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If you sell or otherwise transfer, or have sold or otherwise transferred, all your Ordinary Shares in Esken Limited, please forward this document, together with any accompanying documents, as soon as possible to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you receive this document as a purchaser or transferee from another person, please contact the Company registrar for a proxy form using the contact details on page 9 (*Directors, Company Secretary, Registered Office and Advisers*) of this document. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, neither this document nor any accompanying documents should be released, published, distributed, forwarded or transmitted, in whole or in part, in, into or from any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

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This document should be read as a whole, together with any information incorporated by reference. Your attention is drawn to the letter from the Chairman of the Company, which is set out in **Part 1** (*Letter from the Chairman of Esken Limited*) of this document and which contains a unanimous recommendation from the Board that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the risk factors which are set out in **Part 3** (*Risk Factors*) of this document.

ESKEN LIMITED

(Incorporated and registered under the laws of Guernsey with registered number 39117)

Proposed disposal of Esken Renewables Limited

and

Proposed transfer from Premium Listing to Standard Listing

and

Proposals relating to the remuneration of certain directors

Circular to Shareholders

and

Notice of General Meeting

Notice of a general meeting of the Company, to be held at the offices of the Company, Third floor, 15 Stratford Place, London, England W1C 1BE at 9.30 a.m. on 24 November 2023, is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you are asked to submit a proxy vote by no later than 9.30 a.m. on 22 November 2023 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day which is non-working)).

Shareholders should submit a proxy form electronically by accessing the Company registrar's website at www.signalshares.com. Alternatively, you can vote via the LinkVote+ app, Proximity, or CREST (refer to the notes to the Notice of General Meeting). Instead of voting online, Shareholders may request a hard copy form of proxy directly from the Company registrar, Link Group, by email at

shareholderenquiries@linkgroup.co.uk or you may call Link on 0371 664 0300 or +44 (0) 371 664 0300 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. If you request a hard copy, please complete and sign it in accordance with the instructions printed on it and return it either (i) by post or, (ii) during normal business hours only, by hand, to the Company's registrar, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds LS1 4DL, so as to be received as soon as possible and in any event not later than 9.30 a.m. (London time) on 22 November 2023, or, if the General Meeting is adjourned, the proxy form should be received not later than 48 hours (excluding non-working days) before the time fixed for the adjourned meeting.

A summary of the actions to be taken by Shareholders is set out on page 20 of this document and in the Notice of General Meeting set out at the end of this document.

This document is a circular relating to the proposed Disposal, the Proposed Transfer and the Executive Remuneration Scheme which has been prepared in accordance with the Listing Rules of the Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000, as amended ("FSMA"). This document has been approved by the FCA.

Canaccord Genuity Limited ("Canaccord"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company as Sponsor in connection with the Disposal and as financial adviser in connection with the Proposed Transfer and for no one else in connection with the Disposal, the Proposed Transfer, the content of this document and other matters described in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord, nor for providing advice to any other person in relation to the Disposal, the Proposed Transfer, the content of this document or any other matters described in this document.

Save for the responsibilities and liabilities, if any, of Canaccord under FSMA or the regulatory regime established thereunder, Canaccord assumes no responsibility whatsoever and makes no representations or warranties, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by the Company, or on the Company's behalf, or by Canaccord or on Canaccord's behalf and nothing contained in this document is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with the Company, the Disposal, the Proposed Transfer, the Executive Remuneration Scheme or the content of this document. Canaccord disclaims, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any such statement.

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 representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

Capitalised terms have the meaning ascribed to them in **Part 10 (Definitions)** of this document.

This document is dated 6 November 2023.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. Please refer to the notes for this timetable set out below.⁽¹⁾⁽²⁾⁽³⁾

Announcement of the Disposal	1 November 2023
Publication and posting of this document and the Notice of General Meeting	6 November 2023
Latest time and date for receipt of proxy forms or electronic appointments	9.30 a.m. on 22 November 2023
Record time for entitlement to vote at the General Meeting	6.00 p.m. on 22 November 2023
General Meeting	9.30 a.m. on 24 November 2023
Announcement of the results of the General Meeting	24 November 2023
Expected date of Completion of the Disposal ⁽⁴⁾	early December 2023
Expected effective date of Proposed Transfer ⁽⁴⁾	22 December 2023

Notes:

1. The times and dates set out in the expected timetable of principal events above and mentioned in this document and in any other document issued in connection with the Disposal and Proposed Transfer are subject to change by the Company, in which event details of the new times and dates will be notified to the FCA and, where appropriate, to Shareholders.
2. References to times in this document are to London time.
3. If you have any queries on the procedure for completion and submission of the proxy forms you should contact the Company registrar on 0371 664 0300 (or +44 (0) 371 664 0300 if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time), Monday to Friday excluding public holidays in England and Wales. Please note that the Company registrar cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.
4. Completion is subject to certain conditions as specified in Part 2 of this document (*Summary of the Key Terms of the Disposal*), which include, amongst others, shareholder approval at the General Meeting. The expected date of Completion is subject to change and Completion will not necessarily occur immediately following the General Meeting or necessarily before the expected effective date of the Proposed Transfer.

IMPORTANT INFORMATION

Presentation of financial information

Unless otherwise indicated all references in this document to “pounds sterling”, “GBP”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom, all references to “US Dollar”, “Dollars”, “USD” or “\$” are to the lawful currency of the United States of America and all references to “Euro”, “EUR” or “€” are to the lawful currency of the Eurozone.

Rounding

Certain figures contained in this document or incorporated into this document by reference, including the financial information presented in a number of tables in this document, have been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a row or a column may not conform exactly to the total figure given for that row or column. In addition, certain percentages presented in this document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers. Differences between figures set out in the text of this document are based on the differences between the relevant figures rounded to the nearest whole number or nearest decimal place. Such differences may not conform exactly to the relevant figures if the relevant calculations were based on the underlying information prior to rounding.

Sources of information

Financial information relating to Esken Renewables Limited for the years ended 28 February 2023, 28 February 2022 and 28 February 2021 has, unless otherwise stated, been extracted from the Historical Financial Information relating to Esken Renewables Limited, which is set out in **Part 4** (*Historical Financial Information relating to Esken Renewables*) of this document.

Definitions

Certain terms used in this document, including all capitalised terms and certain technical and other terms, are defined and explained in **Part 10** (*Definitions*) of this document.

Alternative performance measures (“APMs”)

This document contains APMs, which are not defined or specified under the requirements of IFRS, including Adjusted EBITDA, Net Debt and Gearing.

APMs should not be considered in isolation and Shareholders should not consider such information as alternatives to revenue, profit before tax or cash flows from operations calculated in accordance with IFRS, as indications of operating performance or as measures of the Group’s, or Esken Renewables’, profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this document. Shareholders are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the financial statements for the years ended 28 February 2023, 28 February 2022 and 28 February 2021.

APMs are used as they are considered to be both useful and necessary as well as enhancing the comparability of information between reporting periods. In certain circumstances, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, certain APMs can aid users in understanding the Group’s, or Esken Renewables’, performance.

Consequently, APMs are used by the Directors and management for internal performance analysis, planning, reporting and incentive-setting purposes. The presentation of these measures facilitates comparability with other companies, although management’s measures may not be calculated in the same way as similarly titled measures reported by other companies.

Adjusted EBITDA

Adjusted EBITDA is the key profitability measure used by management for performance review in the day-to-day operations of the Group.

Adjusted EBITDA represents (loss)/profit for the year from continuing operations before the impact of depreciation, amortisation, impairments, finance costs (net) and tax. These items are set out on the face of the unaudited *pro forma* financial information contained in Section A of **Part 5** (*Pro Forma Financial Information Relating to the Continuing Group*) where Adjusted EBITDA is referred to as EBITDA. A reconciliation of Adjusted EBITDA is presented below.

The Group presents Adjusted EBITDA because the Directors believe that this APM contributes to a better understanding of the Group's results of operations by providing additional information on what the Directors consider to be some of the drivers of the Group's financial performance. Furthermore, the Directors believe that this APM is widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance.

Net Debt and Gearing

Net Debt represents the Group's total current and non-current loans and borrowings and exchangeable bond less cash and cash equivalents. The Group presents Net Debt because the Directors believe that it contributes to a better understanding of the Group's liquidity and financial position by providing additional information in respect of the Group's ability to meet its financial obligations. Furthermore, the Directors believe that Net Debt is widely used by certain investors, securities analysts and other interested parties as a supplemental measure of liquidity and financial position.

Gearing represents the Group's Net Debt divided by Group shareholders' equity. The Group uses Gearing to monitor capital in light of its creditor rating to inform business decisions to maximise Shareholder value.

Unaudited *pro forma* financial information

In this document, any reference to '*pro forma*' financial information is to information which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in Section A of **Part 5** (*Pro Forma Financial Information Relating to the Continuing Group*) of this document. The unaudited *pro forma* income statement and unaudited *pro forma* statement of net assets contained in that section is intended to show how the Disposal might have affected the income statement of Esken Limited for the year ended 28 February 2023 as if it had taken place at the beginning of the year ended 28 February 2023 and on the net assets of Esken Limited as at 28 February 2023 if it had taken place at that date. As such, the unaudited *pro forma* financial information contained in this Circular is intended to show the financial position of the Continuing Group, as if the Disposal had already occurred.

The unaudited *pro forma* financial information addresses a hypothetical situation and has been prepared for illustrative purposes only under the basis of preparation set forth in Section A of **Part 5** (*Pro Forma Financial Information Relating to the Continuing Group*) of this document. The hypothetical financial position and results presented in the unaudited *pro forma* financial information does not represent the Continuing Group's actual financial position or results. Future results of operations may differ materially from those presented in the unaudited *pro forma* financial information due to various factors.

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', 'anticipates', 'targets', 'aims', 'continues', 'expects', 'intends', 'hopes', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include matters that are not facts. They appear in a number of places throughout this document and include statements regarding the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Group's and, following Completion, the Continuing Group's results of operations, financial condition, prospects, growth, strategies and the industries in which the Group and, following Completion, the Continuing Group operate. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: conditions in the markets; the market position of each of the Group and, following Completion, the Continuing Group; earnings, financial position, cash flows, return on capital and operating margins of the Group and, following Completion, the Continuing Group; anticipated investments and capital expenditures of the Group and, following Completion, the Continuing Group; changing business, regulatory or other market conditions; and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Listing Rules, the Disclosure Guidance and Transparency Rules or any other applicable law or regulation, neither the Company nor Canaccord undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Shareholders should not place undue reliance on forward looking statements, which speak only as of the date of this document.

Shareholders should carefully review the risk factors which are set out in **Part 3** (*Risk Factors*) of this document for a discussion of factors that could cause the Company's actual results to differ materially from those expected before making an investment decision. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement set out in paragraph 6 of **Part 7** (*Additional Information*) of this document.

Industry and market data

Unless the source is otherwise stated, the market, economic and industry data in this document constitutes the Directors' estimates, using underlying data that has been sourced from independent third parties. Market data and certain industry data and forecasts included in this document have been obtained from internal company surveys, consultant surveys, market research, publicly available information, reports of government agencies and industry publications and surveys. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has not independently verified any of the data from third-party sources, nor ascertained the underlying economic assumptions relied upon therein and the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based on the Directors' knowledge of the industry, have not been independently verified. Statements as to the Group's and, following Completion, the Continuing Group's market positions are based on recently available data.

Documents

Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of each of the documents incorporated by reference into this document as set out in **Part 9** (*Documents Incorporated by Reference*) of this document. Hard copies will only be sent where valid requests are received from such persons.

Requests for copies of any such document should be directed to the following address: Esken Limited at 3rd Floor, 15 Stratford Place, London W1C 1BE or by telephoning on 0203 911 0365 (or +44 203 911 0365 if telephoning from outside the United Kingdom). All valid requests will be dealt with as soon as possible and hard copies mailed by no later than two Business Days following such request.

Website

The documents listed in paragraph 10 of **Part 7** (*Additional Information*) of this document are available in 'read-only' format and can be printed from the Company's website at the following address: <https://esken.com/> and are also available for inspection as provided in such section.

Unless otherwise specified in this document, neither the content of the Company's website (<https://esken.com>), nor the content of any website accessible from hyperlinks on the Company's website, is incorporated into, or forms part of, this document, such content has not been scrutinised or approved by the FCA and Shareholders should not rely on them.

No profit forecasts or estimates

Nothing in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company.

No offer or solicitation

This document is not a prospectus and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to purchase, acquire, subscribe for, sell, dispose of or issue, any security.

General notice

This document is for your information only. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors:	David Shearer; Nick Dilworth; David Blackwood; Ginny Pulbrook; and Clive Condie all of Trafalgar Court Les Banques St Peter Port Guernsey GY1 4LY
Secretary and Registered office:	Adam Davidson Trafalgar Court Les Banques St Peter Port Guernsey GY1 4LY
Telephone no:	0203 911 0365
Company website:	www.esken.com
Sponsor and financial adviser to the Company:	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR United Kingdom
Reporting Accountant and Auditors to the Company:	Mazars LLP 30 Old Bailey London EC4M 7AU United Kingdom
Solicitors to the Company:	Eversheds Sutherland (International) LLP 1 Wood Street London EC2V 7WS
Solicitors to the Sponsor	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street London EC4N 6AF
Registrars:	Link Group PXS 1 Central Square 29 Wellington Street Leeds LS1 4DL

PART 1

LETTER FROM THE CHAIRMAN OF ESKEN LIMITED

ESKEN LIMITED

(Incorporated and registered under the laws of Guernsey with registered number 39117)

Directors:

David Shearer, *Executive Chairman*
Nick Dilworth, *Chief Operating Officer, Chief Financial Officer and Executive Director, Esken Renewables*
David Blackwood, *Deputy Chairman and Senior Independent Director*
Ginny Pulbrook, *Non-Executive Director*
Clive Condie, *Non-Executive Director*

(the “**Board**”)

Registered Office:

PO Box 286
Floor 2
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
GY1 4LY

6 November 2023

To Shareholders

Dear Shareholder

Proposed disposal of Esken Renewables Limited, proposed transfer from Premium Listing to Standard Listing and certain proposals for executive remuneration

Introduction

The Board announced on 1 November 2023 the proposed disposal by its subsidiary, Esken Holdings Limited (the “**Seller**”), of the entire issued share capital of Esken Renewables Limited (“**Esken Renewables**”) to Pioneer Balmoral UK Limited (the “**Purchaser**”), a vehicle fully owned and funded by the sustainable infrastructure fund, Pioneer Infrastructure Partners SCSp, managed by Pioneer Point Partners LLP. The consideration for the entire issued share capital of Esken Renewables is £77.6 million, (the “**Consideration**”), plus reimbursement of the intercompany loan owed by Esken Renewables to Esken by way of (i) the Cash Sweep and (ii) repayment of the intercompany loan balance in excess of £5 million (the “**Intercompany Loan Reimbursement**”), expected to total £6.9 million, which represents an equity value of £84.5 million, to be satisfied in cash. This reflects an enterprise value of £107.7 million, with adjustments made for cash and debt like items (the “**Disposal**”). Further details of the Consideration are set out below and in **Part 2** (*Summary of the Key Terms of the Disposal*). In addition, the Board intends to seek the approval of the Company’s Shareholders to the Proposed Transfer, which will transfer the Company’s listing from the Premium Listing segment (the “**Proposed Transfer**”) of the Main Market of the London Stock Exchange plc to the Standard Listing segment. The Board also intends to introduce the Executive Remuneration Scheme which will facilitate certain incentive entitlements for its Executive Directors that fall outside the scope of the Company’s current remuneration policy and seeks shareholder approval to implement the Executive Remuneration Scheme.

The purpose of this document is to (i) provide details of the Disposal and the effect of the Disposal on the Group and, following Completion, the Continuing Group, (ii) provide details of the Proposed Transfer, (iii) provide details of the Executive Remuneration Scheme; (iv) explain why your Directors believe that the Disposal, the Proposed Transfer and the Executive Remuneration Scheme are in the best interests of the Group and its Shareholders as a whole and (v) to seek the consent of Shareholders to the Disposal, the Proposed Transfer and the Executive Remuneration Scheme.

Pursuant to an agreement between the Purchaser and the Seller in relation to the Disposal (“**Disposal Agreement**”), details of which are set out in **Part 2** (*Summary of the Key Terms of the Disposal*) of this document, the Seller has conditionally agreed that it will dispose of Esken Renewables to the Purchaser. Esken Renewables is the United Kingdom’s largest supplier of waste wood fuel, with contracts in place to supply c.1.7 million tonnes of waste wood fuel to dedicated biomass plants across the United Kingdom. The Disposal will be satisfied in cash and the net

proceeds of the Disposal are expected to be £78.5 million (which includes the Intercompany Loan Reimbursement and is net of transaction costs).

