. Commercial Overview & Strategy**

RC Fornax has established relationships with tier 1 suppliers in the UK defence industry. The Company has delivered on these relationships, with RC Fornax servicing 10 direct tier 1 defence industry customers. The Company believes it is well placed to expand its offering with existing clients and win new clients while submitting bids on competitive frameworks. The Company is now registered on three high-value frameworks and has employed a head of bids and projects to oversee the submission of compelling bids. The Company intends to expand its team, increasing the core FTE headcount from 14 to 40 over the next two years, focussing on increasing Sales and PMO roles to win and deliver higher volumes of opportunity. Over 2025, the consultants booking to project is also expected to grow to over 100 consultants. This will be achieved mainly through focus on larger, embedded teams by supporting existing clients on more sites, more projects and more business areas.

Having spent four years growing a robust database of contract workers and nurturing this into an associate community that can be deployed at short notice and with a continued focus on highly experienced workers, the Directors believe the Company can continue the trend of successfully attracting and retaining the talent required to satisfy customer demand.



## **Automated Statement of Work – Project FAS-G**

As further detailed in paragraph 9 of this Part I, the Company intends to utilise approximately £2.2 million of the Placing's net proceeds for product development and marketing costs of delivering Project FAS-G (Fornax Automated Statement of work Generator). Project FAS-G will seek to create robust and contractable Statements of Work which shall enable clients increased opportunities to outsource work, which the Board believes is a key limitation of defence companies obtaining the optimal contracted support in an efficient and effective manner.

The Board believes that secondary only to the initial employee and skill capacity constraints, the skills required internally within defence companies to correctly define work is a key barrier to successful outsourcing. RC Fornax currently supports its clients by assisting them with producing appropriate SoWs, however this is achieved through a person-to-person iterative process. Accordingly, RC Fornax aims to improve this process with Project FAS-G to accelerate clients' access to better-defined outsourced work packages and teams. An internal team of AI/ML engineers will produce an AI based tool, capable of analysing a project schedule for unallocated tasks and skills demand, taking account of critical path activities and inter team dependencies, to produce a Statement of Work that will be contractable.

The plan is for this FAS-G tool to be licenced, providing the Company with an additional revenue stream whilst unlocking higher volume of opportunities through creation of more SoWs to contract out. Once proven, development can be taken further to analyse RC Fornax's engineering availability for automated team recommendations, providing an all-in-one solution for clients and further streamlining the sales and recruitment process.

## **SME Integrator**

The Board believes that RC Fornax has established itself as an effective enabler for large defence organisations, and the Company intends to continue to grow its market share. RC Fornax also intends to expand its business model to position itself as an SME integrator, harnessing the capabilities of SMEs with the ultimate aim of supporting the MoD deliver on its SME action plan. Specifically, the Company plans to lead joint bids for new MoD procurements and act as the prime SME for holistic product development programmes, offering a further differentiated solution to the status quo to challenge the tier 1 companies. The Board believes that this will enable the Company to deliver of higher value projects to customers; and to contract directly with the MoD, which would support the MoD's strategy to increase the robustness and diversity of the defence supply chain.

The Board believes that successful execution of this SME integration plan will increase the number of in-organic growth opportunities for the Company, whereby it could seek to acquire organisations with manufacturing capabilities in order to diversify from solely offering design services to full turnkey solutions covering design and manufacture.

## **6. Directors and Senior Management**

### ***Directors***

The Board on Admission will comprise the following Directors:

#### **Mark Joseph Fahy, Independent Non-Executive Chairman (aged 52)**

Mark Fahy, who holds an Investment Management Certificate (IMC), is qualified with both stages of the Institute of Investment Management and Research (IIMR) and completed the Diploma in Regulated Financial Planning, brings over 20 years' experience in leadership and advisory roles, with a strong focus on capital markets. Mark spent 14 years at London Stock Exchange Group plc, where he rose to the position of Head of UK Primary Markets, overseeing a range of activities that facilitated market growth and investor engagement. Mark Fahy had also previously worked for Rickitt Mitchell & Partners, a corporate finance boutique, working with institutional investors across EIS, VCT, VC and PE. Currently, Mark Fahy serves as a Senior Investment Manager at the British Business Bank and is an experienced board chairperson.

#### **Paul Reeves, CEO (aged 41)**

Paul Reeves co-founded the Company in 2020 after a 12-year career in the Royal Air Force, where he transitioned from engineering to programme management. Paul Reeves has successfully led high-value product developments across land, air and sea domains for top-tier defence

organisations by building and driving high-performing teams. Paul Reeves previously worked as a Project Manager at BAE Systems before joining Raytheon UK and later Thales UK where he held roles as a Programme Manager. Paul Reeves' extensive involvement in bid phases and project delivery within the defence sector inspired him to improve efficiency and accountability in programme management, shaping the strategic vision for the Company to become a leading organisation in the future of defence.

**Robert (Rob) James Shepherd, CFO (aged 58)**

Rob Shepherd has acted as Financial Director of Molecular Energies plc from 2018 to 2024 and was a former Director of Corporate Finance Oil and Gas, later advancing to Vice President for Emerging Markets Oil & Gas at ABN AMRO. Rob Shepherd also acted as a Non-Executive Director of the FTSE 250 company, Imperial Energy Corporation plc, and was a former Finance Director of Dominion Petroleum Limited and Managing Director of Azonto Petroleum Limited. Rob Shepherd is a qualified Petroleum Engineer, holds an MBA and BEng (Hons) in Mechanical Engineering.

**Kiri Helene Cavill (née Turpin), Independent Non-Executive Director (aged 41)**

Kiri Cavill, a Chartered Director (C.Dir) and Associate of the Chartered Institute of Marketing (ACIM), is the Founder and Executive Director of Hawk Group & Hawk Group Family Office, which specialises in property, debt, debt equity, and private equity investments. She advises on governance, risk and investment strategies and manages M&A transactions. Kiri Cavill has over 20 years of board level experience spanning across consumer technology, platforms, real estate, finance and fintech sectors, and currently acts as a Board Observer and Board Adviser to WeShop and Spud Agency, respectively. Kiri Cavill also founded Quidsin.com in 2009, leading business operations and strategy prior to selling her interest in 2016.

**Dewi (David) John Hitchcock OBE, Independent Non-Executive Director (aged 61)**

David Hitchcock has been a director of several UK companies in the Financial Services and Precision Engineering sectors. He is currently a Non-Executive Chair of AIM-quoted Powerhouse Energy Group plc. David Hitchcock has over 30 years of experience in finance, including 17 years at J.P. Morgan as Head of Equity Sales and later Managing Director, 4 years at Goldman Sachs, as well as being a former Chairman of Grant Thornton's UK Banking and Securities Group. David Hitchcock served as a Captain in the Brigade of Gurkhas, a graduate of The Royal Military Academy, Sandhurst, and was educated at Pembroke College, Cambridge.

**Senior Management:**

The Board is supported by an experienced Senior Management Team including the following individual:

**Daniel (Dan) James Ashley Clark, COO (aged 40)**

Dan Clark co-founded the Company after a 12-year career in the Royal Air Force, where he served as an Electronics Engineer. Following his military service, he worked as a company contractor providing Quality Management services to the aerospace, defence, and medical devices industries. Dan previously worked as a Quality Engineer for Thales UK, prior to joining Varian Medical Systems as a Project Quality Engineer and Inotec AMD as a Supplier Quality Engineer, all as contract roles. Dan Clark brings a wealth of experience in process optimisation and team management, focusing on ensuring the smooth and efficient operation of the Company's activities.

## 7. Summary Financial Information

The following summary financial information for the Company for the financial years ended 31 August 2022, 31 August 2023 and 31 August 2024, has been derived from the audited financial information contained in Section B “*Historical Financial Information*” of Part III “*Financial Information*” of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

	Year ended 31 August 2022 £'000	Year ended 31 August 2023 £'000	Year ended 31 August 2024 £'000
Revenue	1,647	4,242	6,495
Gross profit	641	1,085	1,604
<i>Gross margin</i>	39%	26%	25%
EBITDA*	385	494	868
Operating profit	382	546	983

\* EBITDA represents operating profit, adjusted for depreciation and amortisation

For each reporting period above, the Company’s revenue was generated from its sole operating segment in the UK.

## 8. Current Trading and Prospects

Since the financial year ended 31 August 2024, the Company has traded in-line with the Board’s expectations, with revenue and margin improving on the equivalent period in the previous financial year. The Company has won 22 new mandates covering a range of critical defence projects with existing clients, and having already invoiced approximately £3.0 million in this financial year to the Last Practicable Date, is expected to generate at least £3.8 million in revenue in the first half of FY25.

The Directors have visibility over approximately £5.5 million of revenue for the second half of the financial year and also see significant additional opportunities as it increases its allocated spend to win further mandates from both existing and new customers in the UK and abroad, leveraging the overall increased spend in the defence industry. Accordingly, the Directors expect revenues in the second half of FY25 to significantly exceed the first half, and are therefore confident in the Company’s prospects for the current financial year and beyond.

## 9. Reasons for Admission and the intended use of Proceeds

The Directors believe that Admission will be beneficial to the Company for the following reasons:

- the Company will be able to accelerate expansion of its business through utilisation of the net proceeds of the Placing, as detailed in this paragraph 9;
- it will raise the public profile of the Company and increase awareness of the brand;
- it will enhance the Company’s ability to attract, recruit and retain key employees and consultants; and
- the Company may be able to issue new Ordinary Shares to satisfy in part or in full consideration payable in connection with acquisition opportunities.

The issue of the Placing Shares will raise net proceeds of approximately £3.7 million receivable by the Company.

The Board intends to use the net proceeds of the Placing receivable by the Company to fund in the main following areas:

<b>Expenditure</b>	<b>£</b>
AI/ML based engineering team to execute Project FAS-G	2.2m
Expansion of sales and marketing teams capacities	0.8m
Increasing workspace facilities and capabilities, and general working capital purposes	0.7m
	<b>3.7m</b>

In addition, the Placing will provide a partial realisation for the Selling Shareholders who will receive approximately £1.0 million from the sale of the Sale Shares in the Placing.

## **10. Details of the Placing and Admission**

On 30 January 2025, the Company, Daniel Clark and each of the Directors entered into the Placing Agreement with Strand Hanson and Cavendish, pursuant to which Cavendish has agreed, subject to certain conditions, to act as agent for the Company and the Selling Shareholders in connection with the Placing.

The Placing comprises:

- the issue of 15,846,153 Placing Shares by the Company at the Placing Price raising gross proceeds for the Company of approximately £5.2 million (before estimated expenses of the Company of approximately £1.5 million, excluding VAT); and
- the sale of 3,078,457 Sale Shares by the Selling Shareholders, raising gross proceeds for the Selling Shareholders of £1.0 million.

On Admission, it is expected that the Company will have a market capitalisation of approximately £18.2 million at the Placing Price.

The Company, each Director, Daniel Clark, Cavendish and Strand Hanson have entered into the Placing Agreement relating to the Placing, pursuant to which, subject to certain conditions, Cavendish have conditionally agreed to use reasonable endeavours to procure subscribers for the Placing Shares and the Sale Shares at the Placing Price.

The Placing has not been underwritten by Cavendish.

The placing of the Placing Shares and the Sale Shares is conditional, among other things, upon the Placing Agreement becoming unconditional (including Admission taking place at 8.00 a.m. on 5 February 2025 (or such later time and/or date as Cavendish and the Company may agree, not being later than 8.00 a.m. on 19 February 2025) and not having been terminated in accordance with its terms prior to Admission.

The Placing Shares will be issued credited as fully paid and will, on Admission, 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 Admission.

The Placing Shares will, following their issue, represent approximately 28.4 per cent. of the Enlarged Share Capital.

Further details of the Placing Agreement are set out in paragraph 12.1 of Part IV of this document.

## **11. Relationship Agreements**

Each of the Selling Shareholders has entered into a relationship agreement with the Company, Strand Hanson and Cavendish pursuant to which the Selling Shareholder has undertaken to the Company and Strand Hanson that, for so long (i) the Ordinary Shares trade on AIM (including any period of suspension of trading); and (ii) the Selling Shareholder together with any of his Associates (as defined therein) hold an interest in 15 per cent. or more of the Company's voting rights, he will not amongst other things, act to unduly influence the Company or its Board and will ensure that transactions entered into by himself or any of his Associates with the Company are on an arms' length basis and independently considered by the Board.

Further details of the relationship agreements are set out in paragraphs 12.2 and 12.3 of Part IV of this document.

## **12. Lock-in Arrangements**

Each of the Locked-in Shareholders, who on Admission will be the holders of 36,924,743 Ordinary Shares in aggregate, representing approximately 66.1 per cent. of the Enlarged Share Capital, will be subject to lock-in arrangements under the Lock-in Agreements. Under the terms of the Lock-in Agreements, the Locked-in Shareholders have undertaken, subject to customary exceptions, to the Company, Strand Hanson and Cavendish not to dispose of any interest in any Ordinary Shares owned by them or any connected person prior to the date which is 12 months from the date of Admission (the “**Restricted Period**”) and, for a further period of 12 months following expiry of the Restricted Period, only to dispose of their Ordinary Shares through Cavendish during that period in such a way as to maintain an orderly market, except in certain limited circumstances considered customary for an agreement of this nature.

Further details of the lock-in arrangements under the Lock-in Agreements are set out in paragraphs 12.4 and 12.6 of Part IV of this document.

## **13. Governance**

Following Admission, the Board will comprise five Directors, of which two are Executive Directors and three are Non-Executive Directors. The Board considers Mark Fahy, Kiri Cavill and David Hitchcock OBE to be independent Non-Executive Directors under the criteria identified in the QCA Code.

