



essens^YS

Admission Document

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities if you are resident in the UK or, if not, from another appropriately authorised independent adviser.

This document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by, or filed with, the FCA or any other competent authority.

Application has been made for the ordinary share capital of the Company, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 29 May 2019. The New Ordinary Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

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

The Directors (whose names, addresses and functions appear on page 8 of this document) and the Company (whose registered office appears on page 8 of this document) accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

essensys plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11780413)

Placing of 18,543,046 Ordinary Shares of 0.25 pence each at 151 pence per share

and

Admission to trading on AIM

Nominated Adviser, Sole Broker and Sole Bookrunner

Nplus1 Singer Advisory LLP

<i>Share capital immediately following Admission</i>	<i>Issued and fully paid</i>	
	<i>Amount</i>	<i>Number</i>
Ordinary shares of 0.25 pence each	£120,268.92	48,107,567

Nplus1 Singer Advisory LLP ("**N+1 Singer**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, broker and 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 N+1 Singer 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. N+1 Singer's responsibilities as the Company's nominated adviser and broker 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 N+1 Singer by the FSMA or the regulatory regime established thereunder, N+1 Singer does 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. N+1 Singer accordingly disclaims 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.

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

PRESENTATION OF INFORMATION

1. General

Prospective investors should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors or N+1 Singer or any of their respective affiliates, officers, directors, partners, employees or agents. No representation or warranty, express or implied, is made by N+1 Singer as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by N+1 Singer as to the past, present or future. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary admission document pursuant to the AIM Rules for Companies, neither the delivery of this document nor any subscription, sale or purchase made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

The Company will update the information provided in this document by means of a supplement to it if a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this document. Any supplementary admission document will be made public in accordance with the AIM Rules for Companies.

The contents of this document and any other communications are not to be construed as legal, financial or tax advice. Each prospective investor should consult a legal adviser, an independent financial adviser duly authorised under the FSMA or a tax adviser for legal, financial or tax advice in relation to any investment in or holding of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investing in and holding the Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, prospective investors should read the entirety of this document and carefully consider all of the information contained in this document, paying particular attention to the section entitled Risk Factors in Part II of this document. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information contained in this document and their personal circumstances.

N+1 Singer, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser, nominated adviser and broker 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 N+1 Singer 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. N+1 Singer'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 N+1 Singer by the FSMA or the regulatory regime established thereunder, N+1 Singer does 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. N+1 Singer accordingly disclaims 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.

In connection with the Placing, N+1 Singer and any of its 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, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, N+1 Singer and any of its affiliates acting as investors for their own accounts. N+1 Singer does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

N+1 Singer and its affiliates may have in the past engaged, and may in the future, from time to time, engage in transactions with, and provided various investment banking, financial advisory and other ancillary activities in the ordinary course of their business with the Company, in respect of which they have received, and may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict, with the interests of investors.

Investors who subscribe for New Ordinary Shares or purchase Sale Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on N+1 Singer or any affiliated person 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 Placing 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 or N+1 Singer.

2. Notice to overseas persons

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

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the "**US Securities Act**") and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exemptions, this document does not constitute an offer of Ordinary Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in "offshore transactions" in reliance on Regulation S under the US Securities Act. The Ordinary Shares will not qualify for distribution under the relevant securities laws of Canada, Australia, the Republic of South Africa, New Zealand, Japan, nor has any prospectus in relation to the Ordinary Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Canada, Australia, the Republic of South Africa, New Zealand, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a "**Restricted Jurisdiction**") or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the US.

3. Presentation of financial information

The report on historical financial information included in Part III of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part IV of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this document, including the Group's historical financial information for the years ended 31 July 2018, 31 July 2017 and 31 July 2016, the unaudited interim financial information on the Group for the six months ended 31 January 2019 and the notes to that financial information, has been prepared in accordance with IFRS.

4. Non-IFRS information

This document contains certain financial measures that are not defined or recognised under IFRS, including EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA result from Group operating profit adjusted for depreciation and amortisation, share-based payments and exceptional items. Information regarding EBITDA, Adjusted 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, Adjusted EBITDA or similar measures and the criteria upon which EBITDA, Adjusted EBITDA or similar measures are based can vary from company to company. EBITDA and Adjusted EBITDA, alone, do 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.

5. Rounding

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

6. Currency presentation

In the document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references to "US dollars", "\$", "dollars" and "cents" are to the lawful currency of the United States of America.

Unless otherwise indicated, the financial information contained in this document has been expressed in pounds sterling. The Group presents its financial statements in sterling.

7. Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Factors that might cause such a difference, include, but are not limited to the risk factors set out in Part II of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to past or current trends, future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to

differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, 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 Directors' expectations or to reflect events or circumstances after the date of this document.

8. Presentation of market, economic and industry data

This document contains information regarding the Group's business and the industry in which it operates and competes, which the Company has obtained from various third-party sources. Where information contained in this document originates from a third-party source, it is identified where it appears in this document together with the name of its source. Such third-party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has obtained the third party data in this document from industry studies, forecasts, reports, surveys and other publications published or conducted by:

- Global Coworking Unconference Conference;
- Emergent Research;
- CBRE;
- Jones Lang Lasalle;
- Gartner;
- Cushman & Wakefield; and
- The Instant Group.

9. No incorporation of website information

The contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and prospective investors should not rely on them.

10. 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.

11. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing 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 MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing 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. Furthermore, it is noted that, notwithstanding the Target Market Assessment, N+1 Singer will only procure investors who meet the criteria of professional clients and eligible counterparties.

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

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

12. Corporate Reorganisation

Except where the context otherwise requires, all of the information in this document is presented as if the Corporate Reorganisation had already taken place as at the date of this document. All steps associated with the Corporate Reorganisation will be completed prior to, or with effect from, Admission.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Jonathan (Jon) Michael Lee (<i>Non-Executive Chairman</i>) Mark Furness (<i>Chief Executive Officer</i>) Alan Douglas Pepper (<i>Chief Financial Officer</i>) Charles Alistair Neilson Butler (<i>Independent Non-Executive Director</i>) All of whose business address is at the Company's registered and head office
Registered and Head Office	Aldgate Tower 7th Floor 2 Leman Street London E1 8FA
Company website	www.essensys.tech
Company Secretary	ONE Advisory Limited 201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
Nominated Adviser, sole broker and sole bookrunner	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
Legal advisers to the Company	Osborne Clarke LLP One London Wall London EC2Y 5EB
Legal advisers to N+1 Singer	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG
Financial public relations advisers	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD
Auditor and reporting accountant	BDO LLP 55 Baker Street London W1U 7EU
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

DEFINITIONS

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

"Act"	the Companies Act 2006 (as amended)
"Adjusted EBITDA"	earnings before interest, tax, depreciation and amortisation, deducting IFRS 16 Leasehold Property Right of Use Asset depreciation and interest charges and excluding amounts in respect of the Group's share-based payments and exceptional items
"Admission"	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules for Companies"	the AIM rules for companies published by the London Stock Exchange from time to time
"AIM Rules for Nominated Advisers"	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
"APAC"	Asia-Pacific
"Articles" or "Articles of Association"	the articles of association of the Company
"Board" or "Directors"	the directors of the Company, whose names are set out on page 8 of this document, or any duly authorised committee thereof
"Business Day"	any day other than a Saturday, Sunday or a bank holiday in England and Wales
"City Code"	the City Code on Takeovers and Mergers, published by the Panel from time to time
"Company" or "essensys"	essensys plc, a public limited company incorporated under the laws of England and Wales
"Company Material Contracts"	the Placing Agreement, the Lock-in and Orderly Market Agreements, the Relationship Agreement and the Share Exchange Agreement
"Concert Party"	for the purposes of the City Code, Mark Furness, Barry John Clark, Michael Grant, Liam Joachim Kavanagh, Ian Bryn Sadler and Michael John Guest, who the Panel deem to be acting in concert with each other
"Connect"	the Group's software platform, more fully described in paragraph 6 of Part I of this document
"Corporate Reorganisation"	the corporate reorganisation described in paragraph 1.3 of Part IV of this document
"CREST"	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
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)

"CSOP"	the essensys plc company share option plan, which will be registered with HMRC as a CSOP under Schedule 4, Income Tax (Earnings and Pensions) Act 2003, further details of which are set out in paragraph 9.1 of Part IV of this document
"Disclosure Guidance and Transparency Rules"	the Disclosure Guidelines and Transparency Rules published by the FCA
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EMEA"	Europe, the Middle East and Africa
"EMI"	enterprise management incentives, under the terms of the EMI code as defined in section 527 of the Income Tax (Earnings and Pensions) Act 2003
"Enlarged Share Capital"	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
"essensys Inc."	essensys Inc., a private limited incorporation incorporated under the laws of the State of Odense, USA
"essensys Limited"	essensys Limited, a private limited company, incorporated under the laws of England and Wales (which was, on 17 May 2019, renamed Essensys (UK) Limited)
"essensys Limited Group"	essensys Limited and its subsidiary undertakings and " essensys Limited Group Company " should be interpreted accordingly
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
"EU"	the European Union
"Executive Directors"	each of Mark Furness and Alan Pepper, who were each appointed on 22 January 2019
"Existing Ordinary Shares"	the 38,836,044 Ordinary Shares in issue immediately prior to Admission
"Facilities Agreement"	the facilities agreement dated 17 January 2019 with Wells Fargo, further details of which are set out in paragraph 11.2(b) of Part IV of this document
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"FY16"	the 12 month period ended 31 July 2016
"FY17"	the 12 month period ended 31 July 2017
"FY18"	the 12 month period ended 31 July 2018
"FY19"	the 12 month period ending 31 July 2019
"FY20"	the 12 month period ending 31 July 2020
"GDPR"	the General Data Protection Regulation (EU 2016/679)

"Group"	the Company and its subsidiary undertakings and "Group Company" should be interpreted accordingly
"H1 2018"	the six month period ended 31 January 2018
"H1 2019"	the six month period ended 31 January 2019
"Historical Financial Information"	the audited historical financial information of the essensys Limited Group for the three years ended 31 July 2018, as set out in Section B of Part III of this document
"HMRC"	Her Majesty's Revenue and Customs
"Hubcreate"	Hubcreate Limited
"IFRS"	International Financial Reporting Standards as adopted by the European Union
"Lock-In Agreements"	the lock-in agreements entered into by the Locked-In Shareholders, the Company and N+1 Singer, details of which are set out in paragraph 11.1(b) of Part IV of this document
"Lock-In Period"	the period of 12 months following Admission
"London Stock Exchange"	London Stock Exchange plc
"LTIP"	the essensys plc long term incentive plan, further details of which are set out in paragraph 9.2 of Part IV of this document
"MAR"	the Market Abuse Regulation (2014/596/EU)
"Market Value Options"	has the meaning given to it in paragraph 9.2(a) of Part IV of this document
"N+1 Singer"	Nplus1 Singer Advisory LLP, the Company's nominated adviser, sole broker and sole bookrunner
"NED Share Option Plan"	the essensys plc non-executive director share option plan, further details of which are set out in paragraph 9.3 of Part IV of this document
"New Ordinary Shares"	the 9,271,523 new Ordinary Shares to be issued by the Company pursuant to the Placing
"Non-Executive Directors"	each of Jon Lee and Charles Butler, who will be appointed on the dates noted at paragraph 6.3 of Part IV of this document
"Official List"	the Official List of the FCA
"Operate"	the Group's ERP software platform, more fully described in paragraph 6 of Part I of this document
"Ordinary Shares"	ordinary shares of 0.25 pence each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Placees"	the subscribers for, and acquirers of, the Placing Shares pursuant to the Placing

"Placing"	the conditional placing of the Placing Shares by N+1 Singer as agent for and on behalf of the Company and the Selling Shareholders pursuant to the terms of the Placing Agreement
"Placing Agreement"	the conditional agreement dated 23 May 2019 and made between the (1) Company (2) N+1 Singer (3) the Directors (4) Senior Management and (5) the Selling Shareholders relating to the Placing, further details of which are set out in paragraph 11.1(a) of Part IV of this document
"Placing Price"	151 pence per Placing Share
"Placing Shares"	the New Ordinary Shares and the Sale Shares
"Prospectus Rules"	the prospectus rules made by the FCA pursuant to section 73A of the FSMA from time to time
"QCA Code"	the corporate governance code published by the Quoted Companies Alliance from time to time
"Relationship Agreement"	the agreement dated 23 May 2019 and made between the (1) Company (2) Mark Furness and (3) N+1 Singer, further details of which are set out in paragraph 11.1(d) of Part IV of this document
"Sale Shares"	the 9,271,523 Existing Ordinary Shares being sold on behalf of the Selling Shareholders pursuant to the Placing
"Selling Shareholders"	those persons whose names and addresses are set out in paragraph 17 of Part IV of this document
"Senior Management"	those persons whose names are set out in Section 3 of Part 1 of Schedule 1 of the Placing Agreement
"Shareholder"	a holder of Ordinary Shares
"Share Option Schemes"	together, the CSOP, the LTIP and the NED Share Option Plan
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "in uncertificated form"	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"US", "USA" or "United States"	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
"US Securities Act"	the US Securities Act 1933, as amended
"VAT"	UK value added tax
"Wells Fargo"	Wells Fargo Bank, National Association, London Branch

GLOSSARY

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

"API"	application programming interface
"ARR"	annual recurring revenue
"CAC"	customer acquisition cost
"CAGR"	compound annual growth rate
"CRM"	customer relationship management
"Enterprise class services"	hardware and software designed to meet the demands of a large organisation
"ERP"	enterprise resource planning is a modular software system designed to integrate the main functional areas of an organisation's business processes into a unified system and includes core software components, often called modules
"HQ"	headquarters
"ISP"	internet service provider
"LTV"	lifetime value
"Net Retention"	total change in recurring revenue from a pool of customers over time
"RoI"	return on investment
"SaaS"	a method of software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers
"share-of-wallet"	the percentage of a customer's spend in a particular market that is spent with a particular supplier or vendor
"SMEs"	small and medium size enterprises

PLACING STATISTICS

Placing Price	151 pence
Number of Existing Ordinary Shares	38,836,044
Number of New Ordinary Shares being issued by the Company pursuant to the Placing	9,271,523
Number of Sale Shares being sold by the Selling Shareholders pursuant to the Placing	9,271,523
Number of Ordinary Shares in issue on Admission	48,107,567
Percentage of Enlarged Share Capital represented by the Placing Shares	38.5 per cent.
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	19.3 per cent.
Percentage of Enlarged Share Capital represented by the Sale Shares	19.3 per cent.
Market capitalisation of the Company at the Placing Price on Admission	£72.64 million
Total proceeds of the Placing	£28.0 million
Estimated expenses of the Placing	£2.7 million
Estimated net proceeds of the placing of New Ordinary Shares receivable by the Company	£12.0 million
ISIN number	GB00BJL1ZF49
SEDOL number	BJL1ZF4
AIM TIDM	ESYS
LEI number	2138002MSI4WKYNOBS73

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2019 ¹
Publication of this document	23 May
Admission and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 29 May
CREST accounts credited by	8.00 a.m. on 29 May
Despatch of definitive share certificates, where applicable, by	12 June

Notes:

1. Each of the above dates is subject to change at the absolute discretion of the Company and N+1 Singer

PART I

INFORMATION ON THE GROUP

1. Introduction

essensys is the leading global provider of mission-critical software-as-a-service ("**SaaS**") platforms and on-demand cloud services to the high growth flexible workspace industry (also known as coworking or workspace-as-a-service). essensys' software was specifically designed and developed to help solve the complex operational challenges faced by multi-site flexible workspace operators as they grow and scale their operations. The Group's technology allows operators to deliver a range of differentiated, flexible and customer-specific services to a broad base of tenants across multiple locations and helps operators to manage the cost, operational and technological challenges they typically encounter.

Flexible workspace businesses are highly complex operations due to their multi-tenant, multi-service, multi-site nature, and as these businesses scale managing key day-to-day processes such as bookings, services provision, reporting and billing, can become increasingly challenging. In addition, operators are expected to provide their customers with access to a range of cost effective on-demand services and amenities, including IT infrastructure, meeting rooms and additional office services in an easy to consume, secure and reliable manner. Historically, operators needed to use multiple software platforms and packages, third-party vendors, in-house systems and manual processes to deal with these requirements and to satisfy their customers' demands.

essensys' two SaaS platforms, **Connect** and **Operate**, address these complex operational challenges, and reduce costs by simplifying the day-to-day management of flexible workspaces and the provision of on-demand IT, technology and infrastructure services to tenants. essensys' platforms automate key tasks and processes and help flexible workspace providers deliver highly efficient, customer-centric workspace solutions and member experiences with enterprise class services.

essensys is embedded within the rapidly growing, global flexible workspace market and is benefitting from early mover advantage and deep industry integration. This is reflected in strong SaaS metrics, high recurring revenues and a track record of consistent growth since the launch of its first product, **Connect**, in 2010. The Directors believe that essensys is strategically positioned to benefit from growth in the market by utilising its comprehensive solutions and extending its geographical reach.

The Group has grown significantly since its incorporation in 2006 through acquisition and organic growth and currently employs approximately 70 people with offices in London, New York and Los Angeles, with additional development resources provided via an offshore development centre located in Hanoi, Vietnam. essensys has demonstrated strong financial performance, with revenues growing to £16.4 million in FY18, of which 76 per cent. is recurring and delivered an ARR margin of 68 per cent. The Group also achieved positive EBITDA of £3.2 million in FY18, an EBITDA margin of approximately 20 per cent.

The Company is seeking Admission in order to raise £14.0 million (before expenses) through the issue of the New Ordinary Shares at the Placing Price. The Placing proceeds will be used to support essensys' growth ambitions in the UK and US, and to repay the Group's bank debt in full. In addition, the Placing will raise approximately £14.0 million for the Selling Shareholders (before expenses). Further details of the Placing and the Group's intended use of proceeds, and the Selling Shareholders' remaining interests in the Company, are set out in paragraph 12 of this Part I and paragraph 17 of Part IV, respectively.

2. Strengths

The Directors believe that the success of essensys, and their expectations for continued momentum, are founded on the following key strengths, which will enable the Company to capitalise on the structural growth drivers of the high-growth flexible workspace industry:

2.1 **Pure play in high growth flexible workspace industry**

(a) *Market Leader*

essensys has established itself globally as the leading software provider within the high growth flexible workspace industry. The Group's primary markets are the UK and US, with a growing presence outside of these territories. As a result of its reputation, the Group is experiencing

increasing levels of demand for its products internationally, which the Directors believe will offer significant future growth opportunities.

The flexible workspace market is growing quickly driven by long-term structural drivers in the commercial real-estate industry and the Group's market leading position is expected to support further expansion and growth as industry network effects amplify over time.

(b) *Industry specific solutions*

essensys is geared solely towards making flexible workspace operators more successful, competitive and efficient. The Group's priority is to ensure its technology is a key enabler for ambitious, multi-site flexible workspace providers, helping them to unlock the increasing economic, efficiency and platform benefits that scale operations can generate.

A fundamental driver of the success and adoption of its platforms is the Group's deep industry focus and the continued development of its product roadmap, in line with the specific requirements of multi-site flexible workspace operators and their customers.

The benefits of this targeted approach as a vertical SaaS solution can be demonstrated by the Group's capital efficient acquisition of new customers and the high levels of revenue growth delivered from existing customers as the Group's solutions become embedded within a customer's operations.

(c) *Proven and fully established products*

The Group's **Connect** and **Operate** platforms are proven and fully established products in the UK and US. The capabilities of the award winning essensys platforms are comprehensive and industry leading, generating strong customer demand, especially from within the Group's target market of fast growing, multi-site operators.

The Group continues to invest in new capabilities and enhancements with updates and new features delivered regularly in direct response to use data, customer feedback and market trends.

(d) *Management team domain expertise*

The Group's senior leadership team has considerable experience in the flexible workspace industry, in addition to managing public companies. The involvement of Mark Furness, Alan Pepper and David Kinnaird enhances the profile and credibility of the Group's products and services.

Further information on the Board of Directors and Senior Management is set out in paragraph 9 of this Part I.

2.2 **Customer benefits**

(a) *Improved Rol*

Customers choose essensys for a number of industry-specific reasons. The Group offers 'scale wins' pricing so that as operators grow, they are afforded improved unit economics and volume pricing which further increases Rol. Additionally, the essensys platforms facilitate the efficient expansion of a customer's operations and the addition of new locations, enabling them to capitalise on the structural growth occurring in the industry.

(b) *Ease of use and improved operational efficiency*

The **Connect** and **Operate** platforms become increasingly valuable to operators as they grow and scale due to the ability to manage all locations, customers and services centrally, in real-time, within a purpose built software platform. The alternatives to **Connect** are usually in-house solutions, outsourced services or a mixture of the two, which can result in reduced service levels and prolonged time to value as well as increased commercial and operational risk. The alternatives to **Operate** can be horizontal software solutions, which are not purpose built for the industry and therefore have long implementation and development times, or a less comprehensive and/or proven point offering from a less well established essensys competitor.

(c) *Increased service levels and customer retention rates*

Real-time service provision and self-service tools reduce the time to value between customers and services, improving the member experience and increasing customers satisfaction levels. Process and workflow automation reduce operational overhead for front of house staff, allowing them to spend more time engaging and connecting with customers.

The delivery of additional Marketplace services to help support the requirements of customers also increases share-of-wallet and extends the operator's reach within the customer base. This creates greater stickiness leading to reduced customer churn.

(d) *Cost savings and economies of scale*

The reduction in the amount of on-site IT infrastructure hardware that is required by using the Group's solutions means that operators establishment costs can be reduced when opening new locations.

Connect significantly reduces the requirement for in-house IT teams and engineers and the process and workflow automation tools within **Operate** saves time, reducing operational overhead.

The Group provides operators with access to an on-demand Marketplace which removes the upfront costs normally associated with the provision of these services. The Group's scale can also reduce the unit pricing of these services, making them more commercially attractive to an operator's customers.

(e) *Improved business decisions*

The Group's platforms provide operators with advanced reporting and real-time analytics capabilities which helps them to better understand their business and make faster, more informed decisions. Insight is available across many parts of an operator's business with a comprehensive range of pre-built reports and an advanced reporting capability available within the software.

2.3 **Financial profile**

(a) *High recurring revenues*

essensys' SaaS platforms deliver high levels of recurring revenue. The Group's comprehensive software offering for flexible workspace providers also includes some additional non-recurring set-up and onboarding fees augmenting total revenue. These non-recurring revenues are predominantly a reflection of the level of new customer wins. In FY18, recurring revenue was c. 76 per cent. of total revenues.

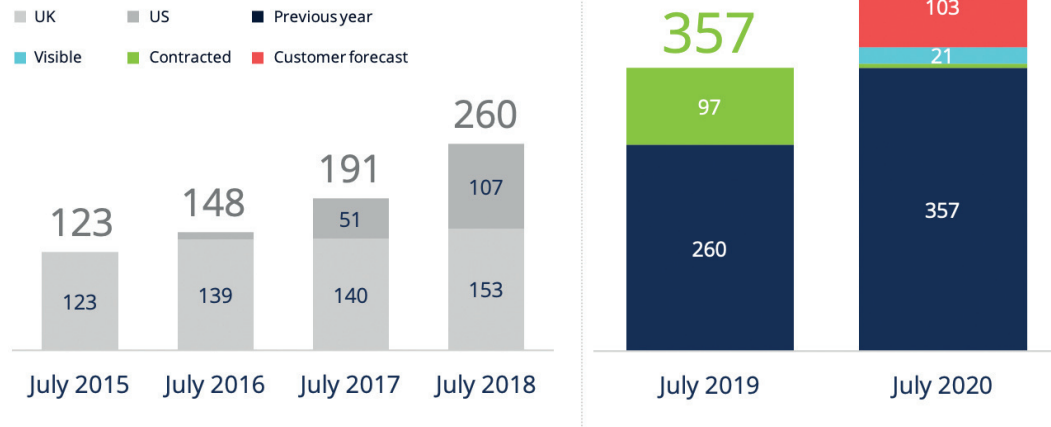
Contracted recurring revenue is primarily generated in advance, with Marketplace services in arrears depending on usage (where services are on a pay as you go basis, rather than contracted). On this basis, the Company has a highly predictable underlying revenue stream that is not materially impacted by seasonality and has beneficial working capital dynamics.

(b) *Excellent pipeline visibility*

The Group expects existing customers to expand their portfolio of flexible workspace locations in order to access improved economies of scale and to fulfil the substantial increases in demand which are forecast. This supports excellent pipeline visibility.

Existing customers typically provide early indications of their growth plans, as implementing the Group's platforms is considered critical to launching new sites on time and within budget. The chart below details historic growth in the number of **Connect** sites and the forward, contracted, visibility of new site openings from existing customers through to July 2019, together with contracted, identified and indicative customer growth forecasts to July 2020. The Directors believe that this growing pipeline shows the importance and benefits of scale to operators, landlords (and their customers).

This illustration shows their **FY20 forecasts** applied with and without weighting



(c) *Cash generative*

Due to the high level of recurring revenue (of which a significant proportion is paid in advance), the essensys business model is highly cash generative. This has been demonstrated by essensys Limited generating positive EBITDA since incorporation.

(d) *Strong SaaS metrics*

essensys has a strong track record of capital efficient customer acquisition which has translated into highly attractive SaaS metrics. This is supported by the quality, ambition and increasing scale of essensys' customer base. The Directors believe that its deep industry focus and vertical SaaS solutions will continue to improve these key metrics.

SaaS metrics measure the success of software businesses in generating returns from new customers and increasing returns from existing customers.

essensys has a fast payback of Customer Acquisition Cost ("**CAC**") and low churn rates. **Connect** has a CAC payback of 12 months which, when combined with its low churn rates and continued customer growth, has resulted in a net retention rate in FY18 of 113 per cent. This strong level of net retention supports continued future revenue growth even without the acquisition of new customers.

Lifetime Value ("**LTV**"):CAC is a key metric for SaaS businesses, identifying the payback for each pound or dollar spent on acquiring new customers. An LTV:CAC ratio greater than three is generally considered to be the target for a healthy SaaS business. For FY18, essensys' LTV:CAC was 5:1. The Board expects LTV to improve over time as average customer lifetime continues to increase.

(e) *Innovative, global customer base*

Flexible workspace is now an established and growing asset class within commercial real estate. This is reflected in the quality, scale and ambition of new market entrants.

The Group's customer list includes a number of large well-established multi-site operators (typically with more than 25 locations), global real estate brands, and well-funded, fast growing new market entrants. The Directors believe the success of the Group in attracting these operators is a reflection of the comprehensive capabilities of **Connect** and **Operate** as well as the Group's focus on multi-site operators, who provide higher quality recurring revenue than smaller, single site operators.

(f) *Attractive unit economics*

Connect and **Operate** benefit from a strong ARR gross margin and long average customer lifetimes which result from the Group's land, expand and grow strategy (further details of which are set out at paragraph 5.1 of this Part I).

Connect comprises three revenue elements: software, essensysCloud and Marketplace, with an average lifetime per UK customer of 71 months. As c. 46 per cent. of customers operate multiple sites, this results in a current average lifetime revenue per customer of £747,417, which the Directors expect to increase over time as customers stay longer. This will further improve the LTV:CAC ratio.

Operate is a pure software product with the option to add additional modules and Marketplace services. Average lifetime revenue per customer is £63,922, reflecting an average lifetime of 76 months. The Directors believe that, currently, the average revenue per site metrics are suppressed as they include a number of small legacy customers which were acquired as part of Hubcreate’s business. These customers are expected to unwind in the coming years as the Group’s strategic focus on multi-site operators is realised.

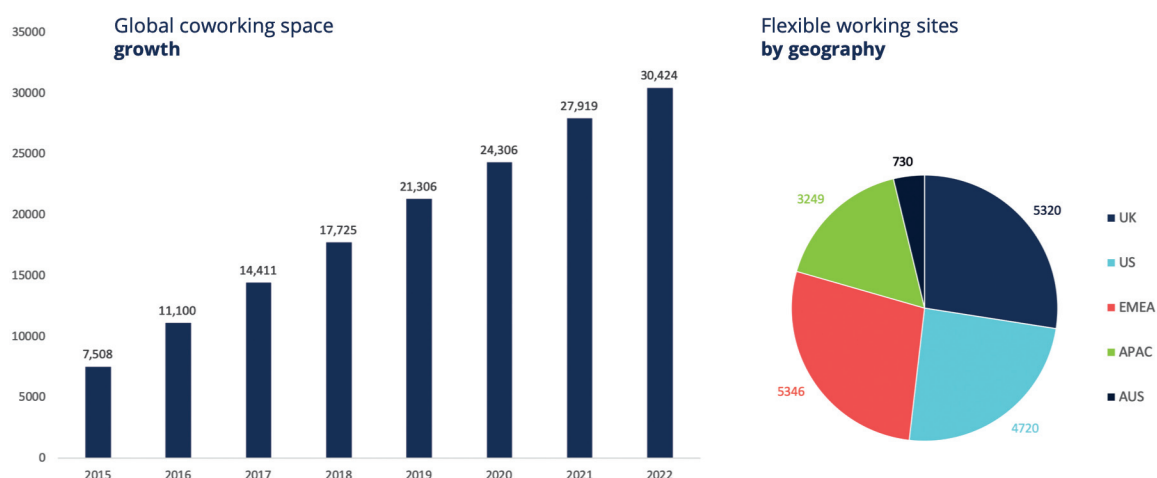
In addition to the recurring revenues generated by the platforms, operators are also charged some one-off establishment and set-up costs, which for Connect can also include the purchase of site specific hardware items including network switches and Wi-Fi access points.

3. Market opportunity

3.1 High growth industry

The flexible workspace industry (which is often referred to as coworking or workspace-as-a-service) is experiencing a period of structural, demand-led growth as businesses of all sizes seek to take advantage of the financial, flexibility and platform benefits of using this type of workspace solution.

This has driven rapid adoption of flexible workspace by companies of all sizes (including within the FTSE 250) within the commercial real estate sector in recent years. As the graph below illustrates, the global coworking market is expected to grow at a seven-year compound annual growth rate ("CAGR") of 21 per cent. to 2022, from 17,725 centres in 2018 to 30,432 centres in 2022¹.



CBRE research has also shown that four in five commercial landlords are planning to launch a flexible office space within the next year².

In the US, flexible workspaces are forecast to account for 30 per cent. of the commercial property market within the next decade, compared to the current market share of less than one per cent.³ The Directors believe this presents the Group with a significant market penetration opportunity.

3.2 Evolution of the workplace

In recent years, the employment market has undergone significant change, with much of the transformation being attributed to the evolution of the workforce’s demands which in turn is shifting

¹ Source: GCUC & Emergent Research 2018 Global Coworking Forecast, December 2017, page 2

² Source: CBRE, UK Landlords & Investors Embrace the Flexible Revolution, 2018, page 3

³ Source: JLL, Bracing for the flexible space revolution, page 2

corporate attitudes. Jobseekers are placing a higher value on the qualitative features of the environments they are working in with greater onus being placed on atmosphere, flexibility and provision of amenities⁴, which in a number of cases is not offered with traditional office spaces.

The Directors believe that this will provide additional impetus to the structural demand within the industry as corporations adapt their real estate strategies in order to attract and retain talent.

3.3 **Clear growth opportunity**

The Directors believe that the Group's principal growth opportunity derives from its ability to directly benefit from the long-term structural trends which are driving the development and expansion of the flexible workspace industry. The Group is focused on converting this market opportunity by implementing its Land, Expand and Grow strategy (further details of which can be found at paragraph 5 of this Part I) – driving customer acquisitions, cross-selling, upselling and extending its geographical reach and product capabilities.

The Directors believe essensys is well placed to benefit from strong market growth outside of its home market of the UK: its expansion to the US in 2015 and subsequent US revenue CAGR of 474 per cent. between FY16 to FY18 has demonstrated the Group's ability to successfully replicate its proven business model internationally. The Directors believe this success reflects the quality of the Group's service offering and products and provides a future framework to enter other high growth international markets.

4. **History and background**

essensys was founded in 2006 to address the complex operational challenges faced by flexible workspace operators, using a combination of cloud, self-service and automation technologies. Since then, the Directors believe the Group has developed the most comprehensive, end-to-end software and technology solution for flexible workspace providers available today.

The Group launched essensysCloud in 2008, to provide a secure, always-on and cost-effective solution, connecting flexible workspaces to a private cloud network which provided direct access to a range of cloud-based IT, technology and infrastructure services. essensysCloud was the first, and remains today the only, private cloud solution developed and built specifically for the flexible workspace industry.