The sale of Esken Renewables constitutes a class 1 transaction pursuant to the Listing Rules and as such requires the approval of Shareholders at a General Meeting. The Proposed Transfer and the proposed Executive Remuneration Scheme also require prior approval of Shareholders at a General Meeting. A notice of the General Meeting to be held on 24 November 2023, at which your approval will be sought for, *inter alia*, the Disposal, the Proposed Transfer and the Executive Remuneration Scheme, is set out at the end of this document.

Please refer to the “Importance of your vote” section below which sets out the consequences of the Disposal failing to complete by mid December 2023, as (unless an alternative solution is reached) this is expected to lead to severe liquidity issues for the Group: comprising a funding shortfall in respect of the LSA Group which is expected to occur from 22 December 2023; and the Group will also in mid-December 2023 likely breach its financial covenants under the Facilities Agreement, without any mitigating actions.

Your attention is drawn to paragraph 6 of Part 7 (Additional Information) of this document, which sets out a qualified working capital statement in respect of the Continuing Group (which assumes the Disposal will complete), as required by the Listing Rules.

Background to and reasons for the Disposal

On 9 November 2022, Esken announced that the Board had decided to initiate an updated strategic review of its operating businesses, which would consider all options for the operating businesses and further stated that it may conclude that it was in the best interests of all stakeholders to progress a sale or partial sale of one or any of Esken Renewables or the aviation related businesses of the Group to secure the long term potential of these businesses and deliver value for Shareholders.

On 2 March 2023, Esken provided an update on the strategic review of its operating businesses, which concluded that it was in the best interests of all stakeholders to secure the long-term potential of these businesses and deliver value for Shareholders through a managed disposal process. This was prompted by the fact that the two core operating divisions were recovering at differing rates coming out of the pandemic, there was limited synergy between the two businesses, each had different strategic and financial needs to realise the full potential of its business, and the Group remained financially constrained to support those future growth plans. Accordingly, Esken also announced that it had initiated a sale process for the sale of Esken Renewables.

On 21 June 2023, Esken announced that through the managed sale process, the Esken Renewables and aviation related businesses of the Group would benefit from strategic owners with access to capital to support growth ambitions, while offering stability and certainty to staff, customers and suppliers. Esken further announced that the sale of the Esken Renewables business was at an advanced stage, working with a preferred bidder on an exclusive basis. Esken also announced that it had initiated a sale process for the LSA Group and that it was exploring a move to the Standard segment of the Main Market following completion of the disposal of Esken Renewables as part of a managed sale process of both the Group’s two core operating divisions as well as its non-core assets, with a view to ultimately returning available value to Shareholders.

During the current financial year, the Group has sold the majority of its aviation services business through the disposal of Star Handling’s operations at Manchester and Stansted airports for a maximum cash consideration of up to £4.8 million on a debt-free, cash-free basis. While this business had been successful in winning contracts and delivering for its airline clients it remained sub-scale in a market dominated by major international competitors. The Group also sold its non-core interest in Mersey BioEnergy for cash consideration of £9 million, with the consideration having been paid on completion, which occurred on 3 August 2023.

The Board is now pleased to have announced the proposed conditional disposal of Esken Renewables.

The Board believes that the Disposal will allow Esken Renewables to benefit from having a strategic owner to support its growth ambitions through the expertise, resources and access to capital of the Purchaser (for more details see the section “*Information on the Purchaser*” in this Letter). It will also crystallise value for Shareholders and precipitates the repayment and closure of the debt drawn

under the Facilities Agreement and will thus significantly reduce the Continuing Group's debt financing costs going forwards (for further details of the debt facility see paragraph 5(d)(i) of **Part 7 (Additional Information)** of this document). It will also be used for working capital in the short term for the Continuing Group (including the LSA Group).

The Board believes that the Disposal is in the best interests of the Company and its Shareholders for the following reasons:

- It is in line with the strategy to deliver value to Shareholders;
- Following an extensive competitive sales process in a difficult market, the Disposal has been achieved at a purchase price which unlocks value for Shareholders and will allow for the repayment and closure of the committed funding under the Facilities Agreement;
- It supports the Continuing Group's strategy to reduce existing indebtedness;
- It provides for an immediate injection of cash into the Continuing Group to facilitate the managed reduction of the Continuing Group's support functions, to contribute to the Group's defined benefit pension scheme, and to fund working capital and other financial obligations in the near term; and
- It provides for increased financial stability of the Continuing Group so as to support:
 - (i) the finalisation and entry into a potential £20 million funding facility from certain of Esken's larger Shareholders into Esken Aviation, as holding company of the LSA Group ("**Potential £20 million LSA Facility**");
 - (ii) the entry into binding documentation for the disposals of the non-core assets at Pollington and Port of Weston, in respect of which the Group has entered into a non-binding heads of terms for aggregate cash consideration of £8.5 million (the "**Heads of Terms for Pollington and Port of Weston**");
 - (iii) a potential renegotiation of the terms and deferral of the maturity of the Exchangeable Bond beyond 8 May 2024; and
 - (iv) a managed sale process of the Continuing Group's remaining core operating division (being the LSA Group) as well as its non-core assets, with a view to ultimately returning any remaining available value to Shareholders.

Please refer to the "**Importance of your vote**" section below which sets out the consequences of the Disposal failing to complete by mid December 2023, as (unless an alternative solution is reached) this is expected to lead to severe liquidity issues for the Group: comprising a funding shortfall in respect of the LSA Group, which is expected to occur from 22 December 2023; and the Group will also in mid-December 2023 likely breach its financial covenants under the Facilities Agreement, without any mitigating actions.

Information on Esken Renewables

Esken Renewables processes over 10 per cent. of the United Kingdom's annual waste wood (approximately 4.5 million metric tonnes per year) in unprocessed form, for which it receives a gate fee on receipt at its processing facilities. The waste wood is then sold to the operators of biomass power plants in the United Kingdom. Esken Renewables also procures a further 15 per cent. of the United Kingdom's annual waste wood in processed form from third party waste wood processors which it also then sells to the operators of biomass power plants in the United Kingdom. The business also handles 500,000 tonnes of virgin biomass sourced from managed woodlands and forestry bi-products in the United Kingdom, which is also provided as a fuel to biomass power plants.

Information on the Purchaser

The Purchaser is a vehicle fully owned and funded by the sustainable infrastructure fund, Pioneer Infrastructure Partners SCSp, managed by Pioneer Partners LLP.

Pioneer, established in 2008 by four partners with over 100 years of combined private investment experience, is an independent, sustainable infrastructure investment manager focused on lower mid-market European infrastructure.

Summary of key terms of the Disposal

The Seller has agreed to sell the entire issued share capital of Esken Renewables for consideration in the amount of £77.6 million plus the Intercompany Loan Reimbursement, expected to total £6.9 million, which represents an equity value of £84.5 million, to be satisfied in cash. This figure reflects an enterprise value of £107.7 million, with adjustments made for cash and debt like items.

The net proceeds of the Disposal are expected to be £78.5 million (which includes the Intercompany Loan Reimbursement and is net of transaction costs).

Completion of the Disposal is conditional upon:

- i. the passing of the Disposal Resolution set out in the notice of General Meeting at the end of this document;
- ii. the Deed of Settlement and Variation being duly executed by Esken Renewables and TGP, being the settlement of certain matters and variation of the fuel supply agreement with one of Esken Renewables' key customers; and
- iii. the satisfaction or waiver of the Cash Sweep Condition.

A summary of the principal terms of the Disposal Agreement is set out in **Part 2** (*Summary of the Key Terms of the Disposal*) of this document.

Financial Information on Esken Renewables

The financial information on Esken Renewables contained in this paragraph has been extracted, without material adjustment, from the financial information table on Esken Renewables for the three years ended 28 February 2023, as set out in **Part 4** (*Historical Financial Information Relating to Esken Renewables*) of this document. Shareholders should read the whole of this document and not just rely on the summarised information below.

	2023	2022⁽⁴⁾	2021⁽⁴⁾
	(£'000)	(£'000)	(£'000)
Revenue	93,748	79,650	75,019
Adjusted EBITDA ⁽²⁾	18,340	20,399	10,108
Profit / (loss) before tax ⁽³⁾	7,927	3,690	(704)

Notes:

(1) The income statements presented above are unaudited.

(2) Adjusted EBITDA represents profit/(loss) before interest, tax on profits, depreciation amortisation, impairments and the addback of certain intra-group costs.

(3) Includes impairments, which totalled £(1.0) million in the financial year ended 28 February 2023, £(6.8) million in the financial year ended 28 February 2022, and £nil in the financial year ended 28 February 2021. Excludes intra-group branding charges, which totalled £(1.0) million in the financial year ended 28 February 2023, £(0.6)m in the financial year ended 28 February 2022, and £(0.8)m in the financial year ended 28 February 2021.

(4) Values inclusive of prior year adjustment made as part of the 2023 audit – see the Group's annual report and accounts for the financial year ended 28 February 2023 available on Esken's website (www.esken.com) for further details.

As at 28 February 2023, Esken Renewables had audited total assets of £97.6 million and net assets of £33.5 million.

After 28 February 2023, as part of the Disposal, the Group will transfer certain of its properties (being its office, processing site and estate access road in Widnes) to Esken Renewables, as these are properties that were and continue to be used predominantly by Esken Renewables rather than any other member of the Group. These transfers release the Group from the ongoing lease liability for the Widnes office and processing site, and remove the Group's ongoing maintenance liability in relation to the Widnes estate access road.

Financial effects of the Disposal and use of proceeds

Financial effects of the Disposal

As Esken holds 100 per cent. of Esken Renewables, the Group's consolidated accounts include Esken Renewables.

Following Completion, the Continuing Group will no longer receive the profitable contribution that Esken Renewables currently makes to the Group's financial results. The *pro forma* effect of the Disposal on the net assets of the Continuing Group as at 28 February 2023, which has been

prepared for illustrative purposes only, is set out in **Part 5** (*Pro Forma Financial Information Relating to the Continuing Group*) of this document. In the Group's forthcoming interim results for the six month period ending 31 August 2023, which is due to be published by 30 November 2023, Esken Renewables will be reclassified as a disposal group held for sale and a discontinued operation.

Use of proceeds

The net proceeds of the Disposal are expected to be £78.5 million (which includes the Intercompany Loan Reimbursement and is net of transaction costs).

The net proceeds receivable by the Seller will be used by the Continuing Group to immediately repay the £55 million of committed funding drawn under the Facilities Agreement and associated costs (based on the Company's latest calculation, the amount to settle will be £70.6 million in total). The balance of the net proceeds will be used: (i) to further contribute approximately £3.6 million to the Group's defined benefit pension scheme, which the Board expects to be sufficient to fund the scheme through buy-in, buy-out and wind up; and (ii) to provide additional working capital in the short term for the Continuing Group (including the LSA Group).

The residual net cash of the Disposal, together with any consideration from the anticipated disposal of certain of the Continuing Group's non-core assets, will increase the financial stability of the Continuing Group (including the LSA Group) in the short term thus supporting it: (i) to finalise the Potential £20 million LSA Facility into Esken Aviation to provide certain funds as necessary to support the recovery of LSA and allow a managed sale process; (ii) to enter into binding documentation for the disposals of the non-core assets of Pollington and Port of Weston; and (iii) to potentially renegotiate the terms and/or deferral of the maturity of the Exchangeable Bond beyond the current maturity date of 8 May 2024.

Your attention is drawn to paragraph 6 of **Part 7** (*Additional Information*) of this document, which sets out a qualified working capital statement in respect of the Continuing Group (which assumes the Disposal will complete), as required by the Listing Rules.

Information on the Continuing Group

Following the Disposal, the Continuing Group will comprise: (i) Esken Aviation, principally comprising the LSA Group; and (ii) non-core assets.

Esken Aviation

Esken Aviation owns and operates the LSA Group. As previously announced, the Board has concluded that the interests of all stakeholders would be best served by seeking a new owner for the LSA Group through a managed sale and such sale process has now begun. In the meantime, the Continuing Group will be supporting the recovery and growth of LSA as a major London airport through to sale.

London Southend Airport Company Limited operates the award-winning LSA serving London and the South East, including its own rail station. The airport has become renowned for its exceptional customer service, the close proximity of the terminal to the car parks and rail station and the resulting low transit time from aircraft to car and train. LSA signed a multi-year partnership with easyJet in January 2023 and approximately 90,000 passengers flew to Faro, Malaga and Palma during FY23. Looking forward to the rest of this year and into 2024, passenger numbers are expected to be significantly ahead of FY23 as LSA will be flying to a total of eight destinations with easyJet in 2024 (having added Grenoble, Geneva, Alicante, Paris and Amsterdam) as well as to Bulgaria with Balkan Holidays.

London Southend Jet Centre Limited provides handling services to the private aviation market through its first-class lounge reception and complementary aircraft hangarage facilities. It offers a 24-hour operation with exceptional customer service and has developed a global network of operators since its launch in 2018.

Since 2016, London Southend Solar Limited has operated a 3.2 hectare solar farm at LSA providing the airport with renewable electricity and helping to reduce its carbon footprint.

Thames Gateway Airport Limited operates one of the UK's highest rated Holiday Inn hotels, with its modern bedrooms, exceptional event function facilities and its award-winning rooftop restaurant with views over LSA.

The Directors expect all airline carriers, including low-cost carriers (“LCCs”), full service and regional niche carriers, to continue to be focused on having access to the required airport slot capacity at suitable prices and service levels alongside low-cost bases for their operations within the London market.

As the unprecedented effects of COVID-19 have subsided, short haul operators have been the first airline segment to recover, benefiting from a blend of pent-up demand and their lower cost bases to offer short point to point flights faster and more affordably to passengers.

With the growing demand from passengers to return to international travel, the overall pace of the aviation sector recovery is increasing post the COVID-19 period and this is leading to capacity constraints across the London market in particular. This will test the ability of LCC and other airlines to react to that demand and the capacity of airports to respond to the changing expectations of passengers and airlines alike.

With LSA’s growing and increasingly affluent local catchment area, and easy access to central London via its dedicated railway station, the constrained slot availability in other airports around LSA and given the significant year-on-year growth achieved in the years leading up to the COVID-19 pandemic, the Directors are confident that the business will secure additional deals with airlines to meet this passenger demand. LSA will target agreements with existing and previous airline partners, new LCCs and other niche carriers.

Following the disposal of the Group’s ground handling business, Star Handling Limited, which had operations at Manchester and Stansted airports, in May 2023, the Group retained a small ground handling service business (London Southend Aviation Services Limited) which provides a dedicated service at LSA. This sits outside the LSA Group.

As a result of the strategic review of its operating business Esken has begun the process to sell the LSA Group, a key strategic airport asset in the growing London market.

Esken Infrastructure

The remainder of the Group’s business consists of its non-core assets, which in the infrastructure related business of Esken includes its ownership of Carlisle Lake District Airport (which has been closed to commercial passenger operations since COVID-19) and certain real estate holdings in the United Kingdom. The Group continues to actively engage with opportunities to realise its non-core assets for value. Following the sale of the Group’s investment in Mersey BioEnergy, and a portion of land in Widnes, the remaining non-core assets had a book value of £35.8 million at 28 February 2023. In alignment with its strategy of managed disposals, the Company has initiated consultations, as previously disclosed, on a process to rationalise the Continuing Group’s workforce to reduce Continuing Group overheads and ready the Continuing Group for these future disposals.

Esken Investments

Propius Funding Limited (“**Propius**”) is part of the Continuing Group and is accounted for as a discontinued operation. Propius is an aircraft leasing business which is in run-off and was linked to the Group’s now-liquidated airline, comprising a group of companies known as “Stobart Air”. The remaining aircraft of the original eight leased by Propius is due to be returned to the lessor over the next few months. The Continuing Group retains the obligation to finance the remaining Propius aircraft lease obligations until its return. Landing gear overhaul on one of the previously returned aircraft agreed with the lessor will then bring to a conclusion all guaranteed lease payments and return condition obligations in connection with Propius. The final outcome is expected to remain within the amounts previously provided in Esken’s annual report and accounts for the financial year ended 28 February 2023, being approximately £25 million as at 31 August 2023, and is expected to be approximately £5 million in the forthcoming interim results as at 31 August 2023.

In addition to the above, Esken Finance plc (the “**Exchangeable Bond Issuer**”) owns 64,149,500 shares in LDG plc (“**LDG**”) (an investing company admitted to trading on the AIM market of the London Stock Exchange), equating to 11.4 per cent. of LDG as at the Latest Practicable Date, with a market value as at the 31 August 2023 of £8.9 million. LDG was formerly known as Eddie Stobart Logistics plc and was a wholly-owned subsidiary of the Group.