The Directors also recognise the importance of sound corporate governance and, following Admission, have taken account of the requirements of the QCA Code to the extent that they consider appropriate having regard to the Company’s size, board structure, stage of development and resources. In addition, the Group has adopted anti-bribery and corruption and whistle-blowing policies to ensure it operates in an ethical and sustainable manner. The Group fully endorses the aims of the Modern Slavery Act 2015 and take a zero-tolerance approach to slavery and human trafficking within the Group and supply chain.

The Directors note that with effect from 28 September 2018, all AIM companies must provide details on their website of the recognised code that the company has decided to apply, how it complies with that code and where it departs from this, an explanation of the reasons for doing so.

From Admission, the Group’s website at [www.rcfornax.co.uk](http://www.rcfornax.co.uk) will set out the extent of any non-compliance with the QCA Code by the Group on Admission.

On Admission, it is anticipated that the Group will comply with all of the principles set out in the QCA Code.

The QCA Code recommends that the board of directors should include a balance of executive and non-executive directors, such that no individual or small company of individuals can dominate the board’s decision taking. In the case of a smaller company, such as the Company, the QCA Code recommends that the board should include at least two non-executive directors who are deemed to independent for the purposes of the QCA Code. As noted above, the independent Non-Executive Directors of the Company are Mark Fahy, Kiri Cavill and David Hitchcock.

The Company will hold regular board meetings and the Directors will be responsible for formulating, reviewing and approving the Company’s strategy, budget and major items of capital expenditure. The Directors have, conditional on Admission, established an audit committee, a nominations committee and a remuneration committee with formally delegated rules and responsibilities.

### ***Remuneration Committee***

The Remuneration Committee, which will comprise Mark Fahy (as chairperson), with its members consisting of Kiri Cavill and David Hitchcock, will meet at least twice a year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

### ***Audit Committee***

The Audit Committee, which will comprise Kiri Cavill (as chairperson), with its members consisting of David Hitchcock and Mark Fahy, will meet at least three times a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company. The Audit Committee will also consider, manage and report on the risks associated with the Company as well as overseeing the Company's compliance with the AIM Rules and UK MAR concerning disclosure of inside information.

### ***Nomination Committee***

The Nomination Committee, which will comprise David Hitchcock (as chairperson), with its members consisting of Kiri Cavill and Mark Fahy, will meet at least twice a year. This committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively as well as being responsible for the annual evaluation of the performance of the Board and of individual directors. The Nomination Committee is expected to meet when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors.

## **14. Dividend Policy**

Following Admission, when it is commercially prudent to do so and subject to the availability of distributable reserves, the Board may in future approve the payment of dividends. However, at present, the Directors consider that it is more prudent to retain cash to fund the development of the Company and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payment.

## **15. Policies**

### **Share Dealing Policy**

With effect from Admission, the Company will operate its Share Dealing Code, which is compliant with Article 19 of UK MAR and Rule 21 of the AIM Rules. The Share Dealing Code will apply to any person discharging management responsibility, including the Directors, and the senior management and any closely associated persons and applicable employees.

The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of financial results. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

### **Continuous Disclosure Policy**

The Company has adopted a Continuous Disclosure Policy to assist in ensuring compliance with its continuous disclosure obligations. A committee has also been established to assist and inform the decisions of the Board concerning the identification of inside information and price sensitive information and to make recommendations about how and when the Company should disclose such information in accordance with the Continuous Disclosure Policy.

### **Anti-bribery and Corruption Policy**

The Company has adopted an anti-bribery and corruption policy which applies to the Board and employees of the Group. It sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption in all the jurisdictions in which the Group operates as well as providing guidance to those working for the Group as to the procedure to be followed and how to deal with bribery and corruption issues and the potential consequences. The Company expects directors, officers, employees, suppliers, contractors and consultants to conduct their day-to-day business activities in an honest and ethical manner, to be aware of and refer to this policy in all

of their business activities worldwide and to conduct business on the Company's behalf in compliance with it. Managers at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy

### **Whistleblowing Policy**

The Company has adopted a whistleblowing policy which applies to all employees (including applicants and former employees), workers and officers of the organisation (collectively "**workers**"). Other individuals performing functions in relation to the organisation, such as supplier staff, agency workers, apprentices, consultants and contractors, are encouraged to use it. The policy aims to provide protection for workers who raise legitimate concerns about alleged wrongdoing. It also protects those persons who assist workers in the reporting process.

### **16. EIS and VCT status**

The Company has applied for and received advance assurance from HMRC to the effect that 15,384,615 of the Placing Shares will be 'eligible shares' capable of constituting a qualifying holding for EIS Relief purposes, and that subject to receipt of a satisfactory compliance statement from the Company, the Placing Shares are capable of satisfying the requirements for EIS Relief. This advance assurance is expected to apply only in relation to the Placing Shares. Further information on EIS and VCT status is set out in Part II (Risk Factors). For the avoidance of doubt, any investor who is an Existing Shareholder will not be entitled to claim EIS Relief on a new investment in the Company.

### **17. Taxation**

The attention of investors is drawn to the information regarding taxation set out in paragraph 18 of Part IV 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 investor. **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 professional advisers.**

### **18. The City Code**

The City Code applies to the Company. Under Rule 9 of the City Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code is normally required to make an offer to all the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if such person or any person acting in concert with that person acquires a further interest in shares which increases the percentage of shares carrying voting rights in which that person is interested.

An offer under Rule 9 of the City Code must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The Company has agreed with the Panel that Paul Reeves (CEO and co-founder of RC Fornax) and Dan Clarke (COO and co-founder of RC Fornax) are deemed to be acting in concert in relation to the Company for the purposes of the City Code (the "**Concert Party**"). On Admission, the Concert Party will be interested in, in aggregate, 36,924,743 Ordinary Shares, representing 66.1 per cent. of the Enlarged Share Capital, and therefore so long as the Concert Party's aggregate interest remains above 50 per cent. of the voting rights in the Company, it will generally be able to increase its percentage interest in the Ordinary Shares without incurring any obligation to make an offer under Rule 9 of the City Code, although individual members of the concert party will not be able to increase their percentage interests in the Ordinary Shares through or between a Rule 9 threshold without Panel consent.

In this regard, it is noted that on Admission, Paul Reeves will individually hold more than 30 per cent. but less than 50 per cent. of the Enlarged Share Capital and therefore be within the thresholds of Rule 9 of the City Code, and for so long as that remains the case, he will only be able to increase his percentage interest in the Ordinary Shares in the manner set out in Note 4 of Rule 9.1, with Panel consent, or by making a mandatory offer under Rule 9 of the City Code.

Further information on the provisions of the City Code can be found in paragraph 6 of Part IV (Additional Information) of this document.

## 19. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and 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.

## 20. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares, including those issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 5 February 2025. The Ordinary Shares will be in registered form and will be eligible for settlement through 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. The Articles of Association contain provisions concerning the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive Placing Shares in uncertificated form, it is expected that CREST accounts will be credited as soon as reasonably practicable on 5 February 2025. In the case of Placees who have requested to receive Placing Shares in certificated form, it is expected that share certificates will be despatched by post within 10 days of the date of Admission.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

## 21. Options and Warrants

On Admission, there will be a total of 2,513,221 Warrants over Ordinary Shares in issue or outstanding, set out in the table below:

	<b>Number of Warrants over Ordinary Shares</b>	<b>Percentage of Enlarged Share Capital</b>	<b>Exercise price per Warrant</b>
Strand Hanson	558,494	1%	Placing Price
Cavendish	558,494	1%	Placing Price
Exilium Ventures Holdings Limited	1,396,234	2.5%	£0.0025

On Admission, there will be no options over Ordinary Shares granted or in issue.

Further details on the Warrants are set out in Part IV of this document



## **22. Further Information**

You should read the whole of this document, which provides additional information on the Group and the Placing, 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 additional information contained in Part IV of this document.

## PART II

### RISK FACTORS

*Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industry in which it participates prior to making an investment decision.*

*The risk factors set out below, which are not set out in any order of priority, apply to the Group as at the date of this document.*

*The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Group, or which the Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.*

*Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.*

#### **RISKS RELATING TO THE GROUP'S BUSINESS**

##### **Use of associates and tax treatment**

The Group makes use of both employees and self-employed associates in providing its services to customers. The Board believes that this provides flexibility for both the Group and its sub-contracting associates. The Group considers and applies what it believes to be the correct tax treatment of any sub-contracting parties on a contract-by-contract basis. If, however, HMRC were to disagree with the Group's treatment of associates, there is a risk that additional National Insurance and PAYE may become payable by the Group. The Board believes that the Group's policy on the treatment of associates complies with current HMRC rules.

##### **Attracting and retaining key contractors**

The success of the Group is dependent upon its ability to attract high quality outsourced defence contractors. The Group will need to be able to obtain individuals with the necessary expertise and experience to build on the skills of the existing contractor base, in order to facilitate the Group's expansion objectives. There can be no assurance that the Group will be able to continue to attract all personnel necessary for the development and operations of its business as the competition for qualified personnel in the Group's industry is notable.

##### **Failure to maintain good relations with customers/partners**

The Group needs to maintain good relations with individuals in both its customer organisations and in partner companies. Souring of individual relationships, for whatever reason, could adversely impact the Group's ability to deliver its existing business and to win new contracts.

### **Ability to win new clients and contracts**

The Group operates in a highly competitive market and may face an increasing amount of competition as the UK's defence spend is increased. New entrants and existing competitors may adopt new business models which challenge the Company's current competitive advantages. This may have a negative impact on the Group's ability to win new clients and contracts.

### **Customer concentration**

The Group's largest three customers accounted for approximately 86 per cent. of the turnover of the Company in the year ended 31 August 2024 (with the largest customer accounting for 42 per cent.); however, revenue generated from each of these customers is typically spread across multiple work programmes and business areas. Should the Company lose one or more of these contracts without replacement by equivalent contracts, this could have a significant adverse impact on the Group's results. The Directors expect the level of customer concentration to reduce going forward as the business expands, however there can be no guarantee.

### **Dependence on key executives and personnel**

The Group's future success is substantially dependent on the experience of its senior management and, in particular, its Directors. There is no assurance that the Group will be able to retain the services of its Directors and senior personnel. The Group's future success depends on its continuing ability to attract and subsequently retain highly skilled and qualified personnel, particularly in relation to the defence technical services sector.

### **Growth business and stage of development**

The Group's business is still in the growth stage of development, and its operations are subject to all of the risks inherent in a growing business enterprise. The likelihood of the Group's business success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the growth of an existing business as well as the competitive and regulatory environment in which the Group operates.

Due to the Group's business being in a growth stage of development many of its contracts with customers are on the customers' standard terms. The customers' standard terms are less favourable to the Company and contain onerous provisions.

### **Damage to professional reputation or potential legal liability if clients are not satisfied with the Company's services**

As a boutique professional services firm, RC Fornax's success is reliant depends to a material extent on its client relationships and reputation to attract and retain clients. As a consequence, if a client is not satisfied with the product or services provided by the Company, a negative review may be more detrimental to the business than businesses in other market sectors. Likewise, if contractual agreements are not met by the Company or financial arrangements with any alliance partners are not disclosed, the Company risks legal liability and loss of client relationships

### **Change of control provisions**

The Company has entered into certain contracts which contain 'change of control' provisions. These clauses allow the Company's contracting partners to terminate their arrangement, often at short notice, should there be a change of control of the Company.

The Company is seeking waivers of such termination rights but there is no guarantee the counterparties will provide such a waiver prior to Admission. As such, no assurances can be made that the counterparty in question or any other counterparty which enjoys the benefit of contracts which contain such change or control clauses will not choose to terminate their contracts following Admission and, should they do so, it cannot be guaranteed that the Company will be able to find replacements in a timely fashion or on similarly advantageous terms.

### **Performance**

The Group's revenue and profitability depend on maintaining satisfactory performance of its customer contracts. If the Group fails to maintain a satisfactory level of performance its profitability and ability to secure future contracts could be adversely affected.

### **Lack of certain internal policies**

As the Company is still in the growth stage of development, the Company does not currently have all policies and procedures in place in relation to certain matters, including but not limited to, export controls, GDPR and health and safety potentially exposing the Company to legal, financial and reputational risks. The Company has undertaken to put these in place within 6 months' of Admission.

### **The development and success of Project FAS-G for the business**

The success of the roll out of Project FAS-G cannot be guaranteed. As product development shall commence following completion of the Placing and Admission, its success is yet to be seen and is substantially dependent on how the FAS-G tool is able to progress throughout development and on to roll out. Any anticipated success of the tool should be considered in light of any additional expenses, complications and delays, which are typically associated with early development of a product and often beyond the control of the developer.

The Company is also seeking to licence the FAS-G tool to create an additional revenue stream. However, this, too, cannot be guaranteed.

## **RISKS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES**

### **Adverse public opinion/special interest groups**

As a business operating in the defence and security area, the Group may attract the attention of campaigners or special interest groups who are opposed to its activities. Public campaigning by such groups could damage the Group's reputation and impact on its ability to win new business and recruit personnel. It is also noted that certain investors, as a matter of principle, choose not to invest in businesses associated with the defence industry.

### **Project disruption and payment milestones**

Much of the defence industry is characterised by long product development cycles and high levels of non-recurring cost, set against a pattern of relatively infrequent demand from a small number of customers. As with any project related business, there is always the potential for delay, reduction in scope or cancellation within a particular client project. Any such event could have a direct impact on the Company's revenue and related profit.