In 2010, the Group launched the first version of **Connect** (originally branded as JEFF). **Connect's** software allows flexible workspace operators to provision, manage and monitor all of the on-demand essensysCloud services that they provide to their customers in real-time, allowing non technical staff to set up and control client services.

The early success of **Connect** led to a period of significant growth for the Group with a number of large multi-site operator customer wins, resulting in Group EBITDA margins in FY15 of c. 25 per cent. (on a UK GAAP basis).

In 2015 Gartner, the global research and advisory firm, recognised essensys as a Cool Vendor in the European Cloud Computing Market noting "*essensys has developed flexible and easy-to-deploy automation capabilities that can automate and orchestrate business and IT services across a heterogeneous environment*"⁵.

Over the years, the Group has received further recognition including being awarded "Tech Innovation of the Year" at the UK Tech Awards in 2015, being listed in the Sunday Times Hiscox Tech Track 100 for three successive years, as well as being named in the inaugural Inc5000 Europe list of the fastest growing technology companies.

In order to support its entry into the fast-growing North American market, essensys opened an office in New York in 2015. Since then, the Group has experienced strong growth in the US, with a revenue CAGR of 474 per cent. from FY16 to FY18 which was underpinned by early success in its targeting of fast-growing multi-site operators.

⁴ Source: Clutch 2018 Future of Work Survey 2018

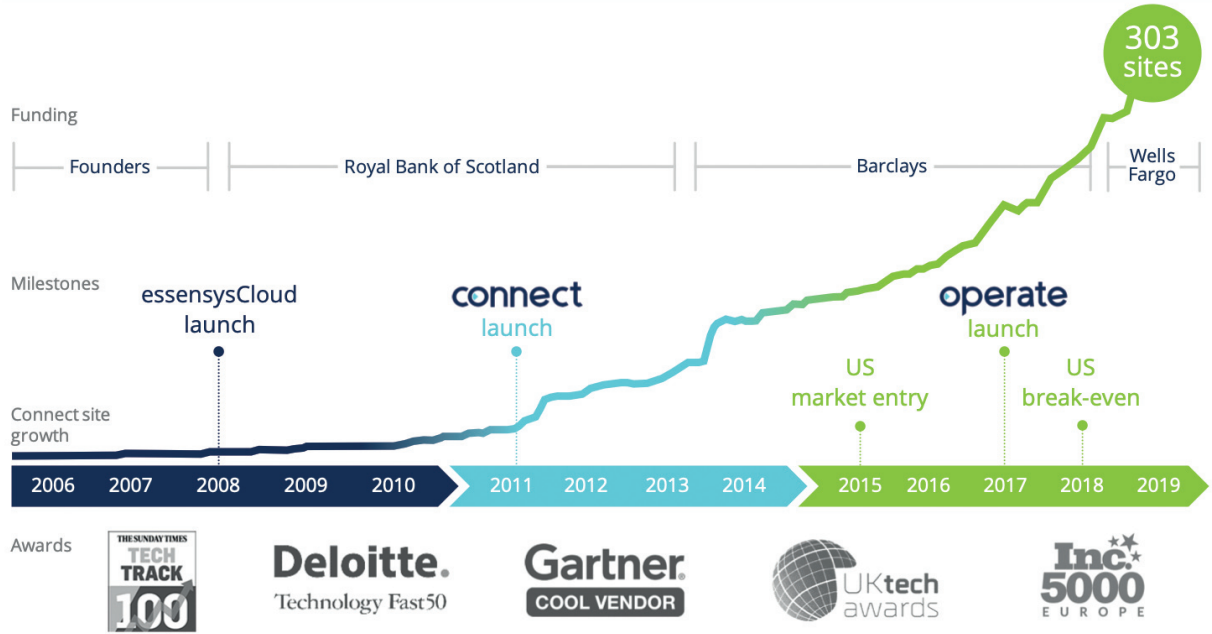
⁵ Source: Gartner, Cool Vendors in the European Cloud Computing Market 2015, page 4

In the same year, in response to customer demand, essensys began the development of an enterprise resource planning ("ERP") software platform designed specifically for the needs and requirements of flexible workspace operators. When used alongside **Connect**, this delivered a complete end-to-end solution for flexible workspace providers.

In February 2016, to accelerate the development of the ERP platform, the Group acquired Hubcreate, a billing software provider which had serviced the flexible workspace industry for more than 12 years. This acquisition provided the core billing logic which was used as the basis of **Operate**, the Group's comprehensive, industry specific ERP SaaS platform which was launched in 2017.

In March 2019, the Group established an outsourced offshore development centre in Hanoi, Vietnam provided by Nashtec Limited, a subsidiary of Harvey Nash plc.

Prior to Admission, the Group had no institutional equity investor, being financed by Mark Furness and the shareholders in essensys Limited (prior to the Corporate Reorganisation). The Group obtained an Enterprise Finance Guarantee backed loan of £250,000 in 2013 and in 2015 secured a senior debt facility with Barclays Bank plc to support its expansion into the US and subsequently fund the acquisition of Hubcreate. In January 2019, the Group refinanced its debt facilities with Barclays Bank plc with an enhanced facility with Wells Fargo (further details of which are set out at paragraph 11.2(b) of Part IV of this document).



5. Strategy

essensys' strategy is to leverage both the supply and demand side drivers of growth which currently, and are expected to continue to, underpin the evolution of the flexible workspace industry. The Directors believe that this will enable the Group to achieve its anticipated growth targets and strengthen its position as market leader.

5.1 Growth strategy

The Group's growth strategy has three pillars – *land*, *expand* and *grow*:



(a) *Land*

- **Expansion of sales force:** The Group intends to drive organic growth through customer acquisition, which will be facilitated by expanding the Group's sales force in both the UK and, in particular in the short-term, the West coast of the US.
- **Acquisitions:** The Directors will consider, on an ongoing basis, bolt-on acquisitions to improve the Group's technology or obtain customers of long-term strategic value.

(b) *Expand*

- **Cross and up-selling:** Currently only 19 per cent. of essensys' customers use both Connect and Operate, which the Directors believe provides significant cross-selling and up-selling opportunities. The Directors intend to accelerate product development, for example by further integrating the two platforms thus further improving the associated benefits, to encourage cross-selling and up-selling activity. In the six months to January 2019, 50 per cent. of all new customers in the UK and US have contracted for both **Connect** and **Operate**.
- **Broaden Marketplace offering:** Improving the collection of additional Marketplace services will not only provide further selling opportunities for essensys but also increase revenues for operators and improve operator retention levels by increasing service penetration. The Group will seek to leverage its scale and purchasing power to deliver a broader range of products to its customers. The Directors believe an extension of the Marketplace would further embed the Group with its customers improving overall customer "stickiness".

(c) *Grow*

- **Organic growth:** The Directors believe a key prospect of the Group's growth is driven by existing customers expanding their own operations either in terms of service offerings or via the launch of new sites.
- **New geographic markets:** The Directors intend to extend the global reach of the **Connect** platform into new markets such as Asia-Pacific and mainland Europe, where demand for flexible workspace is growing. The Group's successful expansion into the US provides a blueprint for further international growth beyond its current territories.

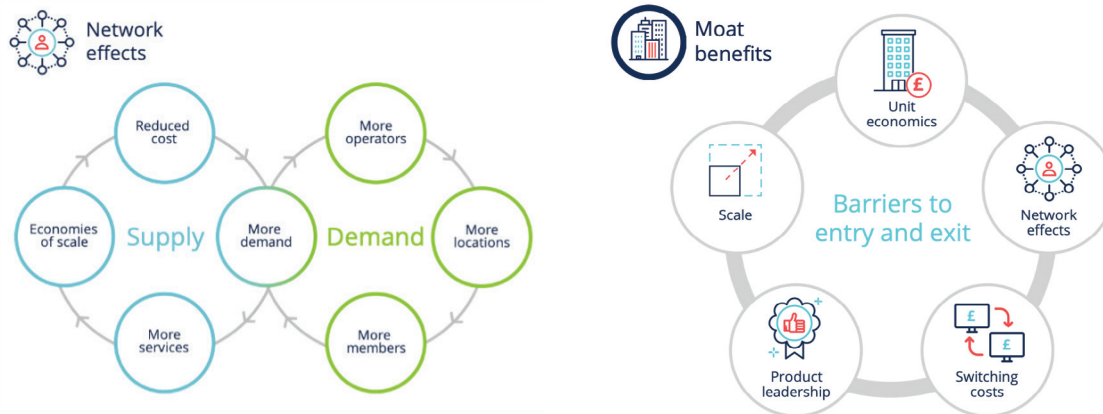
5.2 **Sales strategy and routes to market**

The Group's go-to-market strategy is supported by its UK and US enterprise sales teams who are focussed on winning and managing high value contracts with multi-site workspace operators. The sales teams work with, and are supported by, the Group's marketing function to identify and develop a growing pipeline of qualified sales opportunities. These prospects are sourced from direct and internet marketing campaigns, word-of-mouth referrals and industry specific events and trade shows.

As the target market of multi-site operators is still developing, the Directors note that referrals and word-of-mouth have proved successful in increasing sales pipeline and brand awareness, which the Directors believe demonstrates the positive impact of industry network effects.

5.3 **Network effect and economic moat benefits**

As the graphic below demonstrates, the Directors believe that, as the Group grows, it will directly benefit from the development and amplification of industry network effects. The Directors believe that the Group's competitive advantage, which is derived from its market-leading position, strong brand and scale has translated into the creation of an economic moat which provides improved defensibility and increased barriers to entry (for competitors) and exit (for customers).



6. Business overview

The Group is headquartered in London with offices in New York and Los Angeles. The Group holds ISO9001 and ISO27001 quality and security accreditation and has 159 customers in 13 countries.

essensys' software was designed and developed to serve the specific requirements of flexible workspace providers, removing operational complexity and enabling them to operate and scale more efficiently. essensys' platforms achieve this by helping operators save time, reduce costs, increase customer satisfaction and engagement, grow revenues and increase profits.

The Group's technology is enterprise class, featuring well-documented APIs and open architectures, which reflect the Group's 'play nicely' approach to integration with other software solutions. Additionally, the open architecture and standards-based APIs allow customers to build their own user experiences, apps and services on top of essensys platforms, thus allowing operators to further differentiate and customise their offerings.

Its two platforms, **Connect** and **Operate**, provide flexible workspace operators with a comprehensive solution that helps them establish, operate and scale an efficient, technologically advanced flexible workspace business.

Connect

essensys' software-enabled-infrastructure platform **Connect** was launched in 2010 allowing flexible workspace operators to easily provision, manage and monitor all of the IT, technology and infrastructure services provided to their customers in real-time whilst requiring minimal technical understanding. **Connect** is currently offered in the UK and the US only, with the platform being launched in the US in 2015. **Connect** contributed 94 per cent. of Group revenue in FY18 and has demonstrated significant growth during the historical period, driven by an increase in the number of new sites going live, as a result of the growth of existing customers and the acquisition of new customers; as well as the Group's US expansion.

Connect provides flexible workspace operators with the ability to easily set up, control and manage, in real-time, all of the IT, technology and infrastructure services that they provide and/or resell to their customers. This is achieved from within a single piece of software, removing the need for and cost of in-house technical teams, third-party vendors and/or outsourced managed service providers.

Connect is currently available to customers in the UK and US, generating revenues of £15.5 million in FY18, with (as at 31 January 2019) 69 customers across 303 sites.

The **Connect** platform comprises three core components:



Software

The **Connect** software possesses all of the capabilities required for the day-to-day management of the IT, technology and infrastructure services which operators provide to their customers including network, internet, Wi-Fi, voice and security, as well as the provision and control of Marketplace services. The software also provides a support hub, and a range of sales, customer engagement and reporting and analytics tools.

The Directors believe that a key distinction of the software is its proprietary orchestration engine. This powerful capability choreographs configuration, provisioning and management tasks in real-time. It is highly scalable and is service/vendor agnostic. Therefore, the software is not only able to control and manage those services provided from within the essensysCloud, but also services of third parties such as those referenced in the Marketplace section below. The Directors believe that this capability is a key differentiator and will deliver increased value to the Group over time as the number of Marketplace services are expanded, increasing revenues and share-of-wallet for operators and the Group.

essensysCloud

essensysCloud is the underlying private delivery network that connects an operator’s building directly to essensys services and underpins the quality, security and reliability of the IT services flexible workspace operators are able to offer to their customers. essensysCloud has been designed to meet the specific requirements of the flexible workspace industry and provides direct access to the Group’s marketplace of on-demand IT, technology and infrastructure services, which operators subsequently provide or resell to their customers (i.e. tenants).

essensysCloud provides greater performance reliability, security and capability benefits compared to the public internet delivered alternatives offered by competitors. essensysCloud is housed in multiple data centres, in the UK and in the US, operated by internationally recognised data centre providers. Operators’ sites are connected directly to essensysCloud using high capacity fibre circuits provided by a local network provider (telco/carrier). These private circuits are delivered from the site directly into an essensysCloud data centre where multiple circuits can be delivered and configured to provide automatic and seamless failover in the event of a service issue with a carrier.

The essensysCloud is a further differentiator of the Group’s product offering over its competitors, and the Directors believe is particularly valuable to the premium, enterprise focussed operators whose customers expect the very highest service levels and an enterprise quality end-to-end experience.

Marketplace

Connect’s Marketplace gives flexible workspace operators access to a range of additional cloud based products, services and applications, which can be provided and/or resold to end customers. The Marketplace leverages the orchestration and automation capabilities of Connect’s software to enable the on-demand provision and ongoing management of these services and allows operators to support a wide range of requirements from a varied customer base.

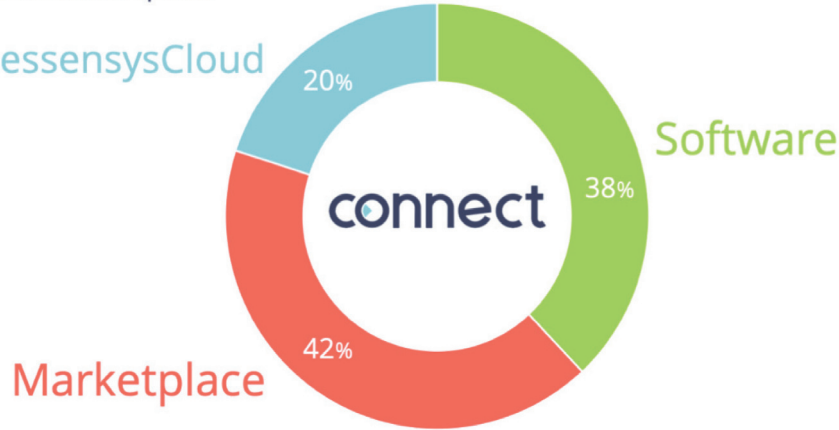
These services can be bundled into a term agreement with the operator (to deliver improved unit pricing) or used on a pay-as-you-go basis. The majority of current Marketplace services are essensys owned and operated. A growing number of third-party provided services are also available, as third parties are attracted

to, and look to take advantage of, the scale benefits and distribution capabilities of the **Connect** Marketplace. The Directors believe that further expansion of the Marketplace will provide operators with the opportunity to increase customer spend and improve the 'stickiness' of their offering as customers look to benefit from the improved pricing and unit economics that the Group's scale and purchasing power provides.

Connect mix

The Group's recurring revenue on its **Connect** platform is split across the three areas shown in the graphic below.

Example revenue mix for multi-site operator



Operate

essensys' **Operate** software platform was released to customers in 2017 as a comprehensive ERP platform for flexible workspaces, allowing operators to run their businesses in a more effective and efficient manner, from initial customer engagement to cash collection.

Operate was designed and developed following the acquisition of Hubcreate, a billing software business for flexible workspaces, in 2016. The core billing software which was acquired (Centre Charge) was primarily a client/server product and so, following the acquisition, the Group commenced re-platforming the product as a SaaS solution. The Group also developed and extended the product's functional capabilities to deliver an ERP platform for multi-site operators. The project was completed, and the first **Operate** customers went live on the platform, in 2017.

Operate is an industry specific SaaS ERP system, incorporating all aspects of the flexible office operating model, from sales and invoicing through to CRM, contracts, inventory management, bookings, business intelligence and analytics. Its workflow automation and customer self-service capabilities deliver both cost savings and efficiency improvements. This also allows new entrants to the flexible workspace market to benefit from the derived network effects of the Group's large industry specific installed base.

Operate has 117 customers with 515 sites (as at 31 January 2019) across 13 countries, including customers who have now upgraded from the acquired Hubcreate product, Centre Charge.

Cross-sell

The Directors intend to accelerate product development, for example by further integrating the two platforms thus further improving the associated benefits, to encourage cross-selling and up-selling activity. In the six months to January 2019, 50 per cent. of all new customers in the UK and US have contracted for both **Connect** and **Operate**.

7. Market overview

7.1 *Structural, demand-led growth*

The flexible workspace market is experiencing a period of structural, demand-led growth as an increasing number of enterprises seek to take advantage of the financial, flexibility and platform benefits of using coworking spaces. A recent CBRE Americas Occupier Survey indicated that 65 per cent. of enterprise companies plan to incorporate coworking into their portfolios by 2020, as they pursue increased agility and efficiency in their commercial real estate portfolios and overall operating strategies⁶.

Flexible workspace operators are, in turn, responding by providing differentiated, higher quality and more suitable enterprise offerings tailored to the requirements of larger businesses, where they see an attractive growth opportunity – to focus on customers of superior covenant strength, providing greater security of income. Furthermore, the costs involved in acquiring enterprise customers compares favourably to the high volume and more fluid customer demographic of freelancers and small start-up businesses.

The flexible workspace market has grown significantly in the UK in recent years, with this trend expected to continue. Cushman & Wakefield estimate that flexible workspace operators currently occupy 10.7 million sq. ft. of space across Central London, equating to around 4 per cent. of total Central London office stock⁷.

In the US, a study by JLL has suggested the flexible workspace has grown at a CAGR of 23 per cent. for the period 2010-2017⁸.

Cities around the world are also experiencing swift market penetration, providing impetus for Emergent Research's forecast of 21 per cent. CAGR in the global number of coworking spaces to 2022⁹.

The structural growth in flexible office demand is expected to continue, with increasing pressure on landlords and developers to satisfy demand.

Supply driven growth is also expected to stem from global real estate companies entering the flexible workspace market including Tishman Speyer and Landsec and also from some of the world's largest investment firms including Blackstone and Carlyle Group.

As supply within the industry expands, the Directors believe there will be greater diversity within the flexible workspace setting. This will not only provide a wider choice for customers but also attract employers or enterprises from other industries to diversify their working environments. Examples of the new environments expected include science parks, innovation centres and accelerators, semi-serviced offices and HQ as a service.

7.2 *Growth drivers support resilience and market expansion*

Key drivers for continued growth in the flexible workspace market include:

- **lower financial risk:** flexible workspaces require no long-term financial commitment by the occupier compared to traditional leasing which is usually accompanied by a long-term financial commitment to a specific location;
- **lower set-up costs:** flexible workspaces satisfy the requirements of businesses as they grow in new geographies, without large upfront costs;
- **speed:** occupiers benefit from the 'plug and play' model of flexible workspaces;
- **cost efficient:** flexible workspace occupiers are willing to pay a premium to occupy only the space that they utilise;

⁶ Source: CBRE Americas Occupier Survey Report 2017, page 21

⁷ Source: Cushman & Wakefield, Coworking 2018, page 5

⁸ Source: JLL website at <https://www.us.sll.com/em/co-working-market-growth> (accessed on 23 April 2019)

⁹ Source: GCUC & Emergent Research 2018 Global Coworking Forecast, December 2017, page 3

- **increased adoption by enterprises:** large corporations are increasingly occupying coworking spaces, operating a "hub and spoke" model to complement a leaner long-term office presence; and
- **increased connections:** helping to foster business development and collaboration and provide social benefits.

For the reasons above, flexible workspaces are also considered to be comparatively more resilient to market cycles due to the reduced financial commitment and increased flexibility which are favourable to businesses experiencing periods of turbulence or financial uncertainty.

7.3 **A large, fragmented market with strong growth**

The flexible workspace market is a large and fragmented industry which is expected to continue its recent growth trends.

The UK flexible workspace market has grown at a CAGR of nine per cent. from 2013 to 2017, with flexible workspace sites increasing from 3,786 to 5,320 according to Instant Group¹⁰. The UK market is highly fragmented, with the top 10 operators accounting for just 14 per cent. of the total number of flexible workspace centres. Whilst, in 2017, the flexible workspace market accounted for c.4 per cent. of total London office stock, this is expected to rise to 10 per cent. by 2030¹¹.

It is anticipated that the majority of flexible workspace providers are using point or generic software solutions coupled with traditional IT, infrastructure and technology services from providers which typically offer less tailored, less reliable and less comprehensive solutions at a greater cost than the essensys offering.

The flexible workspace market outside of the UK and the US is comparatively less mature, offering scope for market growth as penetration increases.

As the coworking industry matures, the Directors believe new business models will continue to emerge, including franchise, operating and management agreements and also strategic partnerships between landlords and operators and that the ability of the Group's platforms to support these models will be a driver of continued future success.

8. **Competitive environment**

The Directors believe that whilst essensys has a number of competitors, they can be broadly categorised as follows:

- **In-house solutions:** The cost and complexity involved in building internal systems, IT teams or bespoke software and ERP platforms usually make in-house development an economically and operationally unattractive or unviable option for most flexible workspace providers. Furthermore, such projects are not only resource intensive, but can also incur significant up-front costs, long lead times and can result in degraded service levels for customers.
- **Point solution providers:** Competitors vary dependent on the product, typically offering either a narrow specialist solution (such as room-booking or member apps) or a platform with reduced functionality rather than the comprehensive essensys platforms. Integrating such solutions into incumbent operating platforms and systems can be difficult, often requiring add-on solutions from multiple vendors in order to achieve the capabilities of the **Connect** and **Operate** platforms, thus increasing overall operational complexity. The Directors expect that the number of point solutions will increase as barriers to entry are relatively low for providers who target less complex and small-scale operators. However, the Directors also believe that developing comprehensive solutions for complex and large-scale operators, which comprise essensys' primary target market, require significant resource and time, therefore increasing barriers to entry in this market segment.

¹⁰ Source: The Instant Group, UK Market Summary – The evolution of flexible workspace, page 5

¹¹ Source: Cushman & Wakefield, Coworking 2018, the flexible workplace evolves, pages 5 and 48

- **Generic horizontal solutions:** Horizontal business solutions involve adapting software platforms and packages to cater to business needs. As these solutions are not industry specific, they can lack both the capability and functionality of purpose-built platforms. Whilst modification is an option, this route is likely to be expensive with extended periods to completion.

The Directors believe that no competitors currently provide the comprehensive, end-to-end coverage of service delivered by **Connect** and **Operate**, particularly when these two platforms are combined. Additionally, the Group's scale and proven operational capability combined with its long-term industry standing and experience are highly valued by enterprise level operators.

9. Directors and Senior Management

Brief biographies of the Directors and the Senior Management of the Group are set out below. Paragraph 6 of Part IV of this document contains further details of current and past directorships and certain other important information regarding the Directors.

Directors

On Admission, the Board will comprise the following individuals:

Jon Lee, aged 54 – Non-Executive Chairman

Jon will join the Board on Admission. Jon has extensive experience in running software businesses in the US and Europe, including the UK. He is an experienced company director, having held multiple board positions, including London Bridge Software Holdings plc, a public company, where he was CEO. Jon has an MBA from MIT, and is a Chartered Engineer and a Chartered Management Accountant. He is a founder of LBS Properties Ltd, a property development management company focused on the residential and commercial sectors of the Central London market. Jon is also a founder of a venture capital fund, The Technology and Innovation fund LP, focused on the B2B software sector.

Mark Furness, aged 45 – Chief Executive Officer

Mark founded the Group in 2006 and has led the business since launch. Prior to essensys, Mark had over a decade's previous experience in the IT and telecommunications industry, including sales, general management and senior leadership roles. He has worked across the UK and Asia-Pacific with major telecommunications companies such as Cable and Wireless, and more recently with IP communications and cloud provider, Viatel.

Alan Pepper, aged 49 – Chief Financial Officer

Alan joined the Group in September 2017. Alan is a chartered accountant with nearly 30 years' experience in various financial, general management and directorship roles in professional services, private equity investment and industry. This included the start-up of a flexible workspace operator whilst at a venture capital business, its private equity backed management buyout whilst CFO and then as CEO of that business whilst it was listed on AIM. Most recently, prior to his appointment at the Group, he was as Chief Commercial Officer of IWG plc's UK operation.

Charles Butler, aged 46 – Independent Non-Executive Director

Charles will join the Board on Admission. Charles is a chartered accountant with over two decades' experience in senior and board level positions in growth and digital technology businesses, including those quoted on AIM. These included being CEO of Market Tech Holdings plc, a property and digital technology group which he led from successful AIM IPO, raising over £1 billion in equity and debt, through to its subsequent takeover, and Group CEO at NetPlay TV, the interactive gaming company. Charles is now a partner in Belerion Capital, a private equity firm specialising in e-commerce and technology, and is also a non-executive director of Mysale Group Plc, a leading international online retailer quoted on AIM, and chairman of Highcroft Investments plc, a REIT listed on the premium listing segment of the Official List.

It is the Group's intention to appoint a third Non-Executive Director within six months of Admission.

Senior Management

The Directors are supported by the following key Senior Management:

David Kinnaird, aged 52 – Chief Operating Officer and Managing Director, North America

David joined the Group in January 2016. Prior to joining essensys, David was Operations Director at Avanta Serviced Office Group for 10 years, where he was instrumental in delivering successful growth of that business and, in addition to responsibility for operations, he had responsibility for operational risk management and compliance. David began his career as an officer in the British Army and later progressed to senior IT operations management roles at the Ministry of Defence, BT and MWB Business Exchange.

Ian Bryn (Bryn) Sadler, aged 36 – Chief Technology Officer

Bryn joined the Group in 2007. Along with Mark Furness and Barry Clark, Bryn was one of the founders of essensys. Prior to that, he worked for a number of ISPs providing network and communications services to businesses across Europe.

Michael Guest, aged 43 – Chief Revenue Officer

Michael joined the Group in April 2010 as VP for Sales. Prior to this, he was the New Business Sales Director of Daisy Plc and held a number of senior management positions in sales and business development, notably Business Development Director of BT Infonet, Account Director of BT Global Services, Worldcom and GTS.

Barry Clark, aged 40 – Chief Information Officer

Barry joined the Group in 2006 and was one of the original founders of essensys. Barry has extensive knowledge and expertise in the delivery of technology solutions. His background prior to essensys ranges from technical consultancy for ISPs through to managing pre-sales for a leading voice services provider. He is responsible for IT governance and was responsible for delivering the Group's GDPR compliance and recent ISO9001 and ISO27001 accreditations.

10. Summary financial information

The following summary of financial information relating to the Group's activities for the three years to 31 July 2018 and for the six months to 31 January 2019 has been extracted without material adjustment from the financial information on the Group set out in Part III of this document. **In order to make a proper assessment of the financial performance of the Group's business, prospective investors should read this document as a whole and not rely solely on the key or summarised information in this section.**

	<i>6 months ended 31 January 2019 £'000</i>	<i>12 months ended 31 July 2018 £'000</i>	<i>12 months ended 31 July 2017 £'000</i>	<i>12 months ended 31 July 2016 £'000</i>
Turnover	9,591	16,444	13,126	12,132
Recurring Revenue	7,517	12,888	12,238	11,261
– UK	5,013	9,635	10,965	11,170
– USA	2,504	3,253	1,273	91
Recurring % of total	78.4%	78.4%	93.2%	92.8%
Non-recurring revenue	2,074	3,556	888	871
Gross profit	5,875	10,030	9,302	8,831
GP % age	61.3%	61.0%	70.9%	72.8%
<i>Recurring revenue margin %</i>	68.9%	67.8%	73.8%	75.4%
EBITDA (pre-exceptional costs)	2,000	3,222	2,066	2,276
Adjusted EBITDA	1,525	2,379	1,055	1,603
<i>Profit / (loss) after taxation (pre-exceptional costs)¹</i>	498	392	(1,115)	100

¹ Exceptional costs comprise (in H1 2019 only) Share based payment expenses of £712,000 and costs in relation to Admission expensed in the period of £306,000.

Three years ended 31 July 2018

Revenue increased by a compound annual growth rate of approximately 20 per cent. from approximately £12.1 million in the year ended 31 July 2016 to £16.4 million in the year ended 31 July 2018. The Group's strong revenue trajectory has been driven primarily through the **Connect** platform, with the numbers of sites using **Connect** services increasing from 148 sites to 260 sites during the same period. The geographical revenue profile of the Group has diversified following expansion into the US market (FY18: 107 US sites), with the US a key driver of recent strong performance on the top-line. Reported growth metrics whilst positive, were impacted by two one-off events: 1) Regus' purchase of Avanta, resulting in the loss of 12 **Connect** sites in FY17; and 2) the renegotiation of a major customer contract onto a long term exclusive relationship.

Until FY17, the Group generated almost all of its revenues within the UK (FY16: 99 per cent.). Expansion into the US in conjunction with the purchase of Hubcreate and the launch of **Operate** resulted in revenue being generated from territories in the USA, EMEA and APAC. Group revenue growth accelerated in FY18, rising by £3.3 million (+25 per cent. year on year) reflecting strong growth in US revenues. The US made up 27 per cent. of Group revenues during FY18, rising from 10 per cent. in FY17.

The overall gross margin reduced to 61 per cent. reflecting the early stage and scale of the Group's US business together with a higher proportion of non-recurring set-up charges relating to the increased volume of new **Connect** sites delivered in FY18.

Adjusted EBITDA increased in line with revenue from £1.6 million in the year ended 31 July 2016 to £2.4 million in the year ended 31 July 2018.

Six months ended 31 January 2019

Trading continued to be strong in H1 2019 with revenue increasing by 23.3 per cent. over the same period in the prior year (H1 2018) primarily due to an overall increase in the number of **Connect** customer sites, growth in **Operate** customer revenue and an increase in non-recurring revenue (comprising site establishment and onboarding charges) as underlying site numbers continued to grow.

11. Current trading, operational trends and prospects

Financial results for the Group are presented for the three years ended 31 July 2016, 2017 and 2018 (audited) and six months ended 31 January 2019 (unaudited) and are set out in Part III of this document.

The Group's trading in the period since 31 January 2019 has been encouraging and in line with Directors' expectations. The trajectory of recurring revenue growth has remained consistent with that seen in FY18 and, during the first six months of FY19, the Group has signed up over 17 new customers and is now providing services to over 300 **Connect** sites and 500 **Operate** sites.

As such, the Directors believe that prospects for FY19 remain positive and supportive of the Group's stated growth plans and goals.

12. Reasons for the Placing and use of Proceeds

The Directors believe that Admission will be an important step in the Group's development and will assist in achieving its growth and profitability ambitions. The Directors intend to use the proceeds of the Placing receivable by the Company of approximately £14.0 million as follows:

- to repay the Group's bank debt in full;
- to support essensys' growth ambitions in the UK and US; and
- to cover the expenses of the Placing which are payable by the Company.

In addition, the Directors believe that Admission will provide a public market for the Ordinary Shares, which will benefit employee shareholders, and will enable the Company, if required, to access the capital markets to support its strategic objectives. The Placing will raise approximately £14.0 million for the Selling Shareholders (before expenses).

13. Details of the Placing and Admission

The Company, the Directors, the Selling Shareholders, Senior Management and N+1 Singer have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, N+1 Singer has conditionally agreed to use its reasonable endeavours to procure subscribers for the New Ordinary Shares to be issued by the Company and purchasers for the Sale Shares to be sold by the Selling Shareholders under the Placing. The Placing is not being underwritten. The Placing Shares represent approximately 38.5 per cent. of the Enlarged Share Capital.

The Placing will raise approximately £14.0 million (before expenses) for the Company.

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

The Placing Agreement is conditional, *inter alia*, upon Admission having become effective by not later than 8.00 a.m. on 29 May 2019 or such later time and date, being not later than 8.00 a.m. on 14 June 2019, as the Company and N+1 Singer shall agree.

Further details of the Placing Agreement are set out in paragraph 11.1(a) of Part IV of this document and the terms and conditions of the Placing are set out in Part V of this document.

14. Lock-in Arrangements and Relationship Agreement

Lock-in arrangements

Each of the Shareholders (together the "**Covenantors**") have undertaken to the Company and N+1 Singer (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer of the entire issued share capital of the Company or settlement of certain tax liabilities arising as a consequence of the exercise of historic options as part of the Corporate Reorganisation) not to dispose of the Ordinary Shares held by each of them (and their connected persons (within the meaning of section 252 of the Act)) (the "**Restricted Shares**") following Admission or any other securities issued in exchange for or convertible into, or substantially similar to, Ordinary Shares (or any interest in them or in respect of them) at any time prior to the first anniversary of Admission (the "**Lock-in Period**") without the prior written consent of N+1 Singer.