On 8 May 2019, the Exchangeable Bond Issuer placed £53.1 million of secured guaranteed exchangeable bond (“**Exchangeable Bond**”). The Exchangeable Bond has a five-year maturity, bear interest at 2.75 per cent. per annum and are exchangeable into ordinary shares of 1p each in the

capital of LDG. The Exchangeable Bond has an 8 May 2024 maturity, with the repayment amount due being the difference between the £53.1 million principal amount of the Exchangeable Bond and the value of the shares in LDG into which the Exchangeable Bond is convertible (these comprise 51,708,179 shares, representing 80.6 per cent. of the Group's total holding in LDG as described above). As at 31 August 2023, this amounted to £7.2 million. The encumbered LDG shares can either be sold or included as part of the payment by the Group to the bondholders by way of an in-specie distribution. The LDG shares not subject to the Exchangeable Bond are also available for sale by the Group.

Group Strategy of the Continuing Group

The strategy of the Continuing Group (which assumes the Disposal will complete) is as follows:

- to provide support, including, *inter alia*, by means of the Potential £20 million LSA Facility into Esken Aviation currently being negotiated by the Board, for the ongoing recovery of passenger growth at LSA while continuing the managed sale process to secure a new owner for the LSA Group;
- to dispose of its remaining non-core assets;
- to potentially renegotiate the terms and/or deferral of the maturity of the Exchangeable Bond beyond the current maturity date of 8 May 2024, and to subsequently repay and close out the Exchangeable Bond when it becomes due;
- to settle all remaining outstanding liabilities; and
- in time, once sufficient assets have been realised, to seek a managed sale process of any of the remaining assets of the Continuing Group and return remaining value to Shareholders.

The Board is discussing heads of terms with certain of Esken's larger Shareholders in respect of the Potential £20 million LSA Facility into Esken Aviation, as holding company of the LSA Group. If Esken is successful in securing this facility, the proceeds are intended to provide funding support for the operations at LSA including capital expenditure, and thus contribute to alleviating the cash outflow from the rest of the Continuing Group. The Potential £20 million LSA Facility is expected to receive a priority return and repayment from the proceeds of the sale of the airport after redemption of Group's convertible debt facility, provided by Carlyle Global Infrastructure Fund L.P ("**CGI**") (the "**Convertible Debt Facility**") at that time. Upon completion of the Disposal, the Board will seek to finalise the Potential £20 million LSA Facility and enter into a binding agreement. It is currently envisaged that this would occur once the Continuing Group has completed the Proposed Transfer. The Board is also seeking to bring forward the commitment of a tranche of this facility in the near term. At this stage, there can be no guarantee that the Potential £20 million LSA Facility or any tranche thereof will be agreed.

Esken has entered into the non-binding Heads of Terms for Pollington and Port of Weston for cash consideration of £3.5 million and £5.0 million, respectively. It is currently envisaged that the Board would enter into binding documents and complete the disposals in respect of these non-core assets shortly after the Continuing Group has completed the Proposed Transfer. There can be no guarantees that the disposals will complete within any time frame or at all, or, if they do, on what terms, but it is intended that the proceeds will be used for additional working capital and to extend the liquidity headroom of the Continuing Group.

With the benefit of, amongst other things, the Potential £20 million LSA Facility, the disposal of non-core assets for £8.5m in aggregate in the near term, and the potential renegotiation of the Exchangeable Bond, it is anticipated that the Continuing Group will continue to operate as a going concern (noting that the Group's 2023 Annual Report and Financial Statements contained a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report) but no guarantees can be made in this regard. The Group's qualified working capital statement (contained within paragraph 6 of Part 7) anticipates a working capital shortfall of the Continuing Group, under the reasonable worst case scenario and absent any mitigating actions, commencing in mid-February 2024 and with the shortfall increasing thereafter.

As previously announced, the Board has concluded that the interests of all stakeholders would be best served by seeking a new owner for the LSA Group through a managed sale process. The LSA Group would benefit from a long term strategic owner with access to capital to support its growth

ambitions given the increase in passenger demand in the London market, while offering stability and certainty to its staff, customers and suppliers.

The process to seek a new owner for the LSA Group is underway. While early in the process, the Board has been encouraged by the initial level of interest from a range of parties who recognise the long-term strategic value of LSA. However, the certainty, value and timing of any such disposal of the LSA Group cannot be determined at this stage. The market for aviation has improved significantly recently with strong passenger demand experienced and a return to pre-pandemic passenger levels by other London airports during the summer season which, as a result, are increasingly capacity constrained, impacting both airline and passenger growth. Negotiations continue with multiple prospective airlines to meet the continued passenger demand and, in turn, accelerate the trajectory of LSA on its journey back to at least 2.2 million passengers (2019 level) in the medium term and then to approximately 5 million beyond, given the Board's estimate of LSA's capability to handle that level of passengers, with a compelling investment case for the incremental capital expenditure required.

Assuming that the Company successfully concludes (i) the Disposal, (ii) the sale of the LSA Group, (iii) the disposal of the non-core assets of the Continuing Group and addresses the dedicated ground handling team at LSA (if not sold as part of an LSA Group disposal), (iv) the closure of the Exchangeable Bond, and (v) settlement of any of the Continuing Group's material remaining liabilities, the Board's intention would be to return remaining value to Shareholders, seek to delist the Company from the London Stock Exchange and to conclude the winding down of the Continuing Group.

Please refer to (i) the "*Importance of your vote*" section below which sets out the consequences of the Disposal failing to complete by mid December 2023 and (ii) the qualified working capital statement contained within paragraph 6 of Part 7 (Additional Information) of this document.

Proposed Transfer

The Board is mindful that, following the Disposal, the Continuing Group will be smaller and that the strategy to sell its remaining assets, including the LSA Group, and repay or settle outstanding liabilities will further reduce the size of the Continuing Group.

The Board also wishes to reduce ongoing costs for the Continuing Group and believes that a transfer of listing from a Premium Listing to a Standard Listing will assist in that, as it will reduce some of the Company's ongoing costs of compliance. Whilst the Proposed Transfer will mean that the Company will no longer be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with securities admitted to the Premium Listing segment of the Official List, the Board's intention is that there will be no material governance changes as a result of the Proposed Transfer.

Under the Listing Rules, the Proposed Transfer requires prior approval of Shareholders by way of special resolution. Shareholders will therefore be asked to vote on a special resolution relating to the Proposed Transfer at the General Meeting (the "**Transfer Resolution**"). If the Proposed Transfer does not occur because the Transfer Resolution does not pass, the Company's Premium Listing will continue.

The date of the Proposed Transfer must not be less than 20 business days after the passing of the Transfer Resolution at the General Meeting. The Company intends to implement the Proposed Transfer according to the most efficient timeline possible. Subject to the passing of the Transfer Resolution, the Company intends to apply for the Proposed Transfer, and anticipates that the effective date of the Proposed Transfer will be 22 December 2023, being 20 business days after the date of the proposed General Meeting.

Impact of the Proposed Transfer on continuing obligations and the Continuing Group

If the Transfer Resolution is passed at the General Meeting, the Company will transfer admission of the Ordinary Shares to the Standard Listing segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for a Standard Listing. The Proposed Transfer will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with securities admitted to the Premium Listing segment of the Official List. The Company will remain subject to the requirements of the Premium Listing segment until the Proposed Transfer takes effect.

Voluntary Compliance

Following the Proposed Transfer, the Board will remain committed to the highest standards of corporate governance. Therefore, the Board does not intend for there to be any material reduction in the standards of reporting and corporate governance which the Board currently maintains, and intends for the Company to continue to voluntarily comply with (wherever deemed appropriate in the circumstances):

- the UK Corporate Governance Code (except for the existing combined Chairman & CEO structure); and
- the provisions of the Listing Rules relating to pre-emption rights (including the pre-emption rights prescribed under Guernsey company law).

The provisions of the Takeover Code will also continue to apply to the Company. However, following the Proposed Transfer, no shareholder vote would be required pursuant to the Listing Rules for transactions such as the Potential £20 million LSA Facility, the sale of the remaining operating division or any disposal, even if, for example, a significant threshold is triggered or the transaction involves a related party.

Summary of the impact on continuing obligations

A more detailed overview of the impact on the continuing obligations and Listing Rule requirements of the Company following the Proposed Transfer can be found in **Part 6** (*Summary of Differences Between Standard and Premium Listing Categories*). Following the Proposed Transfer, the Company intends to maintain its Standard Listing for as long as it remains in the best interests of the Company and Shareholders as a whole, whilst noting the aforementioned intention to proceed to wind down the Continuing Group. Shareholders are advised to read the entirety of this document and not just rely on the summary information presented in **Part 6**.

Executive Remuneration Scheme

The Company has reflected on the remuneration required to retain its Executive Directors for the period during which it intends to implement its strategy for the Continuing Group. It has concluded that certain incentive arrangements need to be put in place which fall outside the scope of the Company's current remuneration policy. It has further concluded that the existing long term incentive plan in place in the Company where performance is assessed over a number of years is no longer appropriate given the strategy to dispose of the Continuing Group's assets and return remaining value to Shareholders. These proposals relate to both future annual bonuses and future long-term incentive arrangements and are intended to directly align the management incentive arrangements with returns to Shareholders from the disposal processes referred to above and to aid in the retention of key personnel to oversee implementation of the Continuing Group's strategy.

A detailed overview of the Executive Remuneration Scheme can be found in **Part 8** (*Executive Remuneration Scheme*).

Under the Listing Rules, the Executive Remuneration Scheme requires prior approval of Shareholders by way of an ordinary resolution. Shareholders will therefore be asked to vote on a resolution relating to the Executive Remuneration Scheme at the General Meeting, the Remuneration Resolution. If the Remuneration Resolution does not pass, the Company will be unable to implement the proposed arrangements.

The Resolutions

The Disposal Resolution, the Transfer Resolution and the Remuneration Resolution are independent resolutions and none is conditional upon the passing of the other resolutions.

If any one of the Resolutions are passed, it will be implemented whether or not the other Resolutions are passed.

Current trading, trends and prospects of the Continuing Group

Following the Star Handling Disposal, being the disposal of the ground handling operations at Manchester and Stansted airports, the aviation related businesses of the Group are now entirely focused on the recovery at LSA. The airport has benefitted during the summer season from the industry's strong passenger demand which has seen the other London airports return to pre-

pandemic passenger levels. The partnership with easyJet has seen the schedule grow from three to eight destinations with increasing frequency and strong load factors being experienced. This has encouraged easyJet to add additional routes with Alicante, Amsterdam, Geneva and Paris and most recently added, Grenoble to operate through the winter this year.

Against this positive backdrop, discussions continue on an expanded summer schedule for 2024 with a number of airlines who recognise the growing capacity constraints at other London airports and the strong offering from LSA in terms of operating cost and passenger experience. For instance, a new route to Bourgas, in partnership with Balkan Airlines, will start in summer 2024. These new routes and airline partnerships are encouraging signs that LSA's recovery is now underway. While signs are encouraging, the aviation industry as a whole has not yet fully recovered from the effects of the pandemic. As an extension to the growth in scheduled routes, the Jet Centre continues to play an important role. The Directors intend to pursue new prospects following the Jet Centre open day in June.

The Board believes it now has a base from which to progress the process to seek a new owner for the LSA Group. The decision taken by the Board to sell the LSA Group, in order to crystallise shareholder value and secure the right long-term partner best placed to support future growth, has been reinforced by this market momentum. While early in the process, the Board has been encouraged by the initial level of interest from a range of parties who recognise the long-term strategic value of LSA. The Board will be focussing its engagement over the months ahead, with the objective of achieving the best outcome for stakeholders.

In light of the strategic review triggering the managed sale of the LSA Group, the estimated repayment date of the Group's Convertible Debt Facility, provided by CGI, has been brought forward. As required by IFRS 9, the Group has recalculated the amortised cost of the financial liability leading to a one-off adjustment through profit or loss, in addition to the monthly interest charges. The Convertible Debt Facility has a maturity date of 2028; however, a sale event before this maturity date crystallises early repayment of the facility in full (principal plus all interest amounting to £193.75 million in total). This increased interest is a non-cash item and the debt liability will be settled when the LSA Group is sold. There are no changes to the terms of the Convertible Debt Facility. The increased one-off non-cash interest charge is anticipated to total approximately £29.4 million and will be included within the Group's forthcoming interim results.

On 26 September 2023, Esken received notification that documents filed by CGI in the High Court have been served on LSA, claiming certain technical breaches by LSA with respect to the Convertible Debt Facility. LSA does not agree with CGI's claimed interpretation of the Convertible Debt Facility and intends to defend the action vigorously. Esken will continue with its sale process to find the right long-term owner for the airport.

Non-core assets

Following the completed disposal on 3 August 2023 of the investment in Mersey BioEnergy for cash consideration of £9 million, discussions continue to progress the remaining non-core assets with a view to realising value for Shareholders. Further to this, the Group has recognised an impairment of approximately £5.3 million on its non-core asset at Pollington, reflecting a reduction in the assessment of the assets net realisable value in light of ongoing negotiations, in respect of which Esken has now entered into non-binding heads of terms, over a potential disposal of Pollington and also Port of Weston (being the Heads of Terms for Pollington and Port of Weston).

The remaining aircraft of the original eight leased by Propius following the demise of the group of companies known as "Stobart Air" was due to be returned to the lessor in October 2023. However, due to supply chain challenges, the return is likely to be delayed by a few months. Landing gear overhaul on one of the previously returned aircraft agreed with the lessor will then bring to a conclusion all guaranteed lease payments and return condition obligations in connection with Propius. The final outcome is expected to remain within the amounts previously provided in Esken's annual report and accounts for the financial year ended 28 February 2023 being approximately £25 million and is expected to be approximately £5 million in the forthcoming interim results as at 31 August 2023.

In line with the stated strategy for managed disposals and the ultimate wind down of the Continuing Group, the Board has undertaken a consultation with staff at Continuing Group level and commenced the implementation of a phased redundancy plan to reduce central costs as disposals

are completed, with a £2.2 million provision for redundancy costs to be included in the Group's forthcoming interim results.

Group cash and cash equivalents as at 31 August 2023 was £26.9 million, comprising approximately £7.0 million held within Esken Renewables and approximately £3.0 million of ring-fenced cash held in LSA and its subsidiaries (all figures unaudited).

Current trading, trends and prospects of Esken Renewables

The challenges Esken Renewables experienced during the financial year ended 28 February 2023 regarding biomass plant outages have continued into the current financial year. Plant performance has been behind expectations, with Esken Renewables exercising the contractual take or pay provisions within its supply contracts where applicable. The performance of the plants has now improved, with all major plants currently having returned from any prolonged unplanned outages.

Gate fees have also been subdued during the first half of the year, although these are continuing to show signs of improvement, with Esken Renewables being well stocked ahead of the upcoming winter period.

These issues have been compounded by one-off settlements that have been agreed with specific plants in relation to contractual negotiations, in parallel with discussions to seek change of control consents for the Disposal with the same counterparties, which have impacted year to date profitability. Esken Renewables has also been impacted by temporary deviation from the exclusive supply agreement to a key customer, resulting in a reduction in volumes supplied. The recent resolution of these discussions resulted in a return to exclusivity in mid-October 2023.

Risk Factors

For a discussion of certain risk factors which should be taken into account when considering what action you should take in relation to the Disposal Resolution, please see **Part 3** (*Risk Factors*) of this document.

Management and employees

Please refer to paragraph 3 of **Part 7** (*Additional Information*) of this document.

General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held at Third floor, 15 Stratford Place, London, England W1C 1BE at 9.30 a.m. on 24 November 2023 at which Resolutions to approve the Disposal, the Proposed Transfer and the Executive Remuneration Scheme will be proposed.

Action to be taken

Whether or not you propose to attend the General Meeting in person, you are asked to submit your proxy form electronically by accessing the Company registrar's website at www.signalshares.com. Alternatively, you can vote via the LinkVote+ app, Proximity or CREST (refer to the notes to the Notice of General Meeting). Instead of voting online, you may request a hard copy form of proxy directly from the Company registrar, Link Group. You should complete and return your proxy appointment electronically or in hard copy so as to arrive as soon as possible, but in any event so as to be received not later than at 9.30 a.m. on 22 November 2023. Completion and return of a form of proxy will not preclude you from attending and voting at the General Meeting in person if you wish.

Additional Information

Your attention is drawn to the further information set out in **Parts 2 to 10** of this document relating to the Company and to the Disposal.

Importance of your vote

Shareholders are asked to vote in favour of the Disposal Resolution at the General Meeting in order for the Disposal to proceed. If the Disposal Resolution is not passed by Shareholders, the Disposal cannot complete and the Company will not receive the net proceeds of the Disposal. The Directors

believe that successful completion of the Disposal is required to fund the Continuing Group's short-term working capital requirements and position the Continuing Group to deliver its medium-term Group strategies.