### **Barriers to entry**

There are high barriers to entry in the UK defence industry, as the process of tendering for work with defence companies is a time intensive and highly regulated process, including responding to a formal request for proposals from the MoD. As such, the Group has to allocate a material amount of time and resources to tender for new work and there is no guarantee such allocation will result in a successful tender.

## **GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES**

### **Investment Risks**

An investment in the 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 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. 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 Company may go down as well as up and investors may therefore not recover or may lose all of their original investment. In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. These factors could include the performance of the Group's business, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes, general economic and political

conditions and interest and inflation rate variations. The value of the Ordinary Shares may therefore fluctuate and not reflect their underlying asset value.

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Company's control, including: general business, political, social and economic conditions; variations in operating results in the Company's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in the same sector; additions or departures of key personnel; announcements by the Company or its competitors; acquisitions or joint ventures entered into by any of the Group's companies; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares, regardless of the Group's performance.

### **Suitability of the Ordinary Shares as an investment**

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under the FSMA if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

In the event of a winding-up of the Company, the Ordinary Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

### **Future sales of Ordinary Shares**

Shareholders may sell their Ordinary Shares in the public or private market and the Company may undertake a public or private offering of Ordinary Shares. The Company cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Company's existing shareholders were to sell, or if the Company was to issue a substantial number of shares in the market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Company's existing Shareholders could also make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate.

### **The Company's ability to pay dividends in the future is not certain**

The Company does not intend to pay a dividend and cannot guarantee that it will have sufficient cash resources to pay dividends in the future. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders, or in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Company's earnings, financial position, cash requirements, availability or profits, any dividends and profits that it receives from its subsidiary companies, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

### **Further issuances of Ordinary Shares may be dilutive**

The Companies Act 2006 provides for pre-emptive rights to be granted to shareholders in the Company, unless those rights are disapplied by a special resolution in accordance with the Company's articles of association. The Company may decide to offer additional shares in the future for capital raising or other purposes. If the rights mentioned above are disapplied, or if Shareholders do not take up their rights to subscribe for further ordinary Shares under a pre-emption offer, existing Shareholders' proportionate ownership interest in the Company will be diluted. In addition, a further issue of Ordinary Shares by the Company, 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 the proportionate voting interest of those Shareholders that do not participate in that additional issue.

In addition, the securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise those rights unless either the rights and the Ordinary Shares are registered under the US Securities Act, or the rights and the Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

### **Valuation of Ordinary Shares**

Before Admission, there has been no prior public market for the Ordinary Shares. The Placing Price has been determined by the Company and may not relate to the Company's net assets, net worth, or any established criteria or value. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, an active public market may not develop or be sustained following Admission. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected.

### **Conditionality of the Placing**

The Placing is conditional, *inter alia*, upon the Placing Shares having being allotted, Admission becoming effective and the Placing Agreement becoming unconditional in all respects. In the event that certain conditions to which Admission is subject are not satisfied or, if capable of waiver, waived, then Admission will not occur.

### **Market Perception**

Market perception of the Company and/or the Group may change, potentially affecting the value of investor's holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

### **The Ordinary Shares will not be admitted to the Official List**

The Ordinary Shares will be traded on AIM and will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities. Neither the FCA nor the London Stock Exchange have examined or approved the contents of this document. The AIM market 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 those of the Official List and an investment in Ordinary Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. Admission to AIM will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a listing on the Official List, which would be subject to additional obligations under the Listing Rules. Prospective investors should consider the risks of investing in an AIM company's shares and should make their decision to invest only after carefully considering the risks and, if appropriate, consulting with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares. Although the Company is applying for the admission of its Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. In addition, the market in Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Company. For these and other reasons, investors may not be able to sell at a price which permits them to 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 of them. Such interpretation may not be correct and it is always

possible that legislation, regulation, rules and practices may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

### **Risks relating to EIS and VCT relief**

The Company has applied for, and received, advance assurance from HMRC that, subject to the receipt of a satisfactory compliance statement from the Company, HMRC would be able to authorise the Company to issue “compliance certificates” under the EIS Legislation for the purposes of enabling qualifying individual investors to apply for EIS Relief in respect of their subscription for Ordinary Shares. This advance assurance is expected to apply only in relation to the Placing Shares. The Company also applied for advance assurance that the Placing Shares will be “eligible shares”.

The HMRC advance assurance in connection with EIS was sought on the basis of the legislation as enacted at the date that the advance assurances and confirmation were given, and on the basis of the facts set out in the application made to HMRC. In the event of any change to the legislation, any alteration to the Company’s position or the rights attaching to the Placing Shares, or if HMRC were to consider that all material facts were not set out in the application, the advance assurances and knowledge-intensive company confirmation given by HMRC may not apply.

The advance assurance in respect of EIS relates only to the requirements in the EIS Legislation that relate to the Company and the Placing Shares, and will not guarantee that any particular investor will be able to obtain EIS Relief in respect of a subscription for Placing Shares. The availability of EIS Relief and the status of the relevant 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 EIS Legislation, throughout, broadly, the period of three years from the date of issue of the relevant Placing Shares. Neither the Company, the Board nor the Company’s advisers represent, warrant or undertake that the Company or the Placing Shares will comply with the requirements of the EIS Legislation at or following the Placing, that investors will be able to obtain EIS Relief in respect of their subscription for Placing Shares, or that in due course such EIS Relief will not be withdrawn.

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

Any investor who is an Existing Shareholder at the time of the Placing will not be eligible to claim EIS Relief on their new investment in the Company’s shares.

The risk factors listed above do not necessarily comprise all those associated with an investment in the Company.

### **Economic, political, judicial, administrative, taxation or other regulatory matters**

In addition to the impact of the downturn of the world’s economies, the Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

## **Taxation**

The attention of prospective investors is drawn to paragraph 18 of Part IV of this document headed "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life.

Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

Current and prospective investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

## **Costs of being a public company**

As a public company, the Company will be required to comply with certain additional laws, regulations and requirements, including the requirements of AIM. Complying with these laws, regulations and requirements will occupy a significant amount of the time of the Board and management and will increase the Company's costs and expenses. The Company expects that compliance with these laws, regulations and requirements will increase its legal and financial compliance costs and is likely to require it to hire additional personnel or consultants. The Company cannot predict or estimate the amount of additional costs which it may incur or the timing of such costs.

In order to comply with these laws, regulations and requirements, the Company will need to:

- expand the roles and duties of its Board, its Board committees and management;
- institute more comprehensive compliance functions;
- evaluate and maintain its system of internal control over financial reporting, and report on management's assessment of it;
- prepare and distribute periodic public reports in compliance with the Company's obligations under applicable laws and regulations;
- implement more comprehensive internal policies, such as those relating to disclosure controls and procedures and insider trading; and
- involve, to a greater degree, outside counsel and accountants in the above activities.

If the Company fails to take all or any of these actions its ability to report its financial results accurately and in a timely manner could be impaired.



**PART III**  
**FINANCIAL INFORMATION**  
**SECTION A: ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION**



30 January 2025

The Directors  
RC Fornax plc  
71-75 Shelton Street  
London WC2H 9JQ

The Directors  
Strand Hanson Limited  
26 Mount Row  
London W1K 3SQ

Dear Sir and Madam,

**Introduction**

We report on the audited, consolidated historical financial information of RC Fornax plc (the “**Company**”) and its subsidiary, Epsilon Talent Limited (together, the “**Group**”), for the financial years ended 31 August 2022, 31 August 2023 and 31 August 2024 (together, the “**Historical Financial Information**”).

**Opinion on financial information**

In our opinion, the Historical Financial Information gives, for the purposes of the Company’s AIM admission document dated 30 January 2025 (the “**Document**”), a true and fair view of the state of affairs of the Group as at 31 August 2022, 31 August 2023 and 31 August 2024 and of its results, cash flows and changes in equity for the years then ended in accordance with UK-adopted international accounting standards (“**IFRS**”).

**Responsibilities**

The directors of the Company (the “**Directors**”) are responsible for preparing the Historical Financial Information in accordance with IFRS.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

**Basis of preparation**

The Historical Financial Information has been prepared for inclusion in Section B “*Historical Financial Information*” of Part III “*Financial Information*” of the Document, on the basis of the accounting policies set out in note 2 to the Historical Financial Information. This report is given for the purpose of complying with Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with relevant ethical requirements. In the United Kingdom this is 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 amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and where the accounting policies are appropriate to the Group'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.

**Conclusions related 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 the Group to continue as a going concern for a period of at least twelve months from the date of the 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 for Companies, we are responsible for this report as part of the Document and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully,



**Crowe U.K. LLP**

*Chartered Accountants*

## PART III

### SECTION B: HISTORICAL FINANCIAL INFORMATION

#### Statement of Comprehensive Income

The audited, consolidated Statements of Comprehensive Income of the Group for the three years ended 31 August 2022, 31 August 2023 and 31 August 2024 are set out below:

	Note	<i>Audited</i> 31 August 2022 £'000	<i>Audited</i> 31 August 2023 £'000	<i>Audited</i> 31 August 2024 £'000
<b>Revenue</b>	4	1,647	4,242	6,495
Cost of sales		(1,006)	(3,157)	(4,891)
<b>Gross profit</b>		<b>641</b>	<b>1,085</b>	<b>1,604</b>
Administrative expenses before depreciation		(256)	(535)	(590)
<b>Earnings before depreciation</b>		<b>385</b>	<b>550</b>	<b>1,014</b>
Depreciation	5, 10, 15	(3)	(4)	(31)
Total administrative expenses		(259)	(539)	(621)
<b>Operating profit</b>	5	<b>382</b>	<b>546</b>	<b>983</b>
Finance charges	7	(28)	(92)	(202)
<b>Profit before tax</b>		<b>354</b>	<b>454</b>	<b>781</b>
Taxation	8	(67)	(93)	(205)
<b>Profit for the year</b>		<b>287</b>	<b>361</b>	<b>576</b>

The Group has no other recognised gains or losses

<b>Earnings per Ordinary Share:</b>		<b>£</b>	<b>£</b>	<b>£</b>
Basic and diluted	9	288	361	517

## Statement of Financial Position

The audited, consolidated Statements of Financial Position of the Group as at 31 August 2022, 31 August 2023 and 31 August 2024 are set out below:

	Note	<i>Audited</i> As at 31 August 2022 £'000	<i>Audited</i> As at 31 August 2023 £'000	<i>Audited</i> As at 31 August 2024 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	6	28	78
<b>Current assets</b>				
Trade and other receivables	11	358	186	788
Contract assets	11	37	164	20
Cash and cash equivalents		151	573	613
		<b>546</b>	<b>923</b>	<b>1,421</b>
<b>Total assets</b>		<b>552</b>	<b>951</b>	<b>1,499</b>
<b>Equity</b>				
Share capital	12	-	-	-
Retained earnings	13	175	97	108
		<b>175</b>	<b>97</b>	<b>108</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities	16	-	16	38
		-	<b>16</b>	<b>38</b>
<b>Current liabilities</b>				
Trade and other payables	17	369	590	749
Lease liabilities	16	-	9	32
Loans and borrowings	16	8	239	572
		<b>377</b>	<b>838</b>	<b>1,353</b>
<b>Total liabilities</b>		<b>377</b>	<b>854</b>	<b>1,391</b>
<b>Total equity and liabilities</b>		<b>552</b>	<b>951</b>	<b>1,499</b>

## Statement of Changes in Equity

The audited, consolidated Statements of Changes in Equity of the Group for the three years ended 31 August 2022, 31 August 2023 and 31 August 2024 are set out below:

		<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>As at 1 September 2021</b>		-	(58)	(58)
Profit for the year		-	287	287
Dividend	14	-	(54)	(54)
<b>As at 31 August 2022</b>		-	<b>175</b>	<b>175</b>
Profit for the year		-	361	361
Dividend	14	-	(439)	(439)
<b>As at 31 August 2023</b>		-	<b>97</b>	<b>97</b>
Profit for the year		-	576	576
Dividend	14	-	(565)	(565)
<b>As at 31 August 2024</b>		-	<b>108</b>	<b>108</b>

## Statement of Cash Flows

The audited, consolidated Statements of Cash Flows of the Group for the three years ended 31 August 2022, 31 August 2023 and 31 August 2024 are set out below:

	Note	Audited 31 August 2022 £'000	Audited 31 August 2023 £'000	Audited 31 August 2024 £'000
<b>Profit before tax for the year</b>		<b>354</b>	<b>454</b>	<b>781</b>
<i>Adjustments for:</i>				
Finance expense	7	28	92	202
Depreciation of property, plant and equipment	10	3	4	31
(Increase)/decrease in trade receivables	11	(355)	182	(577)
Decrease/(increase) in other receivables	11	1	(10)	(25)
(Increase)/decrease in contract assets	11	(37)	(127)	144
Increase in trade and other payables	17	298	184	58
<b>Cash generated by operations</b>		<b>292</b>	<b>779</b>	<b>614</b>
Interest paid on loans and borrowings	7	(28)	(92)	(195)
Income taxes paid		-	(56)	(104)
<b>Net cash flows from operating activities</b>		<b>264</b>	<b>631</b>	<b>315</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	10	(8)	-	(6)
<b>Net cash used by investing activities</b>		<b>(8)</b>	<b>-</b>	<b>(6)</b>
<b>Financing activities</b>				
Dividends paid	14	(54)	(439)	(565)
Drawdown of loans and borrowings	16	-	247	444
Repayment of loans and borrowings	16	-	(48)	(121)
Drawdown of other loans	16	-	-	50
(Repayment)/receipt of Directors' loans	22	(53)	32	(40)
Repayment of lease liabilities		-	(1)	(37)
<b>Net cash used by financing</b>		<b>(107)</b>	<b>(209)</b>	<b>(269)</b>
<b>Net increase in cash and cash equivalents</b>		<b>149</b>	<b>422</b>	<b>40</b>
<i>Cash and cash equivalents at beginning of year</i>		<i>2</i>	<i>151</i>	<i>573</i>
<b>Cash and cash equivalents at end of year</b>		<b>151</b>	<b>573</b>	<b>613</b>

## Notes to the Historical Financial Information

### 1. Corporate Information

The Historical Financial Information represents the results of the Group. The Company was incorporated on 5 August 2020 in England and Wales with the registration number 12795371. The Company's registered office is 71-75 Shelton Street, London WC2H 9JQ.