Furthermore, each of the Covenantors has also undertaken to the Company and N+1 Singer not to dispose of the Restricted Shares for a period of 12 months following the expiry of the Lock-in Period otherwise than through N+1 Singer, and any such disposal shall be conducted in such manner as to ensure an orderly market in the Company's shares shall be maintained.

Further details of these arrangements are set out in paragraph 11.1(b) of Part IV of this document.

Relationship Agreement

In light of Mark Furness' aggregate shareholding in the Enlarged Share Capital immediately following Admission, as set out in paragraph 7.1 of Part IV of this document, Mark Furness has entered into the Relationship Agreement with the Company and N+1 Singer, in order to regulate the relationship between himself and the Company.

Further details of these arrangements are set out in paragraph 11.1(d) of Part IV of this document.

15. Corporate governance

AIM quoted companies are required to state which recognised corporate governance code they will follow from admission to trading of their shares on AIM and how they comply with such code and to explain reasons for any non-compliance. The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code.

The Board

The Board will be responsible for the overall management of the Group including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The QCA Code recommends at least two members of the Board comprise Non-Executive Directors determined by the Board to be independent. The Board currently comprises four Directors, of whom two are executive and two are non-executive. The Board considers both of the non-executives, being Jon Lee and Charles Butler to be independent and, as such, the Company complies with the requirements of the QCA Code. It is the Group's intention to appoint a third, independent, non-executive within six months of Admission.

The QCA Code invites companies to consider whether to appoint one of its independent non-executive Directors to be the Senior Independent Director. The Board considers that, given the size of the Company and the number of independent Non-Executive Directors, the Board does not need to appoint a Senior Independent Director.

With effect from Admission, the Board has established an audit committee (the "**Audit Committee**") and a remuneration committee (the "**Remuneration Committee**"). As the Board is small, there will not be a separate nominations committee and recommendations for appointments to the Board will be considered by the Board as a whole after due evaluation (taking into account the balance of skills, experience, independence and knowledge of the Board).

The Audit Committee

The Audit Committee will be chaired by Charles Butler. Its other members will be Jon Lee and the third Non-Executive Director, once appointed. The Audit Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet at least three times a year and will have unrestricted access to the Company's auditors.

The terms of reference of the Audit Committee State that the minimum membership is three Non-Executive Directors. At Admission, and until the third Non-Executive Director is appointed, the Company will not be compliant with this requirement.

The Remuneration Committee

The Remuneration Committee will, initially, be chaired by Jon Lee. Its other members will be Charles Butler and the third Non-Executive Director, once appointed. Once appointed, the third Non-Executive Director will chair the Remuneration Committee and Jon Lee will step down but will remain a member. The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company will be set by the Board. The Remuneration Committee will meet as and when necessary, but at least twice each year.

The terms of reference of the Remuneration Committee State that the minimum membership is three Non-Executive Directors. At Admission, and until the third Non-Executive Director is appointed, the Company will not be compliant with this requirement.

Share dealings

The Company has adopted a share dealing code, with effect from Admission, for Directors and "applicable employees" (as defined in the AIM Rules for Companies) of the Group for the purpose of ensuring compliance by such persons with the provisions of Rule 21 of the AIM Rules for Companies and MAR relating to dealings in the Company's securities. The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take appropriate steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of MAR.

16. Dividend Policy

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, given the Group's stage of development and anticipated growth profile, the Directors do not envisage that the Company will pay dividends in the short to medium term and intend to re-invest any surplus reserves in the development of the Group's business.

17. Share Option Schemes

The Directors believe that the success of the Group will depend to a significant degree on the future performance of the management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group.

Accordingly, the Company has established the Share Option Schemes. The Share Option Schemes adopted by the Company are made up of three incentive arrangements: (i) the Company Share Option Plan (the "**CSOP**"); (ii) the Long Term Incentive Plan (the "**LTIP**") and (iii) the Non-Executive Director Share Option Plan ("**NED Share Option Plan**").

The CSOP is a plan under which selected Directors and key employees may be granted tax favoured options (with a market value exercise price). Selected employees who are US taxpayers may also be granted options under a sub-plan that will be intended to qualify as incentive stock options and/or non-qualified stock options.

The LTIP is a plan under which awards of performance shares (with a nominal value exercise price) and/or options (with a market value exercise price) may be granted to selected Directors and key employees over Ordinary Shares, including tax favoured enterprise management incentive options.

Non-Executive Directors may also be granted options under the NED Share Option Plan.

Further details of the Share Option Schemes are set out in paragraphs 9.1 to 9.4 of Part IV of this document. Details of options currently held by the Directors are set out in paragraph 7.2 of Part IV of this document. It is currently intended that options will be granted on Admission under the Share Option Schemes and that the Share Option Schemes will continue to be used to provide share incentives to Directors and key employees. Following Admission, the Company intends to grant options on terms that reflect market practice for AIM quoted companies of an equivalent size operating in comparable industries.

18. Taxation

Information regarding taxation in relation to the Placing and Admission is set out in paragraph 10 in Part IV of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

19. The City Code on Takeovers and Mergers

The Company is incorporated in the UK and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in 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 such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

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

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. "Control" means holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

The Panel considers the Concert Party as persons acting in concert for the purposes of the City Code.

On Admission, the Concert Party will hold 26,607,631 Ordinary Shares, in aggregate, representing 55.3 per cent. of the Enlarged Share Capital (on an undiluted basis). As more fully described in Part IV of this document, the Concert Party could (based on a number of assumptions) come to hold in aggregate up to 27,445,378 Ordinary Shares (following the exercise of all options held by its members only), representing a maximum potential interest of up to 56.1 per cent. of the Enlarged Share Capital (as enlarged by such exercise).

Since, on Admission, the Concert Party will together hold more than 50 per cent. of the Enlarged Share Capital, it will normally be free (subject to Note 4 on Rule 9.1 and, in respect of Mark Furness, subject to the below) to increase its aggregate holding of Ordinary Shares without any obligation to make a general offer for the Company under Rule 9.

On Admission, Mark Furness will hold 20,885,629 Ordinary Shares, in aggregate, representing 43.4 per cent. of the Enlarged Share Capital (on an undiluted basis). Furthermore, as a Director, Mark Furness will be eligible to participate in the Company's employee incentive schemes. Mark Furness has been awarded options over 397,351 Ordinary Shares pursuant to the CSOP, the terms of which are summarised in paragraph 9.1 in Part IV of this document. As more fully described in Part IV of this document, Mark Furness could come to hold in aggregate up to 21,282,980 Ordinary Shares (following the exercise of all options held by him only), representing a maximum potential interest of up to 43.9 per cent. of the Enlarged Share Capital (as enlarged by such exercise).

Since, on Admission, Mark Furness will have an interest in not less than 30 per cent. of the Enlarged Share Capital but will hold not more than 50 per cent. of the Enlarged Share Capital, should Mark Furness acquire any further interest in Ordinary Shares, apart from pursuant to the specific grant of options to him referred to above, such acquisition may subject to Note 4 on Rule 9.1 result in an obligation under Rule 9 of the City Code upon Mark Furness to make a general offer for the remaining Ordinary Shares of the Company not already held by him or the remaining members of the Concert Party, at a price not less than the highest price paid by any member of the Concert Party for any Ordinary Shares in the previous 12 months.

Note 1 on the dispensations from Rule 9 provides that the Panel will normally waive the obligation to make a Rule 9 offer as a result of the issue of new shares provided that the waiver is approved by a vote of independent shareholders. The Panel Executive has confirmed, however, that, on account of the disclosures made above, an obligation under Rule 9 will not arise as a result of the issue of new Ordinary Shares to Mark Furness following the exercise of those options referred to above, without the requirement to seek the approval of independent shareholders. This dispensation shall not apply in relation to the issue of any other new Ordinary Shares to Mark Furness outside of the specific grant of options to him referred to above.

Further details concerning the shareholdings of the Concert Party are set out in paragraph 7.7 of Part IV of this document.

20. Admission, settlement and dealings

Application has been made to the London Stock Exchange for all of the Ordinary Shares, 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 will commence in the Ordinary Shares at 8.00 a.m. on 29 May 2019.

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

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a "system member" (as defined in the CREST Regulations) in relation to CREST. Dealings in advance of crediting of the relevant CREST account(s) shall be at the sole risk of the persons concerned.

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

21. Further information

Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Parts III to V of this document which contain further additional information on the Group.

PART II

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prior to making an investment decision, 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.

The risk factors set out below, which are not set out in any order of priority, apply to the Company and 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 Company 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 Company, or which the Company 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.

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

The Group is reliant on the technical robustness of the Group's software platform

The success of the Group is largely dependent on its technical capabilities and it relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of its third-party suppliers, including the internet.

Customer access to the Group's platforms and services, the ease with which a customer is able to navigate through the platform and the broad range of services which are available to customers are factors which affect the attractiveness of the Group's services.

Due to its dependency upon technology, and its cloud servers, the Group is exposed to a significant risk in the event that such technology or the Group's systems experience any form of damage, interruption or failure. Any malfunctioning of the Group's technology and systems, or those of key third-party suppliers, even for a short period of time, could result in a lack of confidence in the Group's products, with a consequential material adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations. The Group's systems are vulnerable to damage or interruption from events including, but not limited to natural disasters, telecommunication failures, power loss, software failures, computer hacking activities, acts of sabotage and acts of war or terrorism.

Dependence on key customers

The Group's business is dependent on certain key customers. For the financial year ended 31 July 2018, the top 10 customers represented approximately 68 per cent. of total Group revenues (and of that top 10, one customer accounted for c.16.5 per cent. of total Group revenues). The relationship of the Group with its key customers could be materially adversely affected by a number of factors, including a decision by a key customer to diversify or change how, or from whom, they source the software or services currently provided by the Group, an inability to agree on mutually acceptable pricing terms with any one of its key customers or a significant dispute with or between the Group and one of its key customers. If the Group's commercial relationship with any of its key customers terminates for any reason, or if one of its key customers

significantly reduces its business with the Group and the Group is unable to enter into similar relationships with other customers on a timely basis, or at all, the Group's business, its results of operations and/or its financial condition could be materially adversely affected.

Undetected defects in the software provided by the Group

The Group's business involves providing customers with reliable software. As a result of its complexity, essensys' platform or software may contain undetected errors or failures when initially introduced to the market or when upgraded versions are released. Although the Group thoroughly tests all of its software prior to release, errors may be found subsequent to release. If the software contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition. The Group endeavours to negotiate limitations on its liability in its customer contracts, however, defects in either the software developed on behalf of customers or developed and sold by the Group could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team. A successful claim by a customer to recover such losses could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Reliance on key individuals

The Group's business, development and prospects are dependent on a small number of key management personnel. The loss of the service of one or more of such key management personnel may have an adverse effect on the Group. The Directors believe that the experience, technical know-how and commercial relationships of the Group's key management personnel help provide the Group with strategic focus and a competitive advantage. The Group's ability to develop its business and achieve future growth and profitability will depend in large part on the efforts of these individuals and the Group's ability when required to attract new key management personnel of a similar calibre. The loss of the services of any key management personnel, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group. The Directors believe the Group operates a progressive and competitive remuneration policy which will play an important part in retaining and attracting key management personnel.

The Group is dependent on maintaining a highly skilled specialist workforce

The Group requires highly skilled employees to carry out its business and enable it to achieve its growth targets. The Directors believe that there is significant competition for skilled personnel, including software developers and network engineers with the skills and technical knowledge that the Group requires for its operations. The Group's ability to achieve substantial revenue growth will depend, in large part, on its success in recruiting, developing and retaining sufficient numbers of such people to support its growth. Any failure to attract, develop and retain suitable personnel may impact the Group's performance.

Security breaches, computer malware or other cyber-attacks could harm the Group's business by disrupting the operation of the Group's software platforms or particular features, or services and damaging the Group's reputation.

Any unauthorised intrusion, malicious software infiltration, network disruption, denial of service or similar act by a malevolent party could disrupt the integrity, continuity, security and trust of the Group's platforms. These security risks could result in costly litigation, significant financial liability, increased regulatory scrutiny, financial sanctions and a loss of confidence in the Group's ability to serve its customers securely, which could have a material adverse impact on the Group's business. In addition, as these threats continue to evolve, the Group is required to continue investing significant resources to continuously modify and enhance the Group's information security and controls or to investigate and remedy any security vulnerabilities. Although the Group believes that it maintains a robust programme of information security and controls and none of the threats that the Group has encountered to date have materially impacted the Group, it may not be able to prevent a material event in the future or to promptly and effectively remedy a material event, and the impact of such an event could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Damage to the Group's reputation or brand

The Directors believe that the reputation and the quality of essensys' brand will play an increasingly important role in the success of the Group. Further, the Directors believe that the Group's brand has and will continue to be built on the high quality of its service offering and client service. Therefore, any incident that negatively affects client loyalty towards the essensys brand could materially adversely affect the Group's business, revenue, financial condition, profitability, prospects and results of operations. The essensys brand may be negatively affected by any negative publicity, regardless of accuracy.

Open source software

The Group's platforms comprise an element of open source software or modules. Open source software is typically licensed for use at no initial charge on terms which allow modification and distribution of the software by the licensee. Open source software is available to the public for anyone to access and utilise, including the Group's competitors. The Group's ability to realise fully the commercial benefits of any such software may be restricted because, due to the requirements to licence modified software, the Group's competitors or licensees may have access to information which may help them to develop competitive products. The Directors believe the Group has an effective process in place for checking all open source licenses that are used in its software. However, any of the risks or restrictions relating to open source software mentioned above could have an adverse impact on the Group's financial condition and future prospects.

Unfavourable contract terms

The Group has a small number of contractual relationships which include warranties and indemnities, provided in some cases on an uncapped basis. Whilst these warranties and indemnities are limited in scope and application, they are not, in all cases, limited to the contracting party – they are, in certain cases, extended to third parties. Such warranties and indemnities create an inherent risk that any liability on the Group's part for any breach could be material, given the uncapped basis. A successful claim under such warranties or indemnities may have a significant impact on the Group's profitability.

Intellectual property

The Group relies on intellectual property law to protect its intellectual property rights. Despite precautions which may be taken by the Group to protect its intellectual property, other parties may attempt to copy or use the Group's products or technology incorporated in the Group's products. In so far as the Group's products are protected by intellectual property rights, it may be necessary for the Group to engage in litigation to protect such rights. Such litigation may be costly, and may involve a significant commitment of resources and management time.

The Group's performance is dependent on maintaining competitive customer service levels

Failure to provide and maintain competitive customer service levels and operational and back-office processes could result in customers moving to other providers, and this could have an adverse effect on the financial position of the Group.

Management of growth

In order to remain competitive and to implement its growth strategy the Group may seek to acquire businesses that offer new or complementary products and services. Such expansion is expected to place further demands on management, support functions, sales and marketing functions and other resources of the Group. In order to manage the further expansion of the Group's business and the growth of its operations and personnel, the Group may be required to expand and enhance its infrastructure and technology and enhance its operational and financial systems as well as its procedures and controls from time to time in order to match that expansion. This could have a material cost to the Group. Historically, the Group has invested in its people, infrastructure, processes and policies to enable and support continued revenue growth but its future success will depend, in part, on its ability to continue to manage this anticipated expansion. There can be no assurance that the Group's current and planned staff, infrastructure, systems, procedures and controls will be adequate to support its expanding operations in the future. If the Group fails to manage its expansion effectively, its business, prospects and results of operations may be materially and adversely affected.

The Group's growth strategy is partly dependent on the success of its customers

The Group's growth strategy is, to a degree, dependent on the continued success of its customers who are generally growing, multi-site, flexible workspace operators with increasing requirements for the Group's products. The Group's strategy includes expanding the current services provided to its customers as well as utilising cross-selling opportunities. If the growth of the Group's customers slows, or the size of the Group's customers' businesses reduces, the Group will be adversely impacted.

The Group may invest significant resources to pursue strategies and develop new products and services that do not prove effective

Changes or additions to the Group's products and services may not attract customers or engage its users, and may reduce confidence in its products and services, negatively impact the quality of the Group's brands, upset existing customers, expose it to increased market or legal risks, subject it to new laws and regulations, or otherwise harm its business. The Group may not successfully anticipate or keep pace with industry changes, and it may invest considerable financial, personnel, and other resources to pursue strategies that do not, ultimately, prove effective such that its results of operations and financial condition may be harmed.

The Group may develop new products and services which have lower unit economics than current products and services

In order to open up additional market opportunities and enhance its product offering, the Group may develop new products and services which may have lower unit economics than current products and services. It follows that the margin that the Group will be able to make on such new products and services may be lower than the margins it currently achieves, which may adversely affect certain of the Group's performance and/or profitability metrics.

Any system security breaches could lead to liability under data protection laws

The Group processes personal data as part of its business. There is a risk that this data could become public if there were a security breach at the Group. The Group may then face liability under data protection laws, and could also lose the goodwill of its customers and suffer reputational damage which could have a material adverse effect on its business. Despite controls to protect the confidentiality and integrity of customer information, the Group may breach restrictions or may be subject to attack from computer programmes that attempt to penetrate its network security and misappropriate confidential information.

If the Group or any of the third-party service providers on which it relies, fails to store or transmit information and/or payment details online in a secure manner, or if any unauthorised or unlawful loss, disclosure or destruction of personal data were otherwise to occur, the Group may be subject to, amongst other things, claims from third parties relating to the infringement of privacy rights and/or investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK or similar regulatory jurisdictions in which the Group operates. Whilst the Group strives to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection and is ISO27001 accredited, it is possible that such requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or the Group's practices.

Material litigation, claims or arbitration

Legal proceedings may arise from time to time in the course of the Group's business. The Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material effect on its financial position, and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Group's position or business. However, there can be no assurance that there would be no proceedings in the future that could adversely affect the position, financial performance, prospects or business of the Group.

Concert Party will hold in excess of 50 per cent. of the Enlarged Share Capital

Following Admission, the Concert Party will hold in excess of 50 per cent. of the Enlarged Share Capital. Notwithstanding the terms of the Relationship Agreement (in relation to Mark Furness only), the Articles and applicable laws and regulations, the Concert Party (and Mark Furness, individually) will be able to exercise

significant influence over the Company and the Group's operations, business strategy and those corporate actions which require the approval of Shareholders. Further details regarding the Concert Party and Relationship Agreement are set out at paragraphs 7.6 and 11.1(d) of Part IV of this document respectively.

RISKS RELATING TO THE MARKETS IN WHICH THE GROUP OPERATES

The growing use of using flexible workspaces may decrease

The success of the Group's business model is largely dependent on the growing popularity of flexible workspaces in countries in which the Group operates and the expected increase in customers in these countries. A material change in the flexible workspace industry's current trend could have a material impact on the prospects of the Group.

Competition

The Group's competitors range between industry specialist technology and software companies, generic software providers and outsourced/managed services companies, some of which may be significantly larger enterprises with greater financial and marketing resources. There may also be new entrants to the market which could become competitors to the Group. Such companies may also have greater financial and marketing resources than the Group. Although the Directors believe that significant barriers to entry exist in the markets in which the Group operates, including, for example, the technical skill and expertise required to develop its software, the Group may face an increasing amount of competition. Competitors may seek to develop software which more successfully competes with the Group's current software and services and they may also adopt more aggressive pricing models or undertake more extensive marketing and advertising campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Group in the future. The Group would also face an increase in competition if its competitors adopted but further developed the Group's software or if there were new entrants to the market with comparable or competitively superior technology. Even if the Group is able to compete successfully, it may be forced to make changes in one or more of its products or services in order to respond to changes in clients' needs which may impact negatively on the Group's financial performance.

Technological change

There can be no guarantee that the Group's current competitors or new entrants to the market will not bring superior technologies, products or services to the market which, as a result, make the Group's offerings obsolete. The Group will accordingly need continually to enhance its existing products and services and will need promptly to respond to technological change as and when this occurs. If the Group is unable to do this, or encounters material delay in introducing new products or services, it may be at a significant disadvantage to its key competitors.

Expansion into new territories

The Group may decide, in future, to expand into new markets in order to aid the growth strategy and increase the overall global footprint of the business. Whilst the Group aims to take appropriate precautions when developing new markets, this may involve greater legal, regulatory and commercial risks than those associated with their current operations.

Currency risk

A significant proportion of the Group's revenue is denominated in foreign currency, principally US dollars. Since the Group will report its financial results in sterling, fluctuations in rates of exchange between sterling and the non-sterling currencies, particularly US dollars, may have a material adverse effect on the Group's results of operations. The Group does not currently engage in any currency hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on its results of operations. If the Group were to determine that it was in its best interests to enter into any currency hedging transactions in the future, there can be no assurance that it will be able to do so or that such transactions, if entered into, would materially reduce the effect of fluctuations in foreign currency exchange rates on its results of operations. In addition, if, for any reason, exchange or price controls or other restrictions on the conversion of one currency into another currency were imposed, the Group's business could be adversely affected.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

General

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

Legislation and tax status

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

General economic climate

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

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.

No prior market for the Ordinary Shares

There is presently no prior trading market for the Ordinary Shares and Admission should not be taken as a guarantee that there will be a liquid market for the Ordinary Shares. Although application has been made for the Ordinary Shares to be admitted to trading on AIM, the Company does not know the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market following Admission, how liquid that market might be or, if a trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected and investors may have difficulty selling their Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price, perhaps substantially and for a substantial period. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Placing Price, or at all.

Share price volatility and liquidity

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment. This may substantially affect the market price of the Ordinary Shares irrespective of the progress the Group may make in terms of developing and expanding its products or its actual financial, trading or operational performance. These factors could include the performance of the Group, purchases or sales of the Ordinary Shares (or the perception that the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in the lock-in and orderly marketing arrangements described in paragraph 11.1(b) of Part IV of this document), legislative changes and market, economic, political or regulatory conditions or price distortions resulting from limited liquidity in the Company's shares. The share price for publicly traded companies, particularly those at an early stage of development, such as the Company, can be highly volatile. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either exist, develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that

are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order even for a relatively small number of such Ordinary Shares.

Substantial sales of Ordinary Shares

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares following the expiry of the lock-in and orderly marketing arrangements, details of which are set out in paragraph 11.1(b) of Part IV of this document, or otherwise. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

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

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Investment in AIM traded securities

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

Issue of additional Ordinary Shares

Although the Group's business plan does not involve the issue of Ordinary Shares other than in connection with the Placing, it is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the 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 hence the proportionate voting interest, of Shareholders. This will particularly be the case if and to the extent that such an issue of Ordinary Shares is not effected on a pre-emptive basis, or Shareholders do not take up their rights to subscribe for further Ordinary Shares structured as a pre-emptive offer.

Determination of Placing Price

Placees will subscribe for or purchase the Ordinary Shares at the Placing Price, which is a fixed price, prior to the satisfaction of all conditions for the Ordinary Shares to be issued. The Placing Price may not accurately reflect the trading value of the Ordinary Shares when issued or purchased, or the Company's potential earnings or any other recognised criteria of value.

Quoted company

As a quoted 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.

Market perception

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

Future payment of dividends

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Group 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 Group's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time. There can be no assurance that the Group will declare and pay, or have the ability to declare and pay, any dividends in the future.

PART III

HISTORICAL FINANCIAL INFORMATION

Section A: Accountant's Report



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
essensys plc
Aldgate Tower
2 Lemn Street
London
E1 8FA

23 May 2019

Nplus1 Singer Advisory LLP
One Bartholomew Lane
London
EC2N 2AX

Dear Sirs

essensys plc (the "Company") and its subsidiary undertakings (together, the "Group")

Introduction

We report on the financial information on essensys Limited and its subsidiaries (the "essensys Limited Group") set out in Section B of Part III of the admission document dated 29 May 2019 of the Company (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

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

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

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the

accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the essensys Limited Group as at 31 July 2016, 31 July 2017 and 31 July 2018 and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B: Historical financial information on the essensys Limited Group

HISTORICAL FINANCIAL INFORMATION OF ESSENSYS LIMITED GROUP FOR THE THREE YEARS ENDED 31 JULY 2018

Consolidated statements of comprehensive income

	Note	31 July 2016 £'000	31 July 2017 £'000	31 July 2018 £'000
Revenue	4	12,132	13,126	16,444
Cost of sales		(3,301)	(3,824)	(6,414)
Gross profit		8,831	9,302	10,030
Administrative expenses		(8,566)	(10,171)	(9,328)
Other operating income		41	–	79
Operating profit/(loss)	6	306	(869)	781
Finance income	7	63	81	94
Finance expense	7	(144)	(360)	(459)
Profit/(loss) before taxation		225	(1,148)	416
Taxation	9	(125)	33	(24)
Profit/(loss) for the year		100	(1,115)	392
Other comprehensive income				
Exchange differences arising on translation of foreign operations		(182)	54	(8)
Total comprehensive (loss)/profit for the year		(82)	(1,061)	384
Profit/(loss) per share attributable to the ordinary equity holders of Essensys Limited				
Basic and diluted profit/(loss) per share	10	£3.59	(£39.98)	£14.06
Illustrative supplementary profit/(loss) per share attributable to the ordinary equity holders of essensys plc				
Basic and diluted profit/(loss) per share	10	0.26 p	(2.85 p)	1.00 p

Consolidated statements of financial position

		<i>31 July</i>	<i>31 July</i>	<i>31 July</i>
		<i>2016</i>	<i>2017</i>	<i>2018</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
ASSETS				
Non-current assets				
Intangible assets	11	3,495	3,762	3,674
Property, plant and equipment	12	1,663	1,133	943
Right-of-use asset	13	1,655	4,529	3,751
Total non-current assets		<u>6,813</u>	<u>9,424</u>	<u>8,368</u>
Current assets				
Trade and other receivables	14	5,065	6,644	6,775
Cash and cash equivalents		1,413	1,293	882
Total current assets		<u>6,478</u>	<u>7,937</u>	<u>7,657</u>
Total assets		<u>13,291</u>	<u>17,361</u>	<u>16,025</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	19	–	–	–
Share premium	20	125	125	125
Retained earnings	20	3,575	2,514	2,898
Total equity		<u>3,700</u>	<u>2,639</u>	<u>3,023</u>
Non-current liabilities				
Borrowings	16	675	911	3,857
Lease liability	17	854	2,982	1,639
Deferred tax liability	18	122	34	–
Total non-current liabilities		<u>1,651</u>	<u>3,927</u>	<u>5,496</u>
Current liabilities				
Trade and other payables	15	3,780	2,651	2,768
Deferred income		438	2,008	1,156
Borrowings	16	2,147	3,702	787
Lease liability	17	958	2,210	2,633
Corporation tax liability		617	224	162
Total current liabilities		<u>7,940</u>	<u>10,795</u>	<u>7,506</u>
Total equity and liabilities		<u>13,291</u>	<u>17,361</u>	<u>16,025</u>

Consolidated statements of changes in equity

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>
Balance at 1 August 2015	–	125	3,657	3,782
Comprehensive Income				
Profit for the year	–	–	100	100
Currency translation difference	–	–	(182)	(182)
Balance at 31 July 2016	<u>–</u>	<u>125</u>	<u>3,575</u>	<u>3,700</u>
Balance at 1 August 2016	–	125	3,575	3,700
Comprehensive Income				
Loss for the year	–	–	(1,115)	(1,115)
Currency translation difference	–	–	54	54
Balance at 31 July 2017	<u>–</u>	<u>125</u>	<u>2,514</u>	<u>2,639</u>
Balance at 1 August 2017	–	125	2,514	2,639
Comprehensive Income				
Profit for the year	–	–	392	392
Currency translation difference	–	–	(8)	(8)
Balance at 31 July 2018	<u>–</u>	<u>125</u>	<u>2,898</u>	<u>3,023</u>

Consolidated statements of cash flows

		31 July 2016 £'000	31 July 2017 £'000	31 July 2018 £'000
	<i>Note</i>			
Cash flows from operating activities				
Profit/(loss) before taxation		225	(1,148)	416
Adjustments for non-cash/non-operating items:				
Amortisation of intangible assets	11	400	670	642
Depreciation of property, plant and equipment	12	803	773	363
Loss on sale of property, plant and equipment	12	–	73	–
Amortisation of right-of-use assets	13	767	1,432	1,436
Finance income	7	(63)	(81)	(94)
Finance expense	7	144	360	459
		<u>2,276</u>	<u>2,079</u>	<u>3,222</u>
Changes in working capital:				
Increase in trade and other receivables		(515)	(1,579)	(131)
Increase/(decrease) in trade and other payables		292	734	(485)
		<u>2,053</u>	<u>1,234</u>	<u>2,606</u>
Taxation received/(paid)		419	(448)	(120)
Net cash from operating activities		<u>2,472</u>	<u>786</u>	<u>2,486</u>
Cash flows from investing activities				
Purchase of intangible assets	11	(941)	(937)	(554)
Purchase of property, plant and equipment	12	(1,430)	(338)	(176)
Proceeds from sale and leaseback transaction		491	–	–
Purchase of subsidiary undertakings, net of cash acquired	23	(872)	(280)	(242)
Interest received	7	63	81	94
Net cash used in investing activities		<u>(2,689)</u>	<u>(1,474)</u>	<u>(878)</u>
Cash flows from financing activities				
Proceeds from bank loans	16	1,800	2,138	378
Repayment of bank loans	16	(56)	(360)	(355)
Bank and other interest paid	7	(84)	(148)	(192)
Repayment of lease liabilities	17	(875)	(1,083)	(1,664)
Interest paid on lease liabilities	7	(11)	(119)	(183)
Net cash from/(used in) financing activities		<u>774</u>	<u>428</u>	<u>(2,016)</u>
Net increase/(decrease) in cash and cash equivalents		557	(260)	(408)
Cash and cash equivalents beginning of period		1,159	1,413	1,293
Effects of foreign exchange rate changes		(303)	140	(3)
Cash and cash equivalents at end of period		<u><u>1,413</u></u>	<u><u>1,293</u></u>	<u><u>882</u></u>

Notes to the historical financial information

1. General Information

Essensys Limited is a private company incorporated in England and Wales. Essensys Limited is domiciled in England and its registered office is Aldgate Tower 7th Floor, 2 Leman Street, London, E1 8FA.

The historical financial information consolidates that of Essensys Limited and its wholly owned subsidiaries (together, "**essensys Limited Group**").

The principal activity of essensys Limited Group is that of the provision of software and technology platforms that manage their critical infrastructure and business processes, primarily to the flexible workspace industry.

2. Accounting policies

2.1 *Basis of preparation*

The historical financial information presents the financial track record of essensys Limited Group for the three years ended 31 July 2016, 31 July 2017 and 31 July 2018. This financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

The historical financial information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Essensys Limited's statutory consolidated financial statements for the years ended 31 July 2016, 31 July 2017 and 31 July 2018 were prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). The financial statements for these periods have been delivered to the Registrar of Companies. The auditor's reports on these financial statements were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

In preparing the historical financial information of essensys Limited Group, Essensys Limited has applied IFRS for the first time from 1 August 2015. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process, however, no transitional exemptions are applicable to Essensys Limited and therefore none have been taken.

The principal accounting policies adopted in the preparation of the historical financial information are set out below. The policies have been consistently applied to all the years presented.

2.2 *Going concern*

After making appropriate enquiries, the directors of the Company (the "Directors") have a reasonable expectation that essensys Limited Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of this historical financial information. For these reasons, they continue to adopt the going concern basis in preparing essensys Limited Group's historical financial information.

New standards, amendments and interpretations

Standards, amendments and interpretations effective and adopted in preparing the historical financial information of essensys Limited Group:

The IFRS's applied to the historical financial information are those expected to be applicable, in so far as this is currently known, to the first annual financial statements of the Company post admission to the AIM market of London Stock Exchange plc which will be for the year ending 31 July 2019. In addition, the Company has chosen to adopt IFRS 16 – Leases early in preparing the historical financial information.

The following new standards or annual improvements to existing IFRS standards which have not been applied in this historical financial information were in issue but not yet effective:

- IFRIC 23 "Uncertainty over income tax treatments", effective 1 January 2019; and
- Annual Improvements to IFRS Standards 2015-2017 Cycle, effective 1 January 2019.

Management is in the process of assessing the potential impact of these standards.

2.3 **Basis of consolidation**

Subsidiaries

Subsidiaries are all entities over which Essensys Limited has control. Essensys Limited controls an entity when Essensys Limited is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Essensys Limited until the date that control ceases. Essensys Limited applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by Essensys Limited. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Where necessary, amounts reported by subsidiaries have been adjusted to conform with Essensys Limited's accounting policies.