Your attention is drawn to the fact that Completion of the Disposal is conditional upon, amongst other things: the Disposal Resolution being passed at the General Meeting; the Deed of Settlement and Variation being duly executed; and the satisfaction or waiver of the Cash Sweep Condition.

a. Impact of Completion of the Disposal being delayed or the Disposal not completing – Liquidity

As at 28 February 2023, the Group had cash balances of £50.3 million. Included in this cash figure was £5.3 million of cash ringfenced in LSA and its subsidiaries. Group cash and cash equivalents as at 31 August 2023 was £26.9 million, comprising approximately £7.0 million held within Esken Renewables and approximately £3.0 million of ring-fenced cash held in LSA and its subsidiaries (all figures unaudited). Whilst the Group continues to tightly manage its cash resources, the current position is that the Group needs to complete the Disposal prior to mid December 2023 in order to continue trading.

The Company's auditor included a paragraph in the independent auditor's reports in respect of each of the financial statements for the years ended 28 February 2022 and 28 February 2023 stating that there is material uncertainty in respect of the Company's ability to continue as a going concern.

If the Disposal fails to complete by mid December 2023, this is expected to lead to severe liquidity issues and potentially the administration of certain companies within the Group including the Company. The severe liquidity issues would lead to a funding shortfall in respect of the LSA Group, which is expected to occur from 22 December 2023.

Such a funding shortfall in respect of the LSA Group would, in turn, permit CGI to bring forward the repayment of the Convertible Debt Facility in an amount of £193.75 million, and thus would also likely lead to a significant or total loss of the Group's investment in LSA.

A failure to pay any debt over £10 million when due and payable (including by way of acceleration) by LSA would also trigger an event of default in relation to the Exchangeable Bond, which would result in the Exchangeable Bond becoming due and repayable if the trustee of the Exchangeable Bond (acting on instructions) so declares.

As a result, the Company (as guarantor of the Exchangeable Bond) and key trading companies in the Group would no longer be able to operate as a going concern. In such circumstances, the Board or the Group's lenders may resolve to place the Company and such key trading companies into an administration process (or equivalent local law procedures), as noted below.

Please refer to paragraph (c) below in respect of the potential mitigating actions available to the Directors in the event that the Disposal does not successfully complete by mid December 2023.

b. Impact of Completion of the Disposal being delayed or the Disposal not completing – Facilities Agreement and consequent effects

If the Disposal fails to complete by mid December 2023, in addition to the funding shortfall in respect of the LSA Group from 22 December 2023, the Group will, in mid-December 2023 likely breach its covenants under the Facilities Agreement. If the Disposal was to be delayed, and waivers not obtained, the Directors would have a limited amount of time to raise additional funds, to allow the Group to continue trading. In such circumstances, the lender under the Facilities Agreement will have no obligation to waive the likely covenant breach and may not consent to continue to provide funding to the Group. This may mean that the Group would be unable to meet its liabilities as they fall due.

In respect of those financial covenants, an event of default would occur in mid-December 2023 by reference to the prior month covenants assessment of the Facilities Agreement. In an event of default, the lenders under the Facilities Agreement would be entitled to demand immediate repayment of all principal amounts outstanding under the Facilities Agreement (£55 million has been drawn as at 31 August 2023) and associated costs (based on the Company's latest calculation, the aggregate amount to settle is £70.6 million).

Unless the Group is able to agree short-term relief with the lenders under the Facilities Agreement in order to explore alternative funding options to refinance the Facilities Agreement, or dispose of all or part of the business of the Group in order to generate sufficient funds to repay the Facilities Agreement, the Directors do not expect that the Group would be able to obtain the funds necessary to pay all due amounts under the Facilities Agreement in such circumstances. Administration (or equivalent local law procedures) would therefore become a reasonably likely outcome for the Company and the key trading companies in the Group at that time.

Such a funding shortfall in respect of the LSA Group, would, in turn, permit CGI to bring forward the repayment of the Convertible Debt Facility in an amount of £193.75 million. A failure to pay any debt over £10 million when due and payable (including by way of acceleration) by LSA would trigger an event of default in relation to the Exchangeable Bond. Enforcement action of the transaction security granted in favour of the lenders under the Convertible Debt Facility and the Exchangeable Bond could occur thereafter. Shareholders would likely lose the benefit of all or a substantial part of their investment in the Company and the LSA Group as a result.

Please refer to paragraph (c) below in respect of the potential mitigating actions available to the Directors in the event that the Disposal does not successfully complete by mid December 2023.

c. Mitigating actions

The Directors have a number of potential mitigating actions available to them in the event that the Disposal does not successfully complete by mid December 2023. These primarily comprise: i) disposals of non-core assets, including potentially bringing forward the Heads of Terms for Pollington and Port of Weston for aggregate consideration of £8.5 million; (ii) seeking the potential entry into waivers and/or amendments with the relevant lenders under the Facilities Agreement, the Convertible Debt Facility and/or the Exchangeable Bond, to the extent deemed appropriate; and/or (iii) seeking additional equity, debt and/or other financing arrangements.

There is, however, a material risk that the aforementioned potential mitigating actions will not be achievable in the required timeframe to avoid administration (or equivalent local law procedures) in the event that the Disposal does not successfully complete by mid December 2023. In addition, as the Group has already implemented significant cost savings, the Directors believe that no further significant cost savings are likely possible.

A reasonable worst case scenario if the Disposal does not complete by mid December 2023 and the lenders under the Facilities Agreement consent to waive the likely covenant breaches of the Facilities Agreement, is that the Group will, absent any alternative solution, face liquidity constraints commencing in mid February 2024 in addition to the Group facing a forecast funding shortfall within the LSA Group from 22 December 2023.

None of the aforementioned mitigating actions are solely within management control and therefore the sufficiency of timing and quantum cannot be guaranteed at this time. Consequently, as noted above, if (i) the Disposal does not successfully complete by mid December 2023, or (ii) the lenders under the Facilities Agreement do not provide a waiver in respect of the likely covenant breaches in mid-December 2023 in respect of the Facilities Agreement and no further funding is available, such as from the aforementioned mitigating actions, the relevant lenders under the Facilities Agreement, the Convertible Debt Facility and the Exchangeable Bond would likely be permitted to enforce their transaction security and the Directors or the Group's lenders may resolve to place the Company and certain key trading companies in the Group into administration (or equivalent local law procedures), including the LSA Group and the Company. In such circumstances Shareholders would likely lose all or a substantial part of their investment in the Company as a result.

Accordingly, it is critical that Shareholders vote in favour of the Disposal Resolution, as the Directors consider the Disposal to represent the best possible transaction for Shareholders as a whole in the current circumstances.

Even if the Disposal is approved by Shareholders, as further disclosed in paragraph 6 of **Part 7 (Additional Information)** of this document, management's forecasts show a working capital shortfall commencing in mid-February 2024 (and totalling £0.7 million as at 29 February 2024), based on the residual net cash received from the Disposal and the ongoing funding requirements of the Continuing Group, absent any mitigating actions. This shortfall widens on 8 May 2024 (with a shortfall of £55.3 million as at 31 May 2024) as a result of the requirement to repay the Exchangeable Bond on that date (and assuming no refinancing or extension of the Exchangeable

Bond). Under the assumptions of the reasonable worst case scenario, and prior to any mitigating actions, it is expected that this funding shortfall would continue to increase to approximately £64.4 million as at 31 October 2024 (being approximately 12 months from the date of this document) and continue thereafter.

Recommendation

The Board believes the Disposal and the Proposed Transfer, and the Resolutions in respect of the same to be proposed at the General Meeting of the Company to be in the best interests of Shareholders as a whole.

As the Executive Directors will not be participating in any recommendation in respect of the Executive Remuneration Scheme, the Non-Executive Directors believe the Executive Remuneration Scheme and the Resolution in respect of the same to be proposed at the General Meeting of the Company to be in the best interests of Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution in respect of the Disposal and the Proposed Transfer and the Non-Executive Directors unanimously recommend that the Shareholders vote in favour of the Resolution in respect of the Executive Remuneration Scheme set out in the notice of General Meeting at the end of this document.

The directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings amounting in aggregate 2,212,070 Ordinary Shares (representing 0.22 per cent. of the existing issued ordinary share capital of the Company as at the Latest Practicable Date).

Irrevocable Undertakings

The Company has received irrevocable undertakings to vote in favour of the Disposal Resolution and the Transfer Resolution at the General Meeting in respect of 526,953,870 Ordinary Shares (representing, in aggregate, approximately 51.4 per cent. of the issued ordinary share capital of the Company).

Yours sincerely

David Shearer
Executive Chairman

PART 2

SUMMARY OF THE KEY TERMS OF THE DISPOSAL

DISPOSAL AGREEMENT

The Disposal Agreement is dated 1 November 2023 (the “**Exchange Date**”). The parties to the Disposal Agreement are (1) the Purchaser, (2) the Seller and (3) Esken Renewables. Under the Disposal Agreement, the Seller will dispose of and the Purchaser will acquire the entire share capital of Esken Renewables.

Consideration

The consideration for the entire issued share capital of Esken Renewables is £77.6 million, plus the Intercompany Loan Reimbursement, expected to total £6.9 million, which represents an equity value of £84.5 million, to be satisfied in cash. This reflects an enterprise value of £107.7 million, with adjustments made for cash and debt like items.

Conditionality

Completion of the Disposal Agreement is conditional upon:

- (1) the passing of the Disposal Resolution set out in the notice of General Meeting at the end of this document (the “**Shareholder Consent Condition**”);
- (2) the Deed of Settlement and Variation being duly executed by Esken Renewables and TGP (the “**Customer Condition**”); and
- (3) the satisfaction or waiver of the Cash Sweep Condition (the “**Cash Sweep Condition**”).

Where the Purchaser waives the Cash Sweep Condition, the Purchaser’s obligation to procure that Esken Renewables pay the Intercompany Loan to the Company at Completion shall be increased by an amount equal to £5,000,000 less the amount of cash actually extracted by the Seller from Esken Renewables as permitted under the terms of the Disposal Agreement between the Exchange Date and the date of Completion.

Completion shall occur on the later of (unless otherwise agreed) (i) the fifth Business Day after which the Shareholder Consent Condition and Customer Condition have been satisfied or (ii) the Business Day after the date on which the Cash Sweep Condition has been satisfied (if not waived).

The Longstop Date for satisfaction of the Shareholder Consent Condition and the Customer Condition is the date which is eight weeks from the date of the Disposal Agreement.

Break Fee

In the event that the Shareholder Consent Condition is not satisfied by the Longstop Date, the Purchaser is entitled to a break fee under the Disposal Agreement in respect of reasonably and directly incurred and evidenced third party advisor fees (inclusive of any irrecoverable value added or similar tax) incurred by the Purchaser (or any member of the Purchaser’s Group) in connection with the evaluation and negotiation of the Disposal, up to a maximum aggregate amount of £276,000 (the “**Break Fee**”).

Warranties

The Disposal Agreement contains certain ‘fundamental’ warranties customary for a transaction of this nature, including that the Seller owns Esken Renewables free from any encumbrances (save in respect of certain banking facilities) and that the Seller has the requisite power and authority to enter into and perform the Disposal Agreement and other Transaction Documents which are given at the Exchange Date and repeated at Completion.

The Seller has also agreed to give the Purchaser the benefit of other general warranties relating to the business of Esken Renewables, including in relation to taxation, in respect of which the Seller’s liability for breach is limited to £1 (subject to the limited taxation warranties referred to below). The Purchaser’s sole recourse in respect of such business warranties shall be under a warranty and indemnity insurance policy. As is customary, the Seller has also agreed to give the Purchaser the benefit of a general tax deed of covenant in respect of pre-Completion taxation of Esken

Renewables, in respect of which the Seller's liability is similarly limited to £1 with the Purchaser's recourse being by way of the warranty and indemnity insurance policy.

Such other general warranties relating to the business of Esken Renewables customary for a transaction of this nature are given at the Exchange Date and are given subject to the disclosures against such warranties contained in a disclosure letter, also entered into on that date. The warranties will also be deemed to be repeated immediately before Completion subject to the disclosures against such warranties contained in a second disclosure letter to be entered into on the date of Completion.

Limited warranties relating to Esken Renewables pre-Completion taxation affairs are carved out of the general £1 limitation on liability.

Seller Indemnities

The Disposal Agreement contains the following indemnities given by the Seller in favour of the Purchaser, which relate to legal matters which have been identified and in respect of which indemnification has been agreed in the ordinary course and manner typical of a transaction of this nature:

- (a) In respect of employee taxation arising in connection with awards previously granted under Esken's Share Save Scheme or Long Term Incentive Plan for which the Purchaser's Group is liable, where and to the extent that the Seller or relevant member of the Seller's Group is unable to recover such employee taxation from the relevant individual(s) in accordance with the rules of the relevant incentive plan, the Seller shall pay to the Purchaser's Group an amount equal to the amount of employee taxation for which the Purchaser's Group has become liable.
- (b) The Seller indemnifies the Purchaser in respect of a customer claim relating to allegations made during the financial year ended 28 February 2023 that were rejected by Esken Renewables. The matter has not materially progressed. This indemnity is subject to a claims procedure and a total liability cap of approximately £600,000, as well as various other limitations of liability.

The Seller is also providing a general undertaking to account to the Purchaser for any "Leakage" (being the extraction of value from Esken Renewables for the benefit of the Seller's Group and/or its connected persons) incurred since 28 February 2023.

HSE Covenant

The Seller covenants to pay the amount of any relevant loss to the Purchaser in respect of certain historic health and safety-related issues at one of Esken Renewables' now-closed sites. The covenants are capped at £2 million and £1 million respectively and are subject to various other limitations of liability.

In the event of a sale of the Company, the Seller, LSA, or all or substantially all of their assets or the assets of the Continuing Group, the Seller will place £2 million and £1 million (respectively) into an escrow account for the Purchaser's benefit if the matters underlying these covenants have not been resolved at that time.

Purchaser Indemnity

The Company has given a parent company guarantee in respect of a supply agreement dated 18 December 2012, between one of its biomass fuel suppliers (or any successor-in-interest thereof) and Esken Renewables (the "**Biomass Fuel PCG**"). The Purchaser has undertaken to indemnify the Seller in respect of all amounts paid by the Company to any third party pursuant to the Biomass Fuel PCG (and all reasonable costs and expenses that the Company or any relevant member of the Seller's group incurs in connection with the Biomass Fuel PCG) arising after Completion.

The Purchaser has undertaken to indemnify the Seller in respect of all amounts validly paid by the Seller to a vehicle leasing company, along with all reasonable associated costs and expenses incurred by the Seller arising after Completion and prior to Esken Renewables entering into an agreement with the vehicle leasing company, as a result of the use by Esken Renewables after Completion of the vehicles leased from the vehicle leasing company. This is because Esken

Renewables has the benefit of the use of certain of those vehicles, while the contract itself sits with the Seller.

Restrictions

The Disposal Agreement contains covenants given by the Seller for a five-year period from Completion relating to non-competition with Esken Renewables and its business, the non-solicitation of customers in respect of such business, non-solicitation of employees and non-interference with suppliers.

Interim Period

The Disposal Agreement also contains various restrictions (in the form of obligations on the Seller) in relation to the running of the business of Esken Renewables in the period between the Exchange Date and the date of Completion.

Termination

The Disposal Agreement will automatically terminate if the Shareholder Consent Condition is not satisfied or if the Deed of Settlement and Variation is not duly executed by Esken Renewables and TGP on or before the Longstop Date, being eight weeks from the date of the Disposal Agreement.

Governing law

The Disposal Agreement is governed by the laws of England and Wales.

TRANSITIONAL SERVICES AGREEMENT

The Company will provide or procure the provision of certain IT and payroll services to Esken Renewables for a period of up to 3 months from Completion pursuant to the Transitional Services Agreement. Esken Renewables will pay the Company an agreed fee for the provision of these IT and payroll services.

PART 3

RISK FACTORS

Shareholders should carefully consider all the information in this document including the risks described below. The Directors have identified these risks as the material risk factors to the Continuing Group as a result of the proposed Disposal, but additional risks and uncertainties not presently known to the Directors, or that the Board considers immaterial may also adversely affect the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition, operational performance and share price could be materially adversely affected. In that case, the trading price of the Ordinary Shares could decline and Shareholders and future investors could lose all of their investments.

1. RISKS RELATING TO THE DISPOSAL

1.1 **The Group is dependent on the proceeds of the Disposal for its working capital requirements and, absent such proceeds, the Group will likely face severe liquidity issues and breach its financial covenants in mid-December**

If the Disposal is not approved by Shareholders, if the Deed of Settlement and Variation is not duly executed, or if the Disposal otherwise does not complete, the Group will not receive the cash proceeds from, nor realise any of the potential benefits of, the Disposal. In such circumstances, the transaction and other costs incurred by the Group in connection with the Disposal (including the costs of negotiating the Transaction Documents and the Break Fee) would not be offset by such cash proceeds. In addition, it would also likely result in the Seller having to pay the Break Fee to the Purchaser in the event the condition in respect of the passing of the Disposal Resolution is not satisfied by the Longstop Date under the Disposal Agreement. This could have an adverse effect on the business, financial condition, operating results or prospects of the Group, as well as the market price of the Ordinary Shares.