The principal business of the Group is the provision of bespoke work package solutions, primarily to the defence sector.

The Historical Financial Information was approved for issue by the Directors on the date of this document.

### 2. Accounting policies

#### Accounting convention

The Historical Financial Information has been prepared using the historical cost convention, as stated in the accounting policies. These policies have been consistently applied to all periods presented, unless otherwise stated.

The Historical Financial Information has been prepared in compliance with IFRS and IFRS Interpretations Committee interpretations as adopted by the UK. This is the first time that financial information for the Group has been prepared under IFRS (see notes 20 to 22 to the Historical Financial Information).

#### Basis of preparation

The Historical Financial Information comprises the financial results of the Group. Subsidiaries are consolidated from the date of acquisition being the date on which the Group obtains control. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its powers over the investee. To date, Epsilon Talent Limited has never traded.

The Group's date of transition to IFRS was 1 September 2021. The principles and requirements for first time adoption are set out in IFRS 1 "*First-time Adoption of International Financial Reporting Standards*", as issued by the IASB.

The presentation currency of the Historical Financial Information is Pounds Sterling, rounded to the nearest thousand (£'000) unless otherwise indicated. The Group's functional currency is Pounds Sterling as this is the currency of the primary economic environment in which the Group operates.

There are no items within the Historical Financial Information which are either a critical accounting judgement, subject to high estimation or uncertainty.

#### Going concern

The Directors' assessment of whether the Group should continue to report on the going concern basis included consideration of the following:

- detailed financial projections prepared for a period of 12 months from the date of Admission; and
- the Placing, which on completion will provide significant cash resources.

The going concern analysis, which covers a period no shorter than 12 months from the date of Admission, also includes the evaluation of material uncertainties and material adverse effects within the industry, the global economy and regulatory regime.

At the time of the preparation of the Historical Financial Information, the Directors were not aware of any other events or conditions beyond the period of their assessment that may cast doubt on the Group's ability to continue as a going concern.

### **Revenue recognition**

The Group provides design-based consultancy services to the defence sector. The Group has five main customers who together account for over 90% of total revenue.

The Group's customer contracts have been reviewed to ensure compliance with IFRS 15 "*Revenue from Contracts with Customers*". Revenue consists of a combination of "*time & materials*" and short-term outcome-based contracts.

"*Time & materials*" contracts typically have no payment milestones and are invoiced to the customer on a monthly basis for time & materials incurred each month whilst delivering the Group's services.

Outcome-based contracts typically cover a twelve-month period. The Group invoices customers when agreed upon project milestones are achieved, which typically result in the Group issuing monthly invoices to the customer over the life of the contract.

Both "*time & materials*" and outcome-based contracts are invoiced to the customer at the end of each month when the inputs are known. This may give rise to a contract asset at the reporting date. Payment for the services is based on the agreed payment terms.

A revenue contract liability is recorded when cash payments are received in advance of satisfying the performance obligation. Contract liabilities are recognised in profit or loss in the period when the Group completes the agreed services to the customers. In all other cases, payments are due from customers within 30-60 days (depending on the credit terms applicable) of the service being agreed and invoiced.

### **Cost of sales**

Cost of sales represents the direct expenses that are attributable to the costs associated with the Group's services.

### **Property, plant and equipment**

Property, plant and equipment are 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 the Directors.

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, the following assets have been depreciated using the method described.

Furniture, fittings and equipment	–	3 years straight line
Right-of-use assets	–	life of the right-of-use lease

### **Financial assets**

On initial recognition, the Directors classify the Group's financial assets as either financial assets at amortised cost, at fair value through profit or loss or at fair value through comprehensive income, as appropriate. The classification depends on the policy for management of the financial assets. At the reporting date, the financial assets of the Group were all classified as loans or receivables and are therefore recognised at amortised cost.



**Trade and other receivables**

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.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment loss. The Group's financial assets comprise trade receivables, other receivables and cash and cash equivalents.

**Trade receivables – impairment**

The Directors apply an expected credit loss model to calculate the impairment losses on the Group's trade receivables. The Directors apply the simplified approach to providing for expected credit losses prescribed by IFRS 9 "*Financial Instruments*", requires the use of the lifetime expected loss provision for all trade receivables. Trade receivables at the reporting date have been put into groups, based on days past the due date for payment, and the expected loss percentage has been applied to each group to generate the expected credit loss provision for each group.

**Contract assets**

Contract assets represent revenues recognised in satisfying performance obligations where the Group's right to consideration is conditional upon performance obligations being completed in accordance with the terms of the contract. These amounts become unconditional when performance obligations are completed in accordance with the terms of the contract.

**Contract liabilities**

Contract liabilities arise when invoices are issued, or payments are received from customers in advance of the Group satisfying performance obligations under the contract. These liabilities are extinguished, and revenues are recognised as the Group satisfies the performance obligations.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less for the purposes of the Statement of Financial Position and the Statement of Cash Flows.

**Financial liabilities**

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument.

At initial recognition, financial liabilities (trade and other payables, excluding other taxes and social security costs, loans and borrowings), are measured at their fair value less, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost.

**Share capital**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's share capital is classified as equity instruments.

**Retirement benefits**

In accordance with IAS 19 "*Employee Benefits*", the cost of pensions in respect of the Group's defined contribution scheme is charged to the Statement of Comprehensive Income in the period in which the related employee services were provided along with short-term employee benefits.

**Leases**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, in accordance with IFRS 16 "*Leases*". The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The

estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

At inception, the Directors assess whether a contract contains a lease. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset and whether the Group has the right to direct the use of the asset.

The Directors have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which they define as having a purchase cost of below £5,000. The Directors recognise the Group's lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is measured at amortised cost using the effective interest method. The lease payments comprise fixed payments under agreements which are discounted. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Directors' estimate of the amount expected to be payable by the Group under a residual value guarantee or if the Directors change their assessment of whether the Group will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to £nil.

The Group presents right-of-use assets within "*Property, plant and equipment*" and lease liabilities within their own separate headings on the Statement of Financial Position.

#### **Taxation**

The taxation expense for the year comprises current tax and is recognised in the Statement of Comprehensive Income. The current tax is the amount of income tax payable in respect of the taxable profit for the current year or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

#### **Bank loans**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest bearing 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 profit and loss over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included within "*Finance charges*" on the Statement of Comprehensive Income. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### **3. Financial instruments – risk management**

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Directors is to set policies that seek to reduce risks to the Group as far as possible without unduly affecting its competitiveness and flexibility. The Group reports in Pounds Sterling (£). All funding requirements and financial risks are managed based on policies and procedures adopted by the Directors.

The Group is exposed to the following financial risks:

- market risk;
- interest rate risk;
- credit risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables; and
- cash and cash equivalents.

#### Financial instruments by category

- Trade and other payables;
- Loans and borrowings.

To the extent financial instruments are not carried at fair value in the Statement of Financial Position, book value approximates to fair value at each reporting date.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Directors and any impairment is charged to the Statement of Comprehensive Income in the relevant period.

#### Financial assets

	Audited Year ended 31 August 2022 £'000	Audited Year ended 31 August 2023 £'000	Audited Year ended 31 August 2024 £'000
Cash and cash equivalents	151	573	613
<i>Gross trade receivables</i>	<i>355</i>	<i>173</i>	<i>750</i>
<i>Less provision for impairment</i>	<i>-</i>	<i>-</i>	<i>-</i>
Trade receivables	355	173	750
Other receivables	3	13	23
Contract assets	37	164	20
Directors' loan	-	-	15
<b>Financial assets at amortised cost</b>	<b>546</b>	<b>923</b>	<b>1,421</b>

#### Financial liabilities

	Audited Year ended 31 August 2022 £'000	Audited Year ended 31 August 2023 £'000	Audited Year ended 31 August 2024 £'000
Current trade payables	182	338	388
Accruals	1	71	85
Other payables	40	21	38
Tax & social security	79	56	33
Corporation tax	67	104	205
<b>Trade and other payables</b>	<b>369</b>	<b>590</b>	<b>749</b>
Bank loans	-	199	522
Other loans	-	-	50
Directors' loans	8	40	-
Current lease liability	-	9	32
Non-current lease liability	-	16	38
<b>Loans and borrowings</b>	<b>8</b>	<b>264</b>	<b>642</b>
<b>Financial liabilities at amortised cost</b>	<b>377</b>	<b>854</b>	<b>1,391</b>

The management of risk is a fundamental concern of the Directors. This note summarises the key risks to the Group and the policies and procedures put in place by the Directors to manage them.

### Market risk

Market risk arises from the Group's use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in interest rates (interest rate risk) or foreign exchange rates (foreign exchange risk).

### Interest rate risk

The Group is exposed to cash flow interest rate risk from bank borrowings at variable rates. The Group's bank borrowings are disclosed in note 17 "Loans and borrowings".

The following table demonstrates the sensitivity to a 1.0% change (lower/higher) to the interest rates of the borrowings as at 31 August 2022, 31 August 2023 and 31 August 2024 to the profit before tax and net assets for each year:

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Bank loans	-	2	4

### Foreign exchange risk

The Directors do not consider that foreign exchange volatility presents a material risk to the Group as there is minimal exposure to foreign currencies.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Directors consider that the Group's exposure to credit risk is immaterial as the Group carries out work for reputable entities without the risks attached to normal commercial credit sales. The Group's net trade receivables for the three reported periods are disclosed in the financial assets table above.

Credit risk on cash and cash equivalents is small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit. The credit risk is monitored on an ongoing basis and changes in counterparty made if appropriate.

No expected credit losses have been recognised due to the credit quality of the receivables over previous trading periods.

### Liquidity risk

Liquidity risk arises from the Directors' management of the Group's working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The table below analyses the Group's financial liabilities by contractual maturities and all amounts disclosed in the table are the undiscounted contractual cash flows:

<b>31 August 2022</b>	<b>Within 1 year £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>
Trade payables	182		
Accruals	1	-	-
Tax and social security	79	-	-
Corporation tax	67	-	-
Other payables	40	-	-
Directors' loans	8	-	-
<b>Total</b>	<b>377</b>	<b>-</b>	<b>-</b>

<b>31 August 2023</b>	<b>Within 1 year £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>
Trade payables	338	-	-
Accruals	71	-	-
Tax & social security	56	-	-
Corporation tax	104	-	-
Other payables	21	-	-
Bank loan	199	-	-
Directors' loans	40	-	-
Lease liabilities	9	16	-
<b>Total</b>	<b>838</b>	<b>16</b>	<b>-</b>

<b>31 August 2024</b>	<b>Within 1 year £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>
Trade payables	388	-	-
Accruals	85	-	-
Tax & social security	33	-	-
Corporation tax	205	-	-
Other payables	38	-	-
Bank loan	522	-	-
Other loan	50	-	-
Lease liabilities	32	38	-
<b>Total</b>	<b>1,353</b>	<b>38</b>	<b>-</b>

#### *Capital management*

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Share Capital	-	-	-
Retained earnings	175	97	108

The Directors' objectives when maintaining the Group's capital are:

- safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and
- to provide an adequate return to Shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of Shareholders' equity, as set out in the Statement of Changes in Equity. All working capital requirements are financed from existing cash resources and borrowings.

#### **4. Revenue**

Revenue from operations

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Contracts for the provision of services	1,647	4,242	6,495

Set out below is a summary of the revenue generated from customers who accounted for more than 10% of total revenue during each of the years ended 31 August 2022, 31 August 2023 and 31 August 2024:

	<b>Audited Year ended 31 August 2022</b>	<b>Audited Year ended 31 August 2023</b>	<b>Audited Year ended 31 August 2024</b>
Customer A	-	29%	42%
Customer B	21%	22%	32%
Customer C	-	11%	12%
Customer D	61%	32%	-
Customer E	10%	-	-

## 5. Operating profit

The operating profit has been arrived at after charging:

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Advertising	16	11	6
Staff costs	195	378	399
Depreciation on property, plant and equipment	3	4	31

## 6. Employee benefit expenses

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Wages and salaries	158	352	361
Social security costs	9	30	31
Pensions	3	6	6
<b>Total</b>	<b>170</b>	<b>388</b>	<b>398</b>

Key management comprises only the Directors. Directors' remuneration included in staff costs:

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Wages and salaries	10	25	25
Social security	-	1	1
<b>Total</b>	<b>10</b>	<b>26</b>	<b>26</b>

The average monthly number of employees during the year was as follows:

	<b>Audited Year ended 31 August 2022</b>	<b>Audited Year ended 31 August 2023</b>	<b>Audited Year ended 31 August 2024</b>
Management	2	2	2
Operations and administration	3	9	9
<b>Total</b>	<b>5</b>	<b>11</b>	<b>11</b>

## 7. Finance charges

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Factoring fee	28	56	146
Bank loan interest	-	36	49
Lease liabilities interest	-	-	7
<b>Total interest</b>	<b>28</b>	<b>92</b>	<b>202</b>

## 8. Taxation

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Corporate tax	67	93	205
<b>Total</b>	<b>67</b>	<b>93</b>	<b>205</b>

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Deferred tax	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

The tax assessed for each year is different from the standard rate of corporation tax as applied in the respective trading domains where the Group operates, the differences are explained below:

	<b>Audited Year ended 31 August 2022 £'000</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Profit before tax	354	454	781
Profit before tax multiplied by rate of corporation tax applicable – 19%/ 21.5%/25%	67	98	195
<i>Effects of:</i>			
Expenses not allowed	-	2	10
Prior year overcharge due to losses b/fwd utilised	-	(7)	-
<b>Tax charge for the year</b>	<b>67</b>	<b>93</b>	<b>205</b>

## 9. Earnings per Ordinary Share

	<b>Audited Year ended 31 August 2022 £'000s</b>	<b>Audited Year ended 31 August 2023 £'000</b>	<b>Audited Year ended 31 August 2024 £'000</b>
Profit attributable to Shareholders (£'000)	287	361	576
Weighted average number of Ordinary Shares (#)	1,000	1,000	1,114
<b>Earnings per Ordinary Share (£)</b>	<b>288</b>	<b>361</b>	<b>517</b>

Basic earnings per Ordinary Share is calculated based on the weighted average number of Ordinary Shares in issue and the earnings of the Group for each reporting period.