Transactions eliminated on consolidation

Intra-group balances, and any gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the historical financial information. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

2.4. **Revenue recognition**

Invoicing

Set up and installation costs are partially invoiced once the customer contract is signed with the remaining balance invoiced when the service goes live.

Fixed monthly costs are invoiced one month in advance and revenue is recognised in the month the service is provided. Deferred revenue is recognised for essensys Limited Group's obligation to transfer services to customers for which they have already received consideration (or an amount of consideration is due) from the customer.

Variable monthly costs (including internet usage and telephone call charges) are invoiced monthly in arrears and accrued revenue is recognised in the month that the services were consumed.

Contracts and obligation

The majority of customer contracts have two main services that essensys Limited Group provides to the customer:

- Set up/installation
- Ongoing monthly software, services and support

The contracts may cover multiple sites, but the overarching terms are consistent in each contract. The set up/installation is seen as a distinct performance obligation and revenue is recognised at a point in time. The customer can benefit from the set up/installation such as new internet connectivity or new hardware provided and is not reliant on essensys Limited Group to provide the service, and therefore revenue is recognised in full when these services are complete.

The second performance obligation is the provision of software, infrastructure and on-demand services over the term of the contract.

Where a contract is modified and the remaining services are distinct from the services transferred on or before the date of the contract modification, then essensys Limited Group accounts for the contract modifications as if it were a termination of the existing contract and the creation of a new contract.

The amount of consideration allocated to the remaining performance obligations is the sum of the consideration promised by the customer and the consideration promised as part of the contract modification.

Determining the transaction price

The transaction price is determined as the fair value of the consideration essensys Limited Group expects to receive over the course of the contract.

There are no incentives given to customers that would have a material effect on the financial statements.

Allocate the transaction price to the performance obligations in the contract

The allocation of the transaction price to the performance obligations in the contract is non-complex for essensys Limited Group. There is a fixed unit price for each product sold. Therefore, there is limited judgement involved in allocating the contract price to each unit ordered.

Recognise revenue when or as the entity satisfies its performance obligations

The contracts may cover multiple sites, but the overarching terms are consistent in each contract. The set up/installation is seen as a distinct performance obligation and revenue is recognised at a point in time, when the installation is completed, and any hardware is provided to the client for their use. The customer can benefit from the set up / installation such as new internet connectivity or new hardware provided, and therefore revenue is recognised in full when these services are provided.

The second performance obligation is the provision of software, infrastructure and on-demand services over the term of the contract, and essensys Limited Group recognises the revenue each month as it provides these services for the duration of the contract, i.e. over time.

2.5. Employee benefits: Pension obligations

essensys Limited Group operates defined contribution plans. essensys Limited Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

essensys Limited Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.6. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of essensys Limited Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information is presented in 'sterling', which is essensys Limited's functional and essensys Limited Group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into essensys Limited's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income or expense'.

2.7. **Net finance costs**

Finance costs

Finance costs comprise interest on bank loans, lease obligations and other interest payable. Interest on bank loans and other interest is charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance income

Finance income comprises interest receivable on funds invested and loans to related parties. Interest income is recognised in profit or loss as it accrues using the effective interest method.

2.8 **Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where essensys Limited's subsidiaries operate and generate taxable income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and essensys Limited Group can control their reversal and such reversal is not considered probable in the foreseeable future.

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

2.9 **Intangible assets**

Internal software development

Research expenditure is written off in the year in which it is incurred. Expenditure on internally developed products is capitalised if, and only if an entity within essensys Limited Group can demonstrate all of the following:

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset;
- the availability of adequate technical, financial and other resources to complete the asset under development; and
- its intention to use or sell the developed asset.

Where the costs are capitalised, they are written off over their economic life which is considered by the Directors to be 5 to 7 years.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of essensys Limited Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets are initially recognised at cost or, if recognised as part of a business combination, at fair value. After recognition, intangible assets are measured at cost or fair value less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost or fair value of intangible assets in equal annual instalments over their estimated useful lives and is included within administrative expenses.

The estimated useful lives for other intangible assets range as follows:

- Customer relationships – 6.3 years
- Website – 1 year
- Acquired software – 5 years

The useful lives of intangible assets have been chosen at the above rates as this reflects the period in which assets will stop receiving economic benefit.

2.10 Property plant and equipment

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, over the shorter of the lease term and the estimated useful life, using the straight-line method. Depreciation is provided on the following basis:

- Leasehold improvement – 5 years
- Fixtures and fittings – 4 years
- Computer Equipment – 4 to 10 years

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

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

2.11 Cash and cash equivalents

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

2.12 Share capital

Ordinary shares are classified as equity. There is one class of ordinary share in issue, as detailed in note 19.

2.13 Financial assets

essensys Limited Group classifies all of its financial assets at amortised cost. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

Amortised costs

essensys Limited Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

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 goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, the Company follows the 3-stage approach to expected credit losses. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IAS 39.

2.14 Financial liabilities

essensys Limited Group classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when essensys Limited Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.
- Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of essensys Limited Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

2.15 Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

Where there is any indication that an asset may be impaired, the carrying value of the asset (or CGUs to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication

that the impairment losses recognised in prior periods may no longer exist or may have decreased. Goodwill is reviewed for impairment on an annual basis, with any impairment to goodwill not reversed at a later period.

2.16 **Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by essensys Limited Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

The excess of the consideration transferred and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2.17 **Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

In each of the years presented, no expense was recognised in the statement of comprehensive income for share options as not all vesting conditions were met as at the year end.

2.18 **Leased assets**

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

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

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

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

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of essensys Limited Group if it is reasonably certain to assess that option;

- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

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

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

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

Sale and lease back arrangements are accounted for by transferring the underlying computer equipment that is subject to the arrangement from property, plant and equipment to a right-of-use asset at the date of entering in to the arrangement. In addition, the leasing arrangement is then accounted as a lease liability, consistent with the policy noted above.

3. Significant accounting estimates and judgements

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

Capitalisation of development costs

Costs are capitalised in relation to the development of the underlying software utilised within essensys Limited Group. The most critical judgement is establishing whether the costs capitalised meet the criteria set out within IAS 38. Further, the most critical estimate is how the intangible asset can generate future economic benefit. Projects that are maintenance in nature are expensed as incurred whereas development that generates benefits to the group are capitalised. After capitalisation management monitor whether the recognition requirements continue to be met and whether there are any indicators that the capitalised costs are required to be impaired.

Measurement and impairment of goodwill and intangible assets

As set out in note 11 the carrying value of goodwill is reviewed for impairment at least annually and for other intangible assets when an indication of impairment is identified. In determining whether goodwill or intangible assets are impaired, an estimation of the value in use of essensys Limited Group is required. This calculation of value in use requires estimates to be made relating to the timing and amount of future cash flows expected and suitable discount rates based on essensys Limited Group's weighted average cost of capital, in addition to the estimation involved in preparing the initial projected cash flows for the next 5 years.

These estimates have been used to conclude that no impairment is required to either goodwill or intangible assets but are judgemental in nature.

4. Segmental reporting

essensys Limited Group generates revenue largely in the UK and the US. The majority of essensys Limited Group's customers provide flexible office facilities together with ancillary services (e.g. meeting rooms and virtual services) including technology connectivity.

essensys Limited Group provides mission critical software-as-a-service ("SaaS") and Cloud services to the flexible workspace industry.

essensys Limited Group's software is designed specifically to serve the specific requirements of flexible workspace providers, removing operational complexity and enabling them to operate more efficient, tech-driven spaces and businesses.

The Connect software-enabled-services platform allows flexible workspace operators to provision, manage and monitor, in real-time, all of the critical infrastructure, IT and tech services that they provide to their customers. As part of providing this service, essensys Limited Group also provides the technology infrastructure that supports these services.

essensys Limited Group's Operate software platform is a comprehensive ERP platform for flexible workspace providers, allowing operators to more effectively and efficiently run their businesses day-to-day.

essensys Limited Group generates revenue from the following activities:

- Establishing services at customer sites (e.g. providing and managing installation services, equipment and providing training on software and services);
- Recurring monthly fees for using essensys Limited Group's software platforms;
- Revenue from usage of on demand services such as internet and telephone usage and other, on demand, variable services; and
- Other ad-hoc services.

essensys Limited Group has one single business segment which is the provision of software and technology platforms that manage their critical infrastructure and business processes, primarily to the flexible workspace industry. essensys Limited Group has two revenue segments and two geographical segments, as detailed in the tables below.

essensys Limited Group has two main revenue streams, Operate and Connect. essensys Limited Group's revenue per revenue stream is as follows:

	<i>31 July</i> <i>2016</i> <i>£'000</i>	<i>31 July</i> <i>2017</i> <i>£'000</i>	<i>31 July</i> <i>2018</i> <i>£'000</i>
Operate – workspace management software	293	870	977
Connect – software enabled infrastructure platform	11,839	12,256	15,467
	<u>12,132</u>	<u>13,126</u>	<u>16,444</u>

Revenue from customers greater than 10 per cent. in each reporting period is as follows:

	<i>31 July</i> <i>2016</i> <i>£'000</i>	<i>31 July</i> <i>2017</i> <i>£'000</i>	<i>31 July</i> <i>2018</i> <i>£'000</i>
Customer 1	4,244	2,991	3,095
Customer 2	1,597	2,038	2,746
Customer 3	1,888	1,688	–
Customer 4	–	–	1,668
	<u>–</u>	<u>–</u>	<u>1,668</u>

essensys Limited Group operates in two main geographic areas, the United Kingdom and the United States of America. essensys Limited Group's revenue per geographical segment is as follows:

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
United Kingdom	11,995	11,767	11,926
United States of America	137	1,359	4,518
	<u>12,132</u>	<u>13,126</u>	<u>16,444</u>

essensys Limited Group revenue disaggregated between revenue recognised 'at a point in time' and 'over time' is as follows:

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
Revenue recognised at a point in time	871	888	3,556
Revenue recognised over time	11,261	12,238	12,888
	<u>12,132</u>	<u>13,126</u>	<u>16,444</u>

Given the nature of essensys Limited Group's contracts, whereby revenue is recognised in the month that services are performed or consumed, contract balance reconciliations are not relevant. See accounting policies for further detail of essensys Limited Group's revenue recognition policy under IFRS 15.

	<i>Accrued Income</i>		
	<i>2016</i> £'000	<i>2017</i> £'000	<i>2018</i> £'000
At 1 August	530	281	478
Transfers in the period from contract assets to trade receivables	(530)	(281)	(478)
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	281	478	327
At 31 July	<u>281</u>	<u>478</u>	<u>327</u>

	<i>Deferred Income</i>		
	<i>2016</i> £'000	<i>2017</i> £'000	<i>2018</i> £'000
At 1 August	–	438	2,008
Amounts included in contract liabilities that was recognised as revenue during the period	–	(438)	(1,319)
Cash received in advance of performance and not recognised as revenue during the period	438	2,008	467
At 31 July	<u>438</u>	<u>2,008</u>	<u>1,156</u>

Accrued income and deferred income are included within 'trade and other receivables' and 'deferred income' respectively on the face of the statement of financial position. They arise from the group's revenue contracts, where work is performed in advance of invoicing customers, and where revenue is received in advance of work performed. Cumulatively, payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

The balance of trade receivables at 1 July 2015 was £1,237,118.

5. Employee and directors

Staff costs for essensys Limited Group during the year

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
Wages and salaries	3,653	4,542	4,216
Social security costs	600	481	532
Other pension costs	88	127	119
	<u>4,341</u>	<u>5,150</u>	<u>4,867</u>

Average monthly number of people (including executive directors of essensys Limited) employed by activity:

	<i>31 July</i> 2016 No.	<i>31 July</i> 2017 No.	<i>31 July</i> 2018 No.
Executive	7	7	6
Sales & Marketing	6	10	6
Finance & Administration	6	7	6
Support	20	22	24
Development	9	18	15
Provisioning	5	5	4
US Business	8	9	12
	<u>61</u>	<u>78</u>	<u>73</u>

Key management compensation

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

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
Salaries and fees	901	980	1,109
Group contributions to defined contribution pension schemes	25	24	18
	<u>926</u>	<u>1,004</u>	<u>1,127</u>

Six of Essensys Limited's directors were in essensys Limited Group's defined contribution pension scheme for the year ended 31 July 2018 (2017: 7, 2016: 7).

6. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
Depreciation of property, plant and equipment	803	773	363
Amortisation charge of right-of-use assets	767	1,432	1,436
Amortisation of intangible assets	400	670	642
Foreign exchange differences	(182)	54	(8)
Loss on disposal of fixed assets	–	73	–
Research and development expense	212	252	192
Auditor's remuneration (note 8)	44	36	53
	<u>44</u>	<u>36</u>	<u>53</u>

7. Finance income and finance expense

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Interest receivable from related parties	63	78	93
Other interest receivable	–	3	1
Total finance income	<u>63</u>	<u>81</u>	<u>94</u>
	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Bank loan interest	84	148	160
Interest on lease liabilities	60	212	267
Other interest payable	–	–	32
Total finance expense	<u>144</u>	<u>360</u>	<u>459</u>

8. Auditor's remuneration

essensys Limited Group obtained the following services from essensys Limited's auditor at costs as detailed below:

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Fee payable to essensys Limited's auditor and its associates for the audit of consolidated financial statements	41	30	44
Fees payable to essensys Limited's auditor and its associates for tax compliance services	3	6	9
	<u>44</u>	<u>36</u>	<u>53</u>

9. Taxation

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Analysis of charge in year			
UK tax for the current financial year	76	49	51
Adjustments in respect of previous years	60	14	7
Foreign tax on income for the year	–	1	3
Total UK tax charge/(credit)	<u>136</u>	<u>64</u>	<u>61</u>
Deferred tax			
Origination and reversal of timing differences	(87)	(77)	(33)
Deferred tax liability on business combinations	81	(19)	–
Effect of tax rate change on opening balance	(5)	(1)	–
Adjustments in respect of prior periods	–	–	(4)
Total deferred tax	<u>(11)</u>	<u>(97)</u>	<u>(37)</u>
Tax charge/(credit) per statement of comprehensive income	<u>125</u>	<u>(33)</u>	<u>24</u>

The tax charge for the year differs from the standard rate of corporation tax in the UK of 20.00 per cent. for the year ended 31 July 2016, 19.67 per cent. for the year ended 31 July 2017 and 19.00 per cent. for the year ended 31 July 2018. The differences are explained below:

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
Profit/(loss) on ordinary activities before tax	225	(1,148)	416
Tax using essensys Limited Group's domestic tax rates	45	(226)	79
Effects of:			
Expenses not deductible for tax purposes	354	303	119
Adjustments to tax charge/(credit) in respect of prior years	60	14	2
Income not taxable for tax purposes	(188)	(184)	(123)
Deduction for R&D expenditure	(234)	(292)	(130)
Other adjustments	91	124	133
Foreign tax on income for the year	–	1	3
Adjustments to deferred tax rates	(3)	10	6
Deferred tax not recognised	–	217	(65)
Total taxation charge/(credit)	125	(33)	24

10. Profit/(loss) per share

The profit/(loss) per share has been calculated using the profit/(loss) for the year and the weighted average number of ordinary shares entitled to dividend rights which were outstanding during the year, as follows:

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
Profit/(loss) for the year attributable to equity holders of Essensys Limited Group	100	(1,115)	392
Weighted average number of ordinary shares	27,888	27,888	27,888
Profit/(loss) per share	£3.59	(£39.98)	£14.06

There are no share options over ordinary shares which have a dilutive effect, as none of the share options granted are exercisable, and essensys Limited has no contingently issuable shares.

Illustrative supplementary earnings per share is presented based on the number of shares outstanding in the new parent company, essensys plc, after giving effect to the bonus share issue and subsequent share split as part of the corporate reorganisation as described in Part IV Additional Information of this document. The calculation of the illustrative profit/(loss) per share is based on the profit/(loss) for the year attributable to shareholders, as disclosed below, and on 39,154,752 shares.

	<i>31 July</i> 2016 £'000	<i>31 July</i> 2017 £'000	<i>31 July</i> 2018 £'000
Profit/(loss) for the year attributable to equity holders of Essensys Limited Group	100	(1,115)	392
Weighted average number of ordinary shares	39,154,752	39,154,752	39,154,752
Profit/(loss) per share	0.26 p	(2.85 p)	1.00 p

The above analysis represents a non-IFRS metric and has been included to assist in the understanding of the essensys Limited's business and should be used in conjunction with the relevant IFRS numbers.

11. Intangible assets

	<i>Customer relationships</i> £'000	<i>Internal software development</i> £'000	<i>Website</i> £'000	<i>Software</i> £'000	<i>Goodwill</i> £'000	<i>Total</i> £'000
Cost						
At 1 August 2015	–	1,229	–	–	–	1,229
Additions	–	941	–	–	–	941
On acquisition of subsidiary	335	–	5	275	1,263	1,878
At 31 July 2016	335	2,170	5	275	1,263	4,048
Amortisation						
At 1 August 2015	–	153	–	–	–	153
Charge for the year	24	349	2	25	–	400
At 31 July 2016	24	502	2	25	–	553
Net book amount						
At 31 July 2016	311	1,668	3	250	1,263	3,495
Cost						
At 1 August 2016	335	2,170	5	275	1,263	4,048
Additions	–	937	–	–	–	937
At 31 July 2017	335	3,107	5	275	1,263	4,985
Amortisation						
At 1 August 2016	24	502	2	25	–	553
Charge for the year	67	531	3	69	–	670
At 31 July 2017	91	1,033	5	94	–	1,223
Net book amount						
At 31 July 2017	244	2,074	–	181	1,263	3,762
Cost						
At 1 August 2017	335	3,107	5	275	1,263	4,985
Additions	–	554	–	–	–	554
At 31 July 2018	335	3,661	5	275	1,263	5,539
Amortisation						
At 1 August 2017	91	1,033	5	94	–	1,223
Charge for the year	63	514	–	65	–	642
At 31 July 2018	154	1,547	5	159	–	1,865
Net book amount						
At 31 July 2018	181	2,114	–	116	1,263	3,674

The goodwill relates to the acquisition of Hubcreate Limited on 18 February 2016 and has not been impaired since acquisition. The goodwill all relates to the one cash generating unit (CGU).

essensys Limited Group estimates the recoverable amount of the CGU using a value in use model by projecting pre-tax cash flows for the next 5 years together with a terminal value using the long-term growth rate. The key assumptions underpinning the recoverable amount of the CGU are forecast revenue and forecast EBITDA percentage. The forecast revenues in the model are based on management's past experience and future expectations of performance. The pre-tax discount rate used in all periods is 10.9 per cent. derived from a WACC calculation and benchmarked against similar organisations within the sector. The long-term growth rate used is 2 per cent. in all periods which is the underlying growth rate of the economy. Using a discount rate of 15 per cent. and a long-term growth rate of 1 per cent. as sensitised assumptions also does not result in any impairment. The total recoverable amount in respect of goodwill as assessed by management using the above assumptions is greater than the carrying amount and therefore no impairment charge has been booked in each period.

12. Property, plant and equipment

	<i>Fixtures and fittings £'000</i>	<i>Computer equipment £'000</i>	<i>Leasehold improvements £'000</i>	<i>Total £'000</i>
Cost				
At 1 August 2015	132	2,582	118	2,832
Additions	65	1,349	16	1,430
Acquisition of subsidiary	–	5	–	5
Transfer to right-of-use assets	–	(462)	–	(462)
Exchange adjustments	8	130	4	142
At 31 July 2016	<u>205</u>	<u>3,604</u>	<u>138</u>	<u>3,947</u>
Depreciation				
At 1 August 2015	70	1,348	58	1,476
Charge for the year	36	744	23	803
Transfer to right-of-use assets	–	(18)	–	(18)
Exchange adjustments	2	20	1	23
At 31 July 2016	<u>108</u>	<u>2,094</u>	<u>82</u>	<u>2,284</u>
Net book amount				
At 31 July 2016	<u>97</u>	<u>1,510</u>	<u>56</u>	<u>1,663</u>
Cost				
At 1 August 2016	205	3,604	138	3,947
Additions	23	224	91	338
Disposals	(132)	(56)	(108)	(296)
Exchange adjustments	–	(30)	–	(30)
At 31 July 2017	<u>96</u>	<u>3,742</u>	<u>121</u>	<u>3,959</u>
Depreciation				
At 1 August 2016	108	2,094	82	2,284
Charge for the period	44	702	27	773
Disposals	(110)	(21)	(92)	(223)
Exchange adjustments	(1)	(7)	–	(8)
At 31 July 2017	<u>41</u>	<u>2,768</u>	<u>17</u>	<u>2,826</u>
Net book amount				
At 31 July 2017	<u>55</u>	<u>974</u>	<u>104</u>	<u>1,133</u>
Cost				
At 1 August 2017	96	3,742	121	3,959
Additions	15	127	34	176
Exchange adjustments	–	4	–	4
At 31 July 2018	<u>111</u>	<u>3,873</u>	<u>155</u>	<u>4,139</u>
Depreciation				
At 1 August 2017	41	2,768	17	2,826
Charge for the period	26	297	40	363
Exchange adjustments	1	6	–	7
At 31 July 2018	<u>68</u>	<u>3,071</u>	<u>57</u>	<u>3,196</u>
Net book amount				
At 31 July 2018	<u>43</u>	<u>802</u>	<u>98</u>	<u>943</u>

The transfer from property, plant and equipment to right-of-use assets relates to assets that were bought by essensys Limited Group during the year ended 31 July 2016 and were subject to 'sale and lease back' later that year. Management is comfortable that the carrying value of the assets at the date of the sale of £444,000 equates to fair value at that date.

13. Right-of-use assets

	<i>Leasehold property £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Computer equipment £'000</i>	<i>Leasehold improvements £'000</i>	<i>Total £'000</i>
Cost					
At 1 August 2015	2,447	–	640	–	3,087
Additions	–	–	230	–	230
Transfer from PPE	–	–	462	–	462
Exchange adjustments	105	–	–	–	105
At 31 July 2016	<u>2,552</u>	<u>–</u>	<u>1,332</u>	<u>–</u>	<u>3,884</u>
Amortisation					
At 1 August 2015	975	–	474	–	1,449
Charge for the year	622	–	145	–	767
Transfer from PPE	–	–	18	–	18
Exchange adjustments	(5)	–	–	–	(5)
At 31 July 2016	<u>1,592</u>	<u>–</u>	<u>637</u>	<u>–</u>	<u>2,229</u>
Net book amount					
At 31 July 2016	<u>960</u>	<u>–</u>	<u>695</u>	<u>–</u>	<u>1,655</u>
Cost					
At 1 August 2016	2,552	–	1,332	–	3,884
Additions	2,160	167	1,389	584	4,300
Disposals	(698)	–	–	–	(698)
Exchange adjustments	–	–	(7)	–	(7)
At 31 July 2017	<u>4,014</u>	<u>167</u>	<u>2,714</u>	<u>584</u>	<u>7,479</u>
Amortisation					
At 1 August 2016	1,592	–	637	–	2,229
Charge for the period	931	33	424	44	1,432
Disposals	(698)	–	–	–	(698)
Exchange adjustments	(5)	–	(8)	–	(13)
At 31 July 2017	<u>1,820</u>	<u>33</u>	<u>1,053</u>	<u>44</u>	<u>2,950</u>
Net book amount					
At 31 July 2017	<u>2,194</u>	<u>134</u>	<u>1,661</u>	<u>540</u>	<u>4,529</u>
Cost					
At 1 August 2017	4,014	167	2,714	584	7,479
Additions	661	–	–	–	661
Disposals	(1,287)	–	–	–	(1,287)
Exchange adjustments	5	–	2	–	7
At 31 July 2018	<u>3,393</u>	<u>167</u>	<u>2,716</u>	<u>584</u>	<u>6,860</u>
Amortisation					
At 1 August 2017	1,820	33	1,053	44	2,950
Charge for the period	758	42	578	58	1,436
Disposals	(1,287)	–	–	–	(1,287)
Exchange adjustments	(1)	–	11	–	10
At 31 July 2018	<u>1,290</u>	<u>75</u>	<u>1,642</u>	<u>102</u>	<u>3,109</u>
Net book amount					
At 31 July 2018	<u>2,103</u>	<u>92</u>	<u>1,074</u>	<u>482</u>	<u>3,751</u>

The transfer from property, plant and equipment to right-of-use assets relates to assets that were bought by essensys Limited Group during the year ended 31 July 2016 and were subject to 'sale and lease back' later that year. Management is comfortable that the carrying value of the assets at the date of the sale of £444,000 equates to fair value at that date.

14. Trade and other receivables

	31 July 2016 £'000	31 July 2017 £'000	31 July 2018 £'000
Amounts falling due within one year:			
Trade receivables	992	1,542	1,768
Other receivables	3,123	4,005	4,217
Prepayments	669	619	463
Accrued income	281	478	327
	<u>5,065</u>	<u>6,644</u>	<u>6,775</u>

Included in Other receivables are Directors' loan accounts. As at 31 July 2016, £2,268,930 was outstanding, at 31 July 2017, £2,888,526 and as at 31 July 2018, £3,227,547 was outstanding. On 29 May 2019 all outstanding Directors' loan accounts will be repaid in full. A further breakdown is detailed in note 26.

Analysis of trade receivables based on age of invoices

	< 30 £'000	31-60 £'000	61-90 £'000	> 90 £'000	Total Gross £'000	ECL £'000	Total Net £'000
2016	874	54	79	37	1,044	(52)	992
2017	1,088	249	32	225	1,594	(52)	1,542
2018	<u>1,238</u>	<u>225</u>	<u>106</u>	<u>208</u>	<u>1,777</u>	<u>(9)</u>	<u>1,768</u>

essensys Limited Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analyses performed there is no material impact on the transition to ECL.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. The majority of trade and other receivables are non-interest bearing. Where the effect is material, trade and other receivables are discounted using discount rates which reflect the relevant costs of financing. The carrying amount of trade and other receivables approximates fair value.

15. Trade and other payables

	31 July 2016 £'000	31 July 2017 £'000	31 July 2018 £'000
Amounts falling due within one year:			
Trade payables	1,784	1,271	1,689
Other payables	207	189	25
Contingent consideration	570	242	–
Accruals	605	374	555
Other taxation and social security	614	575	499
	<u>3,780</u>	<u>2,651</u>	<u>2,768</u>

The contingent consideration relates to the acquisition of Hubcreate Limited on 18 February 2016. At 31 July 2016, the final contingent consideration payment was expected to be made within one year, therefore none of this balance was in non-current liabilities at 31 July 2016.

16. Borrowings

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Non-current			
RCF	–	–	2,600
Acquisition Loan	675	–	–
EIF Loan	–	911	1,257
	<u>675</u>	<u>911</u>	<u>3,857</u>
Current			
RCF	1,978	2,592	–
Acquisition Loan	169	619	514
EIF Loan	–	491	273
	<u>2,147</u>	<u>3,702</u>	<u>787</u>
Total borrowings	<u><u>2,822</u></u>	<u><u>4,613</u></u>	<u><u>4,644</u></u>

Reconciliation of liabilities arising from financing activities

	<i>1 August 2015 £'000</i>	<i>Cash flows £'000</i>	<i>Non-cash changes £'000</i>	<i>31 July 2016 £'000</i>
Bank borrowings	1,065	1,744	13	2,822
Lease liability	1,808	(886)	890	1,812
Total liabilities from financing activities	<u>2,873</u>	<u>858</u>	<u>903</u>	<u>4,634</u>

	<i>1 August 2016 £'000</i>	<i>Cash flows £'000</i>	<i>Non-cash changes £'000</i>	<i>31 July 2017 £'000</i>
Bank borrowings	2,822	1,778	13	4,613
Lease liability	1,812	(1,202)	4,582	5,192
Total liabilities from financing activities	<u>4,634</u>	<u>576</u>	<u>4,595</u>	<u>9,805</u>

	<i>1 August 2017 £'000</i>	<i>Cash flows £'000</i>	<i>Non-cash changes £'000</i>	<i>31 July 2018 £'000</i>
Bank borrowings	4,613	23	8	4,644
Lease liability	5,192	(1,847)	927	4,272
Total liabilities from financing activities	<u>9,805</u>	<u>(1,824)</u>	<u>935</u>	<u>8,916</u>

On 7 January 2016, essensys Limited entered into a revolving credit facility agreement for £3,500,000 with a margin of 3.1 per cent. above base per annum when drawn down and a margin of 1.24 per cent. per annum when not drawn down ("**RCF**"). The final repayment date for this facility was 17 March 2018, which was subsequently extended to 31 December 2019. The security required was a cross guarantee debenture between essensys Limited and TVOC Limited.

On 22 April 2016, essensys Limited entered into a loan facility agreement for £900,000 with a margin of 3.1 per cent. above base per annum, to fund the purchase of Hubcreate Limited ("**Acquisition Loan**"). The final repayment date for this loan was 17 March 2018, which was subsequently extended to 17 March 2019. The security required was a cross guarantee debenture between essensys Limited and TVOC Limited and an unlimited guarantee from essensys Limited, TVOC Limited and Hubcreate Limited. As part of the Acquisition Loan agreement, essensys Limited reduced the RCF to £2,600,000.

On 20 February 2017, essensys Limited entered into a European Investment Fund loan agreement for £1,500,000 with a margin of 3.85 per cent. above base per annum ("**EIF Loan**"). The final repayment date for this facility is 9 March 2020. The security required was a guarantee from Mark Furness for £750,000.

17. Lease liability

Nature of leasing activities

essensys Limited Group leases a number of assets in the jurisdictions from which it operates in with all lease payments fixed over the lease term.

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Number of active leases	<u>10</u>	<u>12</u>	<u>9</u>

essensys Limited Group sometimes negotiates break clauses in its leases. On a case-by-case basis, essensys Limited Group will consider whether the absence of a break clause would expose essensys Limited Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for essensys Limited Group.

At 31 July 2018 (2017 and 2016) the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because all lease calculations are based on the break clause being exercised at the earliest opportunity, as expected by essensys Limited Group.

Lease liability at year end

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Non-current			
Lease liability	<u>854</u>	<u>2,982</u>	<u>1,639</u>
	854	2,982	1,639
Current			
Lease liability	<u>958</u>	<u>2,210</u>	<u>2,633</u>
	958	2,210	2,633
Total lease liability	<u><u>1,812</u></u>	<u><u>5,192</u></u>	<u><u>4,272</u></u>

Analysis of gross value of lease liabilities

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Within 1 year	958	2,210	2,633
Later than 1 year and less than 5 years	854	2,982	1,639
After 5 years	–	–	–
	<u><u>1,812</u></u>	<u><u>5,192</u></u>	<u><u>4,272</u></u>

Analysis of lease liability

	<i>Right-of-use assets £'000</i>
At 1 August 2015	1,808
Additions	721
Interest expense	60
Lease payments	(886)
Foreign exchange movements	109
At 31 July 2016	<u>1,812</u>
At 1 August 2016	1,812
Additions	4,300
Interest expense	212
Lease payments	(1,202)
Foreign exchange movements	70
At 31 July 2017	<u>5,192</u>
At 1 August 2017	5,192
Additions	661
Interest expense	267
Lease payments	(1,847)
Foreign exchange movements	(1)
At 31 July 2018	<u>4,272</u>

18. Deferred tax liability

	<i>31 July 2016 £'000</i>	<i>31 July 2017 £'000</i>	<i>31 July 2018 £'000</i>
Opening balance	52	122	34
Credited to the income statement	(11)	(69)	(34)
Arising on business combinations	81	(19)	–
	<u>122</u>	<u>34</u>	<u>–</u>
Accelerated capital allowances	22	(43)	(79)
Other temporary differences	100	77	79
	<u>122</u>	<u>34</u>	<u>–</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19 per cent. from 1 April 2017 and to 17 per cent. from 1 April 2020, and this has been reflected in this historical financial information.

19. Share capital

	<i>31 July 2016 No.</i>	<i>31 July 2017 No.</i>	<i>31 July 2018 No.</i>
Allotted, called up and fully paid			
Opening number of £0.01 ordinary shares	27,888	27,888	27,888
Closing number of £0.01 ordinary shares	<u>27,888</u>	<u>27,888</u>	<u>27,888</u>
	<i>31 July 2016 £</i>	<i>31 July 2017 £</i>	<i>31 July 2018 £</i>
Allotted, called up and fully paid			
Opening share capital	279	279	279
Closing share capital	<u>279</u>	<u>279</u>	<u>279</u>

Voting rights

The holders of ordinary shares are entitled to one voting right per share.