If the Disposal fails to complete by mid December 2023 and if the Group is unable to generate further working capital for the Group's requirements it will suffer severe liquidity issues, comprising: a funding shortfall in respect of the LSA Group anticipated to occur from approximately 22 December 2023; and also a likely breach of the Group's covenants under the Facilities Agreement in mid December 2023. If the lenders under the Facilities Agreement do not provide a waiver in respect of the likely December 2023 covenant breach and no further funding is available, such as the sale of non-core assets and/or alternative sources of funding such as additional equity, debt and/or other financing arrangements, the relevant lenders under the Facilities Agreement, the Convertible Debt Facility and the Exchangeable Bond would likely be permitted to enforce their transaction security and the Directors or the Group's lenders may resolve to place the Company and certain key trading companies in the Group into administration (or equivalent local law procedures), including the LSA Group and the Company.

Such a funding shortfall in respect of the LSA Group would, in turn, permit CGI to bring forward the repayment the Convertible Debt Facility in an amount of £193.75 million, and thus would also likely lead to a significant or total loss of the Group's investment in LSA. A failure to pay any debt over £10 million when due and payable (including by way of acceleration) by LSA would also trigger an event of default in relation to the Exchangeable Bond. Enforcement action of the transaction security granted in favour of the lenders under the convertible Debt Facility and the Exchangeable Bond could occur thereafter. Shareholders would likely lose the benefit of all or a substantial part of their investment in the Company and LSA Group as a result.

1.2 **The Disposal may be delayed or may not proceed to Completion**

Completion of the Disposal is subject to, and can only occur upon, *inter alia*, the passing of the Disposal Resolution by Shareholders at the General Meeting; the Deed of Settlement and Variation being duly executed; and the Cash Sweep Condition being satisfied or waived. Whilst the Seller and the Purchaser have obligations in relation to the satisfaction of these conditions to the Disposal, there can be no assurance that the requisite approval from Shareholders or satisfaction of the other two conditions will be obtained or waived, to the extent that they are capable of being waived. The Disposal may, therefore, be delayed or not complete at all.

In addition, the Disposal Agreement contains covenants and agreements applicable to the Seller and the Purchaser prior to the date of Completion as set out in **Part 2** (*Summary of the Key Terms of the Disposal*) of this document. Completion is also subject to the Seller and the Purchaser having delivered certain deliverables prior to or on the date of Completion. Any failure on the part of the Seller and/or the Purchaser to comply with any of the aforementioned obligations could result in the Disposal being delayed or not completing at all.

If the condition in respect of the Shareholders passing the Disposal Resolution at a General Meeting is not satisfied, on or before the Longstop Date, the Disposal Agreement will automatically terminate and the Purchaser will be entitled to the Break Fee, being up to a maximum aggregate amount of £276,000. Further details of the related conditions are set out in detail in **Part 2** (*Summary of the Key Terms of the Disposal*) of this Circular and include certain information sharing obligations. There can be no certainty that these three conditions will be satisfied or waived, to the extent that they are capable of being waived, or that the termination rights will not be exercised.

Having considered a range of options as part of the Company's strategic review, the Directors believe that the Disposal provides the best opportunity to maximise value for Shareholders and realise value for Esken Renewables in the current circumstances. There can be no guarantee of another transaction for the disposal of Esken Renewables on terms more favourable than, or equivalent to, the Disposal.

If the Disposal does not proceed to Completion, this would have a material adverse effect on the business, financial condition, operating results or prospects of the Group, including LSA, as well as the market price of the Ordinary Shares.

1.3 The Company may incur liability under the Transaction Documents

The Disposal Agreement contains customary warranties, indemnities and other contractual protections given by the Seller in favour of the Purchaser, as further described in Part 2 (*Summary of the Key Terms of the Disposal*) of this document. The Seller has undertaken a customary disclosure exercise against the business warranties, and, in addition, the Purchaser has obtained warranty and indemnity insurance in respect of such business warranties (the "W&I Insurance Policy") which, following Completion, will be its sole recourse for any claim in respect of the business warranties given by the Seller in the Disposal Agreement (save in respect of claims for fraud). Claims other than in respect of the warranties given by the Seller in the Disposal Agreement would not be covered by the W&I Insurance Policy and would fall to be made against the Seller subject to the terms of the Disposal Agreement. Any liability to make a payment arising from a successful claim by the Purchaser under any of the relevant provisions of the Disposal Agreement could lead to the Disposal not proceeding or would reduce the proceeds from the Disposal and could have an adverse effect on the business, financial condition, cash flow or prospects of the Group.

Pursuant to the Transitional Services Agreement, the Company will be required to provide or procure the provision of certain IT and payroll services to Esken Renewables for a period of up to three months following Completion while separation is taking place. The Company could suffer loss in the event that Esken Renewables fails to make payments due under the Transitional Services Agreement in respect of these transitional services which the Continuing Group has provided and for which it has incurred costs. There is also the possibility that the Company could suffer losses as a result of any claims brought by Esken Renewables under or in respect of the Transitional Services Agreement. Further details on the terms of the Transitional Services Agreements are provided in Part 2 (*Summary of the Key Terms of the Disposal*).

1.4 Pre-completion changes in Esken Renewables

During the period from the signing of the Disposal Agreement on 1 November 2023 to Completion, unforeseen events or developments may occur which could make the terms of the Disposal Agreement less attractive for the Group. Subject to the terms of the Disposal Agreement, the Seller may be required to complete the Disposal, notwithstanding such events or developments. This may have an adverse effect on the business, financial condition, operating results or prospects of the Group.

1.5 Third party interference with the Disposal

As a listed company, the Company could be exposed to approaches from third parties seeking to instigate a public takeover of the Company prior to the date of the General Meeting. In such circumstance and in accordance with their fiduciary duties, the Directors might be required to amend or withdraw their recommendation in favour of the Disposal Resolution and the Disposal and/or to postpone or cancel the General Meeting, which may have an adverse effect on the business, financial condition, operating results or prospects of the Group. Pursuant to the Disposal Agreement, it would also likely result in the Seller having to meet certain costs of the Purchaser.

2. MATERIAL NEW RISKS RELATING TO THE CONTINUING GROUP WHICH RESULT FROM OR ARE IMPACTED BY THE DISPOSAL

2.1 The Continuing Group's income stream will be reduced

Following the Disposal, the Continuing Group will no longer receive the contribution that Esken Renewables currently makes to the financial results of the Group and this may have a material adverse effect on the financial condition of the Continuing Group. For the financial year ended 28 February 2023, Esken Renewables contributed revenue of £93.7 million, adjusted EBITDA of £18.4 million and profit before tax of £8 million, which represented 78 per cent. of the Group's revenues, and the Group's main contributor to adjusted EBITDA and profit before tax, respectively.

As a result of the Disposal, the Continuing Group will have sold a significant cash-generating part of its business. The operating cash flow of the Continuing Group following completion of the Disposal is expected to be negative for the foreseeable future as a result of the recovery of the aviation related businesses of the Group and the Continuing Group's ongoing running costs. Whilst the Board intends to mitigate this risk by its strategy to sell the LSA Group and the remaining non-core assets of the Continuing Group as well as enter into other financing agreements, there can be no assurance that the Company will be able to make these disposals and/or enter into such agreement in favourable market circumstances or achieve the returns expected, which may result in a material adverse effect on the financial condition of the Continuing Group. A delay in achieving these sales may also result in the material depletion of the Continuing Group's cash resources and result in a material adverse effect on the financial condition of the Continuing Group.

2.2 The Continuing Group will be a smaller business

The Disposal involves a material change to the Group's business and the Group will be significantly smaller as a result. This could have a significant impact on the Company's share price and may mean that the Company is less attractive to investors. This could also result in the Company being more susceptible to a takeover approach, which may have adverse consequences for Shareholders (whether by reason of resulting share price fluctuation or a change in ownership of the Company on terms unfavourable or potentially unfavourable to existing Shareholders).

3. EXISTING MATERIAL RISKS TO THE GROUP THAT WILL BE IMPACTED BY THE DISPOSAL

3.1 Working Capital Shortfall of the Continuing Group commencing in mid-February 2024

Working capital has been calculated on the basis that the Disposal will proceed. The Directors have run stress tests and various downside sensitivities on the Company's business plan to result in a reasonable worst case scenario.

This scenario analysis indicates that the Continuing Group will, absent any mitigating actions, have a working capital shortfall commencing in mid-February 2024 (and totalling £0.7 million as at 29 February 2024) under the reasonable worst case scenario based on the residual net cash received from the Disposal and the ongoing funding requirements of the Continuing Group, absent any mitigating actions. This shortfall widens on 8 May 2024 (with shortfall of £55.3 million as at 31 May 2024) as a result of the required repayment of the Exchangeable Bond on this date (and assuming no refinancing or extension of the bond). Under the assumptions of the reasonable worst case scenario, and prior to any mitigating actions, it is expected that this funding shortfall would continue to increase to approximately £64.4 million

as at 31 October 2024 (being approximately 12 months from the date of this document) and continue from thereafter.

Mitigating actions to improve the Continuing Group's liquidity headroom following Completion include (without limitation): a) the disposal of certain of the Continuing Group's non-core assets; b) the finalisation and entry into the Potential £20 million LSA Funding Facility into Esken Aviation to provide certain funds over time to support the recovery of London Southend; c) a potential renegotiation of the terms and deferral of the maturity of the Exchangeable Bond to such future date as to ensure the sufficiency of working capital of the Continuing Group beyond the current maturity date of 8 May 2024; d) the disposal of the aviation related businesses of the Group, primarily the LSA Group, the sale process for which has already been instigated by the Board; and e) future funding and refinancing options, which could include, but is not limited to, additional equity, debt and/or other financing arrangements.

None of the aforementioned mitigating actions are solely within management control and therefore the sufficiency of timing and quantum cannot be guaranteed at this time. Consequently, in the Company's opinion, taking into account the debt facilities available to the Continuing Group and the net proceeds of the Disposal, (and absent mitigating actions), the working capital available to the Continuing Group is not sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

In the event that the aforementioned mitigating actions are not able to be sufficiently employed, in time or at all, to generate further working capital for the Continuing Group's requirements, the Company and key trading companies in the Group would no longer be able to operate as a going concern, in which case the Board may resolve to place the Company and such key trading companies into an administration process (or equivalent local law procedures).

It should be noted that any funding shortfall in respect of the LSA Group would, in turn, permit CGI to bring forward the repayment of the Convertible Debt Facility in an amount of £193.75 million, and thus would also likely lead to a significant or total loss of the Group's investment in LSA. A failure to pay any debt over £10 million when due and payable (including by way of acceleration) by LSA would also trigger an event of default in relation to the Exchangeable Bond. Enforcement action of the transaction security granted in favour of the lenders under the Convertible Debt Facility and the Exchangeable Bond could occur thereafter. Shareholders would likely lose the benefit of all or a substantial part of their investment in the Company and LSA Group as a result.

3.2 The Continuing Group will be less diversified and will be more dependent on the performance of the residual members of the Continuing Group

Following the Disposal, the Continuing Group will be less diversified and will be more dependent on the financial performance of the aviation related businesses of the Group and the ability to dispose of non-core assets held by the Continuing Group to fund its ongoing operations and to settle certain of its remaining outstanding liabilities. As a result, should there be a material change in the trading, operations or outlook of the LSA Group or any part of the Continuing Group's business or should there be a material change in the market for non-core assets, meaning such disposals fail or fail to achieve expected returns, this would have a larger relative impact on the Continuing Group's financial condition, results, profitability and/or prospects than it would have had before the Disposal.

The aviation related businesses of the Group will be the main remaining revenue-generating businesses held by the Continuing Group following Completion and, in particular, LSA's operations may be adversely affected if its airline customers do not increase the number of flights they operate out of LSA, if its airline customers are not successful in selling passenger tickets and/or if LSA does not sign up new airline customers. In the event of a downturn in the airline sector, LSA may experience reduced demand and a decrease in operating margins and it may be a less attractive asset for the Group to sell.

In addition, an application has been lodged with the High Court by CGI in respect of certain alleged technical breaches by LSA with respect to the Convertible Debt Facility agreement. Whilst LSA (as the borrower under the Convertible Debt Facility) does not agree with CGI's claimed interpretation of the agreement, and intends to defend the action vigorously, in the event that the claim is upheld then this could ultimately lead to an event of default by LSA

being declared pursuant to the Convertible Debt Facility agreement. Such an event of default (if pursued by CGI) could result in the early demand for repayment of the maturity value of the Convertible Debt Facility of £193.75 million (being the initial principal plus all interest up to maturity date) and/or CGI taking enforcement action with respect to the transaction security and thus the assets of LSA be realised or sold.

Any material adverse change to the financial performance of LSA and the aviation related businesses of the Group will have an amplified effect on the financial condition of the Continuing Group. There can be no assurance that the Continuing Group will succeed in disposing of the LSA Group in favourable market circumstances, achieving the expected returns for Shareholders or in a timely manner without significant delay. Any such failure would mean the potential impact of these risks would be more pronounced on the financial condition of the Continuing Group.

3.3 The Continuing Group may fail to retain and attract senior management and skilled personnel

The retention of senior management and individuals with key skills are critical factors in the successful execution of the Continuing Group's strategy, the operation of the Continuing Group's aviation related businesses and the sale of the Continuing Group's non-core assets. This is especially relevant in the highly competitive markets in which the Continuing Group operates. The reduction in size and diversification of the Continuing Group following the Disposal and/or any negative publicity associated with the Disposal may make it more difficult for the Continuing Group to retain, and subsequently to attract new appropriately qualified personnel, which could compromise the achievement of the Continuing Group's strategic objectives. The proposed Executive Remuneration Scheme is intended to address this, however there can be no guarantee that it will be successful or if the Remuneration Resolution will be passed at the General Meeting.

3.4 The market price of the Ordinary Shares may go down as well as up

The value of an investment in Esken may go down as well as up and can be highly volatile. The price of Ordinary Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations, some which may affect the markets and segments in which the Continuing Group operates as a whole, some which may affect UK airport companies as a whole, other comparable companies or publicly traded companies as a whole. These include, but are not limited to: (i) actual or anticipated fluctuations in the financial performance of the Continuing Group, (ii) market fluctuations, and (iii) legislative or regulatory changes in the markets and segments in which the Continuing Group operates.

In particular, the sentiments of the stock market regarding the Disposal will be one such factor and if those sentiments are negative, the market price of Ordinary Shares may go down.

PART 4

HISTORICAL FINANCIAL INFORMATION RELATING TO ESKEN RENEWABLES

The following tables set out financial information in respect of the Esken Renewables as required by Rules 13.4 and 13.5 of the Listing Rules. This information is available free of charge under the accounts filings at Companies House for Esken Renewables.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this **Part 4**.

Basis of preparation

The historical financial information relating to Esken Renewables in this **Part 4** for the financial years ended 28 February 2023, 28 February 2022 and 28 February 2021 has been extracted without material adjustment from the consolidation schedules used in preparing the Group's audited consolidated financial statements for the financial years ended 28 February 2023, 28 February 2022 and 28 February 2021.

It represents the historical financial information of Esken Renewables and the impact of two leased properties which will transfer from Esken Limited to Esken Renewables as part of the Disposal.

The historical financial information of Esken Renewables in this **Part 4** has been prepared applying the IFRS accounting policies used to prepare the Group's audited consolidated financial statements for each of the periods represented.

For the purposes of this **Part 4**, the presentation of historical financial information is consistent with the Group's historical presentation of financial information, which differs from the standalone historical financial information for the individual entities that form Esken Renewables.

The financial information contained in this Part 4 does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

Mazars LLP was the auditor of the Group in respect of the year ended 28 February 2023. KPMG LLP was the auditor of the Group in respect of the years ended 28 February 2022 and 28 February 2021.

Shareholders should read the whole of this document and not rely solely on the financial information contained in this Part 4.