As at 31 August 2024, there were no dilutive instruments in issue (2023: nil, 2022: nil). As such, the diluted earnings per Ordinary Share were the same as the basic diluted earnings per Ordinary Share.

## 10. Property, plant and equipment

	Right-of-use asset £'000s	Furniture, fittings and equipment £'000	Total £'000
<b>COST</b>			
As at 1 September 2021	-	1	1
Additions	-	8	8
<b>As at 31 August 2022</b>	<b>-</b>	<b>9</b>	<b>9</b>
Additions	26	-	26
<b>As at 31 August 2023</b>	<b>26</b>	<b>9</b>	<b>35</b>
Additions	75	6	81
<b>As at 31 August 2024</b>	<b>101</b>	<b>15</b>	<b>116</b>
<b>ACCUMULATED DEPRECIATION</b>			
As at 1 September 2021	-	-	-
Charge for the year	-	3	3
<b>As at 31 August 2022</b>	<b>-</b>	<b>3</b>	<b>3</b>
Charge for the year	1	3	4
<b>As at 31 August 2023</b>	<b>1</b>	<b>6</b>	<b>7</b>
Charge for the year	28	3	31
<b>As at 31 August 2024</b>	<b>29</b>	<b>9</b>	<b>38</b>
<b>NET BOOK VALUE</b>			
<b>As at 31 August 2022</b>	<b>-</b>	<b>6</b>	<b>6</b>
<b>As at 31 August 2023</b>	<b>25</b>	<b>3</b>	<b>28</b>
<b>As at 31 August 2024</b>	<b>72</b>	<b>6</b>	<b>78</b>

## 11. Trade and other receivables

	Audited Year ended 31 August 2022 £'000	Audited Year ended 31 August 2023 £'000	Audited Year ended 31 August 2024 £'000
Trade receivables – gross	355	173	750
Less: provision for impairment	-	-	-
<b>Trade receivable – net</b>	<b>355</b>	<b>173</b>	<b>750</b>
Other receivables	3	13	23
Directors' loan	-	-	15
<b>Total trade and other receivables</b>	<b>358</b>	<b>186</b>	<b>788</b>
Contract assets	37	164	20

The Group has adopted the IFRS 9 *“Financial Instruments”* simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. This has been applied from transition to IFRS on 1 September 2021.

Under IFRS 9 *“Financial Instruments”*, the expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to each reporting date. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic and other factors affecting the Group's customers.

The Group has experienced no credit losses in its history and does not expect to do so going forward as its customers are large defence sector companies. As a result, the Directors have not made a provision based on expected credit loss.

Trade receivable and other receivables have not been discounted as they are short-term receivables.



## 12. Share capital

The Company's issued and fully paid share capital is summarised below:

	Number	Nominal Value
Ordinary Shares		£
As at 31 August 2021	10	10
Additions	-	-
<b>As at 31 August 2022</b>	<b>10</b>	<b>10</b>
Additions	-	-
<b>As at 31 August 2023</b>	<b>10</b>	<b>10</b>
Redesignation of A Ordinary Shares to existing Shareholders	594	-
Redesignation of B Ordinary Shares to existing Shareholders	396	-
Addition of C Ordinary Shares	200	2
<b>As at 31 August 2024</b>	<b>1,200</b>	<b>12</b>

Following subdivision of the Ordinary Shares on 6 February 2024, on 31 August 2024 the issued and paid-up share capital of the Company was as follows:

- 600 A Ordinary Shares: nominal value of £0.01 per Ordinary Share;
- 400 B Ordinary Shares: nominal value of £0.01 per Ordinary Share; and
- 200 C Ordinary Shares: nominal value of £0.01 per Ordinary Share.

### Weighted average issued and paid-up share capital:

- year ended 31 August 2022 = 1,000;
- year ended 31 August 2023 = 1,000; and
- year ended 31 August 2024 = 1,114.

As at 31 August 2024, the Company had issued no share options (2023: none, 2022: none). However, in September and October 2024, the Company entered into arrangements with IPO advisors Exilium Ventures Limited, Strand Hanson, Cavendish and Prysm Group that will result in the issuance of 4 warrants covering up to 7% of the enlarged share capital of the Company on its admission to AIM.

## 13. Reserves

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

Share capital	Ordinary Shares are classified as equity. The nominal value of Ordinary Shares is included in share capital.
Retained earnings	Represents all other net gains and losses and transactions with Shareholders (e.g. dividends) not recognised elsewhere.

## 14. Dividends

	Audited Year ended 31 August 2022 £'000s	Audited Year ended 31 August 2023 £'000s	Audited Year ended 31 August 2024 £'000s
Dividends paid to Shareholders	54	439	565
Rate of dividend payment per Ordinary Share	1	1	1

## 15. Property, plant and equipment and leased assets

	Audited Year ended 31 August 2022 £'000s	Audited Year ended 31 August 2023 £'000s	Audited Year ended 31 August 2024 £'000s
<b>Right-of-use assets</b>			
Leased office buildings and cars:			
As at 1 September	-	-	25
New leases	-	26	75
Depreciation charge for the year	-	(1)	(28)
<b>NBV as at 31 August</b>	<b>-</b>	<b>25</b>	<b>72</b>

### Lease liabilities

Maturity analysis – contractual discounted cash flows:

Less than one year	-	9	32
One to five years	-	16	38
<b>Total lease liabilities as at 31 August</b>	<b>-</b>	<b>25</b>	<b>70</b>

## 16. Loans and borrowings

	Audited Year ended 31 August 2022 £'000s	Audited Year ended 31 August 2023 £'000s	Audited Year ended 31 August 2024 £'000s
<b>Non-current</b>			
Lease liabilities	-	16	38
<b>Total non-current loans and borrowings</b>	<b>-</b>	<b>16</b>	<b>38</b>
<b>Current</b>			
Bank loan	-	199	522
Other loan	-	-	50
Lease liabilities	-	9	32
Directors' loan	8	40	-
<b>Total current loans and borrowings</b>	<b>8</b>	<b>248</b>	<b>604</b>
<b>Total loans and borrowings</b>	<b>8</b>	<b>264</b>	<b>642</b>

### Analysis of net debt

	Cash £'000s	Bank loans £'000s	Other loan £'000s	Directors' loans borrowed £'000s	Lease liabilities £'000s	Net debt £'000s
As at 1 September 2021	2	-	-	(61)	-	(59)
Cash flows	149	-	-	53	-	202
<b>As at 31 August 2022</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>-</b>	<b>143</b>
Non-cash movement	-	-	-	-	(26)	(26)
Cash flows	422	(199)	-	(32)	1	192
<b>As at 31 August 2023</b>	<b>573</b>	<b>(199)</b>	<b>-</b>	<b>(40)</b>	<b>(25)</b>	<b>309</b>
Non-cash movement	-	-	-	-	(82)	(82)
Cash flows	40	(323)	(50)	40	37	(256)
<b>As at 31 August 2024</b>	<b>613</b>	<b>(522)</b>	<b>(50)</b>	<b>-</b>	<b>(70)</b>	<b>(29)</b>

On 26 November 2021 the Group entered into an invoice factoring facility with Sonovate Limited. Under the terms of the agreement, Sonovate Limited holds a fixed charge and also a floating charge over the property and undertakings of the Company.

On 20 February 2023, the Group entered into an unsecured revolving loan facility agreement with Iwoca limited. The maximum loan facility as at 30 August 2024 was £530,000 and is subject to agreement between the two parties. The current interest rate that applies to the loan is 2.65% per calendar month. Interest payable is charged through the Statement of Comprehensive Income during the year.

#### 17. Trade and other payables

	<b>Audited Year ended 31 August 2022 £'000s</b>	<b>Audited Year ended 31 August 2023 £'000s</b>	<b>Audited Year ended 31 August 2024 £'000s</b>
Trade payables	182	338	388
Accruals	1	71	85
Tax & social security	79	56	33
Corporation tax	67	104	205
Other payables	40	21	38
<b>Total trade and other payables</b>	<b>369</b>	<b>590</b>	<b>749</b>

#### 18. Post-balance sheet events

There are no significant events after the reporting date, with the exception of:

- the issue of warrants in September and October 2024 as disclosed in note 12 of the Historical Financial Information; and
- the re-registration of the Company from a private limited to a public limited company effective 15 January 2025, resulting in a sub-division and subsequent bonus issue of Ordinary Shares.

#### 19. Adoption of IFRS

As stated in Note 2 “Accounting policies”, the Historical Financial Information has been prepared in accordance with IFRS.

The date of transition to IFRS was 1 September 2021 (the “Transition Date”).

The accounting policies described in Note 2 “Accounting policies” were applied when preparing the Historical Financial Information and the Statement of Financial Position as at the Transition Date.

In preparing its opening Statement of Financial Position as at 1 September 2021 and adjusting amounts reported previously in the Historical Financial Information prepared in accordance with UK Generally Accepted Accounting Practice (“UKGAAP”), the Directors have applied IFRS 1 “First-time Adoption of International Financial Reporting Standards”, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

#### 20. Exceptions and exemptions used during transition to IFRS

The Directors have applied the following mandatory exception required by IFRS 1 “First-Time Adoption of International Financial Reporting Standards” in the Group’s conversion from UKGAAP to IFRS:

- Estimates—Hindsight is not used to create or revise estimates. The estimates previously made by the Directors under UKGAAP were not revised for the application of IFRS, except where necessary to reflect any difference in accounting policies.

#### 21. Adjustments made in connection with the transition to IFRS

The most significant impact of the adoption of IFRS on the Historical Financial Information is as follows:

- IFRS 16 “Leases” – the standard requires all qualifying leases to be recognised on the Statement of Financial Position. Leases previously treated as operating leases must have a right-of-use asset created together with an offsetting lease liability.

In restating the Historical Financial Information, the Directors have made some IFRS adjustments to the Group’s profit or loss or equity and have re-grouped and re-classified certain items for presentation in the Historical Financial Information.

The main items contributing to the change in financial information compared with that reported under UKGAAP at the Transition Date are as follows:

#### Statement of Financial Position

	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>
Equity reported in accordance with UKGAAP	175	97	106
IFRS 16 “Leases”*	-	-	2
<b>Equity reported in accordance with IFRS</b>	<b>175</b>	<b>97</b>	<b>108</b>

#### Statement of Comprehensive Income

	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>
Profit after tax reported in accordance with UKGAAP	287	361	574
IFRS 16 “Leases”**	-	-	2
<b>Profit after tax reported in accordance with IFRS</b>	<b>287</b>	<b>361</b>	<b>576</b>

\*In accordance with UKGAAP, leases for offices and the operating lease for company cars were expensed to the profit and loss. In accordance with IFRS 16 “Leases”, the treatment requires that a right-of-use asset is recognised which is then reduced by depreciation. A corresponding liability is recognised to the value of the minimum lease payments, as increased by interest charges and reduced by lease payments.

\*\* Under UK GAAP, leases for offices and the operating lease for the Group’s cars were expensed to the profit and loss. Under IFRS 16 “Leases” the treatment requires that a right-of-use asset is created which is reduced by depreciation and the liability entry recognised for the minimum lease payments which is increased by the interest charges and reduced by lease payments.

## 22. Related party transactions and balances

### Directors’ loan accounts

As at 31 August 2024, the Group had the following loan balances with Directors:

	<b>Opening balance</b>	<b>Loans advanced</b>	<b>Repayments</b>	<b>Interest charged</b>	<b>Closing balance</b>
<b>£’000s</b>	(40)	15	40	-	15

As at 31 August 2023, the Group had the following loan balances with Directors:

	<b>Opening balance</b>	<b>Loans advanced</b>	<b>Repayments</b>	<b>Interest charged</b>	<b>Closing balance</b>
<b>£’000</b>	(8)	(32)	-	-	(40)

As at 31 August 2022, the Group had the following loan balances with Directors:

	<b>Opening balance</b>	<b>Loans advanced</b>	<b>Repayments</b>	<b>Interest charged</b>	<b>Closing balance</b>
<b>£’000</b>	(61)	-	53	-	(8)

The Directors’ loans are interest-free and repayable on demand. The loans have been assessed for impairment under IFRS 9, no impairment loss has been recognised.

These transactions are considered related party transactions under IAS 24 as the Directors are the key

management personnel of the Group.

These transactions were conducted in accordance with the Group's policies and applicable legal and regulatory requirements.

**23. Nature of the Historical Financial Information**

The Historical Financial Information presented above does not constitute statutory financial statements for the periods under review.