Dividends

The holders of ordinary shares are entitled to dividends out of the profits of essensys Limited available for distribution.

essensys Limited operates an equity-settled share-based remuneration scheme for employees. United Kingdom employees are eligible to participate in the EMI scheme and vesting conditions are defined by the terms contained in the individual employee share option agreements. In addition, the options will lapse if the individual leaves within ten years from the date of grant, if all vesting conditions had not been met earlier.

Details for the share options granted, exercised, lapsed and outstanding at the end of each year are as follows:

	<i>Number of share options 2016</i>	<i>Weighted average exercise price</i>	<i>Number of share options 2017</i>	<i>Weighted average exercise price</i>	<i>Number of share options 2018</i>	<i>Weighted average exercise price</i>
Outstanding at beginning of year	2,536	£0.01	2,536	£0.01	2,536	£0.01
Granted during the year	–	–	–	–	1,341	£10.27
Forfeited/lapsed during the year	–	–	–	–	(1,099)	£0.01
Exercised during the year	–	–	–	–	–	–
Outstanding at end of the year	<u>2,536</u>	<u>£0.01</u>	<u>2,536</u>	<u>£0.01</u>	<u>2,778</u>	<u>£4.97</u>
Exercisable at end of the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The weighted average exercise price of options outstanding at 31 July 2018 was £4.97 (2017: £0.01, 2016: £0.01). The weighted average contractual life at 31 July 2018 was 8.7 years (2017: 7.5 years, 2016: 8.5 years).

All options valid at the end of each of the three years presented had the same exercise condition based on an exit criterion. No expense was recognised in the statement of comprehensive income for the options outstanding at 31 July 2016, 31 July 2017 and 31 July 2018 as in the opinion of the directors of essensys Limited it was not highly probable that the exit criteria of the share option scheme would be met in the foreseeable future.

20. Reserves

Share premium

Includes all current and prior period premiums on shares allotted.

Retained earnings

Includes all retained profits and unrealised gains or losses accumulated upon the fair values assigned to investments in cases net of deferred tax.

21. Investment in subsidiaries

essensys Limited substantially owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings.

The subsidiary undertakings of essensys Limited are presented below:

<i>Subsidiaries</i>	<i>Country of incorporation</i>	<i>Proportion of ordinary shares held by parent</i>	<i>Proportion of ordinary shares held by essensys Limited Group</i>
essensys Inc.	United States	100%	100%
Hubcreate Trading Limited	England and Wales	100%	100%
TVOC Limited	England and Wales	100%	100%
Spacebuddi Limited	England and Wales	95%	95%

The registered office address of all essensys Limited Group's subsidiaries incorporated in England and Wales is Aldgate Tower 7th Floor, 2 Leaman Street, London, E1 8FA.

The registered office of essensys Inc. is Nelson Tower, 450 7th Ave, New York, NY 10123.

22. Commitments and contingences

Capital and financial commitments

essensys Limited had capital commitments as at 31 July 2018 totalling USD\$204,500 (2017: USD\$204,500, 2016: Nil). At 31 July 2016 essensys Limited was committed to purchase foreign currency forward contracts to the value of £300,000.

Operating lease commitments

essensys Limited has applied IFRS 16 throughout the three years presented and does not have any rental agreements for short term or low value leases.

23. Business combinations

On 18 February 2016, essensys Limited acquired the entire share capital of Hubcreate Limited. The fair values of the assets and liabilities of Hubcreate Limited at the date of acquisition, and the fair value of the consideration paid by essensys Limited on acquisition, are set out below:

	<i>Book value balance sheet £'000</i>	<i>Adjustments £'000</i>	<i>Fair value balance sheet IFRS £'000</i>
Assets			
Intangible assets	–	615	615
Tangible assets	5	–	5
Trade and other receivables	154	–	154
Cash at bank and in hand	28	–	28
Total assets	<u>187</u>	<u>615</u>	<u>802</u>
Liabilities			
Trade and other payables	514	–	514
Deferred tax liability	(29)	110	81
Total liabilities	<u>485</u>	<u>110</u>	<u>595</u>
Total net assets	<u>(298)</u>	<u>505</u>	<u>207</u>
Goodwill	–	1,263	1,263
Total purchase consideration			<u>1,470</u>
Contingent consideration			(570)
Cash and cash equivalents of subsidiary acquired			(28)
Net cash outflow on acquisition			<u><u>872</u></u>

The principal reason for the acquisition was to acquire ownership of expected future maintainable profits from contracts with customers for the provision of the operate workspace management software.

The goodwill arising on acquisition related to expected synergies from combining operations of essensys Limited and Hubcreate Limited and intangible assets that did not qualify for separate recognition, such as the value of the assembled workforce at Hubcreate Limited.

The book value of acquired receivables was deemed to equate to fair value and no receivables were not expected to be uncollectable at the date of the acquisition.

No goodwill was expected to be deductible for tax purposes, therefore the deferred tax liability recognised on acquisition relates entirely to the intangible assets recognised on acquisition.

Acquisition costs of £67,972 have been expensed to the Income Statement and are included in administrative expenses.

The contribution to both group revenue and profit from the acquisition date to 31 July 2016 was £284,000 and £100,000 respectively. Disclosure of the revenue and profit of the combined entity for the year ended 31 July 2016 as if the acquisition occurred at 1 August 2015 is deemed impractical, given the different reporting periods of Hubcreate Limited prior to being acquired by essensys Limited. Following the acquisition, the Hubcreate business was hived up into essensys Limited's business, therefore disclosure of the contribution to both group revenue and profit for year ended 31 July 2017 is deemed impractical.

24. Financial instruments – classification and measurement

Financial assets

Financial assets measured at amortised cost comprise trade receivables, other receivables, accrued income and cash, as follows:

	31 July 2016 £'000	31 July 2017 £'000	31 July 2018 £'000
Trade receivables	992	1,542	1,768
Other receivables	3,123	4,005	4,217
Accrued Income	281	478	327
Cash at bank and on hand	1,413	1,293	882
	<u>5,809</u>	<u>7,318</u>	<u>7,194</u>

Included in Other receivables are Directors loan accounts, as at 31 July 2016, £2,268,930 was outstanding, at 31 July 2017, £2,888,526 and as at 31 July 2018, £3,227,547 was outstanding. On 29 May 2019 all outstanding Directors loan accounts will be repaid in full. A further breakdown is detailed in note 26.

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, other payables, contingent consideration, accruals, bank loans and lease liabilities, as follows:

	31 July 2016 £'000	31 July 2017 £'000	31 July 2018 £'000
Trade payables	1,784	1,271	1,689
Other payables	207	189	25
Contingent consideration	570	242	–
Accruals	605	374	556
Bank loans	2,822	4,613	4,644
Lease liabilities	1,812	5,192	4,272
	<u>7,800</u>	<u>11,881</u>	<u>11,186</u>

25. Financial instruments – risk management

Financial risk management

essensys Limited Group's activities expose it to a variety of financial risks: market risk (including cash flow and interest rate risk), investment risk, liquidity risk, foreign exchange risk and credit risk. Risk management is carried out by the directors of essensys Limited. essensys Limited Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

essensys Limited Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade debtors and trade payables which arise directly from essensys Limited Group's operations.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest bearing assets including cash and cash equivalents are considered to be short-term liquid assets. It is essensys Limited Group's policy to settle trade payables within the credit terms allowed and essensys Limited Group does therefore not incur interest on overdue balances. No sensitivity analysis has been prepared as a 1 per cent. rise or fall in the Bank of England base rate would not have a material effect on essensys Limited Group's interest charge.

The interest rate profile of essensys Limited Group's borrowings is shown below:

Interest rate profile of interest-bearing borrowings

	31 July 2016		31 July 2017		31 July 2018	
	£'000	%	£'000	%	£'000	%
	<i>Debt</i>	<i>Interest margin</i>	<i>Debt</i>	<i>Interest margin</i>	<i>Debt</i>	<i>Interest margin</i>
Floating rate borrowings						
Bank loan – RCF	1,978	3.10	2,592	3.10	2,600	3.10
Bank loan – Acquisition Loan	844	3.10	619	3.10	514	3.10
Bank loan – EIF Loan	–	–	1,402	3.85	1,530	3.85
	<u>2,822</u>		<u>4,613</u>		<u>4,644</u>	

All interest margins are above the Bank of England base rate or LIBOR.

Liquidity risk

essensys Limited Group seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether essensys Limited Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

A maturity analysis of essensys Limited Group's borrowings is shown below:

	31 July 2016	31 July 2017	31 July 2018
	£'000	£'000	£'000
Less than one year	2,147	3,702	787
One to two years	675	911	3,857
Two to five years	–	–	–
	<u>2,822</u>	<u>4,613</u>	<u>4,644</u>

A maturity analysis of essensys Limited Group's trade and other payables is shown below:

	31 July 2016	31 July 2017	31 July 2018
	£'000	£'000	£'000
Less than one year	3,780	2,651	2,768
One to two years	–	–	–
Two to five years	–	–	–
	<u>3,780</u>	<u>2,651</u>	<u>2,768</u>

Capital risk management

The capital structure of the business consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium and retained losses and is equal to the amount shown as 'Equity' in the balance sheet. Debt comprises various items which are set out in further detail above and in note 16.

essensys Limited Group's current objectives when maintaining capital are to:

- Safeguard essensys Limited Group's ability as a going concern so that it can continue to pursue its growth plans.
- Provide a reasonable expectation of future returns to shareholders.
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

essensys Limited Group sets the amount of capital it requires in proportion to risk. essensys Limited Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, essensys Limited Group may issue new shares or sell assets to reduce debt.

During the years ended 31 July 2016, 31 July 2017 and 31 July 2018 essensys Limited Group's business strategy remained unchanged.

Credit risk and impairment

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to essensys Limited Group. In order to minimise the risk, essensys Limited Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes.

essensys Limited Group does not consider that there is any concentration of risk within either trade or other receivables. essensys Limited Group seeks to obtain charging orders over the property of trade receivables, where appropriate. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign exchange rates. essensys Limited Group is also exposed to foreign exchange risk as a result of sales and purchase transactions denominated in US Dollars. essensys Limited Group maintains bank accounts in US Dollars in order to mitigate this risk and the net foreign currency risk is not considered material by essensys Limited Group. All financial assets and liabilities other than cash, trade receivables and trade payables are held in sterling. The breakdowns of assets and liabilities held in foreign currencies are set out below.

Cash

	<i>31 July</i> <i>2016</i> <i>£'000</i>	<i>31 July</i> <i>2017</i> <i>£'000</i>	<i>31 July</i> <i>2018</i> <i>£'000</i>
USD	173	46	156
	<u>173</u>	<u>46</u>	<u>156</u>

Trade Receivables

	<i>31 July</i> <i>2016</i> <i>£'000</i>	<i>31 July</i> <i>2017</i> <i>£'000</i>	<i>31 July</i> <i>2018</i> <i>£'000</i>
USD	37	401	609
	<u>37</u>	<u>401</u>	<u>609</u>

Trade Payables

	31 July 2016 £'000	31 July 2017 £'000	31 July 2018 £'000
USD	740	406	811
	<u>740</u>	<u>406</u>	<u>811</u>

26. Related party transactions

During the year ended 31 July 2016 there were no related party transactions other than those to key management personnel as stated below.

During the year ended 31 July 2017 essensys Limited made payments totalling £13,680 to Orbis Consultants Limited for consultancy services. Stephen Hay, a former director and shareholder of essensys Limited is a director and shareholder of Orbis Consultants Limited. The amount outstanding as at 31 July 2017 was £nil.

During the year ended 31 July 2018 essensys Limited made payments totalling £50,000 to Envy Envy Limited for consultancy services. Stephen Hay, a former director and shareholder of essensys Limited is a director and shareholder of Envy Envy Limited. The amount outstanding as at 31 July 2018 was £nil.

During the year ended 31 July 2016, £593,008 was advanced to directors, including £63,388 interest. £2,370 was repaid during the year. At the end of the year, director loans totalling £2,268,930 were outstanding.

During the year ended 31 July 2017, £619,596 including £78,552 interest was advanced to directors. At the end of the year £2,888,526 was outstanding.

During the year ended 31 July 2018, £396,145 was advanced to directors, including £93,597 interest. £57,124 was repaid during the year. At the end of the year, £3,227,547 was outstanding.

On 29 May 2019 all outstanding Directors loan accounts will be repaid in full.

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

27. Ultimate controlling party

essensys Limited is under the control of Mr M Furness, a Director, by virtue of his shareholding in the Company.

28. Transition to IFRS

essensys Limited Group's effective IFRS transition date for the purposes of this financial information was 1 August 2015. The effects of transition to IFRS on the balance sheets at 1 August 2015, 31 July 2016, 31 July 2017 and 31 July 2018 and the income statements at 31 July 2016, 31 July 2017 and 31 July 2018, are shown below.

The transition adjustments required on applying IFRS, as numbered in the tables below, were:

1. Reverse amortisation of goodwill arising from the acquisition of Hubcreate Limited. The impact of this adjustment is a decrease in administrative expenses and an increase in intangible assets of £99,707 in the year ended 31 July 2016, £213,849 in the year ended 31 July 2017, and £213,849 in the year ended 31 July 2018. The overall effect of this adjustment on retained earnings over the three years is an increase in retained earnings of £527,405.
2. Expense capitalised acquisition costs arising from the acquisition of Hubcreate Limited to the income statement. The impact of this adjustment is an increase in administrative expenses and decrease in

intangible assets of £67,972 in the year ended 31 July 2016. The overall effect of this adjustment on retained earnings over the three years is a decrease in retained earnings of £67,972.

3. Release of over accrual of contingent consideration when final contingent consideration payment was made during the year ended 31 July 2017. This adjustment has decreased administrative expenses and increased intangible assets by £48,357 in the year ended 31 July 2017. The overall effect of this adjustment on retained earnings over the three years is an increase in retained earnings of £48,357.
4. Adjustments to revenue recognised under IFRS 15, related to revenue recognised upfront for a payment related to the renegotiation of a contract during the year ended 31 July 2017. The impact of this adjustment has decreased revenue and increased deferred income by £1,103,111 in the year ended 31 July 2017 and increased revenue and decrease deferred income by £413,667 in the year ended 31 July 2018. The overall effect of this adjustment on retained earnings over the three years is a decrease in retained earnings of £689,444.
5. Adjustments to leases under IFRS 16, to recognise leases previously recognised as operating and finance leases as right-of-use assets. The impact of this adjustment has decreased cost of sales by £328,036, increased administrative expenses by £275,129 and increased finance costs by £48,909 in the year ended 31 July 2016, decreased cost of sales by £356,963, increased administrative expenses by £232,489 and increased finance costs by £93,055 in the year ended 31 July 2017, decreased cost of sales by £263,730, increased administrative expenses by £195,555 and increased finance costs by £83,789 in the year ended 31 July 2018. The overall effect of this adjustment on retained earnings over the three years is an increase in retained earnings of £19,803.

Additionally, there was a prior year adjustment to the FRS 102 accounts. In the year ended July 2016 essensys Limited incurred a tax charge of £252,260 related to advances to directors during that year. The amount payable will be recoverable when those directors' loans are repaid. Rather than showing the amount paid as recoverable within other receivables, the amount paid was expensed during the year thus incorrectly reducing the profit in the year ended 31 July 2016 and retained earnings thereafter. This has been corrected to recognise the amount recoverable within other receivables and retained earnings as at 31 July 2016 have increased accordingly.

Balance sheet at 1 August 2015

	<i>FRS 102 previously reported £'000</i>	<i>Transition adjustment 5 £'000</i>	<i>IFRS £'000</i>
ASSETS			
Non-current assets			
Intangible assets	1,076	–	1,076
Property, plant and equipment	1,522	(166)	1,356
Right-of-use asset	–	1,637	1,637
Total non-current assets	<u>2,598</u>	<u>1,471</u>	<u>4,069</u>
Current assets			
Trade and other receivables	4,396	–	4,396
Cash and cash equivalents	1,159	–	1,159
Total current assets	<u>5,555</u>	<u>–</u>	<u>5,555</u>
Total assets	<u>8,153</u>	<u>1,471</u>	<u>9,624</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	–	–	–
Share premium account	125	–	125
Accumulated losses	3,676	(19)	3,657
Total equity	<u>3,801</u>	<u>(19)</u>	<u>3,782</u>
Non-current liabilities			
Borrowings	365	(16)	349
Lease liability	–	1,020	1,020
Deferred tax liability	52	–	52
Total non-current liabilities	<u>417</u>	<u>1,004</u>	<u>1,421</u>
Current liabilities			
Trade and other payables	2,651	(145)	2,506
Borrowings	1,222	(157)	1,065
Lease liability	–	788	788
Current tax liabilities	62	–	62
Total current liabilities	<u>3,935</u>	<u>486</u>	<u>4,421</u>
Total equity and liabilities	<u>8,153</u>	<u>1,471</u>	<u>9,624</u>

Balance sheet at 31 July 2016

	<i>FRS 102 as previously stated</i>	<i>Prior year adjustment</i>	<i>Brought forward transition adjustment</i>	<i>Transition adjustment 1</i>	<i>Transition adjustment 2</i>	<i>Transition adjustment 5</i>	<i>IFRS</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ASSETS							
Non-current assets							
Intangible assets	3,463	–	–	100	(68)	–	3,495
Property, plant and equipment	2,358	–	(166)	–	–	(529)	1,663
Right-of-use asset	–	–	1,637	–	–	18	1,655
Total non-current assets	5,821	–	1,471	100	(68)	(511)	6,813
Current assets							
Trade and other receivables	4,876	252	–	–	–	(63)	5,065
Cash and cash equivalents	1,413	–	–	–	–	–	1,413
Total current assets	6,289	252	–	–	–	(63)	6,478
Total assets	12,110	252	1,471	100	(68)	(574)	13,291
EQUITY AND LIABILITIES							
Equity							
Share capital	–	–	–	–	–	–	–
Share premium account	125	–	–	–	–	–	125
Accumulated losses	3,306	252	(19)	100	(68)	4	3,575
Total equity	3,431	252	(19)	100	(68)	4	3,700
Non-current liabilities							
Borrowings	848	–	(16)	–	–	(157)	675
Lease liability	–	–	1,020	–	–	(166)	854
Deferred tax liability	122	–	–	–	–	–	122
Total non-current liabilities	970	–	1,004	–	–	(323)	1,651
Current liabilities							
Trade and other payables	3,947	–	(145)	–	–	(22)	3,780
Deferred income	438	–	–	–	–	–	438
Borrowings	2,707	–	(157)	–	–	(403)	2,147
Lease liability	–	–	788	–	–	170	958
Current tax liabilities	617	–	–	–	–	–	617
Total current liabilities	7,709	–	486	–	–	(255)	7,940
Total equity and liabilities	12,110	252	1,471	100	(68)	(574)	13,291

Income statement for the period ended 31 July 2016

	<i>FRS 102 as previously stated £'000</i>	<i>Prior year adjustment £'000</i>	<i>Transition adjustment 1 £'000</i>	<i>Transition adjustment 2 £'000</i>	<i>Transition adjustment 5 £'000</i>	<i>IFRS £'000</i>
Revenue	12,132	–	–	–	–	12,132
Cost of sales	<u>(3,629)</u>	–	–	–	328	<u>(3,301)</u>
Gross profit	8,503	–	–	–	328	8,831
Administrative expenses	(8,323)	–	100	(68)	(275)	(8,566)
Other operating income	<u>41</u>	–	–	–	–	<u>41</u>
Operating profit	221	–	100	(68)	53	306
Finance income	63	–	–	–	–	63
Finance costs	<u>(95)</u>	–	–	–	(49)	<u>(144)</u>
Profit before taxation	189	–	100	(68)	4	225
Taxation	<u>(377)</u>	252	–	–	–	<u>(125)</u>
(Loss)/profit for the year	(188)	252	100	(68)	4	100
Other comprehensive income						
Exchange differences arising on translation of foreign operations	<u>(182)</u>	–	–	–	–	<u>(182)</u>
Total comprehensive (loss)/profit for the year	<u><u>(370)</u></u>	<u><u>252</u></u>	<u><u>100</u></u>	<u><u>(68)</u></u>	<u><u>4</u></u>	<u><u>(82)</u></u>

Balance sheet at 31 July 2017

	FRS 102 as previously stated £'000	Brought forward transition adjustments £'000	Transition adjustment 1 £'000	Transition adjustment 3 £'000	Transition adjustment 4 £'000	Transition adjustment 5 £'000	IFRS £'000
ASSETS							
Non-current assets							
Intangible assets	3,468	32	214	48	–	–	3,762
Property, plant and equipment	3,468	(695)	–	–	–	(1,640)	1,133
Right-of-use asset	–	1,655	–	–	–	2,874	4,529
Total non-current assets	6,936	992	214	48	–	1,234	9,424
Current assets							
Trade and other receivables	6,737	(63)	–	–	–	(30)	6,644
Cash and cash equivalents	1,293	–	–	–	–	–	1,293
Total current assets	8,030	(63)	–	–	–	(30)	7,937
Total assets	14,966	929	214	48	–	1,204	17,361
EQUITY AND LIABILITIES							
Equity							
Share capital	–	–	–	–	–	–	–
Share premium account	125	–	–	–	–	–	125
Accumulated losses	3,306	17	214	48	(1,103)	32	2,514
Total equity	3,431	17	214	48	(1,103)	32	2,639
Non-current liabilities							
Borrowings	2,690	(677)	–	–	–	(1,102)	911
Lease liability	–	854	–	–	–	2,128	2,982
Deferred tax liability	34	–	–	–	–	–	34
Total non-current liabilities	2,724	177	–	–	–	1,026	3,927
Current liabilities							
Trade and other payables	3,250	(167)	–	–	–	(432)	2,651
Deferred income	905	–	–	–	1,103	–	2,008
Borrowings	4,432	(56)	–	–	–	(674)	3,702
Lease liability	–	958	–	–	–	1,252	2,210
Current tax liabilities	224	–	–	–	–	–	224
Total current liabilities	8,811	735	–	–	1,103	146	10,795
Total equity and liabilities	14,966	929	214	48	–	1,204	17,361

Income statement for the period ended 31 July 2017

	<i>FRS 102 as previously reported</i> £'000	<i>Transition adjustment 1</i> £'000	<i>Transition adjustment 3</i> £'000	<i>Transition adjustment 4</i> £'000	<i>Transition adjustment 5</i> £'000	<i>IFRS</i> £'000
Revenue	14,229	–	–	(1,103)	–	13,126
Cost of sales	(4,181)	–	–	–	357	(3,824)
Gross profit	10,048	–	–	(1,103)	357	9,302
Administrative expenses	(10,203)	214	48	–	(230)	(10,171)
Other operating income	–	–	–	–	–	–
Operating loss	(155)	214	48	(1,103)	127	(869)
Finance income	81	–	–	–	–	81
Finance costs	(267)	–	–	–	(93)	(360)
Loss before taxation	(341)	214	48	(1,103)	34	(1,148)
Taxation	33	–	–	–	–	33
Loss for the year	(308)	214	48	(1,103)	34	(1,115)
Other comprehensive income						
Exchange differences arising on translation of foreign operations	56	–	–	–	(2)	54
Total comprehensive loss for the year	(252)	214	48	(1,103)	32	(1,061)

Balance sheet at 31 July 2018

	<i>FRS 102 as previously reported</i> £'000	<i>Brought forward transition adjustments</i> £'000	<i>Transition adjustment 1</i> £'000	<i>Transition adjustment 4</i> £'000	<i>Transition adjustment 5</i> £'000	<i>IFRS</i> £'000
ASSETS						
Non-current assets						
Intangible assets	3,166	294	214	–	–	3,674
Property, plant and equipment	2,594	(2,335)	–	–	684	943
Right-of-use asset	–	4,529	–	–	(778)	3,751
Total non-current assets	5,760	2,488	214	–	(94)	8,368
Current assets						
Trade and other receivables	6,868	(93)	–	–	–	6,775
Cash and cash equivalents	882	–	–	–	–	882
Total current assets	7,750	(93)	–	–	–	7,657
Total assets	13,510	2,395	214	–	(94)	16,025
EQUITY AND LIABILITIES						
Equity						
Share capital	–	–	–	–	–	–
Share premium account	125	–	–	–	–	125
Accumulated losses	3,078	(792)	214	414	(16)	2,898
Total equity	3,203	(792)	214	414	(16)	3,023
Non-current liabilities						
Borrowings	4,843	(1,779)	–	–	793	3,857
Lease liability	–	2,982	–	–	(1,343)	1,639
Deferred tax liability	–	–	–	–	–	–
Total non-current liabilities	4,843	1,203	–	–	(550)	5,496
Current liabilities						
Trade and other payables	3,253	(599)	–	–	114	2,768
Deferred income	467	1,103	–	(414)	–	1,156
Borrowings	1,582	(730)	–	–	(65)	787
Lease liability	–	2,210	–	–	423	2,633
Current tax liabilities	162	–	–	–	–	162
Total current liabilities	5,464	1,984	–	(414)	472	7,506
Total equity and liabilities	13,510	2,395	214	–	(94)	16,025

Income statement for the period ended 31 July 2018

	<i>FRS 102 as previously reported £'000</i>	<i>Transition adjustment 1 £'000</i>	<i>Transition adjustment 4 £'000</i>	<i>Transition adjustment 5 £'000</i>	<i>IFRS £'000</i>
Revenue	16,030	–	414	–	16,444
Cost of sales	(6,678)	–	–	264	(6,414)
Gross profit	9,352	–	414	264	10,030
Administrative expenses	(9,346)	214	–	(196)	(9,328)
Other operating income	79	–	–	–	79
Operating profit	85	214	414	68	781
Finance income	94	–	–	–	94
Finance costs	(375)	–	–	(84)	(459)
(Loss)/profit before taxation	(196)	214	414	(16)	416
Taxation	(24)	–	–	–	(24)
(Loss)/profit for the year	(220)	214	414	(16)	392
Other comprehensive income					
Exchange differences arising on translation of foreign operations	(8)	–	–	–	(8)
Total comprehensive (loss)/profit for the year	(228)	214	414	(16)	384

29. Events after the reporting period

On 17 January 2019 the essensys Limited Group refinanced and increased its debt facilities in order to provide additional development and working capital and provide longer debt maturity.

On 15 February 2019 essensys Limited bought back 3,250 issued shares for total consideration of £2,315,000. Those shares were then cancelled.

On 16 May 2019 essensys Limited declared a dividend of £4,449,034.02, which was payable on Admission following which the Directors loan accounts referred to in notes 14, 24 and 26 were repaid in full.

On 16 May 2019 the essensys Limited Group implemented the corporate reorganisation set out in Part IV Additional Information of this document.

Section C: Accountant's interim review report



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
essensys plc
Aldgate Tower
2 Lemn Street
London
E1 8FA

23 May 2019

Nplus1 Singer Advisory LLP
One Bartholomew Lane
London
EC2N 2AX

Dear Sirs

essensys plc (the "Company") and its subsidiary undertakings (together, the "Group")

Unaudited interim financial information for the six months ended 31 January 2019 of essensys Limited and its subsidiaries (together, the "essensys Limited Group")

Introduction

We report on the unaudited interim financial information for the six months ended 31 January 2019 of the essensys Limited Group set out in Section D of Part III (the "Interim Financial Information"). The Interim Financial Information has been prepared for inclusion in the admission document dated 29 May 2019 of the Company (the "Admission Document") on the basis of the accounting policies set out in note 2 to the Interim Financial Information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Interim Financial Information is the responsibility of and has been approved by the directors of the Company (the "Directors"). The Directors are responsible for preparing the Interim Financial Information in accordance with the accounting policies set out in note 2 to the Interim Financial Information.

Our responsibility is to express a conclusion on the Interim Financial Information based on our review.

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

Basis of opinion

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable

us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information for the six months ended 31 January 2019 is not prepared, in all material respects, in accordance with the accounting policies set out in the historical financial information for the three years ended 31 July 2018 set out in section B of Part III of the Admission Document.

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 Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**Section D: Unaudited interim financial information on the essensys Limited Group
for the six months ended 31 January 2019**

UNAUDITED INTERIM FINANCIAL INFORMATION OF ESSENSYS LIMITED GROUP

Consolidated statement of comprehensive income for the six months ended 31 January 2019

	Note	Six months ended 31 January 2019 £'000	Six months ended 31 January 2018 £'000
Revenue	3	9,591	7,776
Cost of sales		(3,716)	(2,688)
Gross profit		5,875	5,088
Administrative expenses		(6,227)	(5,252)
Other operating income		20	71
Operating loss		(332)	(93)
<i>Operating profit/(loss) analysed by:</i>			
Operating profit/(loss) before share based payments and IPO costs		686	(93)
Share based payment expense		(712)	–
IPO costs		(306)	–
Finance income		51	45
Finance expense		(234)	(227)
Loss before taxation		(515)	(275)
Taxation	4	(5)	39
Loss for the period		(520)	(236)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(1)	(99)
Total comprehensive loss for the period		(521)	(335)
Loss per share attributable to the ordinary equity holders of essensys Limited			
Basic and diluted loss per share	5	(£18.65)	(£8.46)
Illustrative supplementary profit/(loss) per share attributable to the ordinary equity holders of essensys plc			
Basic and diluted loss per share	5	(1.33p)	(0.60p)

Consolidated statement of financial position as at 31 January 2019

	As at 31 January 2019 £'000	As at 31 July 2018 £'000
ASSETS		
Non-current assets		
Intangible assets	3,545	3,674
Property, plant and equipment	798	943
Right-of-use asset	3,220	3,751
Total non-current assets	<u>7,563</u>	<u>8,368</u>
Current assets		
Trade and other receivables	8,088	6,775
Cash and cash equivalents	4,566	882
Total current assets	<u>12,654</u>	<u>7,657</u>
Total assets	<u>20,217</u>	<u>16,025</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	6	–
Share premium	125	125
Share based payment reserve	712	–
Retained earnings	2,377	2,898
Total equity	<u>3,214</u>	<u>3,023</u>
Non-current liabilities		
Borrowings	7	9,530
Lease liability	642	1,639
Total non-current liabilities	<u>10,172</u>	<u>5,496</u>
Current liabilities		
Trade and other payables	2,187	2,768
Deferred income	1,255	1,156
Borrowings	7	222
Lease liability	3,000	2,633
Current tax liabilities	167	162
Total current liabilities	<u>6,831</u>	<u>7,506</u>
Total equity and liabilities	<u>20,217</u>	<u>16,025</u>

Consolidated statement of changes in equity for the six months ended 31 January 2019

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Share based payment reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total £'000</i>
Balance at 1 August 2017	–	125	–	2,514	2,639
Comprehensive Income					
Loss for the period	–	–	–	(236)	(236)
Currency translation difference	–	–	–	(99)	(99)
Balance at 31 January 2018	<u>–</u>	<u>125</u>	<u>–</u>	<u>2,179</u>	<u>2,304</u>
Balance at 1 August 2018	–	125	–	2,898	3,023
Comprehensive Income					
Loss for the period	–	–	–	(520)	(520)
Currency translation difference	–	–	–	(1)	(1)
Total comprehensive loss	<u>–</u>	<u>–</u>	<u>–</u>	<u>(521)</u>	<u>(521)</u>
Transactions with owners					
Share based payment expense	–	–	712	–	712
Balance at 31 January 2019	<u>–</u>	<u>125</u>	<u>712</u>	<u>2,377</u>	<u>3,214</u>

Consolidated cash flow statements for the six months ended 31 January 2019

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
Cash flows from operating activities		
Loss before taxation	(515)	(275)
Adjustments for non-cash/non-operating items:		
Amortisation of intangible assets	357	392
Depreciation of property, plant and equipment	163	249
Loss on sale of property, plant and equipment	18	106
Amortisation of right-of-use assets	794	723
Share based payment expense	712	–
Finance income	(51)	(45)
Finance expense	234	227
	<u>1,712</u>	<u>1,377</u>
Changes in working capital:		
Increase in trade and other receivables	(1,313)	(373)
Decrease in trade and other payables	(482)	(128)
	<u>(83)</u>	<u>876</u>
Cash (used in)/from operations	(83)	876
Taxation (paid)/received	–	40
	<u>(83)</u>	<u>916</u>
Net cash (used in)/from operating activities	(83)	916
Cash flows from investing activities		
Purchase of intangible assets	(228)	(351)
Purchase of property, plant and equipment	(30)	(211)
Interest received	51	45
	<u>(207)</u>	<u>(517)</u>
Net cash used in investing activities	(207)	(517)
Cash flows from financing activities		
Proceeds from bank loans	9,770	–
Repayment of bank loans	(4,662)	(381)
Bank and other interest paid	(101)	(86)
Repayment of lease liabilities	(938)	(816)
Interest on lease liabilities	(92)	(100)
	<u>3,977</u>	<u>(1,383)</u>
Net cash from/(used in) financing activities	3,977	(1,383)
Net increase/(decrease) in cash and cash equivalents	3,687	(984)
Cash and cash equivalents beginning of period	882	1,293
Effects of foreign exchange rate changes	(3)	64
	<u>4,566</u>	<u>373</u>
Cash and cash equivalents at end of period	<u><u>4,566</u></u>	<u><u>373</u></u>

Notes to the unaudited interim financial information

1. Basis of preparation

The unaudited interim financial information presents the financial results of essensys Limited and its wholly owned subsidiaries (together, "**essensys Limited Group**") for the six-month period to 31 January 2019. This financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

In preparing the unaudited interim financial information of essensys Limited Group, essensys Limited has applied IFRS for the first time from 1 August 2015. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process, however, no transitional exemptions are applicable to essensys Limited and therefore none have been taken.