1. Unaudited income statement of Esken Renewables for the financial years ending 28 February 2023, 28 February 2022 and 28 February 2021

	2023	2022 ⁽⁵⁾	2021 ⁽⁵⁾
	(£'000)	(£'000)	(£'000)
Revenue	93,748	79,650	75,019
Adjusted EBITDA ⁽²⁾	18,340	20,399	10,108
Operating profit ⁽³⁾	10,726	12,232	1,413
Finance costs	(1,782)	(1,753)	(2,117)
Profit / (loss) before tax ⁽⁴⁾	7,927	3,690	(704)

Notes:

- (1) The income statements presented above are unaudited.
- (2) Adjusted EBITDA represents profit/(loss) before interest, tax on profits, depreciation, amortisation, impairments and the addback of certain intra-group costs (see note 3).
- (3) After elimination of intragroup recharges for Group brand costs (totalling £(0.96) million, £(0.56) million and £(0.79) million in the financial years ending 28 February 2023, 28 February 2022 and 28 February 2021, respectively). Branding charges relate to the use of certain trademarks and brands owned by Esken Brands LLP and is levied at a fixed percentage of revenue. Post Completion of the Disposal there will be a name change and the charge will cease, therefore the unaudited income statement values are presented excluding these charges.
- (4) Includes impairments, which totalled £(1.0) million in the financial year ending 28 February 2023, £(6.8)m in financial year ending 28 February 2022, and £nil in financial year ending 28 February 2021. Excludes intra-group branding charges, which totalled £(1.0) million in the financial year ending 28 February 2023, £(0.6) million in the financial year ending 28 February 2022, and £(0.8) million in the financial year ending 28 February 2023.
- (5) Values inclusive of prior year adjustment made as part of the 2023 audit – see the Group's annual report and accounts available on Esken's website (www.Esken.com) for further details.
- (6) The intended transfer of two leased properties (being the Widnes office and processing site, and the Widnes estate access road) from Esken Limited to Esken Renewables has not been adjusted within the unaudited income statement of Esken Renewables due to the non-material size of the adjustments. As Esken Renewables was already receiving these charges prior to transfer of the leases, there will be no, or minimal impact to Profit / (loss) before tax.

2. Unaudited statement of net assets of Esken Renewables as at 28 February 2023

	As at 28 February 2023
	<u>(£'000)</u>
Non-current assets	
Property, plant and equipment	53,312
Investments in associates and joint ventures	273
Other financial assets	112
Intangible assets	16,667
Total non-current assets	<u>70,365</u>
Current assets	
Inventories	602
Trade and other receivables	14,697
Cash and cash equivalents	7,612
Restricted cash	1,000
Corporation tax	940
Deferred tax	6,618
Total current assets	<u>31,469</u>
Total assets	<u>101,833</u>
Current liabilities	
Trade and other payables	(22,109)
Loans and borrowings	(7,842)
Total current liabilities	<u>(29,951)</u>
Non-current liabilities	
Loans and borrowings	(37,212)
Other liabilities	(1,498)
Total non-current liabilities	<u>(38,710)</u>
Total liabilities	<u>(68,662)</u>
Net Assets	<u>33,172</u>

Notes:

(a) The statement of net assets presented above is unaudited.

(b) The above net assets have been prepared on the following basis:

- Net assets for Esken Renewables at 28 February 2023 (£33.5 million). Such information has been extracted without material adjustment from the consolidation schedules of the Group.
- IFRS 16 assets and liabilities as at 28 February 2023 for the lease on the property at Viking House, Widnes which will transfer from Esken Limited to Esken Renewables (increase in "Property, Plant and Equipment" of £3.5 million and increase in "Loans and borrowings" of £3.8 million – net impact £0.3m reduction). These adjustments have been based on the IFRS 16 workings at 28 February 2023 as used for the Group consolidated accounts.

PART 5

A. PRO FORMA FINANCIAL INFORMATION RELATING TO THE GROUP

The unaudited *pro forma* financial information has been prepared on the basis of the notes and assumptions set out below to illustrate the effects of the Disposal, and the sale of Star Handling and the sale of the investment in Mersey BioEnergy, on the net assets of the Continuing Group as if these disposals had taken place on 28 February 2023 and on the income statement of the Continuing Group as if the disposals had taken place on 1 March 2022. The unaudited *pro forma* financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited *pro forma* financial information has been prepared for illustrative purposes only and in accordance with Annex 20 of Commission Delegated Regulation (EU 2019/980) as it forms part of domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018 (as amended), and pursuant to paragraph 13.3.3R of the Listing Rules.

Due to its nature, the unaudited *pro forma* financial information is for the purposes of illustration only and, because it addresses a hypothetical situation, does not represent the Continuing Group's actual financial position or results. It may not, therefore, give a true picture of the Continuing Group's financial position or results, nor is it indicative of the results and financial position that may, or may not, be expected to be achieved in the future.

The unaudited *pro forma* financial information is based on the audited consolidated financial information of the Group and has been prepared in a manner consistent with the accounting policies adopted in the Company's financial statements for the year ended 28 February 2023.

The unaudited *pro forma* financial information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

The unaudited *pro forma* financial information does not take into account trading of the Group subsequent to the period end balance sheet date of 28 February 2023.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this **Part 5**.

Mazars accountant's report on the unaudited *pro forma* statement of net assets is set out in section B of this **Part 5**.

Unaudited pro forma statement of net assets

	Statement of Group net assets as at 28 February 2023 Note 1 (£'000)	Sale of Esken Renewables Note 2 (£'000)	Sale of Star Handling Note 3 (£'000)	Sale of Mersey Bioenergy Note 4 (£'000)	Transaction adjustments Note 5 (£'000)	Pro forma statement of net assets as at 28 February 2023 Note 6 (£'000)
Non-current assets						
Property, plant and equipment	263,412	(53,312)	(1,200)	—	(4,848)	204,052
Investment in associates and joint ventures	450	(273)	—	—	1	178
Other financial assets	15,324	(112)	—	—	—	15,212
Intangible assets	54,669	(16,667)	—	—	(38,001)	1
Net investment in lease	16,888	—	—	—	—	16,888
Defined benefit pension	1,937	—	—	—	3,081	5,018
Trade and other receivables	—	—	—	—	—	—
Total non-current assets	352,680	(70,365)	(1,200)	—	(39,767)	241,348

	Statement of Group net assets as at 28 February 2023 Note 1 (£'000)	Sale of Esken Renewables Note 2 (£'000)	Sale of Star Handling Note 3 (£'000)	Sale of Mersey Bioenergy Note 4 (£'000)	Transaction adjustments Note 5 (£'000)	Pro forma statement of net assets as at 28 February 2023 Note 6 (£'000)
Current assets						
Inventories	1,729	(602)	—	—	—	1,127
Trade and other receivables	34,195	(14,697)	(956)	(7,302)	—	11,240
Cash and cash equivalents	49,264	(7,612)	(118)	—	25,584	67,118
Restricted cash	1,000	(1,000)	—	—	—	—
Corporation tax	—	(940)	—	—	—	(940)
Deferred tax	—	(6,618)	(391)	—	7,009	—
Total current assets	86,188	(31,469)	(1,465)	(7,302)	32,593	78,545
Total assets	438,868	(101,833)	(2,665)	(7,302)	(7,175)	319,893
Liabilities						
Non-current liabilities						
Loans and borrowings	(259,841)	37,212	503	—	45,219	(176,907)
Defined benefit pension obligation	—	—	367	—	—	367
Other liabilities	(8,894)	1,498	—	—	—	(7,396)
Provisions	(3,942)	—	—	—	—	(3,942)
Total non-current liabilities	(272,677)	38,710	871	—	45,219	(187,877)
Current liabilities						
Trade and other payables	(27,611)	22,109	697	—	(6,956)	(11,761)
Loans and borrowings	(80,521)	7,842	155	—	—	(72,523)
Corporation tax	(583)	—	297	—	—	(286)
Provisions	(17,560)	—	—	—	—	(17,560)
Total current liabilities	(126,275)	29,951	1,150	—	(6,956)	(102,130)
Total liabilities	(398,952)	68,662	2,020	—	38,263	(290,007)
Net assets	39,916	(33,172)	(644)	(7,302)	31,089	29,886

Notes:

- (1) The net assets of Esken Limited as at 28 February 2023 have been extracted without material adjustment from the Group's consolidated financial statements for the year ended 28 February 2023, which have been incorporated by reference as described in Part 10 (*Documentation Incorporated by Reference*) of this document.
- (2) The adjustment in Note 2 comprises the sale of Esken Renewables. The adjustment in Note 2 comprises the sale of Esken Renewables as follows:
 - a) Net assets for Esken Renewables at 28 February 2023 (£33.5 million). Such information has been extracted without material adjustment from the consolidation schedules of the Group.
 - b) IFRS 16 assets and liabilities as at 28 February 2023 for two property leases which will transfer from the Continuing Group to Esken Renewables (increase in "Property, Plant and Equipment" of £3.5 million and increase in "Loans and borrowings" of £3.8 million). These adjustments have been based on the IFRS 16 workings at 28 February 2023 as used for the Group consolidated accounts.
 - c) Following the above adjustments, the revised net assets for Esken Renewables at 28 February 2023 total £33.2 million.
- (3) The adjustment in Note 3 reflects the sale of Star Handling announced on 15 May 2023. Although not a class 1 disposal and therefore not the subject of this document, this adjustment has been made to provide additional information to Shareholders to illustrate the impact of this disposal had it happened on 28 February 2023. The adjustment reflects the removal of net assets in respect of Star Handling Limited as at 28 February 2023 (£0.6 million). Such information has been extracted without material adjustment from the consolidation schedules of the Group.
- (4) The adjustment in Note 4 represents the sale of the Group's interest in Mersey BioEnergy announced on 20 June 2023 and completed on 3 August 2023. Although not a class 1 disposal and therefore not the subject of this document, this adjustment has been made to provide additional information to Shareholders to illustrate the impact of this disposal had it happened on 28 February 2023. Esken's investment in Mersey Bioenergy comprised a 39.6% shareholding and £7.3 million of unsecured 13.5% loan notes with a ten-year term ending in November 2024. The shareholding and loan notes had been fully written down by Esken, with a £nil net book value as at 28 February 2022, and the investment in Mersey Bioenergy did not contribute to either profit or loss for the Group in the year ended 28 February 2023. During the year the impairment of the £7.3 million of unsecured loan notes was written back, with this being deemed to have occurred on 1 March 2022 for the purpose of this document. The adjustment reflects the removal of assets in respect of the Group's interest in Mersey BioEnergy as at 28 February 2023 (£7.3 million). Such information has been extracted without material adjustment from the consolidation schedules of the Group.
- (5) The adjustment in Note 5 includes the following:
 - a) Sale of Esken Renewables – reflects the net proceeds of the Disposal of £78.5 million (which includes the Intercompany Loan Reimbursement and is net of transaction costs). Total transaction costs are £6.0 million, which will be incurred and

- settled upon Completion. In addition, due to the Intercompany Loan Reimbursement, the corresponding £6.9m intercompany loan receivable in Esken Limited has also been eliminated making the total net asset impact £71.5 million;
- b) The mandatory repayment of the Facilities Agreement balance as recorded in the Group financial statements as at 28 February 2023, as if the Disposal had been undertaken at that date, rather than on completion of the Disposal. This results in a net reduction in the *pro forma* net assets of £15.8 million: £61.0 million settlement costs less the £45.2 million loan creditor at 28 February 2023 (£50.0 million loan principal less unamortised loan set-up costs of £4.8 million). In addition, a further £5 million LSA Funding Facility was drawn down post 28 February 2023. Based on the terms of the Facilities Agreement, repayment of the Facilities Agreement and the LSA Funding Facility will be triggered by the Disposal. The actual amount to be repaid will differ from this amount as it will be based on the Facilities Agreement and LSA Funding Facility balance drawn down as at the actual repayment date plus associated costs. The Group is fully drawn down under the Facilities Agreement as to £50 million and the LSA Funding Facility as to £5 million, the total amount of the repayment (including fees and exit costs) is £70.6 million;
- c) Defined Benefit Pension – reflects an agreed pension contribution of £3.1 million, being a value of £3.5m less £0.4m of funding contributions made from November 2022 to February 2023, based on a previously agreed pension funding arrangement that was in place as at the Group's year end. Since year end, the funding mechanism of the pension has changed, so that following Completion of the Disposal, an amount equal to the amount which the Continuing Group expects to be sufficient to fund the Ansa pension scheme through buy-in, buy-out, and wind up, will be placed into a restricted escrow account. This reduces the Group's available cash balance and headroom by approximately £3.6 million, with the cash transferring to restricted cash within the balance sheet;
- d) Star Handling Disposal – reflects net disposal proceeds of £2.2 million comprising £3.9 million cash received by the Group after completion of the disposal net of the agreed settlement of hire purchase agreements prior to completion (of £1.2 million) and transaction costs and related adjustments (of £0.5 million). All deal costs have been incurred and cash settled as of November 2022. 90% of consideration has been received to date with final initial consideration dependent on the agreement of completion accounts with the buyer; the final consideration is not expected to be material so no provision has been included in the *pro forma* information. Further potential deferred consideration of £0.96 million has not been included as this is dependent on Star Handling achieving future revenue targets which are outside the control of the Continuing Group;
- e) Sale of the Group's interest in Mersey BioEnergy – reflects disposal proceeds of £9 million received by the Group on completion of the disposal. Total transaction costs are £nil;
- f) Reversal of the consolidation adjustments at 28 February 2023 attributable to Esken Renewables. Amounting to £37.1 million in total, they consist of the following:
- Increase in Property, plant and equipment by £0.4 million;
 - Decrease in Intangible assets by £38.0 million; and
 - Increase in Deferred tax of £0.5 million.
- g) The disposed business of Esken Renewables includes a deferred tax asset of £6.6 million. In line with Group accounting policies, the deferred tax asset has been removed as it is offset by unrecognised deferred tax assets within other Group entities, which are not currently recognised on the basis that there is uncertainty over whether taxable profit will be available within the trades operated by these entities against which the unused tax losses can be utilised in future periods.
- h) In connection with the planned disposal of non-core assets, the Group intends to recognise an impairment of approximately £5.3 million on the Group's non-core asset in Pollington, reflecting a reduction in the assessment of the assets net realisable value in the current market. The asset was not impaired at 28 February 2023, but had the disposal of Esken Renewables taken place at that date, the impairment would have been required so has been included in the *pro forma* statement of net assets.
- (6) The residual net cash receivable by the Group on the sale of Esken Renewables is expected to be as follows:

	<u>£ millions</u>
Equity Value	84.5
Transaction costs	(6.0)
Net proceeds	78.5
Less Use of Proceeds:	
Repayment of the Facilities Agreement (see Note 5b)	(50.0)
Repayment of the LSA Funding Facility	(5.0)
Fees and exit costs for the Facilities Agreement and LSA Funding Facility	(15.6)
Contribution to Ansa Logistics Pension Plan	(3.6)
Residual net cash	4.3

- (7) No adjustment has been made to reflect the trading results of the Group since 28 February 2023 or any other change in its financial position in this period.
- (8) The *pro forma* net assets and liabilities statement has been prepared in a manner consistent with the accounting policies adopted in the Group's financial statements for the year ended 28 February 2023.

The Pro Forma Financial Information has been prepared in accordance with Annex 20 of the Prospectus Regulation and in a manner consistent with the accounting policies adopted by the Group in preparing its audited consolidated financial statements for the year ended 28 February 2023.

Unaudited pro forma income statement

	Esken Limited for the year ended 28 February 2023 (£'000)	Sale of Esken Renewables (£'000)	Sale of Star Handling (£'000)	Sale of Mersey Bio Energy (£'000)	Profit on disposals and other transaction adjustments (£'000)	Pro forma (£'000)
	Note 1	Note 2	Note 3	Note 4	Note 5	
Continuing operations						
Revenue	120,004	(93,748)	(10,611)	—	—	15,645
Other income	2,220	(599)	—	—	3,409	5,030
Operating expenses	(116,587)	76,006	9,436	—	—	(31,145)
Adjusted EBITDA	5,637	(18,340)	(1,175)	—	3,409	(10,469)
Depreciation	(18,284)	7,615	942	—	—	(9,727)
Impairments	(1,016)	1,016	—	—	(5,283)	(5,283)
Operating loss	(13,663)	(9,710)	(233)	—	(1,874)	(25,480)
Reversal of impairment of loan notes	7,302	—	—	—	—	7,302
Finance costs	(24,786)	1,782	83	—	1,895	(21,026)
Finance income	4,027	—	—	—	—	4,027
Share of post-tax losses of associates and joint ventures	(566)	—	—	—	—	(566)
Loss before tax	(27,686)	(7,927)	(149)	—	20	(35,743)
Tax	2,508	1,029	—	—	1,029	2,508
Loss for the year from continuing operations	(25,178)	(8,956)	(149)	—	1,049	(33,235)
Discontinued operations						
Loss from discontinued operations, net of tax	(59)	—	—	—	15,406	15,347
Loss for the year	(25,237)	(8,956)	(149)	—	16,456	(17,887)

Notes

- The income statement of the Group for the year ended 28 February 2023 has been extracted without material adjustment from its audited annual accounts for the year ended 28 February 2023.
- The adjustment in Note 2 reflects the impact of the Disposal. These adjustments remove the revenue and expenses of Esken Renewables and the financial information for Esken Renewables has been extracted without adjustment from the Group consolidation schedules used in preparing the Group's audited consolidated financial statements for the year ended 28 February 2023.
- The adjustment in Note 3 reflects the sale of Star Handling announced on 15 May 2023 and subsequent deconsolidation of the entity from the Group. These adjustments remove the revenue and expenses of the whole of Star Handling for the year ended 28 February 2023.
Prior to the sale of Star Handling Limited on 15 May 2023 certain of the operations relating to passenger handling services at London Southend Airport were transferred to London Southend Aviation Services Limited, a wholly owned subsidiary of the Group, with effect from 30 September 2022. The financial information for Star Handling has been extracted without adjustment from the Group consolidation schedules used in preparing the Group's audited consolidated financial statements for the year ended 28 February 2023. Prior to the transfer of the operations, the trade and assets were held and reported in the same statutory entity, and full income performance was not maintained on an individual site basis. Therefore no adjustments have been made for the trading associated with the operations that were subsequently transferred to London Southend Aviation Services Limited post 30 September 2022, although values post this date have been removed.
- The adjustment in Note 4 reflects the sale of the Group's interest in Mersey BioEnergy announced on 20 June 2023, Completion of which occurred on 3 August 2023. There were no revenue and expenses of Mersey BioEnergy in FY23.
- The adjustment in Note 5 includes the following:
 - The finance cost adjustment reflects the removal of term loan interest of £1.5 million and release of debt issue costs of £0.4 million on the £50 million Facilities Agreement which would not have been payable had the transaction occurred on 1 March 2022 with settlement of the facility at that date; and

- b) Profit on disposal adjustments have been made in respect of the Disposal, the class 2 sales of Star Handling and of the interest in Mersey BioEnergy. The excess considerations received from the Disposal and class 2 disposals compared to the net assets disposed gives rise to a non-recurring profit on disposal as set out below:

	Esken Renewables £'000	Star Handling £'000	Mersey Bioenergy £'000
Consideration	84,461	3,874	9,000
Less: net assets as at 1 March 2022	(25,208)	(644)	(7,302)
Less: Required settlement of Bluesky Asset Finance	nil	(1,210)	nil
Less: transaction costs	(6,000)	(309)	nil
Less: Intercompany Loan Repayment	(6,956)	nil	nil
Less: Consolidation net assets	(30,892)	nil	nil
Profit on disposal	15,406	1,711	1,698

The final profit on disposal has been calculated using the net assets as at 1 March 2022, and is subject to audit review and therefore the value and line item classification may differ on completion of the FY24 Group accounts.