## PART IV

### ADDITIONAL INFORMATION

#### 1. Responsibility Statement

The Directors, whose names and functions are set out on page 9 of this document, and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (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.

#### 2. The Company

- 2.1 The Company is domiciled in the United Kingdom and was incorporated and registered as a private company limited by shares on 5 August 2020 in England and Wales under the Act with registration number 12795371.
- 2.2 On 13 January 2025, the Company was re-registered as a public limited company under the Act and its name was changed to RC Fornax plc.
- 2.3 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. The principal legislation under which the Company operates and which the Placing Shares will be issued is the Act and regulations made thereunder.
- 2.4 The Company's principal activity is carrying out the principal business, being, providing work package solutions primarily targeted at the defence sector, of the Group. It is the ultimate parent company of the Group comprising the Company and its subsidiary set out in paragraph 2.5 of this Part IV. Further details of the history and background of the Company and its subsidiary are set out in paragraph 2 of Part I of this document.
- 2.5 As at the date of this document, the Company has, and will on Admission have, the following subsidiary which is incorporated in the UK:

<b>Name of company</b>	<b>Percentage held</b>
Epsilon Talent Limited	100%

This is notwithstanding the fact that Epsilon Talent Limited (the "**Subsidiary**") has received a First Gazette notice for compulsory strike-off which shall result in the Subsidiary being struck off the register and dissolved not less than 2 months from 19 November 2024. The Company planned to wind up the Subsidiary post Admission and does not object to the Subsidiary being struck off.

- 2.6 The registered office of the Company is 71-75 Shelton Street, London, United Kingdom, WC2H 9JQ, and its telephone number is +44 161 823 7137.
- 2.7 The principal place of business of the Company is at Unit 12, Cranfield Innovation Centre, Bedford, MK43 0BT.
- 2.8 The Company's website address is [www.rcfornax.co.uk](http://www.rcfornax.co.uk).

#### 3. Share Capital of the Company

- 3.1 As at the date of this document, and immediately following Admission, the issued and fully paid up share capital of the Company is, and will be, as follows:

	<b><i>Number of Ordinary Shares issued and credited as fully paid</i></b>	<b><i>Aggregate nominal value (£)</i></b>
As at the date of this document	40,003,200	100,008
Immediately following Admission	55,849,353	139,623

- 3.2 On incorporation, 1 Ordinary Share was issued at £1.00 (fully paid-up) for the purpose of incorporation to the subscriber to the Company's Memorandum of Association. The subscriber shareholder was Paul Reeves, who held one ordinary share of £1.
- 3.3 The following changes to the share capital of the Company has taken place since incorporation to the date of this document:
- 3.3.1 On 5 August 2021, the Company issued and allotted nine Ordinary Shares of £1.00 each in the capital of the Company;
- 3.3.2 On 6 February 2024, the Company issued and allotted 200 C Ordinary Shares of £0.01 each in the capital of the Company, and the ten Ordinary shares were redesignated and sub-divided into 600 A Ordinary shares of £0.01 each and 400 B Ordinary shares of £0.01 each in the capital of the Company;
- 3.3.3 On 9 December 2024, the Company redesignated the A Ordinary Shares of £0.01 each, B Ordinary Shares of £0.01 each and C Ordinary Shares of £0.01 each into Ordinary Shares of £0.01;
- 3.3.4 On 13 January 2025, the Company sub-divided the 1,200 Ordinary Shares of £0.01 each in the capital of the Company into 4,800 Ordinary Shares of £0.0025 each in the capital of the Company.
- 3.3.5 On 13 January 2025, the Company declared a bonus issue of 8,333 Ordinary Shares for every Ordinary Share held at 13 January 2025 increasing the Company's ordinary share capital to 40,003,200 Ordinary Shares of £0.0025. In order to pay-up the nominal value of the Ordinary Shares issued under the bonus issue, profit and loss reserves of the Company in an amount equal to £100,000 was used, reducing the share profit and loss reserves of the Company by the same amount;
- 3.4 By virtue of the written resolutions passed by the requisite number of Shareholders on 13 January 2025 and the re-registration of the Company as a public limited company under the name RC Fornax plc becoming effective on 15 January 2025:
- (a) the Directors are generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the capital of Company up to an aggregate nominal amount of £185,760, comprising:
- (i) up to an aggregate nominal amount of £100,000, in connection with the Placing and Admission
- (ii) up to an aggregate nominal amount of £15,000 in connection with the grant of warrants over shares in the capital of the Company; and
- (iii) otherwise than in connection with the matters set out in subparagraph 3.4(a)(i) and 3.4(a)(ii) above, up to an aggregate nominal value equal to the lesser of £66,669 and one third of the nominal amount of the Enlarged Issued Share Capital,
- and this authorisation shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on the earlier of the Company's first annual general meeting or the date falling 15 months after Admission, save that the Company may, at any time before such expiry, revocation or variation make offers or enter into agreements which would or might require shares to be allotted (or rights to be granted) after such expiry, revocation or variation and the Directors may allot shares (or grant rights) in pursuance of any such offer or agreement as if this authorisation had not expired, been revoked or varied and this authorisation is in addition to all subsisting authorisations for the purposes of section 551 of the Act;
- (b) the Directors be and are hereby generally and unconditionally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorisation conferred by paragraph 3.4(a) above as if section 561 of the Act did not apply to the allotment, up to an aggregate nominal amount of £185,760, comprising:

- (i) up to an aggregate nominal amount of £100,000, in connection with the Placing and Admission;
- (ii) up to an aggregate nominal amount of £15,000, in connection with the grant of warrants over shares in the capital of the Company; and
- (iii) otherwise than in connection with the matters set out in subparagraph 3.4(b)(i) above, up to an aggregate nominal value equal to the lesser of £20,203 and one tenth of the aggregate nominal amount of the Enlarged Issued Share Capital,

and this authorisation shall, subject to the continuance of the authority conferred by paragraph 3.4(a) above and unless previously renewed, revoked or varied by special resolution, expire on the earlier of the Company's first annual general meeting or the date falling 15 months after Admission, save that the Company may, at any time before such expiry, revocation or variation make offers or enter into agreements which would or might require equity securities to be allotted (or rights to be granted) after such expiry, revocation or variation and the Directors may allot equity securities (or grant rights) in pursuance of any such offer or agreement as if this authorisation had not expired or been revoked or varied and this authorisation is in addition to all subsisting authorisations for the purposes of section 570 of the Act.

- 3.5 Save as disclosed in this Part IV, since 31 August 2024 (being the date of the most recent balance sheet included in Part III of this document) (other than pursuant to the Placing or Admission):
  - 3.5.1 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
  - 3.5.2 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;
  - 3.5.3 no person has any preferential subscription rights for any share capital of the Company;
  - 3.5.4 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company;
  - 3.5.5 neither the Company nor any other member of the Group holds any of the Ordinary Shares;
  - 3.5.6 the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
  - 3.5.7 there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 3.6 The Ordinary Shares have been created under the Act.
- 3.7 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 Group to issue shares in uncertificated form.
- 3.8 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.9 There are no issued but not fully paid Ordinary Shares.
- 3.10 Other than pursuant to the Placing, the Ordinary Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.
- 3.11 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and



it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.

3.12 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

3.13 A total number of 2,513,221 Warrants will be issued pursuant to the Placing and Admission. Upon exercise, this would result in an increase of 4.5 per cent. to the Enlarged Share Capital and a dilution to interests in the Company of the holders of the Enlarged Share Capital of 4.3 per cent.

#### **4. Investments**

4.1 The Company confirms that:

4.1.1 no material investments have been made by the Company during the period covered by the Historical Financial Information set out in Section B "*Historical Financial Information*" of Part III "*Financial Information*" and up to the date of this document;

4.1.2 no material investments by the Group are in progress;

4.1.3 there are no joint ventures or undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses; and

4.1.4 there are no environmental issues that may affect the Company's utilisation of the tangible fixed assets.

#### **5. Articles**

##### **5.1 General**

5.1.1 The Articles, which were adopted by the Company on 15 January 2025, available to download at the Company's website, [www.rcfornax.co.uk](http://www.rcfornax.co.uk), contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

5.1.2 In this paragraph 5 of this Part IV, "Statutes" means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

5.1.3 The Company has unrestricted objects.

The Articles contain provisions, among others, to the following effect:

##### **5.2 Voting rights**

5.2.1 Subject to the provisions of the Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member holding Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy shall, on a show of hands, have one vote and every member holding Ordinary Shares present in person (or, being a corporation, by representative) or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

5.2.2 Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom

the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

### 5.3 Dividends

- 5.3.1 Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- 5.3.2 Subject to the provisions of the Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- 5.3.3 All dividends, interest or other sums payable and unclaimed for a period of twelve months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- 5.3.4 The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 5.3.5 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- 5.3.6 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

### 5.4 Transfer of shares

- 5.4.1 Subject to any applicable restrictions in the Articles, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.
- 5.4.2 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
- (a) it is in respect of a share which is fully paid up;
  - (b) it is in respect of only one class of shares;

- (c) it is in favour of a single transferee or not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (e) it is deposited for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

5.4.3 The board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.

5.4.4 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.

5.4.5 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.

5.4.6 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.

## 5.5 Variation of rights

5.5.1 If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Act.

5.5.2 The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy

## 5.6 Alteration of share capital

The Company may, from time to time, by ordinary resolution:

5.6.1 consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;

5.6.2 subject to the provisions of the Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights

or be subject to any such restrictions, as the Company has power to attach to new shares;

## 5.7 General meetings

- 5.7.1 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- 5.7.2 A general meeting shall be convened by such notice as may be required by law from time to time.
- 5.7.3 The notice of any general meeting shall include such statements as are required by the Act and shall in any event specify:
- (a) whether the meeting is convened as an annual general meeting or any other general meeting;
  - (b) whether the meeting shall be a physical or a hybrid meeting (both physically and electronically);
  - (c) for physical general meetings the place, the day, and the time of the meeting;
  - (d) the general nature of the business to be transacted at the meeting;
  - (e) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
  - (f) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- 5.7.4 The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- 5.7.5 The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Act or the Articles to be made available at the meeting.
- 5.7.6 A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- 5.7.7 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 14 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

5.7.8 A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded by:

- (a) the chairman of the meeting;
- (b) at least five members having the right to vote on the resolution;
- (c) a member or members representing not less than ten per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
- (d) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

## 5.8 **Borrowing powers**

Subject to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

## 5.9 **Issue of shares**

5.9.1 Subject to the provisions of the Act, and to any relevant authority of the Company required by the Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide.

5.9.2 Subject to the provisions of the Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

5.9.3 The business of the Company shall be managed by the Directors who, subject to the provisions of the Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

## 5.10 **Directors' fees**

5.10.1 The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £500,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.

5.10.2 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

## 5.11 Directors' interests

- 5.11.1 The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time
- 5.11.2 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser
- 5.11.3 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Act, a Director, notwithstanding his office:
- (a) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (b) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);
  - (c) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
  - (d) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
  - (e) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.

## 5.12 Restrictions on Directors voting

- 5.12.1 A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:

- (a) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
- (b) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (c) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (d) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (e) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (f) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the DTRs) in such body corporate;
- (g) any proposal relating to 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;
- (h) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
- (i) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure.

### 5.13 **Number of Directors**

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

### 5.14 **Notice requiring disclosure of interest in shares**

5.14.1 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

5.14.2 If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the “default shares”) the Shareholder shall not be entitled to vote in general meetings or class meetings where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

#### 5.15 **Untraced shareholders**

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for twelve years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

#### 5.16 **Indemnity of officers**

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

### 6. **The City Code, Mandatory Bids, Squeeze-Out and Sell-Out Rules**

#### 6.1 ***Mandatory bids***

When any person, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash and at the highest price paid for any interest in shares by that person or by any person acting in concert with it within the 12 months prior to the announcement of the offer.

#### 6.2 ***Compulsory acquisition – squeeze out***

Under sections 974 to 991 of the Act, if within certain time limits, an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares not assented to the offer. The offeror would accept the compulsory acquisition by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.



### 6.3 **Compulsory acquisition – sell out**

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer. Certain time limits apply to this entitlement. The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares 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.

## 7. **Interests of the Directors**

7.1 The following table sets out the interests of the Directors and their families (within the meaning set out in the AIM Rules) (including any interest known to that Director which could with reasonable diligence be ascertained by him or her) in the issued share capital of the Company as at the date of this document, immediately prior to Admission and immediately following Admission:

<b>Name</b>	<b>As at the date of this document</b>		<b>Immediately following Admission</b>	
	<b>No. of Ordinary Shares</b>	<b>Percentage of Existing Ordinary Shares</b>	<b>No. of Ordinary Shares</b>	<b>Percentage of Enlarged Share Capital</b>
Paul Reeves	24,001,920	60.0%	22,154,846	39.7%
Rob Shepherd	—	—	—	—%
Mark Fahy	—	—	153,846	0.3%
Kiri Cavill	—	—	—	—%
David Hitchcock OBE	—	—	—	—%

7.2 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.

7.3 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.

7.4 Save as disclosed in this paragraph 7, none of the Directors or any person connected with a Director (within the meaning of section 252 to 255 of the Act) has any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries or is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet).

## 8. **Directors' Service Agreements and Letters of Appointment**

8.1 The Directors have been appointed to the offices and roles set out against their respective names below. The service agreements and letters of appointment summarised below are each between the respective Director and the Company.