The principal accounting policies adopted in the preparation of the unaudited interim financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

2. Significant accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies are consistent with those followed in the preparation of the historical financial information of essensys Limited Group for the years ended 31 July 2016, 31 July 2017 and 31 July 2018, included in Part III of this document.

3. Segmental reporting

essensys Limited Group generates revenue largely in the UK and the US. The majority of essensys Limited Group's customers provide flexible office facilities together with ancillary services (e.g. meeting rooms and virtual services) including technology connectivity.

essensys Limited Group provides mission critical software-as-a-service ("SaaS") and Cloud services to the flexible workspace industry. essensys Limited Group's software is designed specifically to serve the specific requirements of flexible workspace providers, removing operational complexity and enabling them to operate more efficient, tech-driven spaces and businesses.

The Connect software-enabled-services platform allows flexible workspace operators to provision, manage and monitor, in real-time, all of the critical infrastructure, IT and tech services that they provide to their customers. As part of providing this service, essensys Limited Group also provides the technology infrastructure that supports these services.

essensys Limited Group's Operate software platform is a comprehensive ERP platform for flexible workspace providers, allowing operators to more effectively and efficiently run their businesses day-to-day.

essensys Limited Group generates revenue from the following activities:

- Establishing services at customer sites (e.g. providing and managing installation services, equipment and providing training on software and services);
- Recurring monthly fees for using essensys Limited Group's platforms;
- Revenue from usage of on demand services such as internet and telephone usage and other, on demand, variable services; and
- Other ad-hoc services.

essensys Limited Group has one single business segment which is the provision of software and technology platforms that manage their critical infrastructure and business processes, primarily to the flexible workspace industry. essensys Limited Group has two revenue segments and two geographical segments, as detailed in the tables below.

essensys Limited Group has two main revenue streams, Operate and Connect. essensys Limited Group's revenue per revenue stream is as follows:

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
Operate – workspace management software	670	458
Connect – software enabled infrastructure platform	8,921	7,318
	<u>9,591</u>	<u>7,776</u>

Revenue from customers greater than 10 per cent. in each reporting period is as follows:

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
Customer 1	1,471	1,325
Customer 2	1,398	684
Customer 3	1,358	532

essensys Limited Group operates in two main geographic areas, the United Kingdom and the United States of America. essensys Limited Group's revenue per geographical segment is as follows:

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
United Kingdom	6,338	5,771
United States of America	3,253	2,005
	<u>9,591</u>	<u>7,776</u>

essensys Limited Group revenue disaggregated between revenue recognised 'at a point in time' and 'over time' is as follows:

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
Revenue recognised at a point in time	1,867	1,613
Revenue recognised over time	7,724	6,163
	<u>9,591</u>	<u>7,776</u>

Given the nature of essensys Limited Group's contracts, whereby revenue is recognised in the month that services are performed or consumed, contract balance reconciliations are not relevant. See accounting policies in the historical financial information of essensys Limited Group for further detail on the revenue recognition policy under IFRS 15, included in Part III of this document

4. Taxation

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
Analysis of charge in the period		
UK tax for the current financial period	–	–
Adjustments in respect of previous period	4	76
Foreign tax on income for the period	–	–
Total UK tax credit	<u>4</u>	<u>76</u>
Deferred tax		
Origination and reversal of timing differences	(20)	(48)
Effect of tax rate change on opening balance	–	–
Adjustments in respect of prior periods	11	11
Total deferred tax	<u>(9)</u>	<u>(37)</u>
Tax (charge)/credit per statement of comprehensive income	<u>(5)</u>	<u>39</u>

5. Loss per share

The loss per share has been calculated using the loss for the period and the weighted average number of ordinary shares outstanding during the period, as follows:

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
Loss for the period attributable to equity holders of essensys Limited Group	<u>(520)</u>	<u>(236)</u>
Weighted average number of ordinary shares	<u>27,888</u>	<u>27,888</u>
Loss per share	<u>(£18.65)</u>	<u>(£8.46)</u>

As essensys Limited Group is loss making in both periods presented, the share options over ordinary shares have an anti-dilutive effect and therefore no dilutive loss per share is disclosed.

Illustrative supplementary earnings per share is presented based on the number of shares outstanding in the new parent company, essensys plc, after giving effect to the bonus share issue and subsequent share split as part of the corporate reorganisation as described in part IV Additional Information of this document. The calculation of the illustrative loss per share is based on the loss for the period attributable to shareholders, as disclosed below, and on 39,154,752 shares.

	<i>Six months ended 31 January 2019 £'000</i>	<i>Six months ended 31 January 2018 £'000</i>
Loss for the period attributable to equity holders of essensys Limited Group	<u>(520)</u>	<u>(236)</u>
Weighted average number of ordinary shares	<u>39,154,752</u>	<u>39,154,752</u>
Loss per share	<u>(1.33p)</u>	<u>(0.60p)</u>

The above analysis represents a non-IFRS metric and has been included to assist in the understanding of the essensys Limited's business and should be used in conjunction with the relevant IFRS numbers.

6. Called up share capital

	<i>As at</i> <i>31 January</i> <i>2019</i> <i>No.</i>	<i>As at</i> <i>31 July</i> <i>2018</i> <i>No.</i>
Allotted, called up and fully paid		
£0.01 ordinary shares	27,888	27,888
	<u>279</u>	<u>279</u>
	<i>31 January</i> <i>2019</i> <i>£</i>	<i>31 January</i> <i>2018</i> <i>£</i>
Allotted, called up and fully paid		
£0.01 ordinary shares	279	279
	<u>279</u>	<u>279</u>

7. Borrowings

	<i>As at</i> <i>31 January</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>31 July</i> <i>2018</i> <i>£'000</i>
Non-current		
RCF	–	2,600
EIF Loan	–	1,257
Facility	9,530	–
	<u>9,530</u>	<u>3,857</u>
Current		
Acquisition Loan	–	514
EIF Loan	–	273
Facility	222	–
	<u>222</u>	<u>787</u>
Total borrowings	<u>9,752</u>	<u>4,644</u>

On 17 January 2019, essensys Limited refinanced and increased its debt facilities in order to provide additional development capital and provide longer maturity debt.

essensys Limited repaid all of its existing revolving credit facility ("**RCF**"), its loan to fund the purchase of Hubcreate Limited ("**Acquisition Loan**") and its European Investment Fund loan ("**EIF Loan**") and entered into, with Wells Fargo, a senior secured credit facility ("**Facility**") for £10,000,000 plus a £1,000,000 revolving credit facility, with interest of between 4 per cent. and 4.5 per cent. above LIBOR. The final repayment date for this facility is in January 2024. The security required was a perfected first priority security interest in substantially all of essensys Limited Group's assets.

8. Financial instruments

Financial assets

Financial assets measured at amortised cost comprise trade receivables, other receivables, accrued income and cash, as follows:

	<i>As at</i> <i>31 January</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>31 July</i> <i>2018</i> <i>£'000</i>
Trade receivables	2,317	1,768
Other receivables	4,293	4,217
Accrued income	416	327
Cash at bank and in hand	4,566	882
	<u>11,592</u>	<u>7,194</u>

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, contingent consideration, accruals, other payables, bank loans and lease liabilities, as follows:

	<i>As at</i> <i>31 January</i> <i>2019</i> <i>£'000</i>	<i>As at</i> <i>31 July</i> <i>2018</i> <i>£'000</i>
Trade payables	1,083	1,689
Other payables	17	25
Accruals	953	556
Bank loans	9,752	4,644
Lease liabilities	3,642	4,272
	<u>15,447</u>	<u>11,186</u>

9. Events after the reporting period

On 15 February 2019 essensys Limited bought back 3,250 issued shares for total consideration of £2,315,000. Those shares were then cancelled.

On 16 May 2019 essensys Limited declared a dividend of £4,449,034.02, which was payable on Admission following which the Directors loan accounts referred to in notes 14, 24 and 26 were repaid in full.

On 16 May 2019 the essensys Limited Group implemented the corporate reorganisation set out in Part IV Additional Information.

PART IV

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company was incorporated and registered as a private limited company in England and Wales under the Act on 22 January 2019 with the name Essensys Group Limited and with registered number 11780413. On 17 May 2019, the Company was re-registered as a public limited company and changed its name to essensys plc.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations, as well as the issue of the Placing Shares, are principally regulated by the Act and the regulations made thereunder.
- 1.3 The head and registered office of the Company is at Aldgate Tower, 7th Floor, 2 Leman Street, London E1 8FA. The telephone number of the Company is +44 (0) 20 3102 5252 and its website is www.essensys.tech.
- 1.4 Since its incorporation, the Company has not declared, issued or paid a dividend. During the period covered by the Historical Financial Information and the unaudited interim financial information to 31 January 2019, essensys Limited has not declared, issued or paid a dividend.

2. Corporate Reorganisation

- 2.1 In connection with Admission, the Group undertook the Corporate Reorganisation that resulted in the Company becoming the ultimate holding company of the Group. The Corporate Reorganisation steps comprised:
 - (a) the sub-division, four times, of each ordinary share in the Company, so that the nominal value of each Ordinary Share reflects the nominal value of each share in essensys Limited (post completion of Step 5 (as defined below)) ("**Step 1**");
 - (b) the declaration by essensys Limited of an interim dividend of £180.58 per share in essensys Limited payable on Admission to those shareholders on its register of members as at 28 March 2019 ("**Step 2**"). The dividend payment to Mark Furness (totalling £3,533,513.18) will be set off against his director's loan account on Admission, resulting in it being cleared in its entirety;
 - (c) the exercise of all issued and outstanding share options in essensys Limited ("**Step 3**");
 - (d) a bonus issue of a further 9,681,350 ordinary shares in essensys Limited to the existing shareholders of essensys Limited at a ratio of 350 shares for each share held following the conclusion of Step 1 ("**Step 4**");
 - (e) the sub-division, four times, of each ordinary share in essensys Limited (following, for the avoidance of doubt, the completion of Step 4) to create a larger number of shares in the Company in issue following Step 6 and Admission ("**Step 5**");
 - (f) the sale by the shareholders of essensys Limited of their shares in essensys Limited to the Company and in consideration for the issue of new Ordinary Shares in the Company ("**Step 6**"); and
 - (g) the re-registration of the Company as a public limited company and change of the Company's name to essensys plc ("**Step 7**").
- 2.2 The Corporate Reorganisation did not affect the Group's operations, which continue, post Admission, to be carried out through the Company's operating subsidiaries (essensys Limited and essensys, Inc.).

3. Share capital and loan capital

- 3.1 As at 22 January 2019, being the date of incorporation of the Company, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.01 each	1	£0.01

3.2 As at 23 April 2019, being the date on which Step 1 was completed, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	4	£0.01

3.3 As at 16 May 2019, being the date on which Step 2 was completed, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	4	£0.01

3.4 As at 16 May 2019, being the date on which Step 3 was completed, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	4	£0.01

3.5 As at 16 May 2019, being the date on which Step 4 was completed, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	4	£0.01

3.6 As at 16 May 2019, being the date on which Step 5 was completed, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	4	£0.01

3.7 As at 16 May 2019, being the date on which Step 6 was completed, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	38,836,044	£97,090.11

3.8 As at 17 May 2019, being the date on which Step 7 was completed, the issued share capital of the Company, all of which was fully paid up, was as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	38,836,044	£97,090.11

3.9 The issued share capital of the Company all of which is fully paid up, as at 22 May 2019 (being the latest practicable date prior to the publication of this document) is as follows:

<i>Class of share</i>	<i>Issued Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	38,836,044	£97,090.11

3.10 The issued share capital of the Company, all of which will be fully paid up on or before Admission, as it is expected to be immediately following Admission is as follows:

<i>Class of share</i>	<i>Issued</i>	
	<i>Number</i>	<i>Amount</i>
Ordinary Shares of £0.0025 each	48,107,567	£120,268.92

3.11 Details of the total number of options (all granted for nil consideration) under the Share Option Schemes outstanding as at Admission are as follows:

CSOP

<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
28 May 2019	565,721	151	10 years

LTIP

<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
28 May 2019	2,250,984	151	10 years

NED Share Option Plan

<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
28 May 2019	82,782	151	10 years

3.12 Application will be made for the Ordinary Shares to be admitted to trading on AIM. The Ordinary Shares are not listed or traded on, and no application has been or is being made, for the admission of the Ordinary Shares to listing or trading on any other stock exchange or securities market.

3.13 Pursuant to the Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and, accordingly, there is no limit on the maximum amount of shares that may be allotted by the Company.

3.14 Pursuant to an ordinary resolution of the Company dated 16 May 2019, the Directors are generally and unconditionally authorised pursuant to section 551 of the Act to allot shares and grant rights to subscribe for or to convert any security into shares (such shares and rights to subscribe for or to convert any security into shares being "**relevant securities**") up to an aggregate nominal amount of £63,268.45 such authority to be limited to the allotment of:

- (a) 9,271,523 Ordinary Shares pursuant to the Placing;
- (b) relevant securities other than pursuant to sub-paragraph (a) above, having an aggregate nominal value equal to £40,089.64,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period.

3.15 Pursuant to a special resolution of the Company dated 16 May 2019, the Directors are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by paragraph 3.14 above, and/or by way of a sale of treasury shares by virtue of section 573 of the Act, as if the provisions of section 561 of the Act did not apply to such allotment provided that this power is limited to:

- (a) the allotment of equity securities which fall within sub-paragraph (a) of paragraph 3.14 above; and
- (b) the allotment of equity securities in connection with an invitation or offer of equity securities to the Shareholders (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal, regulatory or practical problems arising under the laws of or the requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever); and
- (c) the allotment (other than pursuant to the power referred to in sub-paragraphs (a) and (b) (inclusive) above) of equity securities up to an aggregate nominal value equal to £12,026.89,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 18 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

3.16 The provisions of section 561 of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 3.15 above.

3.17 Save as set out in this paragraph 3:

- (a) no unissued share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (b) there are no shares in the capital of the Company 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;
- (c) there are no outstanding convertible securities issued by the Company; and
- (d) no share capital or loan capital of the Company or any of its subsidiaries (other than intra-group issues by wholly owned subsidiaries) is in issue and no such issue is proposed.

3.18 None of the Ordinary Shares have been sold or made available to the public in conjunction with the application for Admission.

3.19 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

3.20 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 12 June 2019. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00BJL1ZF49.

3.21 The Placing Price of 151 pence per Ordinary Share represents a premium of 150.75 pence per Ordinary Share over the nominal value of 0.25 pence per Ordinary Share and is payable in full on Admission under the terms of the Placing.

4. Subsidiary undertakings

4.1 The Company is the holding company of the Group.

4.2 The Company currently has the following significant subsidiaries:

<i>Name</i>	<i>Registration number</i>	<i>Status</i>	<i>Place of incorporation</i>	<i>Percentage of voting share capital held</i>
essensys (UK) Limited	0595557	Trading company	England and Wales	100
essensys, Inc.	5707683	Trading company	Delaware, United States	100
Hubcreate Limited	03901278	Non-trading	England and Wales	100
TVOC Limited	06808338	Dormant	England and Wales	100
Spacebuddi Limited	08665184	Dormant	England and Wales	95

4.3 None of Hubcreate, TVOC Limited or Spacebuddi Limited currently trades and it is the Group's intention that any residual activities cease and they are all dissolved after Admission.

5. Summary of the Articles of Association of the Company

The Articles, which were adopted by a special resolution of the Company passed on 16 May 2019, contain, *inter alia*, provisions to the following effect:

(a) **Objects**

Section 31 of the Act provides that the objects of a company are unrestricted unless any restrictions are set out in its articles.

The Articles do not contain any restrictions on the objects of the Company.

(b) **Rights attaching to Ordinary Shares**

(i) *Voting rights*

Subject to the provisions of the Act and the Articles and to any rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands, every member who (being an individual) is present in person has one vote. On a vote on a show of hands, a proxy appointed by one member has one vote and a proxy appointed by more than one member has one vote, if instructed to vote in the same way by all those members, and is entitled to one vote for and one vote against, if instructed to vote in different ways by those members. On a poll, every member present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each share of which he is the holder. A member of the Company shall not be entitled, in respect of any share held by him, to vote (either personally or by proxy) at any general meeting of the Company unless all amounts payable by him in respect of that share in the Company have been paid or credited as having been paid.

(ii) *Dividends*

Subject to the provisions of the Act and of the Articles and to any special rights attaching to any shares, the Company may, by ordinary resolution, declare that out of profits available for distribution dividends be paid to members of the Company according to their respective rights and interests in the profits of the Company. However, no such dividend shall exceed the amount recommended by the Board. Interim dividends may be paid provided that they appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except as otherwise provided by the Articles or by the rights attached to shares, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up (otherwise than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.

Unless otherwise provided by the rights attached to any share, no dividends payable by the Company shall bear interest as against the Company.

The Company in general meeting may, on the recommendation of the Board, by ordinary resolution direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid shares or debentures of any other company.

The Board may, with the prior authority of an ordinary resolution of the Company and provided the Company has sufficient unissued shares and undistributed profits or reserves to give effect to it, offer the holders of ordinary shares the right to elect to receive ordinary shares credited as fully paid in whole or in part instead of cash in respect of the whole or some part of any dividend specified in the resolution.

Any dividend unclaimed for a period of 12 years after having become due for payment shall (if the Board so resolves) be forfeited and shall revert to the Company.

(iii) *Return of capital*

On a winding-up of the Company, the surplus assets remaining after payment of all creditors shall be divided among the members in proportion to the capital which, at the commencement of the winding up, is paid up on their respective shares or the liquidator may, with the sanction of a special resolution of the Company (and any other sanction required by law), divide amongst the members in specie the whole or any part of the assets of the Company in such manner as shall be determined by the liquidator.

(c) **Transfer of shares**

Save in the case of shares which have become participating securities for the purposes of the CREST Regulations, title to which may be transferred by means of a relevant system such as CREST without a written instrument, all transfers of shares must be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The instrument of transfer 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 Board may, in its absolute discretion, refuse to register any transfer of certificated shares unless it is:

- (i) in respect of a share which is fully paid up;
- (ii) in respect of a share on which the Company has no lien;
- (iii) in respect of only one class of shares;
- (iv) in favour of a single transferee or not more than four joint transferees;
- (v) duly stamped (if so required); and
- (vi) delivered for registration to the registered office of the Company (or such other place as the Board may from time to time determine) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board may not exercise such discretion in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

The Board shall register a transfer of title to any uncertificated share, except the Board may refuse (subject to any relevant requirements of the London Stock Exchange) to register the transfer of an uncertificated share which is in favour of more than four persons jointly or in any other circumstances permitted by the CREST Regulations.

If the Board refuses to register a transfer of a share it must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee together with its reasons for refusal.

(d) **Disclosure of interests in shares**

The provisions of rule 5 of the Disclosure Guidance and Transparency Rules govern the circumstances in which a person may be required to disclose his interests in the share capital of the Company. Inter

alia, this requires a person who is interested in 3 per cent. or more of the voting rights in respect of the Company's issued ordinary share capital to notify his interest to the Company (and above that level, any change in such interest equal to 1 per cent. or more). In addition, the City Code contains further provisions pursuant to which a person may be required to disclose his interests in the share capital of the Company.

Pursuant to the Articles, if a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "**default shares**") to give the Company the information thereby required within the prescribed period from the date of the notice or, in purported compliance with such notice, has made a statement which is false or inadequate in a material particular, then the Board may, at least 14 days after service of the notice, serve on the holder of such default shares a notice ("**disenfranchisement notice**") pursuant to which the following sanctions shall apply:

- (i) the member shall not, with effect from the service of the disenfranchisement notice, be entitled in respect of the default shares to be present or to vote (either in person or by proxy) at any general meeting or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of their class:
 - (A) any dividend or other money payable in respect of the default shares shall be withheld by the Company which shall not have any obligation to pay interest on it and the member shall not be entitled to elect in the case of a scrip dividend to receive shares instead of that dividend; and
 - (B) subject, in the case of uncertificated shares to the CREST Regulations, no transfer, other than an approved transfer, of any shares held by the member shall be registered unless:
 - the member is not himself in default as regards supplying the information required; and
 - the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

The above sanctions shall also apply to any shares in the Company issued in respect of the default shares (whether on capitalisation, a rights issue or otherwise) unless a separate notice is issued in respect of such further shares.

(e) **Purchase of own shares**

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may with the sanction of a special resolution enter into any contract for the purchase of its own shares.

(f) **Variation of rights**

Subject to the provisions of the Act and of the Articles, if at any time the share capital of the Company is divided into shares of different classes, any of the rights attached to any share or class of share in the Company may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided 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 class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class duly convened and held as provided in the Articles (but not otherwise).

The quorum for such separate general meeting of the holders of the shares of the class shall be not less than two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question.

(g) **General meetings**

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. The Board may convene any other general meeting whenever it thinks fit. A general meeting shall also be convened by the Board on the requisition of members in accordance with the Act.

A general meeting of the Company (other than an adjourned meeting) shall be called by notice of:

- in the case of an annual general meeting, at least 21 clear days; and
- in any other case, at least 14 clear days.

The accidental omission to give notice of general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, or to give notice of a resolution intended to be moved at a general meeting to, or the non-receipt of any of them by, any person(s) entitled to receive the same shall not invalidate the proceeding at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given.

No business shall be transacted at any general meeting unless the requisite quorum is present but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member, shall be a quorum.

With the consent of any general meeting at which a quorum is present the chairman may, and shall if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as he shall determine. The chairman may, without consent of the meeting, interrupt or adjourn any general meeting if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of the meeting or to give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting or to ensure that the business of the meeting is otherwise properly disposed of.

Notice of adjournment or of the business to be transacted at the adjourned meeting is not required unless the meeting is adjourned for 14 days or more, in which case at least 7 clear days' notice is required. No business shall be dealt with at any adjourned meeting, the general nature of which was not stated in the notice of the original meeting.

(h) **Board authorisation of conflicts**

Subject to and in accordance with the Act and the provisions of the Articles, the Board may authorise any matter or situation in which a Director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. Any such authorisation shall be effective only if:

- (i) any requirement as to the quorum at any meeting of the Directors at which the matter is considered is met without counting either the conflicted Director or any other interested Director;
- (ii) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted Director and without counting the votes of any other interested Director; and
- (iii) the conflicted Director has disclosed in writing all material particulars of the matter, office, employment or position which relates to the matter or situation which is the subject of the conflict or possible conflict.

(i) **Directors' interests**

Provided permitted by any relevant legislation and provided that he has disclosed to the Board the nature and extent of his interest in accordance with the Articles, a Director, notwithstanding his office:

- (i) may be party to or otherwise interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;

- (ii) may hold any other office or position of profit under the Company (except that of auditor of the Company or of any subsidiary of the Company) and may act by himself or through his firm in a professional capacity for the Company;
- (iii) may be a member of or a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by or promoting the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (iv) shall not, by reason of his office, be liable to account to the Company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from any such office, employment, contract, arrangement, transaction or proposal or from any interest in any such body corporate and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any Director having any such interest or receiving any such dividend, profit, remuneration, payment or benefit.

(j) ***Directors' ability to vote and count for quorum***

A Director shall not vote on or be counted in the quorum in relation to, any resolution of the Board or any committee of the Board concerning any transaction or arrangement with the Company in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, save that a Director shall be entitled to vote and be counted in the quorum in respect of any resolution at such meeting if the resolution relates to one of the following matters:

- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving to a third party 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, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) where the Company or any of its subsidiary undertakings is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (iv) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing 1 per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (v) 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;
- (vi) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors;
- (vii) the funding of expenditure by one or more Directors in defending proceedings against him or them or doing anything to enable such Directors to avoid incurring such expenditure provided that such funding is consistent with, or no more beneficial to him or them than the provisions of the Articles and is permitted pursuant to the provisions of the relevant legislation; or
- (viii) the giving of an indemnity or indemnities in favour of one or more Directors which is/are consistent with, or no more beneficial to him or them than any such indemnities provided pursuant to the Articles (and provided such indemnities are permitted pursuant to the relevant legislation).

A Director may not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment as the holder of any office or position of profit with the Company or any company in which the Company is interested (including fixing or varying the terms of such appointment or its termination).

Where proposals are under consideration concerning the appointments (including fixing or varying the terms of the appointment) of two or more Directors to offices or position of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate

resolution considered in relation to each Director. In such case, each such Director (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that resolution concerning his own appointment.

(k) **Directors**

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 £300,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or, in default of such determination, equally (save where any Director has held office for less than the whole of the relevant period in respect of which the fees are paid). Any fees payable pursuant to this paragraph shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to the Articles and shall accrue from day to day.

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of his duties as Director. If, by arrangement with the Board, any Director performs any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as the Board may from time to time determine.

(i) **Pensions and benefits**

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or who has at any time been a Director or any director of a subsidiary company of the Company or allied to or associated with the Company or such subsidiary or predecessor in business of the Company or any such subsidiary (and for any member of his family including a spouse or former spouse or civil partner or former civil partner or any person who is or was dependent on him). For this purpose the Board may, *inter alia*, establish, maintain, subscribe and contribute to any scheme, institution, club, trust or fund and pay premiums.

(l) **Indemnification of Directors**

Subject to, and to the fullest extent permitted by, law, every Director and every director of any associated company, former director, alternate director secretary or other officer of the Company (other than an auditor) may (at the discretion of the Board) be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, omitted or alleged to have been done by him in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme, subject to the exclusions set out in the Articles.

(m) **Borrowing powers**

Subject to the provisions of the Act and to the provisions set out in the Articles, the Board may exercise all the powers of the Company to borrow money to guarantee, to indemnify and to mortgage or charge its undertaking, property assets (present or 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 any third party.

The aggregate principal amount at any one time outstanding in respect of monies borrowed or secured by the Company and its subsidiaries (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company, exceed the greater of £25 million and an amount equal to 3 times the aggregate of:

- (i) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company; and

- (ii) the amount outstanding to the credit of the capital and revenue reserves of the Company and its subsidiaries, whether or not distributable (including any share premium account, capital redemption reserve fund or revaluation reserve and credit or debit balance on any other reserve) after adding thereto or deducting therefrom any balance standing to the credit or debit of the income statement of the Company and its subsidiaries,

all as shown in the relevant balance sheet of the Company and its subsidiaries but after any adjustments, exclusions and deductions as set out in the Articles.

6. Directors and employees

6.1 The Directors and each of their respective functions are set out in Part I of this document.

6.2 The business address of the Directors is Aldgate Tower, 7th Floor, 2 Leaman Street, London E1 8FA.

6.3 Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Date of birth</i>	<i>Commencement date in office</i>
Jon Lee	10 December 1964	22 May 2019
Mark Furness	20 March 1974	Incorporation
Alan Pepper	31 May 1969	Incorporation
Charles Butler	24 June 1972	22 May 2019

6.4 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership of which each of the Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary undertakings are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Jon Lee	Balmoral Financial Limited CITC Systems Inc Herculaneum Management Limited Inside Track III LLP Inside Track Productions LLP iVendi Limited LBS Properties Limited Pagham Beach (Holdings) Limited Phaistos Management Limited Sales-i Limited Sales-i UK Limited Telrock Inc Telrock Systems Limited	CeMD Inc FFrees family financial Limited Genieconnect Limited PJZoo Limited SJK Consulting Limited Telrock IT Services Limited
Mark Furness	None	Fly Cars Limited

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Alan Pepper	Salamander Consultants Limited	&Offices Canary Wharf Limited &Offices Victoria Limited Aldermaston Court Management Limited APM Property Consultants Limited Avanta Business Centre Private Limited Avanta Devonshire Square Limited Avanta Ealing Limited Avanta Fetter Lane Limited Avanta London Limited Avanta Managed Offices Limited Avanta Management Services Limited Avanta Management Services India Private Limited Avanta Margaret Street Limited Avanta Media Village Limited Avanta Serviced Office Group plc Bath Road Heathrow Propco Limited Beadon Investments (Holdings) Limited Beadon Investments Limited College Road Harrow Propco Limited Consort Property Holdings Limited Dukesbridge House Offices Limited Harrow Serviced Offices Limited Hanover Street Edinburgh Propco Limited Heathrow Serviced Offices Limited Hemel Business Centre Limited KASP Limited KBC Beckenham Limited KBC Bournemouth Limited KBC Consort Limited KBC Chiswick Limited KBC Crawley Limited KBC Crawley Holdings Limited KBC Harrow Limited KBC Hayes Limited KBC Holdings Limited KBC Kingston Limited KBC Teddington Limited KBC TR Limited KBC Wallington Ltd Kingshott Building Services Limited Maidstone Business Centre Limited Mermaid Business Centre Limited Octopus Apollo VCT 2 plc Old India 123 Limited Old Manchester Propco Limited Old VO Company Limited Serviced Office Property Managers Limited Sevenoaks Serviced Offices Limited Uxbridge Serviced Offices Limited Willowbank Business Centre Limited

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Charles Butler	Belerion Capital Group Limited Highcroft Investments plc Mysale Group plc	Avocet Systems Limited Gana Media Limited Market Tech Holdings Limited Netplay TV Broadcasting Limited Netplay TV Limited Netplay TV Marketing Services Limited Netplay TV Services Limited WGS (Hamilton) LLP

6.5 Save as disclosed in paragraph 6.6 below, at the date of this document none of the Directors named in this document:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.6 **Directors' confirmations**

- (a) Alan Pepper:
 - was appointed as a director of Insight 1997 Limited during his employment at Hamilton Bradshaw Limited, a specialist situations and turnaround venture capital company. Insight 1997 Limited was put into administration on 1 October 2004 whilst Mr Pepper was a director;
 - was also appointed as a director of Benjys Limited, Benjys Delivered Limited, Benjys Retail Limited and Benjys Manufacturing Limited (together, the "**Benjys Companies**") during his employment at Hamilton Bradshaw Limited. He ceased to be a director of the Benjys Companies 10 January 2007 and the Benjys Companies were subsequently placed into administration on 5 February 2007;
 - was a director of each of Beadon Investments Limited and Beadon Investments (Holdings) Limited at the time they entered liquidation in January 2014;
 - was a director of Hanover Street Edinburgh PropCo Limited at the time it entered liquidation on 8 October 2014; and
 - was a director of Bath Road Heathrow PropCo Limited at the time it entered liquidation on 9 March 2015.
- (b) Jon Lee was a director of VLOC Holdings Limited at the time it entered administration on 30 November 2009.

6.7 Details of the number of the Group's employees for each of the three financial years ended 31 July 2018 are as follows:

<i>Financial year ended</i>	<i>Average number of employees</i>
31 July 2018	73
31 July 2017	78
31 July 2016	62

6.8 As at 31 July 2018, the employees of the Group were employed as follows:

Office and management	16
Technical	39
Sales and marketing	5
US office	13
Total	73

7. Directors' and other interests

7.1 The interests of the Directors, their immediate families and any persons connected with them (within the meaning of section 252 of the Act) (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Director</i>	<i>As at the date of this document</i>		<i>Immediately following Admission¹</i>	
	<i>Percentage of issued</i>		<i>Percentage of issued</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Ordinary Shares</i>
Jon Lee	Nil	Nil	33,113	0.07
Mark Furness	27,473,472	70.74	20,885,629	43.41
Alan Pepper	584,064	1.50	496,454	1.03
Charles Butler	Nil	Nil	33,113	0.07

¹ Note: These figures do not include any interests in the Ordinary Shares that the Directors may have under the Share Option Schemes referred to in paragraph 7.2.