The Star Handling net assets as at 1 March 2022 are unable to be quantified, due to the disposed element not being separately reported as at that date. As a result, net assets used represent the value as at 28 February 2023.

Each of the adjustments in Notes 2, 3, 4 and 5 are non-recurring items.

No adjustment has been made to reflect the trading results of the Group since 28 February 2023 or any other change in its financial position in this period.

The Pro Forma Financial Information has been prepared in accordance with Annex 20 of the Prospectus Regulation and in a manner consistent with the accounting policies adopted by the Group in preparing its audited consolidated financial statements for the year ended 28 February 2023.

B. ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL INFORMATION



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The Directors
Esken Limited
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6 November 2023

Dear Sir or Madam

Esken Limited (the "Company")

We report on the *pro forma* financial information (the "**Pro Forma Financial Information**") set out in Part 5 of the circular dated 6 November 2023 (the "**Circular**").

This report is required by Listing Rule 13.3.3R and is given for the purpose of complying with that rule and for no other purpose.

Opinion

In our opinion:

- (a) the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company to prepare the *Pro Forma* Financial Information in accordance with Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of Commission Delegated Regulation (EU 2019/980) as it forms part of UK domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018 (as amended), as to the proper compilation of the *Pro Forma* Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary Shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by 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 Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

Basis of preparation

The *Pro Forma* Financial Information has been prepared on the basis described in the notes to the *Pro Forma* Financial Information, for illustrative purposes only, to provide information about how the

proposed disposal of Esken Renewables Limited and the disposals of Star Handling Limited and Mersey BioEnergy Holdings Limited might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 28 February 2023.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council (“**FRC**”) in the United Kingdom. We are independent in accordance with the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Yours faithfully

Mazars LLP

PART 6

SUMMARY OF DIFFERENCES BETWEEN A STANDARD LISTING AND PREMIUM LISTING

Introduction

If the Transfer Resolution is passed at the General Meeting, the Company will transfer admission of the Ordinary Shares to the Standard Listing segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for a Standard Listing. The Proposed Transfer will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with securities admitted to the Premium Listing segment of the Official List. The Company will remain subject to the requirements of the Premium Listing segment until the Proposed Transfer takes effect.

Shareholders should however note the disclosures on voluntary compliance with certain rules following completion of the Proposed Transfer as further described in **Part 1** (*Letter from the Chairman of Esken Limited*) of this document, under *Voluntary Compliance*.

Rules applicable to a Standard Listing

The Company will comply with the Listing Principles set out in Listing Rule 7.2.1. The Company will not be formally subject to the Premium Listing Principles and will not be required by the FCA to comply with them following the Proposed Transfer.

There are a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company following the Proposed Transfer becoming effective, including (without limitation) the following:

- (d) the forwarding of circulars and other documentation to the FCA for publication through the documents viewing facility and the related notification to a Regulatory Information Service;
- (e) the provision of contact details of appropriate persons nominated by the Company to act as a first point of contact with the FCA in relation to compliance with (i) the Listing Rules, (ii) articles 17, 18 and 19 of the UK Market Abuse Regulation, and (iii) the rules relating to the notification and dissemination of information in respect of issuers of transferable securities and relating to major shareholdings;
- (f) the form and content of temporary and definitive documents of title;
- (g) the appointment of a registrar;
- (h) the making of Regulatory Information Service notifications in relation to a range of debt and equity capital issues; and
- (i) at least 10% of the Ordinary Shares being held in public hands at all times.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with the requirements of the UK Market Abuse Regulation and the DGTRs. In particular, the Company will be required to comply with Chapters 4, 5, 6, and 7 of the DGTRs.

An applicant that is applying for a Standard Listing of equity securities must also comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing all securities.

Premium Listing Rules which no longer apply following the Proposed Transfer

When the Company has a Standard Listing, it **will no longer be required** to comply with certain other provisions of the Listing Rules, including the following:

- (a) Chapter 6, containing additional requirements for the listing of equity securities, which are only applicable for companies with a Premium Listing, including the requirement to limit the number of shares issued pursuant to warrants/options (excluding employee share schemes) to 20 per cent. of the existing issued shares;

- (b) Chapter 7, to the extent that the provisions therein refer to the Premium Listing Principles contained in LR7.2.1A;
- (c) Chapter 8, regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters;
- (d) The requirement to: (i) control the majority of its assets and to have done so for the last three years, and (ii) carry on an independent business as its main activity;
- (e) Companies with a Premium Listing which have a “controlling shareholder” (i.e. a person who exercises or controls on their own or together with persons with whom they are acting in concert, 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the listed company) are subject to various provisions (in Listing Rules 9.2.2AB – 9.2.2H) designed to ensure that the company can operate independently of the controlling shareholder;
- (f) Chapter 9, containing provisions relating to transactions including, *inter alia*, requirements relating to further issues of shares, the restriction on issuing shares at a discount in excess of 10% of market value, notifications and contents of financial information disclosures;
- (g) The requirement for a company to offer pre-emption rights pursuant to the Listing Rules (though the Company will remain subject to the pre-emption rights prescribed under Guernsey company law);
- (h) Chapter 10, relating to significant transactions, which requires shareholder consent for certain acquisitions or disposals. Shareholders should be aware that the Company would, following the Proposed Transfer, be able to undertake significant transactions without Shareholder approval;
- (i) Chapter 11, containing requirements regarding related party transactions for companies with a Premium Listing (notwithstanding that the Company will still be required to comply with the requirements regarding related party transactions set out in Chapter 7.3 of the DGTRs). Shareholders should be aware that the Company would, following the Proposed Transfer, be able to enter into related party transactions without Shareholder approval;
- (j) Chapter 12 of the Listing Rules regarding purchases by the Company of its securities, but any dealings in the Company’s securities will continue to be subject to the DGTRs and the UK Market Abuse Regulation;
- (k) Chapter 13 of the Listing Rules regarding the more extensive requirements relating to the form and content of circulars to be sent to shareholders;
- (l) Companies with a Standard Listing are not required to obtain the approval of their shareholders for the cancellation of the listing; and
- (m) The UK Corporate Governance Code does not apply directly to companies with a Standard Listing (though pursuant to paragraph 7.2 of the DGTRs, companies with a Standard Listing are still required to make a statement in the directors’ report covering the governance code to which the company is subject in relation to the financial reporting process and certain details of its share capital. The directors of companies with a Standard Listing are also required to include a description of the internal control and risk management systems and the composition of committees).

It should be noted that the FCA will not have the authority to (and will not) monitor the Company’s compliance with any of the Listing Rules or any aspects of the DGTRs which the Company is not required to comply with as a company with a Standard Listing, nor will the FCA have the authority to impose sanctions in respect of any failure by the Company to comply with such rules.

A company with a Standard Listing is not currently eligible for inclusion in the FTSE UK Index Series. This may mean that certain institutional investors are unable to invest in the Ordinary Shares.

Following the Proposed Transfer, the Company will continue to be subject to the City Code on Takeovers and Mergers.

Shareholders should, however, note the disclosures on voluntary compliance with certain rules following completion of the Proposed Transfer as further described in **Part 1** (*Letter from the Chairman of Esken Limited*) of this document, under *Voluntary Compliance*.

PART 7

ADDITIONAL INFORMATION

1. Responsibility

The Company and Directors, whose names are set out in **Part 7** of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (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.

2. Directors', senior managers' and other interests

- (a) The names of the Directors are set out under "Directors, Company Secretary, Registered Office and Advisers" on page 9 of this document.
- (b) The interests of each Director or of any member of the senior management of the Group ("**Senior Manager**"), all of which are beneficial (except as noted below), in the share capital of the Company are as follows:

	Number of Ordinary Shares	% of the issued ordinary share capital
Directors		
David Shearer	1,226,785	0.12
Nick Dilworth	220,396	0.02
David Blackwood	383,818	0.04
Ginny Pulbrook	53,214	0.01
Clive Condie	327,857	0.03
Senior Managers		
John Upton	—	—
Richard Jenkins	—	—
Adam Davidson	—	—
Angela Smith	76,101	0.01

- (c) The Directors and Senior Managers are also interested in unissued Ordinary Shares under share options held by them pursuant to the Share Option Schemes, all of which were granted for nil consideration, as follows:

	Options held	Performance period
Directors		
David Shearer	—	—
Nick Dilworth	4,820,144	3 years to 1 March 2024
Nick Dilworth	4,709,466	3 years to 1 March 2025
David Blackwood	—	—
Ginny Pulbrook	—	—
Clive Condie	—	—
Senior Managers		
John Upton	—	—
Richard Jenkins	944,245	3 years to 1 March 2024
Richard Jenkins	1,266,987	3 years to 1 March 2025
Angela Smith	546,313	3 years to 1 March 2024
Angela Smith	868,791	3 years to 1 March 2024

- (d) Save as disclosed above, no Director or Senior Manager has any interest in the share capital or loan capital of the Company nor does any person connected with the Directors or Senior Managers have any such interests, whether beneficial or non-beneficial.
- (e) So far as the Company is aware, as at Latest Practicable Date, the following persons (other than Directors and Senior Managers) were, directly or indirectly, interested in three per cent or more of the voting rights or issued share capital of the Company:

	Number of Ordinary Shares	% of the issued share capital
Toscafund Asset Management	285,077,383	27.80
Strategic Value Partners	92,002,715	8.97
Harwood Capital	81,870,883	7.98
Mr Richard I Griffiths	77,877,594	7.60
JPMorgan Chase & Co.	61,757,228	6.02
Cyrus Capital Partners	53,763,529	5.24
Hargreaves Lansdown Asset Management	46,461,676	4.53
Compagnie Lombard Odier SCA	36,904,628	3.60
Schroder Investment Management	33,863,691	3.30
Tetragon Financial Group Limited	33,170,440	3.24

3. Directors service contracts

- (a) Nick Dilworth, Chief Operating Officer, Chief Financial Officer and Executive Director, Esken Renewables, has entered into a service agreement with the Company dated 30 October 2017, subject to termination upon six months' notice by the Company. His position as a director of the Company is subject to approval by Shareholders at the Company's AGM each year.
- (b) Nick Dilworth is entitled to a remuneration package comprising annual base salary, a discretionary performance-related bonus and participation in a long-term incentive plan, personal pension contributions (or a cash allowance in lieu of pension contributions) and participation in the Group's benefit plans (including private executive medical cover, death in service cover and car plans (or cash in lieu)). His current base salary is £335,000 per annum.
- (c) David Shearer became Executive Chairman on 9 February 2021 and his service agreement is subject to termination upon three months' notice by the Company. His position as a director of the Company is subject to approval by Shareholders at the Company's AGM each year.
- (d) The Executive Chairman is paid an annual fee of £400,000 for his role as Chairman of the Company for as long as he undertakes these duties. He receives no other benefits from the Company (save that he is covered by the death-in-service insurance scheme) and does not participate in its incentive schemes or its pension scheme.
- (e) David Blackwood, Deputy Chairman and Senior Independent Director, has entered into a service agreement with the Company for an initial period of 3 years from 1 March 2019 (which was renewed for a further three years with effect from 1 March 2022) and he is subject to annual re-election as a director by Shareholders at the Company's AGM. Mr Blackwood is paid a base fee of £52,500 for service as a director and an additional £10,000 for chairing the Company's Audit Committee and £10,000 for serving as its Senior Independent Director. He receives no other benefits from the Company and does not participate in its incentive schemes or its pension scheme.
- (f) The services of Ginny Pulbrook as non-executive Director are provided under the terms of an agreement with the Company for an initial period of three years from 1 October 2018 (which was renewed for a further three years with effect from 1 October 2021) and she is subject to annual re-election as a director by Shareholders at the Company's AGM. Ms Pulbrook is paid a base fee of £52,500 for service as a director and an additional £10,000 for chairing the Company's ESG Committee and serving as its Designated Director for employee engagement. She receives no other benefits from the Company and does not participate in its incentive schemes or its pension scheme.

- (g) The services of Clive Condie as non-executive Director are provided under the terms of an agreement with the Company for an initial period of three years from 1 July 2020 (which was renewed for a further 3 years with effect from 1 July 2023), and he is subject to annual re-election as a director by Shareholders at the Company's AGM. Mr Condie is paid a base fee of £52,500 for service as a director and an additional £10,000 for chairing the Company's Remuneration Committee. He receives no other benefits from the Company and does not participate in its incentive schemes or its pension scheme.
- (h) Historically, annual bonuses were up to a maximum of 150% of salary for all Executive Directors. Where the bonus opportunity was more than 100% of salary, up to 60% of any bonus earned would ordinarily be paid in cash with the remainder deferred into shares, for two years.
- (i) In place of historical annual bonuses, the Remuneration Committee is putting in place a bonus plan for the Executive Directors to apply from the beginning of FY24, which is the proposed Executive Remuneration Scheme set out in Part 8 of this document. It is proposed that bonus will be pro-rata based on a pro-rata apportionment of 50% of base salary paid pro-rata to the date of winding up of the Company and/or cessation of employment (pro-rata from 1 March 2023). The payment of the bonus will be subject to continued employment until such exit date. At his request, the Executive Chairman will not participate in this retention bonus.
- (j) In addition to normal public holidays, the Executive Directors are entitled to 25 working days of paid holiday in each complete holiday year.
- (k) Nick Dilworth is eligible to participate in the Group's pension scheme, with a maximum contribution of 10% of base salary. Alternatively, he may opt to receive a cash allowance in lieu of employer pension contributions currently at a rate of approximately 10% of base salary.
- (l) Save as set out in paragraphs (a) to (h) above, there are no service agreements in existence between any of the Directors and any member of the Group which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

4. Related Party Transactions

Toscafund is a substantial shareholder in the Company for the purposes of the Listing Rules as a result of being entitled to exercise, or to control the exercise of, over 10 per cent. of the votes able to be cast at general meetings of the Company. It is therefore considered to be a related party for the purposes of Chapter 11 of the Listing Rules. Toscafund agreed to acquire up to 102,142,857 shares in the Company as part of the placing the Company put in place in July 2021 and as a result this was considered a related party transaction for the purposes of Chapter 11 of the Listing Rules. Therefore, their participation required the prior approval of independent Shareholders by ordinary resolution, which was passed at a general meeting of the Company on 17 August 2021.

5. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by either the Continuing Group or Esken Renewables during the two years preceding the date of this document and are or may be material or contain a provision under which any member of the Continuing Group or Esken Renewables, as appropriate, has an obligation or entitlement which is material to the Continuing Group or Esken Renewables, as appropriate, as at the date of this document:

The Continuing Group

- (a) the Disposal Agreement the material terms of which are set out in **Part 2 (Summary of the Key Terms of the Disposal)** of this document;
- (b) Exclusivity Agreement
On 4 June 2023, the Company entered into an agreement with the Purchaser pursuant to which the Company granted the Purchaser exclusivity in relation to the negotiation of the Disposal for a period expiring on 29 August 2023, which has not been extended further. Such agreement has been superseded by the provisions of the Disposal Agreement and will terminate on or before Completion.