### 8.2 **Executive Directors**

8.2.1 Pursuant to an agreement with the Company dated 30 January 2025, Paul Reeves is employed by the Group as Chief Executive Officer. Paul's salary is £200,000 per annum. The Company may in its absolute discretion pay to Paul a bonus of such amount, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. Paul's employment commencement

date for the purposes of his continuous employment is 5 August 2020. In addition to the usual conduct-related termination rights, after the initial term of 12 months from the date of Admission the service agreement entitles Paul or the Company to terminate his employment on six months' notice. Paul's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of 12 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

8.2.2 Pursuant to an agreement with the Company dated 30 January 2025, Rob Shepherd is employed by the Company as Chief Financial Officer. Rob's salary is £105,000 per annum. The Company may in its absolute discretion pay to Rob a bonus of such amount, at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. In addition to the usual conduct-related termination rights, the service agreement entitles Rob or the Company to terminate his employment on six months' notice. Rob's service agreement contains confidentiality undertakings and prohibitions (which apply for a period of 12 months following termination of employment) on competing, soliciting and dealing with customers, poaching employees and interfering with relationships with suppliers.

### 8.3 **Non-Executive Directors**

8.3.1 Pursuant to a letter of appointment with the Company dated 30 January 2025, Mark Fahy has been appointed as the Non-Executive Chairman of the Company with effect from Admission. The appointment is for an initial term of 3 years, subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to Mark Fahy will be £80,000 per annum before tax. This fee is based on the anticipated time commitment of two days per month.

8.3.2 Pursuant to a letter of appointment with the Company dated 30 January 2025, Kiri Cavill has been appointed as a non-executive director of the company with effect from Admission. The appointment is subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to Kiri Cavill will be £45,000 per annum before tax, with an anticipated time commitment of two days per month.

8.3.3 Pursuant to a letter of appointment with the Company dated 30 January 2025, David Hitchcock has been appointed as a non-executive director of the Company with effect from Admission. The appointment is subject to Board review and re-election at the next annual general meeting and is terminable earlier by either side giving three months' notice at any time. The fee payable to David Hitchcock will be £45,000 per annum before tax, with an anticipated time commitment of two days per month.

8.4 The aggregate remuneration and benefits in kind paid by the Company to the Directors in respect of the financial period ended 31 August 2024 was £26,000. It is estimated that under the arrangements currently in force as at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors by the Company for the financial period ending 31 August 2025 will be no less than £389,000.

### 9. **Additional Information on the Directors**

9.1 Other than in respect of the Company and its subsidiary, the names of all companies and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document (and indicating whether they are current or former) are set out below:

<b>Name</b>	<b>Current Directorships/ Partnership</b>	<b>Former Directorships/ Partnerships</b>
<b>Paul Reeves</b>	Next Step Consultancy Ltd	Credas Consultancy Ltd
<b>Robert (Rob) James Shepherd</b>	Ames Publishing Limited Bedlam Brewery Limited Dufu Limited	Aton 6 Limited British Argentine Chamber of Commerce

Name	Current Directorships/ Partnership	Former Directorships/ Partnerships
	Renatus Brewing Company Ltd Utas Advisors Limited	Caribbean American Energy Limited G Mobility Limited Green House Capital Limited Green House Capital Group Limited Marinal Limited Molecular Aviation Limited Molecular Energies Limited President Energy (UK) Limited President Energy Holding UK Limited President Energy Investments (Paraguay) Limited President Energy Investments Limited President Energy Paraguay Limited President Energy Purity Limited The Hunger Project UK
<b><u>Mark Joseph Fahy</u></b>	MJF Consulting Limited Quantum Base Enterprises Limited Quantum Base Holdings plc Quantum Base Limited Robert James Young Consulting Limited	
<b><u>Kiri Helene Cavill</u></b>	Albion Lending Limited Hawk Brokering Limited Hawk Group Limited Hawk Group Services Limited Hawk Lending Limited Hawk Lending SPV 1 Limited Hawk Lending SPV 2 Limited Hawk Lending SPV 3 Limited Hawk Lending SPV 4 Limited Hawk Lending SPV Limited Hawkbridge Lending Limited Hawkbridge Services Limited Westmead Debt Services Limited	Hawk Lending SPV 5 Limited Hawk Lending SPV 6 Limited Hawk Wealth Services Limited Hawk Construction Ltd
<b><u>Dewi (David) John Hitchcock OBE</u></b>	Alterola Biotech Inc. Burning Hammer Properties Ltd MSCT Trustee Limited Powerhouse Energy Group plc Evora SRC Limited The Juggling King Rum Company Limited Mill Wharf BPRA Property Fund LLP	CESB Realisations Limited Cuttack Consulting Limited Cyrus Investment Management LLP Cyrus R W Holdings Limited Future Family Limited Laser Precision Engineering Limited NICU Care Limited Rhino Engineering Group Limited States Bridge Capital Limited StemCellCare Limited The Gurkha Welfare Trust

- 9.2 David Hitchcock was a non-executive director of Engineering Precision Solutions Limited (“EPSL”) from April 2014 to September 2019. EPSL entered administration proceedings in December 2022, with an estimated deficit to creditors of £666,907. Subsequently, the administrators of EPSL brought a claim against the CEO of EPSL and Mr Hitchcock alleging a breach of directors’ duties, however David is strongly defending the claim with assistance from solicitors and is doing so separately of the CEO.
- 9.3 David Hitchcock was formerly a Director of Cyrus RW Holdings Limited, which entered creditors’ voluntary liquidation on 21 February 2018. The company was dissolved on 20 February 2020 with approximately £2.8 million outstanding to creditors.
- 9.4 David Hitchcock was formerly a Director of CESB Realisations Limited (formerly named City Engineering Systems (Bristol) Limited), which entered administration in June 2018. The company moved into a creditors’ voluntary liquidation on 14 May 2019. The company was dissolved on 24 May 2021 with unsatisfied unsecured creditors of approximately £4.1 million.
- 9.5 Rob Shepherd is a director of Bedlam Brewery Limited, which appointed administrators in February 2023, and entered creditors’ voluntary liquidation in February 2024, with an expected deficit to creditors of £427,859.
- 9.6 Save as disclosed in this paragraph 9, none of the Directors has:
- 9.6.1 any unspent convictions in relation to indictable offences;
  - 9.6.2 been or is the subject of any bankruptcy order made against him or her or been the subject of any form of individual voluntary arrangements;
  - 9.6.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he or she was a director of that company or within the 12 months after he or she ceased to be a director;
  - 9.6.4 been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or where the assets of any such partnership have been subject of a receivership while he was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;
  - 9.6.5 been the owner of any asset or been a partner in any partnership which owned any asset which while he or she owned that asset, or while he or she was a partner or within the 12 months after he or she ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;
  - 9.6.6 been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including recognised professional body); or
  - 9.6.7 ever been or is disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.
- 9.7 Save as disclosed in this document, none of the Directors has or have had any personal interest in transactions which are or were unusual in their nature or conditions and which are or were significant to the business of the Company and which were effected by any member of the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 9.8 No loans made or guarantees granted or provided by any member of the Company to or for the benefit of any Director are outstanding and there are no loans or guarantees provided by any of the Directors for the Company or its wholly-owned subsidiaries.

## 10. Significant Shareholders

- 10.1 The Company is only aware of the following persons who, as at the date of this document and immediately following Admission, are or will be immediately following Admission interested (within the meaning used in Chapter 5 of the DTRs) directly or indirectly, jointly or severally, in 3 per cent. or more of the Company’s issued share capital or could exercise control over the Company:

	At the date of this document		Immediately following Admission	
	No. of Ordinary Shares	Percentage of Existing Ordinary Shares	No. of Ordinary Shares	Percentage of Enlarged Share Capital
Paul Reeves	24,001,920	60.0%	22,154,846	39.7%
Daniel Clark	16,001,280	40.0%	14,769,897	26.4%
Octopus Investments	—	—%	5,846,153	10.5%
Unicorn Asset Management	—	—%	4,006,131	7.2%
Rathbones Investment Management	—	—%	1,772,447	3.2%
Canaccord Genuity Asset Management	—	—%	1,730,769	3.1%

10.2 Save as disclosed in paragraph 10.1 above, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company and none of the Company or any of the Directors is aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

10.3 None of the Directors nor any persons named in paragraph 10.1 above has voting rights which are different to those of other Shareholders.

## 11. Employees

As at the Last Practicable Date the Group had a total of 14 permanent employees.

Set out below is a table showing the number of employees employed by the Group, broken down by country, as at the end of each financial year covered by the financial information.

Country	31 August 2022	31 August 2023	31 August 2024
UK	10	11	7

## 12. Material Contracts

Other than as set out below and in paragraph 12 of this Part IV, and other than contracts in the ordinary course of business, neither the Company nor any member of the Group, has entered into any contract in the two years immediately prior to the date of this document which is or may be material, or which contains any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company as at the date of this document.

### 12.1 *Placing Agreement*

On 30 January 2025 the Company, Daniel Clark and each of the Directors entered into the Placing Agreement with Strand Hanson and Cavendish pursuant to which Cavendish has agreed, subject to certain conditions, as agent for the Company and the Selling Shareholders, to use its reasonable endeavours to procure subscribers for the Placing Shares and Sale Shares at the Issue Price. The Placing Agreement is subject to the satisfaction or waiver of a number of conditions, including Admission taking place on or before 5 February 2025 (or such later date as Strand Hanson, Cavendish and the Company may agree, but in any event not later than 19 February 2025).

The Placing Agreement contains certain warranties given by the Company, Daniel Clark and the Directors in favour of Strand Hanson and Cavendish, including as to the accuracy of the information contained in this document, certain financial information and other matters relating to the Group and its businesses. In addition, the Company, Daniel Clark and the Directors also give certain customary undertakings for the benefit of Strand Hanson and Cavendish, and the Company has agreed to indemnify Strand Hanson and Cavendish in respect of any losses, damages, costs, charges, expenses or liabilities of any nature incurred by each of them resulting from the carrying out by each of them of their respective obligations or

services under the Placing Agreement or otherwise in connection with the Placing and Admission.

In consideration of Cavendish's agreement to use its reasonable endeavours to procure subscribers for the Placing Shares and Cavendish's and Strand Hanson's services in connection with the Placing and Admission the Company shall pay upon Admission a fee to Strand and a commission and a corporate finance fee to Cavendish.

Strand Hanson and Cavendish are entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission, principally in the event of a material breach of the Placing Agreement, a material breach of any of the warranties contained in the Placing Agreement or the occurrence of a material adverse change in the financial position or prospects of the Group. The liability of Daniel Clark and the Directors in respect of a breach of the warranties given in the Placing Agreement is limited in time and amount.

The Company has agreed to pay the reasonable costs and expenses incidental to the Placing and Admission including the fees of the legal and other professional expenses of Strand Hanson and Cavendish (plus VAT and disbursements) irrespective of whether or not Admission occurs.

#### **12.2 Relationship Agreement – Paul Reeves**

Paul Reeves will hold 22,154,846 Ordinary Shares on Admission, representing approximately 39.7 per cent. of the Enlarged Share Capital. On 30 January 2025 the Company, Paul Reeves, Strand Hanson and Cavendish entered into a relationship agreement pursuant to which Paul Reeves has undertaken to the Company and Strand Hanson that, for so long (i) the Ordinary Shares trade on AIM (excluding any period of suspension of trading); and (ii) Paul Reeves together with any of his Associates (as defined therein) hold an interest in 15 per cent. or more of the Company's voting rights, he will not amongst other things, act to unduly influence the Company or its Board and will ensure that transactions entered into by himself or any of his Associates with the Company are on an arms' length basis and independently considered by the Board.

The relationship agreement shall terminate automatically upon Paul Reeves together with any Associate(s) ceases to hold an interest in 15 per cent. or more of the voting rights attaching to the Company's shares provided that, in the event that Paul Reeves together with any Associate(s) ceases to hold less than interest in less than 15 per cent. or more of the Voting Rights attaching to the Company's shares, he shall enter into an agreement with the Company on substantially the same terms as this agreement to the extent applicable.

#### **12.3 Relationship Agreement – Daniel Clark**

Daniel Clark will hold 14,769,897 Ordinary Shares on Admission, representing approximately 26.4 per cent. of the Enlarged Share Capital. On 30 January 2025 the Company, Daniel Clark, Strand Hanson and Cavendish entered into a relationship agreement pursuant to which Daniel Clark has undertaken to the Company and Strand Hanson that, for so long (i) the Ordinary Shares trade on AIM (excluding any period of suspension of trading); and (ii) Daniel Clark together with any of his Associates (as defined therein) hold an interest in 15 per cent. or more of the Company's voting rights, he will not, amongst other things, act to unduly influence the Company or its Board and will ensure that transactions entered into by himself or any of his Associates with the Company are on an arms' length basis and independently considered by the Board.

The relationship agreement shall terminate automatically upon Daniel Clark together with any Associate(s) ceases to hold an interest in 15 per cent. or more of the voting rights attaching to the Company's shares provided that, in the event that Daniel Clark together with any Associate(s) ceases to hold less than interest in less than 15 per cent. or more of the Voting Rights attaching to the Company's shares, he shall enter into an agreement with the Company on substantially the same terms as this agreement to the extent applicable.

#### **12.4 Lock-in Agreement – Paul Reeves**

On 30 January 2025 the Company, Paul Reeves, Strand and Cavendish entered into a lock-in agreement pursuant to which Paul Reeves has agreed that, subject to certain exceptions, he will not dispose of their interests in Restricted Shares (as defined therein) held or

acquired by him or an Associate (as defined therein) for a period of at least 12 months from the date of this agreement (“**Locked-In Period**”). The limited exceptions are, amongst others, to an Associate, a disposal following the death of a Paul Reeves to his personal representatives, an intervening court order and the acceptance of a takeover offer for the Company or the execution of an irrevocable undertaking to accept such offer.