7.2 Details of the total number of options granted to the Directors under the Share Option Schemes outstanding as at Admission are as follows:

LTIP

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price per Ordinary Share (p)</i>	<i>Number of Ordinary Shares under Option</i>	<i>Exercise period</i>
Mark Furness	28 May 2019	0.25	397,351	10 years
Alan Pepper	28 May 2019	0.25	182,119	10 years
Alan Pepper	28 May 2019	151	145,695	10 years

NED Share Option Plan

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price per Ordinary Share (p)</i>	<i>Number of Ordinary Shares under Option</i>	<i>Exercise period</i>
Jon Lee	28 May 2019	151	49,669	10 years
Charles Butler	28 May 2019	151	33,113	10 years

The Group expects to make a further grant of options under the NED Share Option Plan to the third Non-Executive Director on their appointment, which is expected to be within six months of Admission.

- 7.3 Save as disclosed above, none of the Directors nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.
- 7.4 In addition to the interests of the Directors set out in paragraphs 7.1 to 7.3 above, as at the date of this document, insofar as is known to the Company, the following persons are, or will at Admission be, interested in three per cent. or more of the issued share capital of the Company:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission¹</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of issued Existing Ordinary Shares</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of issued Existing Ordinary Shares</i>
Canaccord Genuity Group, Inc.	Nil	Nil	4,340,394	9.02
SFM UK Management LLP	Nil	Nil	2,756,623	5.73
Chelverton Asset Management Limited	Nil	Nil	1,837,748	3.82
Ian Bryn Sadler	2,190,240	5.64	1,752,192	3.64
Barry Clark	2,190,240	5.64	1,642,680	3.41

¹ Note: These figures do not include any interests in the Ordinary Shares that the persons listed may have under the Share Option Schemes.

- 7.5 Save as disclosed above, there are no persons, as far as the Company is aware, who are or will be immediately following Admission interested in three per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 7.6 The interests of the Concert Party (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Admission are/will be as follows:

<i>Member of Concert Party</i>	<i>As at the date of this document</i>			<i>Immediately following Admission</i>		
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of issued Existing Ordinary Shares</i>	<i>Number of Existing Ordinary Shares Subject to Options</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of issued Existing Ordinary Shares</i>	<i>Number of Existing Ordinary Shares Subject to Options</i>
Mark Furness	27,473,472	70.74	Nil	20,885,629	43.41	397,351
Ian Bryn Sadler	2,190,240	5.64	Nil	1,752,192	3.61	119,205
Barry Clark	2,190,240	5.64	Nil	1,642,680	3.41	119,205
Michael John Guest	1,095,120	2.82	Nil	821,340	1.71	185,430
Michael Grant	912,600	2.35	Nil	821,340	1.71	13,245
Liam Kavanagh	912,600	2.35	Nil	684,450	1.42	3,311

- 7.7 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 7.8 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.

- 7.9 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 7.10 As at Admission, there are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of any of the Directors.
- 7.11 There have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since 22 January 2019, being the date of the Company's incorporation.
- 7.12 There are no actual or potential conflicts of interest between any Director's duties to the Company and any private interests and/or other duties he may have.
- 7.13 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.

8. Directors' remuneration and service agreements

- 8.1 Mark Furness is employed as Chief Executive Officer pursuant to the terms of a service agreement with the Company dated 22 May 2019. The agreement is terminable by either party on not less than 12 months' written notice. Mr Furness is paid a basic annual salary of £240,000 and is entitled to receive a bonus up to 60 per cent. of basic salary in the event that the Group achieves certain performance objectives. His basic salary and bonus are subject to annual review by the Remuneration Committee. In addition, he is entitled to membership of the Group's health and death in service schemes and receives a contribution of 10 per cent. of his basic salary to a personal pension plan of his choice. Mr Furness also receives payments in respect of his home to work travel. Mr Furness is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment. The agreement is governed by English law.
- 8.2 Alan Pepper is employed as Chief Financial Officer pursuant to the terms of a service agreement with the Company dated 22 May 2019. The agreement is terminable by either party on not less than 12 months' written notice. Mr Pepper is paid a basic annual salary of £220,000 and is entitled to receive a bonus equal to up to 60 per cent. of basic salary in the event that the Group achieves certain performance objectives. Mr Pepper is also eligible for a further bonus of £100,000 on Admission. His basic salary and bonus are subject to annual review by the Remuneration Committee. In addition, he is entitled to membership of the Group's health and death in service schemes and receives a contribution of 10 per cent. of his basic salary to a personal pension plan of his choice. Mr Pepper is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment. The agreement is governed by English law.
- 8.3 Pursuant to the terms of a letter of engagement with the Company dated 22 May 2019, Jon Lee has agreed to serve as a Non-Executive Chairman for an annual fee of £80,000 plus an allowance of £5,000 per annum whilst he chairs the Remuneration Committee. This appointment is for a fixed term of one year but will terminate automatically if Mr Lee is removed from office by a resolution of the Shareholders or is not re-elected to office. Jon Lee will also receive options over Ordinary Shares worth £75,000 under the NED Share Option Plan.
- 8.4 Pursuant to the terms of a letter of engagement with the Company dated 22 May 2019, Charles Butler has agreed to serve as a Non-Executive Director for an annual fee of £50,000 plus an allowance of £5,000 per annum whilst he chairs the Audit Committee. This appointment is for a fixed term of one year but will terminate automatically if Mr Butler is removed from office by a resolution of the Shareholders or is not re-elected to office. Charles Butler will also receive options over Ordinary Shares worth £50,000 under the NED Share Option Plan.
- 8.5 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.

- 8.6 In the financial year ended 31 July 2018 (being the last completed financial year of the Group) the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was £324,283.
- 8.7 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable including pension contributions and benefits in kind granted to the Directors for the year ending 31 July 2019 (being the current financial year of the Group) will be £600,000.

9. The Share Option Schemes

Paragraphs 9.1, 9.2 and 9.3 below summarise the terms of the rules of the Share Option Schemes. Paragraph 9.4 refers to details of the proposed initial awards under the CSOP, LTIP and the NED Share Option Plan.

9.1 CSOP

The following is a summary of the rules of the CSOP:

(a) *General*

The CSOP provides for the grant, to selected employees and full-time directors of the Group, of rights to acquire Ordinary Shares in the Company in the form of: (i) tax-favoured Company share option plan options ("**CSOP Options**") and; (ii) non-tax favoured options with a market value exercise price. Options are non-transferable and are not pensionable. The operation of the CSOP will be overseen by the Remuneration Committee.

(b) *Eligibility*

All employees and full-time directors of the Group are eligible to participate at the discretion of the Remuneration Committee, in accordance with the legislation governing CSOPs.

(c) *Grant of options*

Options may be granted by the Remuneration Committee normally during a period of 42 days starting on the announcement to the London Stock Exchange of the Company's interim or final results. In circumstances deemed exceptional by the Remuneration Committee, options may be granted outside the normal period. Options may not be granted more than ten years after the date of adoption of the CSOP. No consideration is payable for the grant of an option. Options granted under the CSOP are personal to a participant and, except on his death, may not be transferred, assigned or charged.

When granting CSOP Options the Remuneration Committee may specify objective performance targets to be satisfied before those options can be exercised. No performance conditions will apply to the first grant of CSOP Options.

(d) *Exercise price*

The price at which participants in the CSOP may acquire Ordinary Shares shall not be less than the greater of the nominal value of an Ordinary Share and its market value on the date of grant. The market value is set in accordance with the basis agreed with HMRC Shares and Assets Valuation and will normally be taken as the price for an Ordinary Share at close of business on the Business Day ending immediately prior to the date of the grant. It is intended the initial grants will be at the Placing Price.

(e) *Individual limits*

No CSOP Option may be granted to a participant which would result in the aggregate exercise price of Ordinary Shares comprised in options (which remain unexercised, and have not lapsed or been cancelled or surrendered) granted to the participant under the CSOP and any other equivalent Schedule 4 company share option plan of the Company or any associated company exceeding £30,000.

In addition, the aggregate market value of Ordinary Shares (as at the date of grant) over which Options may be granted under the CSOP to a participant in any year, and/or under any other option with a market value exercise price granted by the Group (including any EMI Option and/or

Market Value Option (see the LTIP below in paragraph 9.2)), shall not normally exceed 200 per cent. of his basic salary. An option may be granted in excess of this limit, but only if the Remuneration Committee considers that exceptional circumstances exist to justify the grant.

(f) *Exercise, lapse and exchange of options*

Options may normally be exercised in whole or in part during the period between the third and tenth anniversaries of their grant provided any performance conditions specified at the date of grant have been achieved. Options may be satisfied by the issue of Ordinary Shares or the transfer of existing Ordinary Shares. No CSOP Option may be exercised in breach of the AIM Rules for Companies.

Options will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons such as redundancy, retirement, ill health, in the event of death or at the discretion of the Remuneration Committee. The proportion of Ordinary Shares over which a CSOP Option may be exercised will, in the case of an Option which is subject to a performance condition, be determined on a pro-rata basis having regard to the time elapsed between the date of grant and the date of cessation of employment and, the extent to which the performance condition has been, or is deemed by the Remuneration Committee, to be achieved at the relevant time.

In the event of an amalgamation, takeover or winding up of the Company, options may be exercised within certain time limits. There are also provisions for the exchange of Options in specified circumstances. CSOP Options will immediately lapse on the tenth anniversary of the date of grant and in the event of the participant's bankruptcy. The proportion of Ordinary Shares over which a CSOP Option may be exercised will on such event, in the case of an Option which is subject to a performance condition, be determined on a pro-rata basis having regard to the extent to which the performance condition has been, or is deemed by the Remuneration Committee, to be achieved at the relevant time.

(g) *Limits on the issue of shares*

The maximum number of Ordinary Shares in respect of which options may be granted under the Share Option Schemes and any other share incentive arrangement operated by the Company shall not exceed 10 per cent. of the Company's issued share capital in any ten year period.

CSOP Options or other rights to acquire Ordinary Shares which lapse or have been released, and CSOP Options which are satisfied with Ordinary Shares purchased on the market by the trustees of any employee trust the Group might establish, do not count towards this limit.

(h) *Adjustments*

The number of shares comprised in a CSOP Option and/or exercise price may be adjusted if any capitalisation issue, offer by way of rights or any sub-division, reduction or consolidation of the Company's share capital occurs, provided the legislative requirements are met.

(i) *Rights attaching to shares*

All Ordinary Shares allotted under the CSOP will rank *pari passu* with all other Ordinary Shares for the time being in issue, save as regards any rights arising by reference to a record date prior to the date of allotment. Application will be made for permission for any such Ordinary Shares to be admitted to trading on AIM.

(j) *Amendments*

The Remuneration Committee may amend the rules of the CSOP. However, no alteration shall alter adversely the rights attaching to any CSOP Options granted prior to such alteration except with the consent in writing of the participant holding such CSOP Option.

(k) *Income tax and national insurance*

The participant indemnifies the Company for any income tax liability and primary class I (employee) national insurance liability which arises on the grant to him or exercise by him of an option. The Remuneration Committee shall determine whether any employers' national insurance

contributions arising in connection with the exercise of CSOP Options shall be transferred to the participant.

(l) *Overseas sub-plans*

The Company may at any time establish sub-plans to the CSOP and/or establish further plans based on the CSOP but modified to take account of local securities laws, exchange controls or tax laws, provided that any Ordinary Shares made available under such sub-plans are treated as counting against the overall limits on individual participation and the overall dilution limits applicable under the Share Option Schemes.

The Company will establish a sub-plan to the CSOP to grant options over Ordinary Shares to selected employees who are US taxpayers. This sub-plan will be used to grant options intended to qualify as incentive stock options and/or non-qualified stock options to participants in the USA.

9.2 **LTIP**

(a) *General*

The LTIP provides for the grant, to selected employees and full-time directors of the Group, of rights to acquire Ordinary Shares in the Company in the form of: (i) options with a nominal value exercise price ("**Performance Shares**"); (ii) tax favoured enterprise management incentive options with a market value exercise price ("**EMI Options**") and (iii) non-tax favoured options with a market value exercise price ("**Market Value Options**"), (together the "**Awards**"). Awards are non-transferable and are not pensionable. The operation of the LTIP will be overseen by the Remuneration Committee.

(b) *Eligibility*

Selected full-time directors and key employees of the Group are eligible to participate at the discretion of the Remuneration Committee in the grant of Awards under the LTIP. EMI Options may only be granted to employees who qualify for the grant of such options in accordance with the legislation governing EMI Options from time to time.

Performance Shares may be granted to eligible participants under the EMI legislation, with an exercise price equal to the nominal value of an Ordinary Share. However, it is intended the initial grants of Performance Shares will not be granted under the EMI legislation.

(c) *Grant of Awards*

Awards may be granted by the Remuneration Committee normally during a period of 42 days starting on the announcement to the London Stock Exchange of the Company's interim or final results. In circumstances deemed exceptional by the Remuneration Committee, Awards may be granted outside the normal period. Awards may not be granted more than ten years after the date of adoption of the LTIP. No consideration is payable for the grant of an Award. Awards granted under the LTIP are personal to a participant and, except on his death, may not be transferred, assigned or charged.

(d) *Exercise price*

The price at which participants may acquire Ordinary Shares on exercise of an EMI Option shall not be less than the greater of the nominal value of an Ordinary Share and its market value on the date of grant. The market value is set in accordance with the basis agreed with HMRC Shares and Assets Valuation and will normally be taken as the price for an Ordinary Share at close of business on the Business Day ending immediately prior to the date of the grant. Any Market Value Options will be granted with an exercise price that will be determined on the same basis as an EMI Option.

It is intended the initial grants of Performance Shares will be at the nominal value per Ordinary Share (0.25 pence); and the initial grants of EMI Options will be at the Placing Price.

(e) *Performance Conditions*

When granting Performance Share awards the Remuneration Committee must specify objective performance conditions to be satisfied before those Awards can be exercised over a fixed period

of three years (or such other period (of not less than three years) as the Remuneration Committee shall determine (the "**Performance Period**")). The Remuneration Committee may, in appropriate circumstances, vary or waive a performance condition, but may only vary a performance condition if the Remuneration Committee considers it to be necessary to ensure a fairer measure of performance than the original performance condition (as judged at the time of variation), and the amended condition is not materially easier to satisfy than the original performance condition was when first set.

It is intended the initial grants of Performance Shares will be subject to a performance condition requiring achievement of absolute total shareholder return ("TSR") (growth in share price plus dividends). In order for an Award to vest in full, compound annual TSR of 18 (eighteen) per cent. must be achieved over a period of three years (starting on the date of award). In respect of the TSR condition, 25 per cent. of the Award will vest on achievement of 8 per cent. compound annual TSR, with the remainder of the Award vesting on a straight line basis between 8 per cent. and 18 per cent. Vesting against this TSR condition will be measured once upon the third anniversary of the date of award. There will not be any retesting of the performance condition.

(f) *Individual limits*

In respect of Performance Shares, the aggregate market value of Ordinary Shares (as at the date of grant) which may be granted to a participant in any year, shall not normally exceed 100 per cent. of his basic salary. Performance Shares may be granted in excess of this limit, but only if the Remuneration Committee considers that exceptional circumstances exist to justify the grant.

The grant of EMI Options is subject to limits (both individual and Company) as specified in the legislation governing EMI Options from time to time. In addition, the aggregate market value of Ordinary Shares (as at the date of grant) over which any EMI Option and/or Market Value Option may be granted to a participant in any year, and/or under any other option with a market value exercise price granted by the Group (including any CSOP Option (see the CSOP above in paragraph 9.1)), shall not normally exceed 200 per cent. of his basic salary. An option may be granted in excess of this limit, but only if the Remuneration Committee considers that exceptional circumstances exist to justify the grant.

(g) *Exercise, lapse and exchange of Awards*

Performance Shares may normally be exercised, whether in whole or in part, during the period of one year after the performance conditions specified at the date of grant have been achieved. EMI Options and/or Market Value Options may normally be exercised, whether in whole or in part, during the period between the third and tenth anniversaries of their grant, provided any performance conditions specified at the date of grant have been achieved. Awards may be satisfied by the issue of Ordinary Shares or the transfer of existing Ordinary Shares. No Award may be exercised in breach of the AIM Rules for Companies.

Awards will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons such as redundancy, retirement, ill health, in the event of death or at the discretion of the Remuneration Committee. The proportion of Ordinary Shares over which an Award may be exercised will, in the case of an Award which is subject to a performance condition (which will apply to any Performance Shares), be determined on a pro-rata basis having regard to the time elapsed between the date of grant and the date of cessation of employment; and, the extent to which the performance condition has been, or is deemed by the Remuneration Committee, to be achieved at the relevant time (which will apply to any Performance Shares granted).

In the event of an amalgamation, takeover or winding up of the Company, Awards may be exercised within certain time limits. There are also provisions for the exchange of Awards in specified circumstances. Awards immediately lapse on the tenth anniversary of the date of grant (or, earlier in the case of Performance Shares, as set out in this paragraph 9.2(g)) and in the event of the participant's bankruptcy. The proportion of Ordinary Shares over which an Award may be exercised will on such event, in the case of an Award which is subject to a performance condition (which will apply to any Performance Shares), be determined on a pro-rata basis having regard

to the extent to which the performance condition has been, or is deemed by the Remuneration Committee, to be achieved at the relevant time.

(h) *Limits on the issue of shares*

The maximum number of Ordinary Shares in respect of which Awards may be granted under the Share Option Schemes and any other share incentive arrangement operated by the Company shall not exceed 10 per cent. of the Company's issued share capital in any ten year period.

Awards or other rights to acquire Ordinary Shares which lapse or have been released, and Awards which are satisfied with Ordinary Shares purchased on the market by the trustees of any employee trust the Group might establish, do not count towards this limit.

(i) *Adjustments*

The number of shares comprised in an Award and/or exercise price may be adjusted if any capitalisation issue, offer by way of rights or any sub-division, reduction or consolidation of the Company's share capital occurs, provided the legislative requirements are met.

(j) *Rights attaching to shares*

All Ordinary Shares allotted under the LTIP will rank *pari passu* with all other Ordinary Shares for the time being in issue, save as regards any rights arising by reference to a record date prior to the date of allotment. Application will be made for permission for any such Ordinary Shares to be admitted to trading on AIM.

(k) *Amendments*

The Remuneration Committee may amend the rules of the LTIP. However, no alteration shall alter adversely the rights attaching to any Award granted prior to such alteration except with the consent in writing of the participant holding such Award.

(l) *Income tax and national insurance*

The participant indemnifies the Company for any income tax liability and primary class I (employee) national insurance liability which arises on the grant to him or exercise by him of an option. The Remuneration Committee shall determine whether any employers' national insurance contributions arising in connection with the exercise of any Award shall be transferred to the participant.

(m) *Overseas sub-plans*

The Company may at any time establish sub-plans to the LTIP and/or establish further plans based on the LTIP but modified to take account of local securities laws, exchange controls or tax laws, provided that any Ordinary Shares made available under such sub-plans are treated as counting against the overall limits on individual participation and the overall dilution limits applicable under the Share Option Schemes.

9.3 **NED Share Option Plan**

The provisions of the NED Share Option Plan conform substantially to those of non-qualifying options (with a market value exercise price) as summarised in paragraph 9.2 above, including the overall dilution limits. Options can be granted over Ordinary Shares with a value of up to £300,000. No Award may be exercised in breach of the AIM Rules for Companies.

The above summaries do not form part of the rules of any of the Share Option Schemes and should not be taken as affecting the interpretation of their detailed terms and conditions.

9.4 **Proposed Initial Awards**

It is intended that on Admission, Directors and certain employees will be granted awards. The proposed initial awards to be granted to Directors under the LTIP and the NED Share Option Plan are detailed in paragraph 7.2 of Part IV of this Document.

10. Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment (other than in an individual savings account or exempt pension arrangement) and who are the absolute beneficial owner of both the Ordinary Shares and any dividends paid on them.

The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investments schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, able to claim any inheritance tax relief or any non-UK resident Shareholder holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

The statements summarise the current position and are intended as a general guide only. Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.

10.1 *Stamp Duty and Stamp Duty Reserve Tax*

The following comments are intended as a guide to the general UK stamp duty and stamp duty reserve tax position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No stamp duty or stamp duty reserve tax should be payable on the issue of the New Ordinary Shares or acquisition or the transfer of the Sale Shares.

AIM qualifies as a recognised growth market for the purposes of the UK stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to UK stamp duty or stamp duty reserve tax should arise on their subsequent transfer.

If the Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to stamp duty (ordinarily payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given subject to a de minimis limit) save in respect of shares held in a clearance service or in a depository receipt arrangement in respect of which other provisions may apply.

Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation.

10.2 *Dividends*

The United Kingdom taxation implications relevant to the receipt of dividends on the Ordinary Shares are as follows:

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

(a) *UK resident individual Shareholders*

Under current UK tax rules, specific rates of tax apply to dividend income. UK resident individuals are entitled to a nil rate of income tax on the first £2,000 of dividend income in the tax year 2019/2020 (the nil rate band). Any dividend income received by a UK resident individual Shareholder in respect of the Ordinary Shares in excess of the nil rate band will be subject to income tax at a rate of 7.5 per cent. to the extent that it is within the basic rate band, 32.5 per cent. to the extent that it is within the higher rate band and 38.1 per cent. to the extent that it is within the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

(b) *UK resident corporate Shareholders*

Dividends paid on the Ordinary Shares to UK resident corporate shareholders may fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (17 per cent. from 1 April 2020).

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

(c) *Other Shareholders*

The annual tax free dividend allowance of £2,000 available to individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 7.5 per cent. of total trust income if below £1,000, or otherwise at 38.1 per cent., which mirrors the dividend additional rate.

No tax credit will attach to any dividend paid by the Company. A Shareholder resident outside the United Kingdom may also be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the United Kingdom for tax purposes should consult its, his or her own tax adviser concerning its, his or her tax position on dividends received from the Company.

10.3 **Disposal of Ordinary Shares acquired under the Placing**

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

For such individual Shareholders, any chargeable gain on their disposal of Ordinary Shares will be subject to capital gains tax at 10 per cent. to the extent it is within the basic rate band and 20 per cent. to the extent it is within the higher or additional rate bands. No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains to the extent this has not been used against other gains, and any other tax reliefs available such as existing capital losses.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

For such corporate Shareholders, any chargeable gain will be subject to corporation tax. No indexation allowance will be available to reduce any chargeable gain arising on disposal of the Ordinary Shares.

Corporation tax is charged on chargeable gains at the rate applicable to that company at the date of disposal. Such tax would be applied at one of the relevant corporation tax rates already stated above, depending on the timing of the disposal.

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Ordinary Shares unless they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires shares whilst resident for tax purposes in the United Kingdom but subsequently ceases to be so resident or is subsequently treated as resident outside the United Kingdom for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of his or her Ordinary Shares during that period may be liable to capital gains tax on his or her return to the United Kingdom, subject to any available exemptions or reliefs.

10.4 **Tax reliefs**

Entrepreneurs' Relief may be available to reduce the capital gain liable to tax on a disposal of Ordinary Shares by a Shareholder who is an officer or employee of the Company and who meets certain other conditions, including holding at least 5 per cent. of the ordinary share capital and voting power of the Company. A holding in the Ordinary Shares of the Company may qualify for other reliefs. However, individuals should seek confirmation as to whether any relief is available in their own particular circumstances at the relevant time.

11. **Material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group: (i) within the period of two years immediately preceding the date of this document and which are, or may be, material; or (ii) which contain any provision under which any member of the Group has an obligation or entitlement to the Group as at the date of this document:

11.1 **The Placing and Admission**

(a) *Placing Agreement*

A placing agreement dated 23 May 2019 and made between (1) the Company (2) the Directors (3) the Senior Management (4) the Selling Shareholders and (5) N+1 Singer (the "**Placing Agreement**") pursuant to which N+1 Singer has agreed, subject to certain conditions, to act as agent for the Company and the Selling Shareholders and to use its reasonable endeavours to procure placees to subscribe for or purchase (as the case may be) the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8.00 a.m. on 29 May 2019 (or such later date as the Company and N+1 Singer may agree, being not later than 8.00 a.m. on 14 June 2019 and not having been terminated in accordance with its terms, prior to Admission). The Placing Agreement contains customary warranties from the Company and the Directors in favour of N+1 Singer in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. It also contains customary warranties from the Selling Shareholders in favour of N+1 Singer in relation to, amongst other things, title to the Sale Shares. In addition, the Company has agreed to indemnify N+1 Singer in respect of certain liabilities it may incur in respect of the Placing and each Selling Shareholder has agreed to indemnify N+1 Singer in respect of certain liabilities that may occur in respect of, *inter alia*, such Selling Shareholder's title to their Sale Shares. N+1 Singer has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties or a force majeure event.

(b) *Lock-in and Orderly Market Agreements*

Lock-in and orderly market agreements dated 23 May 2019 and each made between (1) the Company (2) each Director (3) each Locked-In Shareholder (together with the Directors, the "**Covenantors**") and (4) N+1 Singer pursuant to which each of the Covenantors have undertaken to the Company and N+1 Singer (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended

takeover offer for the entire issued share capital of the Company or settlement of certain tax liabilities arising as a consequence of the exercise of historic options as part of the Corporate Reorganisation), not to dispose of the Ordinary Shares held by each of them following Admission or any other securities in exchange for or convertible into, or substantially similar to, Ordinary Shares (or any interest in them or in respect of them) at any time prior to the first anniversary of Admission without the prior written consent of N+1 Singer. Furthermore, each of the Covenantors has also undertaken to the Company and N+1 Singer not to dispose of their Ordinary Shares for a period of 12 months following the expiry of the Lock-in Period otherwise than through N+1 Singer, and any such disposal shall be conducted in such manner so as to ensure an orderly market in the Company's shares shall be maintained.

(c) *Nominated Adviser and Broker Agreement*

A nominated adviser and broker agreement dated 3 September 2018 and made between (1) essensys Limited and (2) N+1 Singer pursuant to which the Company has appointed N+1 Singer to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies. The agreement contains certain undertakings, warranties and indemnities given by essensys Limited and its directors to N+1 Singer. The agreement is for a fixed term of 12 months from Admission and thereafter is terminable upon not less than three months' prior written notice by either the Company or N+1 Singer.

(d) *Relationship Agreement*

A relationship agreement dated 23 May 2019 and made between (1) the Company (2) Mark Furness and (3) N+1 Singer to regulate the relationship between the Company and Mark Furness after Admission (the "**Relationship Agreement**"). The Relationship Agreement, which provides for the autonomous operation of the Company by the Board independently of Mark Furness, will take effect on Admission and will be binding on Mark Furness until he, together with those acting in concert with him ceases, directly or indirectly, to exercise control over at least 25 per cent. of the voting rights in respect of the entire issued share capital of the Company. Pursuant to the Relationship Agreement, Mark Furness also undertakes, amongst other things, that he will (and, in relation to his associates, will procure that each of his associates will): (i) conduct all transactions, agreements, relationships and arrangements with the Group on an arm's length basis and on normal commercial terms; (ii) ensure that no contract of arrangement between him and any member of the Group is entered into or varied without the prior approval of a majority of independent Directors; and (iii) exercise his voting rights to procure in so far as he is able that the Company is able at all times to carry on its business independently of Mark Furness.

11.2 **Other**

(a) *Share Exchange Agreement*

A share exchange agreement dated 16 May 2019 and made between (1) the Company and (2) the shareholders of essensys Limited pursuant to which, in connection with the Corporate Reorganisation, the Company acquired the entire issued share capital of the essensys Limited in consideration for the issue of 38,836,040 Existing Ordinary Shares.

(b) *Facilities Agreement*

Essensys Limited and Essensys, Inc. are party to a facilities agreement dated 17 January 2019 with Wells Fargo Bank, National Association, London Branch ("**Wells Fargo**") (the "**Facilities Agreement**"). A £10 million term loan facility (the "**Term Loan**") and a £1 million revolving credit facility (the "**RCF**") were made available to Essensys Limited in accordance with the terms of the Facilities Agreement.

The amortising term loan facility and the revolving credit facility are both due to be repaid in full by 17 January 2024, being the fifth anniversary of the date of the Facilities Agreement. Interest is payable under the Facilities Agreement at the rate of LIBOR plus 4.25 per cent. per annum, reducing to a rate of LIBOR plus 4.00 per cent. per annum if leverage (on a Funded Indebtedness (as defined in the Facilities Agreement): EBITDA basis) is less than 3.0:1.

Essensys Limited and Essensys, Inc. have both provided security and guarantees to Wells Fargo. Essensys Limited entered into a debenture on 17 January 2019 which created fixed and floating charges over all of the assets of Essensys Limited. Essensys, Inc. also granted security in favour

of Wells Fargo, in the form of a security agreement dated 17 January 2019 which is governed by the laws of the State of New York and creates security over all of the assets of the US Subsidiary. The guarantee granted by both companies is contained in the Facilities Agreement.

There are customary mandatory prepayment trigger events in the Facilities Agreement, including a change of control of Essensys Limited, a sale of all or substantially all of the assets of the group or a flotation of any member of the Group (each an "**Exit Event**"). Wells Fargo has an absolute discretion to decide whether the occurrence of an Exit Event will result in the cancellation of the facilities made available under the Facilities Agreement. Notwithstanding the foregoing, the Group, prior to Admission, will have obtained the necessary waivers and consents from Wells Fargo to permit the Company to become a party to the Facilities Agreement and to the proposed flotation of the Company on AIM. Further, Wells Fargo has also provided a waiver and consent to the interim dividend which is Step 2 of the Corporate Reorganisation, more details of which are set out in paragraph 2.1(b) of this Part IV.

Essensys Limited is obliged to pay Wells Fargo a prepayment fee equal to two per cent. of the amount prepaid if the prepayment is made in the first year after the date of the Facilities Agreement and equal to 1 per cent. of the amount prepaid if the prepayment is made in the second year after the date of the Facilities Agreement. The prepayment fee is halved if the prepayment is made as a result of a prepayment triggered by an Exit Event. Essensys Limited is also obliged to pay Wells Fargo a quarterly agency fee of £5,000.

The Facilities Agreement includes financial covenants, namely a minimum liquidity covenant of £2.0 million, a minimum EBITDA covenant (which starts with a requirement for at least £1.952 million EBITDA and increases over the life of the facilities to a top level of £6.0 million EBITDA), and a recurring revenue covenant (which starts with a requirement, for at least £13.0 million of recurring revenue and increases over the life of the facilities to a top level of £22.0 million recurring revenue). The financial covenants are tested on a rolling 12-month basis and assessed quarterly on 31 January, 30 April, 31 July and 31 October in each year.

The Facilities Agreement also includes information covenants (including a requirement to provide monthly, quarterly and annual accounts) and other customary covenants, including a negative pledge and restrictions on incurring additional indebtedness and on making material acquisitions and disposals.

The Facilities Agreement includes customary conditions precedent and conditions subsequent.

The Group intends to repay in full the loan facilities drawn under the Facilities Agreement from funds raised in the Placing. In so doing, it intends to leave the Term Loan fully repaid and the RCF fully undrawn. It is the Group's intention to enter into a new facilities agreement with Wells Fargo post Admission. Notwithstanding any new facilities agreement entered into, the Group has no immediate need for debt funding and intends to leave any funds available to it under such new facilities undrawn.

(c) *Share Buyback Agreement*

A share buyback agreement dated 15 February 2019 and made between (1) essensys Limited and (2) John Pluthero (the "**Share Buyback Agreement**") regulating the purchase by essensys Limited of John Pluthero's 3,250 ordinary shares in the share capital of essensys Limited (the "**Buyback**") for a total consideration of £2,315,000 (the "**Buyback Amount**"). The Share Buyback Agreement contains standard warranties (each on an indemnity basis) from John Pluthero in favour of essensys Limited. The Buyback was approved by shareholders in essensys Limited (not including John Pluthero) on 28 January 2019 and was completed on 15 February 2019. The shares repurchased by essensys Limited were cancelled on 15 February 2019.

12. Working capital

In the opinion of the Directors, having made due and careful enquiry, taking into account the facilities available to the Group and the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

13. 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 financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

14. Significant change

14.1 There has been no significant change in the financial or trading position of the essensys Limited Group since 31 January 2019, being the end of the period to which the last unaudited interim financial information for the essensys Limited Group, set out in Part III of this document relates.

14.2 Save for the entering into the Company Material Contracts, there has been no significant change in the financial or trading position of the Company since 22 January 2019, being the date of the Company's incorporation.

15. Consents

15.1 Nplus1 Singer Advisory LLP is authorised and regulated in the United Kingdom by the FCA. N+1 Singer has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

15.2 BDO LLP has given and not withdrawn its written consent to the inclusion of its reports in Part III of this document in the form and context in which they appear.

16. General

16.1 The proceeds of the Placing due to the Company are expected to be approximately £12.0 million net of expenses of the Placing which are payable by the Company and which are estimated at £2.0 million, including VAT.

16.2 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

- (a) fees totalling £10,000 or more;
- (b) securities where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.

16.3 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16.4 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

16.5 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.

16.6 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

16.7 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.

16.8 Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

16.9 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires an interest in shares which, when taken together with shares in which he, or persons acting in concert with him (as defined in the City Code) are already interested, carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires interests in additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

16.10 The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Act. Under section 979 of the Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not accepted the offer on the terms of the offer. 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 their shares on the same terms as the takeover offer.

16.11 Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Act) for any Ordinary Shares.

16.12 The current accounting reference period of the Company will end on 31 July 2019.

16.13 The financial information contained in Part III of this document does not constitute statutory accounts within the meaning of section 434 of the Act. The auditor for each of the periods ended 31 July 2018, 31 July 2017 and 31 July 2016 was BDO LLP, Chartered Accountants and registered auditor, of 55 Baker Street, London, W1U 7EU. A copy of the audited statutory accounts of Essensys Limited for each of the periods ended 31 July 2018, 31 July 2017 and 31 July 2016 has been delivered to the Registrar of Companies in England and Wales. The auditor's reports for each of the periods ending 31 July 2018, 31 July 2017 and 31 July 2016 under section 495 of the Act on those accounts were unqualified and did not contain any statement under section 498 of the Act. The interim financial information for the Group for the period ending 31 January 2019 is unaudited.

17. Selling Shareholders

The names and business addresses of each of the Selling Shareholders, and the number of Sale Shares to be sold by them in the Placing, are set out below:

<i>Name</i>	<i>Address</i>	<i>Number of Sale Shares to be sold</i>
Mark Furness	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	6,587,843
Barry John Clark	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	547,560
Stephen Hay	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	447,950
Ian Bryn Sadler	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	438,048
Michael John Guest	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	273,780
Liam Joachim Kavanagh	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	228,150

<i>Name</i>	<i>Address</i>	<i>Number of Sale Shares to be sold</i>
David Kinnaird	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	151,632
Michael Grant	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	91,260
Alan Pepper	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	87,610
Claire Luik	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	76,105
Shenel Unal	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	44,928
Ben Gatewood	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	26,676
Aleksandra Telebak	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	26,676
Darren Powell	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	26,676
Ryan Rusoff	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	23,578
Vincent Carminati	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	18,863
Cameron Dempsey	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	17,764
Oliver Wycherley	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	13,338
James Yorston	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	13,338
Cosmin Elefterescu	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	13,338
Ben Perkins	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	11,654
Chelsea Djemal	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	10,671
Brian Kavanagh	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	10,671
Iftkhar Ahmed Khan	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	8,073
Iain Miln	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	7,326
Emmanuel Afful	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	7,020
George Alexander Blake	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	5,265
Tariq Khan	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	5,265
Edward Su	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	4,573
Kurt Patrick	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	3,663
Barbara Masana	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	3,663
Nicole Lachowicz	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	3,663
Colin Jones	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	3,510
Scott Cameron Johnston	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	3,230
Raluca Alina Todea	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	3,230
Lisa Martin	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	2,808
Amanda Fanoun	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	2,808
Anthony Johnson	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	2,106
Gabriel Garcia Fernandez	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Richard Brooks	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Gergana Georgieva	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Nojan Hassanzadeh	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Jessica Laperle	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Wenwen Li	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Alice Musharafie	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Thomas Welby	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,755
Katie-Jayne Hickman-Flynn	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	1,404
Aisha Ali	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	702
Gurdeep Heer	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	702
Jatinder Singh Bhullar	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	357
Tuan Nguyen	c/o Aldgate Tower, 2 Leman Street, London E1 8FA	6

18. Availability of this document

A copy of this document is available at the Company's website www.essensys.tech.

Dated 23 May 2019

PART V

TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (EACH A "MEMBER STATE") WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) ("QUALIFIED INVESTORS") BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "PROSPECTUS DIRECTIVE"); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE INFORMATION CONTAINED IN THIS PART V IS RESTRICTED. SUBJECT TO CERTAIN LIMITED EXCEPTIONS, IT IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION IN OR INTO THE UNITED STATES. IT IS ALSO NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION IN OR INTO CANADA, AUSTRALIA, THE REPUBLIC OF SOUTH AFRICA, NEW ZEALAND, JAPAN OR ANY OTHER JURISDICTION IN WHICH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL.

EACH INVESTOR (AS DEFINED BELOW) SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS IN RELATION TO ANY ACQUISITION OF OR INVESTMENT IN PLACING SHARES.

1. Introduction

These terms and conditions ("**Terms and Conditions**") apply to persons making an offer to acquire Placing Shares under the Placing.

Each person to whom these Terms and Conditions apply, as described above, who confirms its agreement (whether orally, in writing or otherwise) to N+1 Singer and the Company to subscribe for and/or purchase Placing Shares (which may include N+1 Singer or its nominee(s)) (each an "**Investor**") (and the term "**acquire**" and similar terms in these Terms and Conditions shall mean any such subscription and/or purchase (as applicable)) hereby agrees with N+1 Singer and the Company to be bound by these Terms and Conditions as being the terms and conditions upon which the Placing Shares will be issued and sold under the Placing. An Investor shall, without limitation, become so irrevocably bound if N+1 Singer confirms to the Investor (i) the Placing Price and (ii) its allocation of Placing Shares.

The Company and/or N+1 Singer may require any Investor to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) considers necessary and/or may require any such Investor to execute a separate investor letter (an "**Investor Letter**").

2. Agreement to acquire Placing Shares

- 2.1 Conditional upon: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on 29 May 2019 (or such other date and/or time as N+1 Singer may notify to the Company but, in any event, no later than 8.00 a.m. on 14 June 2019); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) N+1 Singer confirming to the Investors their allocation of Placing Shares, each Investor agrees to

become a member of the Company and irrevocably agrees to acquire at the Placing Price those Placing Shares allocated to it by N+1 Singer.

- 2.2 None of N+1 Singer, the Company or any other person shall have any responsibility or liability to any Investor (or to any other person whether acting on behalf of an Investor or otherwise) in respect of any decision made as to whether or not to waive or to extend the time or the date for the satisfaction of any condition to the Placing nor for any decision made as to the satisfaction of any condition or in respect of the Placing generally. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Investor may have.
- 2.3 Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by N+1 Singer. N+1 Singer and its affiliates may participate in the Placing as principal.
- 2.4 Each Investor will have an immediate, separate, irrevocable and binding obligation, owed to N+1 Singer, to pay in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out below, an amount equal to the product of the Placing Price and the number of Placing Shares allocated to such Investor. N+1 Singer will procure the transfer of the Placing Shares to each Investor following each Investor's payment to N+1 Singer of such amount.
- 2.5 Irrespective of the time at which an Investor's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at all times and on the basis explained below under "CREST".
- 2.6 N+1 Singer, which is authorised and regulated by the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the Placing of the Placing Shares and will not regard any other person (whether or not a recipient of these Terms and Conditions) as a client in relation to the Placing and to the fullest extent permitted by law and applicable Financial Conduct Authority rules, neither N+1 Singer nor any of its affiliates will have any liability to Investors or to any person other than the Company in respect of the Placing.
- 2.7 N+1 Singer's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers will be owed solely to the London Stock Exchange and not to the Company, to any of its directors or any other person in respect of a decision to subscribe for or otherwise acquire Ordinary Shares in reliance on the Admission Document. N+1 Singer, has not authorised or approved the contents of, or any part of, this document and no representation or warranty, express or implied, is made by N+1 Singer or its affiliates as to any of its contents.

3. Payment for Placing Shares

Each Investor undertakes to pay the Placing Price for the Placing Shares acquired by such Investor in the manner and by the time directed by N+1 Singer. The Placing Price is 151 pence per Placing Share and the Placing comprises the sale by the Selling Shareholders of, in total, 9,271,523 Sale Shares and the issue by the Company of, in total, 9,271,523 New Ordinary Shares.

Each Investor is deemed to agree that, if it fails to pay the Placing Price for the Placing Shares acquired by such Investor, N+1 Singer may sell any or all of the Placing Shares allocated to that Investor and which have not been paid for on such Investor's behalf and retain from the proceeds, for N+1 Singer's account and benefit (as agent for the Company and/or the Selling Shareholders (as the case may be)), an amount equal to the aggregate amount owed by the Investor plus any interest due. Any excess proceeds will be paid to the relevant Investor at its risk. The relevant Investor will, however, remain liable and shall indemnify N+1 Singer, the Company and the Selling Shareholders on demand for any shortfall below the aggregate amount owed by it and may be required to bear any capital duty, stamp duty or SDRT or securities transfer tax or other duties or taxes (together with any interest, fines or penalties) which may arise upon the sale of such Placing Shares on such Investor's behalf. By agreeing to acquire Placing Shares, each Investor confers on N+1 Singer all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which N+1 Singer lawfully takes in pursuance of such sale.

4. Representations and warranties

By agreeing to acquire Placing Shares under the Placing, each Investor which enters into a commitment to acquire Placing Shares will (for itself and any person(s) procured by it to acquire Placing Shares and any nominee(s) for any such person(s)) be deemed to agree, represent, warrant and undertake to each of the Company, the Selling Shareholders, the Company's registrars, Equiniti Limited (the "**Registrars**") and N+1 Singer that:

- 4.1 it has read this Admission Document in its entirety and it is relying solely on this document (and any supplementary admission document published by the Company subsequent to the date of this document) and not on any other information given, or representation or statement made at any time (including, without limitation, the roadshow presentation prepared by the Company, research by any party containing information about the Company, the pathfinder admission document or any P-Proof admission document, as applicable), by any person concerning the Group, the Placing, the Placing Shares or Admission. It acknowledges that its participation in the Placing shall be made solely on the terms and conditions set out in these Terms and Conditions and the Articles. It agrees that these Terms and Conditions and the contract note or trade confirmation issued by N+1 Singer to such Investor represent the whole and only agreement between the Investor, N+1 Singer, the Selling Shareholders and the Company in relation to the Investor's participation in the Placing and supersedes any previous agreement between any such parties in relation to such participation. It agrees that none of the Company, the Selling Shareholders, N+1 Singer or the Registrars, nor any of their respective directors, officers, partners, agents, consultants, advisers, affiliates, representatives or employees (each an "**affiliate**"), will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph 4.1 shall not exclude any liability for fraudulent misrepresentation;
- 4.2 it has relied on its own investigation of the business, financial or other position of the Company and the Group in participating in the Placing;
- 4.3 it has sufficiently immediately available funds available to pay the Placing Price in respect of the Placing Shares for which it has given a commitment under the Placing and acknowledges, agrees and undertakes that it will pay such amount in accordance with these Terms and Conditions on the due time and dates notified by N+1 Singer, failing which the relevant Placing Shares may be placed with other Investors or sold at such price(s) as N+1 Singer determines in accordance with the provisions above in paragraph 3;
- 4.4 the contents of this document (and any supplementary admission document published by the Company subsequent to the date of this document) are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Company, the Selling Shareholders or N+1 Singer by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of N+1 Singer, the Company, the Selling Shareholders nor any person acting on their behalf nor any of their respective affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this document (or any supplementary admission document published by the Company subsequent to the date of this document) or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Placing Shares or the Placing and nothing in this document (and any supplementary admission document published by the Company subsequent to the date of this document) will be relied upon as a promise or representation in this respect, whether or not to the past or future. N+1 Singer, the Company and the Selling Shareholders accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this document (or any supplementary admission document published by the Company subsequent to the date of this document) or any such statement. This paragraph 4.4 shall not exclude any liability for fraudulent misrepresentation;
- 4.5 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Placing Shares under the Placing, it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its offer commitment in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Selling Shareholders, N+1 Singer, the Registrars or any of their respective affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

- 4.6 it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
- 4.7 it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring Placing Shares solely on the basis of this document (and any supplementary admission document published by the Company subsequent to the date of this document) and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Placing Shares;
- 4.8 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document (and any supplementary admission document published by the Company subsequent to the date of this document) and, if given or made, any information or representation must not be relied upon as having been authorised by N+1 Singer, the Company or the Selling Shareholders;
- 4.9 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (*depository receipts and clearance services*) of the Finance Act 1986 and no instrument under which it acquires Placing Shares (whether as principal, agent or nominee) would be subject to stamp duty or stamp duty reserve tax ("**SDRT**") at the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of Placing Shares, are not participating in the Placing as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Placing Shares would give rise to such a liability;
- 4.10 it, or the person specified by it for registration as a holder of the Placing Shares, will be liable for any stamp duty or SDRT liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (*depository receipts and clearance services*), registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Placing Shares and acknowledge and agree that none of N+1 Singer, the Selling Shareholders nor the Company nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;
- 4.11 it accepts that none of the Placing Shares have been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Placing Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.12 if it is receiving the details of the Placing in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.13 it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 4.14 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to acquire Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and acquired by and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.15 it acknowledges that neither N+1 Singer nor any of its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and that participation in the Placing is on the basis that it is not and will not be a client of N+1 Singer or any of its affiliates, that N+1 Singer is acting for the Company and no-one else and that none of N+1 Singer nor any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in these Terms and Conditions or in any Investor Letter, where relevant;

- 4.16 it acknowledges that it is not located within the United States, it is acquiring Placing Shares in an "offshore transaction" as defined in Regulation S promulgated under the US Securities Act ("**Regulation S**") and where it is acquiring Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Placing Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document or in any Investor Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or N+1 Singer. It agrees that the provisions of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 4.17 it is acting as principal only in respect of the Placing, or, if it is acting for any other person (i) it is and will remain liable to the Company and/or N+1 Singer and/or the Selling Shareholders for the performance of all its obligations as an Investor in respect of the Placing (regardless of the fact that it is acting for another person) (ii) it is both an "authorised person" for the purposes of the FSMA and a Qualified Investor acting as agent for such person and (iii) such person is either (1) a Qualified Investor or (2) its "client" (as defined in section 86(2) of the FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- 4.18 it confirms that any of its clients, whether or not identified to N+1 Singer or any of its affiliates, will remain its sole responsibility and will not become clients of N+1 Singer or any of its affiliates for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.19 where it or any person acting on its behalf is dealing with N+1 Singer, any money held in an account with N+1 Singer on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require N+1 Singer to segregate such money as that money will be held by N+1 Singer under a banking relationship and not as trustee;
- 4.20 it has not and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the European Economic Area ("**EEA**"), except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of sections 85(1) and 102B of the FSMA or an offer to the public in any other Member State of the EEA;
- 4.21 it is an "eligible counterparty" or a "professional investor" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is subscribing for or purchasing the Placing Shares for investment only and not for resale or distribution;
- 4.22 it irrevocably appoints any Director and any director of N+1 Singer to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 4.23 it accepts that if the Placing does not proceed and/or the conditions to N+1 Singer's obligations in respect of such Placing under the Placing Agreement are not satisfied and/or the Placing Agreement is terminated prior to Admission for any reason whatsoever and/or such Placing Shares are not admitted to trading on AIM for any reason whatsoever, then neither N+1 Singer nor the Company nor the Selling Shareholders nor any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.24 it has not taken any action or omitted to take any action which will or may result in N+1 Singer, the Company, the Selling Shareholders or any of their respective affiliates being in breach of the legal or regulatory requirements of any territory in connection with the Placing or its acquisition of Placing Shares pursuant to the Placing;
- 4.25 in connection with its participation in the Placing, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information

on the Payer) Regulations 2017 and that its offer commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the "**Money Laundering Directive**"); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- 4.26 due to anti-money laundering and the countering of terrorist financing requirements, N+1 Singer, the Company and/or the Selling Shareholders may require proof of identity of the Investor and related parties and verification of the source of the payment before the Placing commitment can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes N+1 Singer, the Company and/or the Selling Shareholders may refuse to accept the Placing commitment and the subscription and/or purchase moneys relating thereto. It holds harmless and will indemnify N+1 Singer, the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the Placing commitment, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- 4.27 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the MAR and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;
- 4.28 pursuant to the General Data Protection Regulation as implemented in the United Kingdom by the Data Protection Act 2018 ("**GDPR**"), the Company and/or the Registrars and/or N+1 Singer, may hold personal data (as defined in the GDPR) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used. The Company, the Registrars and/or N+1 Singer will only process such information for the purposes set out below (collectively, the "**Purposes**"), being to:
- (a) process its personal data to the extent and in such manner as is necessary for the performance of their obligations under their respective service contracts, including as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
 - (c) provide personal data to such third parties as the Company, the Registrars and/or N+1 Singer may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the GDPR may require, including to third parties outside the EEA;
 - (d) without limitation, provide such personal data to their respective affiliates for processing, notwithstanding that any such party may be outside the EEA; and
 - (e) process its personal data for the Company's, the Registrars' and/or N+1 Singer's internal administration;
- 4.29 by becoming registered as a holder of Ordinary Shares it is acknowledged that the processing by the Company and/or the Registrars and/or N+1 Singer of any personal data relating to them in the manner described above is undertaken for the purposes of: (i) performance of the contract between them and (ii) to comply with applicable legal obligations. In providing the Company and/or the Registrars and/or N+1 Singer with information, it hereby represents and warrants to each of them that it has notified any data subject of the processing of their personal data (including the details set out above) by the Company, the Registrars and/or N+1 Singer and their respective affiliates and group companies, in relation to the holding and using their personal data for the Purposes. Any individual whose personal information is held or processed by a data controller: (a) has the right to ask for a copy of their personal information held; (b) to ask for any inaccuracies to be corrected or for their personal information to be erased; (c) object to the ways in which their information is used, and ask for their information to stop being used or otherwise restricted; and (d) ask for their personal information to be sent to them or to a third party (as permitted by law). A data subject seeking to

enforce these rights should contact the relevant data controller. Individuals also have the right to complain to the UK Information Commissioner's Office about how their personal information has been handled;

- 4.30 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts/commits to acquire Placing Shares pursuant to the Placing or to whom it allocates such Placing Shares have the capacity and authority to enter into and to perform their obligations as an Investor of the Placing Shares and will honour and comply with those obligations under the Terms and Conditions as if directly binding on them;
- 4.31 as far as it is aware, it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the AIM Rules for Companies;
- 4.32 N+1 Singer is entitled to exercise any of its rights under the Placing Agreement or any other right in its absolute discretion, including the right to terminate the Placing Agreement, without any liability whatsoever to it (or any agent acting on their behalf) and N+1 Singer shall not have any obligation to consult or notify Investors in relation to any right or discretion given to it or which it is entitled to exercise;
- 4.33 N+1 Singer expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Placing. If such right is exercised, the Placing (and the arrangements associated with it) will lapse and any monies received in respect of the Placing will be returned to Investors without interest;
- 4.34 the representations, undertakings and warranties given by it as contained in this document or in any Investor Letter, where relevant, are irrevocable. It acknowledges that N+1 Singer, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its application for Placing Shares are no longer accurate, it shall promptly notify N+1 Singer and the Company;
- 4.35 it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Placing Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 4.36 nothing has been done or will be done by it in relation to the Placing that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Ordinary Shares in accordance with the FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the EEA;
- 4.37 it will (or will procure that its nominee will) inform N+1 Singer if its acquisition of Placing Shares will cause it to be required to make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules as they apply to the Company;
- 4.38 it accepts that the allocation of Placing Shares shall be determined by N+1 Singer, in its absolute discretion, following consultation with the Company and that N+1 Singer may scale down any Placing commitments on such basis as it may determine; and
- 4.39 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.

5. Indemnity

Each Investor irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, the Selling Shareholders and N+1 Singer and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these Terms and Conditions and further agrees that these Terms and Conditions shall survive after completion of the Placing and Admission.

6. Supply and disclosure of information

If N+1 Singer, the Selling Shareholders, the Registrars or the Company or any of their agents request any information in connection with an Investor's agreement to acquire Placing Shares under the Placing or to comply with any relevant legislation, such Investor must promptly disclose it to them.

7. Miscellaneous

- 7.1 The rights and remedies of the Company, the Selling Shareholders, N+1 Singer and the Registrars under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.2 On the acceptance of its Placing commitment, if an Investor is a discretionary fund manager, that Investor may be asked to disclose in writing or orally to N+1 Singer the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Investor's risk. They may be returned by post to such Investor at the address notified by such Investor.
- 7.3 Each Investor agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Investor has agreed to acquire pursuant to the Placing, have been acquired by the Investor. The contract to acquire Placing Shares under the Placing and the appointments and authorities mentioned in this document will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Selling Shareholders, N+1 Singer and the Registrars, each Investor irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against an Investor in any other jurisdiction.
- 7.4 In the case of a joint agreement to acquire Placing Shares under the Placing, references to an "Investor" in these terms and conditions are to each of the Investors who are a party to that joint agreement and their liability is joint and several.
- 7.5 N+1 Singer, the Selling Shareholders and the Company expressly reserve the right to modify the terms of the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of N+1 Singer to notify to the Company the extension for the dates and times for satisfaction of any or all of the conditions in the Placing Agreement (provided that such conditions are not extended beyond 8.00 a.m. on 14 June 2019).
- 7.6 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated in accordance with its terms. For further details of the terms of the Placing Agreement please refer to paragraph 11.1(a) of Part IV of this document.
- 7.7 N+1 Singer may, and its affiliates acting as an Investor for its or their own account(s) may, acquire Placing Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in these Terms and Conditions to the Placing Shares being offered, subscribed, sold, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, N+1 Singer and/or any of their respective affiliates acting as an Investor for its or their own account(s). Neither N+1 Singer nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.
- 7.8 Each Investor which acquires Placing Shares will be deemed to undertake that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by such Investor or any other person on the acquisition by such Investor of any Placing Shares or the agreement by such Investor to acquire any Placing Shares.

8. Sales outside the United States

Each Investor of the Placing Shares offered in reliance on Regulation S will be deemed to represent, warrant and agree as follows:

- 8.1 it and any person, if any, for whose account it is acquiring the Placing Shares, is acquiring the Placing Shares outside the United States in an offshore transaction meeting the requirements of Regulation S and the transaction was not pre-arranged with a buyer in the United States;
- 8.2 it is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Placing Shares;
- 8.3 it is aware that the Placing Shares have not been and will not be registered under the US Securities Act and are being offered and sold only in "offshore transactions" outside the United States in reliance on Regulation S;
- 8.4 it is not acquiring the Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Placing Shares into the United States or any jurisdiction referred to above;
- 8.5 if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- 8.6 it has received, carefully read and understands this document and has not distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Placing Shares to any persons within the United States, nor will it do any of the foregoing; and
- 8.7 that the Company, N+1 Singer and the Selling Shareholders, their affiliates and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations or agreements made by it. If it becomes aware that the foregoing acknowledgements, representations or agreements are no longer accurate or have not been complied with, it will immediately notify the Company and N+1 Singer and, if it is acquiring any Placing Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make such foregoing acknowledgements, representations and agreements on behalf of each such account.

9. Selling restrictions

- 9.1 The distribution of this document and the offer of the Placing Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 9.2 No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Placing Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Placing Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of the Placing Shares pursuant to the Placing contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer or invitation to subscribe for, acquire, underwrite or dispose of, or any solicitation of any offer or invitation to subscribe for, acquire, underwrite or dispose of, any of the Placing Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction.
- 9.3 ***European Economic Area***
In relation to each Member State, an offer to the public of any Ordinary Shares may not be and has not been made in that Member State, except that an offer to the public in that Member State of any

Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Member State:

- (a) to any legal entity which is a Qualified Investor;
- (b) to fewer than 100, or, if the Member State has implemented the relevant provisions of the 2010 Prospectus Amending Directive (Directive 2010/73/EC), 150 natural or legal persons (other than Qualified Investors) per Member State, subject to obtaining the prior consent of N+1 Singer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the Company or N+1 Singer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with N+1 Singer and the Company that it is a Qualified Investor.

For the purposes of this provision, the expression an "offer to the public" in relation to any Ordinary Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Placing and any Ordinary Shares so as to enable an investor to decide to acquire any Ordinary Shares, as the same may be varied for that Member State by any measure implementing the Prospectus Directive in that Member State.

In the case of any Ordinary Shares being offered to a "financial intermediary" as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant Member State to Qualified Investors as so defined or in circumstances in which the prior consent of the Company and N+1 Singer has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, N+1 Singer and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a Qualified Investor and who has notified N+1 Singer of such fact in writing may, with the consent of N+1 Singer, be permitted to acquire Ordinary Shares in the Placing.

9.4 ***United States of America***

The Placing Shares have not been and will not be registered under the US Securities Act or under the securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no offer of the Placing Shares in the United States. Neither the US Securities and Exchange Commission, any US state securities commission nor any other US regulatory authority has approved or disapproved the Placing Shares offered hereby nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. The Placing Shares are being offered and sold only outside the United States in "offshore transactions" within the meaning of and in accordance with the exemption from the registration requirements of the US Securities Act provided by Regulation S promulgated thereunder.

In addition, until 40 days after the commencement of the Placing, an offer or sale of Placing Shares within the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

9.5 **Canada**

The relevant clearances have not been and will not be, obtained from the Securities Commission of any province or territory of Canada. Accordingly, subject to certain exceptions the Placing Shares may not, directly or indirectly, be offered or sold within Canada, or offered or sold to a resident of Canada.

9.6 **Australia**

This document has not been and will not be lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange and is not a disclosure document for purposes of Australian law. This document (whether in preliminary or definitive form) may not be issued or distributed in Australia and no offer or invitation may be made in relation to the issue, sale or purchase of any Placing Shares in Australia (including an offer or invitation received by a person in Australia) and no shares may be sold in Australia.

9.7 **Republic of South Africa**

The relevant clearances have not been and will not be, obtained from the South African Reserve Bank nor any other applicable body in the Republic of South Africa. Accordingly, the Placing Shares will not, directly or indirectly, be offered or sold within the Republic of South Africa.

9.8 **New Zealand**

The Placing Shares have not been and will not be registered with the New Zealand Financial Markets Authority or otherwise and may not be offered or sold directly or indirectly in New Zealand except under circumstances that result in compliance of all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorised in effect at the relevant time.

9.9 **Japan**

The Placing Shares have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold directly or indirectly in Japan except under circumstances that result in compliance of all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorised in effect at the relevant time.

10. Allocation

10.1 N+1 Singer has solicited indications of interest from prospective Investors to acquire Ordinary Shares in the Placing. On this basis, prospective Investors have been asked to specify the number of Placing Shares that they are prepared to acquire at different prices. Multiple applications under the Placing are permitted.

10.2 A number of factors have been considered in deciding the Placing Price and the bases of allocation, including prevailing market conditions, the level and the nature of the demand for Ordinary Shares and the objective of encouraging long-term ownership of the Ordinary Shares. The Placing Price has been established at a level determined in accordance with these arrangements, taking into account indications of interest received from persons (including market makers and fund managers) connected with N+1 Singer. Accordingly, the Placing Price may be lower than the highest price at which all of the Placing Shares, in respect of which indications of interest have been received or which are available for subscription or sale in the Placing, could have been accepted.

10.3 N+1 Singer may choose to accept offers for Placing Shares, either in whole or in part, on the basis of its allocation policy agreed with the Company and may scale down any offers for this purpose on the basis of such policy.

10.4 Investors will be advised verbally or in writing (which includes by electronic mail) of their allocation as soon as practicable following allocation.

10.5 Each Investor's allocation and commitment will be evidenced by way of a trade confirmation or contract note to be issued to such Investor by N+1 Singer. These Terms and Conditions will be deemed incorporated therein.

- 10.6 Investors will be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing with the Placing Shares may not begin before notification is made.
- 10.7 All Ordinary Shares to be issued or sold pursuant to the Placing will be issued or sold, payable in full, at the Placing Price.
- 10.8 The rights attaching to the Ordinary Shares are uniform in all respects and they form a single class for all purposes.
- 10.9 Each Ordinary Share ranks equally in all respects with each other Ordinary Share and has the same rights (including voting and dividend rights and rights to a return of capital) and restrictions as each other Ordinary Share, as set out in the Articles.
- 10.10 Subject to the provisions of the Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Act allows for the disapplication of pre-emption rights which may be waived by special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.
- 10.11 Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profit of the Company.
- 10.12 The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares, subject to the Act.
- 10.13 Further details of the rights attached to the Ordinary Shares are set out in paragraphs 5(b) to 5(g) of Part IV of this document.

11. Dealing arrangements

- 11.1 The Placing is subject to the satisfaction of certain conditions contained in the Placing Agreement, which are typical for an agreement of this nature, including Admission occurring and becoming effective by 8.00 a.m. on 29 May 2019 or such later date (being not later than 8.00 a.m. on 14 June 2019) as may be determined in accordance with such agreement, and the Placing Agreement not having been terminated in accordance with its terms prior to Admission. Certain conditions are related to events which are outside the control of the Company, the Directors, the Senior Management, the Selling Shareholders and N+1 Singer. Further details of the Placing Agreement are set out in paragraph 11.1(a) of Part IV of this document.
- 11.2 Application will be made to the London Stock Exchange for all of the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM. Admission of the Ordinary Shares is not being sought on any market other than AIM.
- 11.3 It is expected that Admission will take place and dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 29 May 2019.
- 11.4 Each Investor will be required to undertake to pay the Placing Price for the Ordinary Shares acquired by such Investor in such manner as shall be directed by N+1 Singer.
- 11.5 The Ordinary Shares are in registered form and can be held in certificated or uncertificated form. Title to certificated Ordinary Shares (if any) will be evidenced in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry into the operator register maintained by the Registrars (which will form part of the register of members of the Company).
- 11.6 It is intended that allocations of Placing Shares to Investors who wish to hold Placing Shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Placing Shares will be posted by first class post as soon as is practicable following Admission. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share

certificates in respect of any Placing Shares which are not settled in CREST, transfers of those Placing Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

12. CREST

- 12.1 With effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.
- 12.2 Placing Shares will be delivered direct into the Investor's CREST account, provided payment has been made in terms satisfactory to N+1 Singer and the details provided by the Investor have provided sufficient information to allow the CREST system to match to the CREST account specified. Placing Shares comprised in the Investor's Placing participation are expected to be delivered to the Investor's CREST account in accordance with the standard settlement instructions held by N+1 Singer.
- 12.3 If the Investor does not provide any CREST details or if the Investor provides insufficient CREST details to match within the CREST system to its details, N+1 Singer may at its discretion deliver the Investor's Placing participation in certificated form provided payment has been made in terms satisfactory to N+1 Singer and all conditions in relation to the Placing have been satisfied or waived.
- 12.4 Subject to the conditions set out above, payment in respect of the Investor's Placing participation is due as set out below. Each Investor should provide its settlement details in order to enable instructions to be successfully matched in CREST. The relevant settlement details are as follows:
- | | |
|---|--------------------------|
| CREST participant ID of N+1 Singer: | ATMAY |
| Expected Trade date: | 24 May 2019 |
| Settlement date: | 29 May 2019 |
| ISIN code for the Placing Shares: | GB00BJL1ZF49 |
| Deadline for Investor to input instructions into CREST: | 3.00 p.m. on 24 May 2019 |
- 12.5 In the event that the Placing Agreement does not become unconditional in all respects or is terminated, the Placing will not proceed. Once the Placing Shares are allotted and issued, such Placing Shares will be admitted to CREST with effect from Admission. It is expected that dealings on AIM in the Placing Shares will commence at 8.00 am on 29 May 2019.

13. Placing arrangements

- 13.1 The Company, the Directors, the Senior Management, the Selling Shareholders and N+1 Singer have entered into the Placing Agreement, pursuant to which N+1 Singer has agreed, subject to certain conditions, to use its reasonable endeavours, as agent for the Company, to procure subscribers for the New Ordinary Shares, and as agent for the Selling Shareholders, to use its reasonable endeavours to procure purchasers for the Sale Shares, in each case at the Placing Price.
- 13.2 The Placing Agreement contains provisions entitling N+1 Singer to terminate (without any liability to the Investor) the Placing (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Placing and these arrangements will lapse and any monies received in respect of the Placing will be returned to Investors without interest. The Placing Agreement provides for N+1 Singer to be paid a commission in respect of the Placing Shares acquired by Investors. Any commission received by N+1 Singer may be retained and any Placing Shares acquired by them may be retained or dealt in, by it, for its own benefit.
- 13.3 Further details of the terms of the Placing Agreement are set out in paragraph 11.1(a) of Part IV of this document.

14. MiFID II Product Governance Requirements

- 14.1 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing 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 MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing 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. Furthermore, it is noted that, notwithstanding the Target Market Assessment, N+1 Singer will only procure investors who meet the criteria of professional clients and eligible counterparties.
- 14.2 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 Placing Shares.
- 14.3 Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