In addition, Paul Reeves has agreed with the Company, Strand Hanson and Cavendish only to dispose of the Restricted Shares held by him or an Associate for a further period of twelve months from the expiry of the Lock-in Period, they will only dispose of the legal or beneficial ownership of, or any other interest in, the Restricted Shares through Cavendish (or the broker for the time being of the Company if it is not Cavendish (the “**Replacement Broker**”)) in such manner as Cavendish or the Replacement Broker may reasonably require so as to ensure an orderly market in the Ordinary Shares (subject to if Cavendish or the Replacement Broker require Paul Reeves to dispose through Cavendish or the Replacement Broker the terms relating to price and execution offered by Cavendish or the Replacement Broker shall be on terms equivalent to those which would have been reasonably payable by Paul Reeves for an institutional execution only broking service.

#### 12.5 ***Nominated Adviser Agreement***

On 30 January 2025 the company entered into an agreement with the Nomad pursuant to which the Company appointed the Nomad to act as nominated adviser and financial adviser to the Company with effect from Admission. The agreement is for a minimum of 18 months from the date of Admission and continues thereafter until terminated by either party giving not less than 3 months’ notice. Under the agreement, the Company has agreed to pay the Nomad an annual fee for its services.

#### 12.6 ***Lock-in Agreement – Daniel Clark***

12.6.1 On 30 January 2025 the Company, Daniel Clark, Strand and Cavendish entered into a lock-in agreement pursuant to which Paul Reeves has agreed that, subject to certain exceptions, he will not dispose of their interests in Restricted Shares (as defined therein) held or acquired by him or an Associate (as defined therein) for a period of at least 12 months from the date of this agreement (“**Locked-In Period**”). The limited exceptions are, amongst others, to an Associate, a disposal following the death of a Daniel Clark to his personal representatives, an intervening court order and the acceptance of a takeover offer for the Company or the execution of an irrevocable undertaking to accept such offer.

12.6.2 In addition, Daniel Clark has agreed with the Company, Strand Hanson and Cavendish only to dispose of the Restricted Shares held by him or an Associate for a further period of twelve months from the expiry of the Lock-in Period, they will only dispose of the legal or beneficial ownership of, or any other interest in, the Restricted Shares through Cavendish (or the broker for the time being of the Company if it is not Cavendish (the “**Replacement Broker**”)) in such manner as Cavendish or the Replacement Broker may reasonably require so as to ensure an orderly market in the Ordinary Shares (subject to if Cavendish or the Replacement Broker require Daniel Clark to dispose through Cavendish or the Replacement Broker the terms relating to price and execution offered by Cavendish or the Replacement Broker shall be on terms equivalent to those which would have been reasonably payable by Daniel Clark for an institutional execution only broking service.

12.6.3 The aggregate interests following Admission which shall be subject to the lock-in and orderly market arrangements, as described above, will amount to 36,924,743 Ordinary Shares, which is equivalent to approximately 66.1 per cent. of the Enlarged Share Capital.

#### 12.7 ***Revolving Credit Facility with IWOCA Ltd***

12.7.1 The Company has entered into an unsecured revolving credit facility dated 20 February 2023 with IWOCA Ltd (the “RCF”). The RCF:

- (a) has no fixed duration;

- (b) has, as at 20 February 2023, a credit limit of £235,000 (the credit limit can be changed from time to time by IWOCA Ltd);
- (c) has an interest rate of 2.65 per cent. and a facility fee of 5 per cent. of the amounts drawn under the RCF; and
- (d) requires monthly repayments in a minimum amount to be specified by IWOCA Ltd from time to time.

12.7.2 Paul Reeves has granted a personal guarantee and indemnity in favour of IWOCA Ltd to guarantee the Company's obligations and liabilities under the RCF.

#### 12.8 **Strand Hanson Warrant Instrument**

12.8.1 An instrument by way of deed poll was executed on 30 January 2025 pursuant to which the Company agreed to issue warrants to subscribe for 558,494 Ordinary Shares, representing 1 per cent. of the Company's Enlarged Share Capital, at 32.5 pence per warrant share ("**Subscription Price**").

12.8.2 The warrants are exercisable at any time during the period from the date of this instrument until the earlier of the date that no further rights for the time being conferred by the warrants to subscribe for warrant shares are exercisable or five (5) years from the date of this instrument.

#### 12.9 **Cavendish Warrant Instrument**

12.9.1 On 30 January 2025 the Company and Cavendish entered into a warrant agreement pursuant to which the Company agreed to grant Cavendish, conditional on Admission, the right to subscribe for up to 558,494 Ordinary Shares, representing 1 per cent. of the Company's Enlarged Share Capital, at the Subscription Price.

12.9.2 The warrants are exercisable at the Subscription Price in whole or in part at any time beginning on the date of Admission and ending five (5) years from the date of Admission.

#### 12.10 **Exilium Warrant Agreement**

12.10.1 On 30 January 2025 the Company and Exilium Ventures Holdings Limited ("**Exilium**") entered into a warrant agreement pursuant to which the Company agreed to grant Exilium, conditional on Admission, the right to subscribe for up to 1,396,234 Ordinary Shares, representing 2.5 per cent. of the Company's Enlarged Share Capital.

12.10.2 The warrants are exercisable at £0.0025 per warrant share in whole or in part at any time beginning on the date of Admission and ending three (3) years from the date of Admission.

#### 12.11 **Broker Agreement**

The Company has appointed Cavendish to act as its broker pursuant to a letter of engagement dated 30 January 2025. The Company has agreed to pay to Cavendish an annual non-refundable retainer for its services.

The letter of engagement is terminable, *inter alia*, by either party with not less than 6 months' prior written notice. The Company has agreed to reimburse Cavendish for all reasonable out-of-pocket expenses incurred in connection with their engagement.

Under the letter of engagement, the Company has given certain customary undertakings and indemnities to Cavendish in connection with its engagement.

#### 12.12 **Registrar Agreement**

On 8 November 2024, the Company entered into a registrar agreement with the Registrar, pursuant to which the Registrar has agreed to act as the registrar of the Company with effect from Admission for an initial period of 12 months and thereafter terminable by either party on 6 months' written notice.

#### 12.13 **Strand Hanson Engagement Letter**

The Company has appointed Strand Hanson to act as its nominated adviser and financial adviser in relation to the Placing and Admission pursuant to a letter of engagement dated



10 October 2024. The Company has agreed to pay to Strand Hanson a corporate advisory fee for its services payable on the achievement of various milestones. On Admission, the Company has agreed to grant Strand Hanson warrants to subscribe for Ordinary Shares.

Pursuant to the terms of the Nominated Adviser Agreement (set out in paragraph 12.5 above) the Company will also pay to Strand Hanson an annual retainer fee in connection with its services as the Company's nominated adviser.

The Company has agreed to reimburse Strand Hanson for all reasonable expenses paid or incurred by Strand Hanson including, but not limited to, all third party costs, the fees and expenses of Strand Hanson's legal advisers and all fees and expenses payable in connection with the Placing and Admission.

Under the letter of engagement, the Company has given certain customary undertakings and indemnities to Strand Hanson in connection with its engagement.

#### **12.14 *Cavendish Engagement Letter***

The Company has appointed Cavendish to act as its sole broker in relation to the Placing and Admission pursuant to a letter of engagement dated 31 October 2024. The Company has agreed to pay to Cavendish a corporate advisory fee for its services payable on Admission. On Admission, the Company has agreed to pay Cavendish a success fee and grant Cavendish warrants to subscribe for Ordinary Shares.

The Company has agreed to reimburse Cavendish for all reasonable out-of-pocket expenses incurred in connection with their engagement including, but not limited to, all third party costs, the fees and expenses of Cavendish's legal advisers and all fees and expenses payable in connection with the Placing and Admission.

Under the letter of engagement, the Company has given certain customary undertakings and indemnities to Strand Hanson in connection with its engagement.

#### **12.15 *Deed of Termination to Shareholders Agreement***

Pursuant to a deed of termination, dated 30 January 2025 between the Company, Paul Reeves and Daniel Clark, the parties agreed to terminate the shareholders agreement dated 29 January 2024.

#### **12.16 *Cranfield Lease***

The lease is dated 30 October 2023 and made between (1) Cranfield Technology Park Investments Limited and (2) the Company for a term of 3 years from and including 30 October 2023 to and including 29 October 2026. The initial rent is £15,574 with a rent review on 30 October 2024 and 2025, the Company has confirmed that the 2024 rent review has not yet been carried out. There is a tenant option to break, however the Company has confirmed that this has not been exercised.

#### **12.17 *Bristol Lease***

This lease is dated 23 January 2025 and made between (1) Hillview (Maidenhead) Limited and (2) the Company for a term of 5 years from and including 23 January 2025 to and including 23 January 2030. The initial rent is £103,200 per annum. There is a tenant option to break, however the Company has confirmed that this has not been exercised.

### **13. *Related Party Transactions***

Save as disclosed in paragraph 22 of Section B of Part III, there were no related party transactions during the period covered by the Historical Financial Information.

### **14. *Litigation***

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or its wholly-owned subsidiaries.

## 15. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of admission to AIM.

## 16. Significant Change

Save as disclosed in this document, there has been no significant change in the financial position and financial performance of the Group since 31 August 2024, being the date to which the audited, consolidated financial information in Section B “*Historical Financial Information*” of Part III “*Financial Information*” has been prepared.

## 17. General

- 17.1 The gross proceeds of the Placing are expected to be approximately £5.2 million, with the total net proceeds of the Placing receivable by the Company after settling fees expected to be approximately £3.7 million. The total costs and expenses relating to Admission and the Placing (including those fees and commissions referred to in paragraph 12 above) payable by the Company are estimated to be approximately £1.5 million (excluding VAT).
- 17.2 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.
- 17.3 Moneys received from Placees pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.00 a.m. on 19 February 2025, application moneys will be returned to the Placees at their risk without interest.
- 17.4 The Placing Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive dividends or other distributions declared, made or paid on the Ordinary Shares after Admission.
- 17.5 The Placing Price represents a premium of 32.25 pence over the nominal value of £0.0025 per Ordinary Share.
- 17.6 Strand Hanson, the nominated adviser to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Strand Hanson has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.
- 17.7 Cavendish, the broker to the Company, is a member of the London Stock Exchange and is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Cavendish has given and not withdrawn its written consent to the inclusion in this document of its name and reference to it in the form and context in which they appear.
- 17.8 Crowe U.K. LLP, the reporting accountant and auditor to the Company, is a firm of chartered accountants regulated by the Institute of Chartered Accountants in England and Wales. Crowe U.K. LLP has given and not withdrawn its written consent to the inclusion in this document of its report in relation to the Historical Financial Information included in Section A of Part III of this document and accepts responsibility for the same pursuant to Schedule Two of the AIM Rules.
- 17.9 Where information in this document has been sourced from a third party, this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.10 It is expected that definitive share certificates will be despatched by hand or first class post within 10 business days of Admission. In respect of uncertificated shares, it is expected that Shareholders’ CREST stock accounts will be credited as soon as reasonably practical on 5 February 2025.

- 17.11 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.
- 17.12 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding its application for Admission to AIM or entered into contractual agreements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 17.13 The ISIN for the Ordinary Shares is GB00BTTQ2F04 .
- 17.14 Pursuant to Chapter 5 of the DTRs a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights: (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the DTRs. Certain voting rights held by investment managers, unit trusts, open-ended investment companies and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.
- 17.15 The accounting reference date of the Company is 31 August.

## **18. UK Taxation**

The following information is based on UK tax law and 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 position should contact their professional advisor immediately.

### **18.1 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), 10 per cent. or more, of the 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 Company.

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 Company 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.

## 18.2 Dividends

Where the Company 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 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 Company.

Dividend income received by UK tax resident individuals after 6 April 2024 will have a £500 annum dividend tax allowance.

Dividend receipts received after 6 April 2024 in excess of £500 will be taxed at 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers, and 39.35 per cent. for additional rate taxpayers.

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.

## 18.3 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.

For disposals before 30 October 2024 the rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent. rising to 20 per cent. for higher rate and additional rate taxpayers. In the Budget on 30 October 2024 it was announced that the rates of capital gains tax on the disposal of Ordinary Shares by basic rate taxpayers will rise to 18 per cent. and 24 per cent. for higher 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.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 25 per cent. for profits in excess of £250,000, with profits below £50,000 to be taxed at 19 per cent., and a marginal rate on profits between these values. The profit limits are reduced under certain circumstances, with close investment-holding companies not being entitled to the lower rate.

## Further information for Shareholders subject to UK income tax and capital gains tax

### 18.4 "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*".

### Stamp Duty and Stamp Duty Reserve Tax

**No stamp duty or stamp duty reserve tax will generally be payable on the issue of Ordinary Shares.**

**Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:**

- the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term "*listed*" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

- AIM continues to be accepted as a “*recognised growth market*” as construed in accordance with section 99A of the Finance Act 1986).

*In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Ordinary Shares in certain circumstances.*

HMRC has accepted that it will no longer seek to impose the 1.5 per cent. charge in respect new issues of shares so long as they are an integral part of a capital raising, on the basis that the charges were not compatible with EU law. On 14 September 2023 HMRC introduced draft legislation confirming that it will not reintroduce the 1.5 per cent. charge on the issue of shares into clearance following the UK’s exit from the EU and the withdrawal of the appropriate EU legislation from 31 December 2023. This measure was enacted in Finance Act 2024 with the legislation effective from 1 January 2024.

*Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or stamp duty reserve tax.*

*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.*

**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 COMPANY. 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.**

**19. Availability of this document**

Copies of this document are available for download at the Company’s website at [www.rcfornax.co.uk](http://www.rcfornax.co.uk)

30 January 2025