(c) Sponsor's Agreement

On 1 November 2023, the Company entered into a sponsor agreement with the Sponsor pursuant to which the Company has appointed Canaccord Genuity Limited (i) as sponsor for the purposes of the Disposal described in this document and to carry out the duties of a sponsor as provided by Chapter 8 of the Listing Rules and (ii) as financial adviser in relation to the Proposed Transfer and, subject to the Transfer Resolution being passed, to make an application to the FCA in respect of the Proposed Transfer on behalf of the Company. The Sponsor Agreement contains, amongst other things, certain customary obligations on the Company, including that the Company agrees to comply with the Listing Rules and to pay a fee to the Sponsor on terms agreed between the Sponsor and the Company.

The Sponsor's Agreement contains certain customary warranties and indemnities from the Company, together with provisions which enable the Sponsor to terminate the Sponsor's Agreement in certain circumstances, which is usual for a sponsor agreement of this kind.

(d) Financing Arrangements

In summary, the Group holds the following three current primary debt facilities: (i) the Facilities Agreement (which includes the LSA Funding Facility); (ii) the Exchangeable Bond and (iii) the Convertible Debt Facility. The Revolving Debt Facility was repaid and extinguished in November 2022.

(i) Facilities Agreement

On 9 November 2022, the Company and certain of its subsidiaries as borrowers and original guarantors, entered into a facility agreement (the "**Facilities Agreement**") in respect of a term loan in an amount of up to £50 million at any time ("**Facility A**"), with the possibility of requesting additional accordion facilities of up to £10 million to provide certain financing to LSA (the "**Emergency Funding Facility**") and £30 million to refinance its Exchangeable Bond (the "**Accordion Facilities**"). The lenders under the Facilities Agreement are certain funds managed by a specialty lender.

On 26 June 2023, the Company entered into an agreement to amend and restate the Facilities Agreement) in certain respects, including:

- A new term loan facility in the amount of £5 million to facilitate the provision of £5 million of funding to LSA (the "**LSA Funding Facility**");
- The removal of the Emergency Funding Facility; and
- Permitting it to retain the proceeds from certain asset disposals rather than repaying Facility A.

As at 31 August 2023, £55 million has been drawn under the Facilities Agreement, including the full amount of the LSA Funding Facility.

1. Facility A

The amounts borrowed under the Facility A term loan may only be applied towards the general corporate and working capital purposes of the Group and certain other permitted payments, but not towards acquisitions or the prepayment or servicing of any loans.

Conditions to utilisation

The borrowers are entitled to utilise the Facility A term loan provided that no default is continuing or would result, no change of control or sale has occurred, and certain representations are true in all material respects as at the date of the proposed utilisation. The Disposal constitutes a sale under the Facilities Agreement.

No utilisation request can be made if it would result in more than one Facility A loan being outstanding at any time.

2. LSA Funding Facility

The LSA Funding Facility, which may only be used to fund LSA, which was drawn on 7 July 2023, is on the same terms as Facility A save as specifically referred to below.

The terms of the LSA Funding Facility require that certain conditions are met before money is advanced to LSA. The Company granted certain additional security to the lenders in relation to the LSA Funding Facility relating to a bank account in which drawings thereunder are held.

3. Accordion Facilities

Under the Accordion Facilities, the Company may request the establishment of an exchangeable bond facility (the “**Exchangeable Bond Facility**”). The Company may make no more than one such request in relation to the Accordion Facilities.

An Accordion Facility request is an invitation to each lender to participate in the Accordion Facility on the terms set out in the request. The lenders under the Accordion Facility must consent to an Accordion Facility request for the Accordion Facility to be established and each Lender must specify the amount of the commitment it is willing to participate in the Accordion Facility.

The Emergency Funding Facility was subject to a maximum total Accordion Facility commitment of £10 million, but this facility has been removed.

The Exchangeable Bond Facility is subject to a maximum total Accordion Facility commitment of £30 million. The borrower under any Exchangeable Bond Facility will be the Company. The availability period for any Exchangeable Bond Facility must expire on or before 8 May 2024. An Exchangeable Bond Facility loan may only be applied towards the refinancing of the Exchangeable Bond and payment of all third party fees, costs and expenses incurred in connection with such refinancing.

Conditions to utilisation

No Accordion Facility may be utilised unless Facility A and the LSA Funding Facility has been utilised in full. No utilisation request can be made if it would result in more than one loan being outstanding under an Accordion Facility at any time.

4. Maturity and repayment

A Facility A loan is repaid in an amount of £1,250,000 on each interest payment date, being 29 February. On the termination date, being the date falling three years after the initial utilisation under the Facilities Agreement, the Facility A loan then outstanding will be repayable in full.

The LSA Funding Facility loan will be repayable on the same date as the Facility A loan.

An Exchangeable Bond Facility loan must be repaid in full on the termination date specified in the Accordion Facility request establishing the Exchangeable Bond Facility.

If all or part of any lender participation in a loan under a facility made available under the Facilities Agreement is repaid or prepaid, an amount equal to the repayment or prepayment will be cancelled from that lender’s commitment in respect of that facility. No borrower may reborrow any part of the facilities made available under the Facilities Agreement which has been prepaid or repaid.

If any amount of any loan under the Facilities Agreement other than the LSA Funding Facility is repaid or prepaid (whether on a mandatory or voluntary basis) on or prior to the non-call date applicable to that Facility (the “**Non-Call Date**”), the Company shall pay to the agent an amount equal to the interest which would otherwise have accrued or been due in respect of the amount repaid or prepaid during the period from (and including) the repayment/prepayment until the Non-Call Date (the “**Make Whole Amount**”). No Make Whole Amount is payable on any repayment or prepayment made after the relevant Non-Call Date.

The Non-Call Date for Facility A was 8 May 2024 and is now 28 February 2025 and the Non-Call Date for the Exchangeable Bond Facility is the date specified in the relevant Accordion Facility request.

On repayment of the LSA Funding Facility a minimum cash-on-cash multiple of 1.50x applies such that the minimum repayment inclusive of principal, interest and fees will be £7.5m, instead of the make-whole payments applicable to Facility A.

5. Mandatory repayment

Facility A, the LSA Funding Facility and any Accordion Facility will be cancelled and shall immediately cease to be available for future utilisation, and any loans and all interest and other amounts accrued under it shall become immediately due and payable on:

- A change of control of the Company or of Esken Holdings Limited, as defined in the Facilities Agreement; or
- A sale of substantially all the business and assets of the borrowers, including a sale of all or substantially all of the business and assets of the Esken Renewables or the Infrastructure Group (as defined in the Facilities Agreement).

6. Interest rates and fees

The interest rate payable in respect of loans under any facility under the Facilities Agreement is at a margin over the one year Term SONIA reference rate (subject to a floor of 1.5%.) and for the appropriate period.

In relation to a loan under Facility A, the margin is 9.875 per cent. per annum.

In relation to a loan under the LSA Funding Facility, the margin is 9.875 per cent. per annum with a step up to 15% per annum if the Disposal has not occurred by 31 October 2023.

In relation to a loan under the Exchangeable Bond Facility, the margin is the percentage rate per annum specified in the relevant Accordion Facility request.

7. Security

The Facilities Agreement was secured by the entry into an English law debenture by each borrower under the Facilities Agreement and a Guernsey law security interest in respect of the shares in Moneypenny Limited. In consequence of the establishment of the LSA Funding Facility, this security was supplemented by the assignment of certain loan receivables to the lender under the Facilities Agreement and the charging of an account set up by Esken Aviation to hold the funds drawn down under that facility.

8. Events of default and cross-default

The Facilities Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including, for example, non-payment, breach of financial covenants and a cross-default to other financial indebtedness of any member of the Group. The occurrence of an event of default which is continuing would allow the majority lenders under the Facilities Agreement to, amongst other things, upon written notice to the Company, accelerate all or part of the outstanding loans, cancel the commitments and declare all or part of the loans payable on demand. If the Company is unable to pay all outstanding loans upon such demand, the lenders shall have the right to direct their security agent to exercise any or all of its rights, remedies powers or discretions under the Facilities Agreement.

(ii) LSA Facility

On 26 June 2023, the Company entered into a facilities agreement with LSA and its subsidiaries to provide facilities of up to £5 million and up to a further £21 million to fund its operating and capital expenditure requirements. The borrowings under this facilities agreement are provided on an unsecured basis and are subordinated to borrowings under the Convertible Debt Facility as referred to below and the Pari Passu Loan referred to below. The availability of the £21 million facility is conditional upon the Disposal occurring and certain other customary conditions. As at 6 October 2023, the £5 million facility is fully drawn down.

(iii) Revolving Credit Facilities

On 27 July 2021, the Company and certain of its subsidiaries as original borrowers and original guarantors (collectively, the “**Facility Obligors**”) entered into an amendment and restatement agreement in respect of a multicurrency revolving credit facility agreement originally dated 26 January 2015 with Lloyd’s as arranger and Lloyd’s as agent and security trustee (the “**Amended and Restated Facility Agreement**”). The Facility Agreement was terminated and the sums under it were repaid in November 2022.

The Amended and Restated Facility Agreement provided for borrowings up to an aggregate principal amount of £20,000,000 on a committed basis for the Company and Esken Renewables Limited as borrowers. The funds under the Amended and Restated Facility Agreement could be applied towards the general corporate purposes of the Group and in accordance with the Group’s short-term cash flow forecasts.

(iv) Exchangeable Bond

On 8 May 2019, the Exchangeable Bond Issuer issued the Exchangeable Bond and placed £53.1 million of secured guaranteed exchangeable bond which was constituted and secured by a trust deed dated 8 May 2019 between the Exchangeable Bond Issuer, the Company as guarantor and U.S. Bank Trustees Limited as trustee (the “**Trust Deed**”).

The Exchangeable Bond is exchangeable into a *pro rata* share of the exchange property which comprises 51,708,179 fully paid ordinary shares of nominal value of £0.01 each in the capital of Logistics Development Group plc (formerly Eddie Stobart Logistics plc) (the “**Exchange Property**”).

The Exchangeable Bond has an 8 May 2024 maturity, with the repayment amount due being the difference between the £53.1 million principal amount of the Exchangeable Bond and the value of the shares in LDG into which the Exchangeable Bond is convertible (these comprise 51,708,179 shares, representing 80.6 per cent. of the Group’s total holding in LDG as described above). As at 31 August 2023, this amounted to £7.2 million. The encumbered LDG shares can either be sold or included as part of the payment by the Group to the bondholders by way of an in-specie distribution. The LDG shares not subject to the Exchangeable Bond are also available for sale by the Group.

Interest rates

The Exchangeable Bond accrues interest at a rate of 2.75 per cent. per annum calculated by reference to each £1,000 in principal amount of the Exchangeable Bond and payable semi-annually in arrear in equal instalments on 8 May and 8 November in each year.

Exchange Rights

Subject to the right of the Exchangeable Bond Issuer to make a cash election, each bondholder has the right to have all or any of its Exchangeable Bond redeemed at any time during the exchange period by exchange of each £1,000 in principal amount of such Exchangeable Bond for a *pro rata* share of the Exchange Property as at the date of exchange (such right being an Exchange Right). The exercise of Exchange Rights is subject to various mechanisms and processes as set out in the conditions of the Exchangeable Bond.

The exchange price of the Exchangeable Bond is subject to adjustment mechanisms and conditions set out in the conditions of the Exchangeable Bond.

Prepayments and redemption

The Exchangeable Bond Issuer may redeem the Exchangeable Bond in whole, but not in part, at any time on or after 29 May 2022 provided that certain conditions relating to the value of the Exchange Property are met; or at any time if Exchange Rights have been exercised and/or redemptions have been effected in respect of 85 per cent. or more in principal amount outstanding of the Exchangeable Bond originally issued.

The Exchangeable Bond Issuer may elect to satisfy its obligations to redeem the Exchangeable Bond on its final maturity date by exercising its option to deliver all or part

of the relevant *pro rata* share of the Exchange Property in place of cash with respect to all (and not only some) of the Exchangeable Bond to be redeemed on its final maturity date, subject to the satisfaction of certain conditions.

The Exchangeable Bond may also be redeemed at a price equal to its principal amount plus accrued and unpaid interest upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Exchangeable Bond Issuer may be required to redeem the Exchangeable Bond at a price equal to its principal amount plus accrued and unpaid interest to the date of the redemption.

Guarantee

The Company has granted an unsecured guarantee under the Trust Deed of due and punctual payment by the Exchangeable Bond Issuer of all sums payable by the Exchangeable Bond Issuer under the Trust Deed, the Exchangeable Bond and the other documents relating to the Exchangeable Bond.

Events of default and cross acceleration

The Exchangeable Bond contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including, for example, non-payment of the principal of, or any interest under, the Exchangeable Bond or breach of obligations under, inter alia, the Exchangeable Bond by the Exchangeable Bond Issuer or the Company under the Exchangeable Bond, or enforcement action, court judgement, insolvency, or winding up proceedings involving, or cross acceleration of any other financial indebtedness exceeding £10 million which is not paid when due by, the Exchangeable Bond Issuer, the Company or any other Material Subsidiary (as defined in the Exchangeable Bond) in the Group.

The occurrence of an event of default which is continuing would result in the Exchangeable Bond becoming due and repayable if the trustee of the Exchangeable Bond acting on instructions of holders of the Exchange Bond so declares.

Enforcement action of the transaction security granted in favour of the lenders under the Convertible Debt Facility and the Exchangeable Bond could occur thereafter.

- (e) In August 2021, CGI made available to the LSA Group a convertible loan facility under which the LSA Group is the borrowing party (the “**Carlyle Facility**”). The Group entered into a number of documents to effect the Carlyle Facility, the terms of which are summarised below:

(i) **Convertible Debt Facility**

On 2 July 2021, LSA, Esken Aviation and CGI entered into a convertible loan facility (the “**Convertible Debt Facility**”). LSA and Thames Gateway Airport Limited are parties to the Convertible Debt Facility, among others including, London Southend Solar Limited and London Southend Jet Centre Limited as joint and several guarantors (the “**Convertible Debt Obligors**”) of LSA’s obligations under the Carlyle Facility.

The principal amount of the loan made available under the Convertible Debt Facility (the “**Convertible Loan**”) is £125 million.

Interest accrues on the outstanding principal amount of the Convertible Loan at a rate of 2 per cent. per annum (the “**PIK Interest**”) and 8 per cent. per annum (the “**Cash Interest**”). Interest payment dates in respect of the PIK Interest and Cash Interest are the fifth Business Day following the end of each interest period (being a period of 12 months ending on the last day of February in each year).

PIK Interest accrued during each interest period will be added to the principal amount of the Convertible Loan. Cash Interest will only be payable to CGI out of revenues generated by the Convertible Debt Obligors during the interest period preceding each interest payment date (after deducting amounts including certain expenditure and debt service charges of the Convertible Debt Obligors) and shall only be payable to the extent that a minimum headroom liquidity requirement is met. Such minimum headroom liquidity requirement will be met to the extent that (i) following payment of the accrued Cash Interest on such interest payment date, and taking into account any other debt service

charges payable on such date, there is a minimum of £5 million of cash to be available to the Convertible Debt Obligors; and (ii) during each month of the three-year period of cash flow forecasts in the business plan of the LSA ("**Forecast Period**"), there is a minimum of £2.5 million of cash (after deducting anticipated payments of operating and capital expenditure, debt service and cash taxes) ("**Projected Cash**") forecast to be available to the Convertible Debt Obligors and when the Projected Cash for each month of the Forecast Period is aggregated, the average Projected Cash available to the Convertible Debt Obligors during the Forecast Period is forecast to be not less than £5 million. To the extent that Cash Interest is not paid on an interest payment date, the unpaid amount will be added to the principal amount of the Convertible Loan with effect from such date and interest will accrue on such increased principal amount thereafter.

Purpose

LSA was required to apply all amounts borrowed by it under the Convertible Debt Facility in partial repayment of then outstanding intercompany loans advanced by the Company and settlement of certain transaction fees, costs and expenses of CGI incurred in entry into the Convertible Debt Facility.

Conditions precedent

The Convertible Debt Facility required the satisfaction of certain conditions precedent prior to CGI being obliged to make the Convertible Loan available to the LSA, which were met.

Undertakings

The Convertible Debt Facility requires the Convertible Debt Obligors to comply, for so long as the Convertible Loan remains outstanding, with a number of customary undertakings and covenants, which are subject to customary materiality qualifications, exceptions and baskets. These covenants include, among others:

- restrictions on the nature and amount of financial indebtedness that may be incurred by the Convertible Debt Obligors, including the requirement to meet certain debt incurrence tests before certain types of financial indebtedness can be incurred;
- restrictions on capital and operating expenditure which may be incurred by the Convertible Debt Obligors during the term of the Convertible Loan the extent of which is the subject of the CGI litigation;
- restrictions on disposals of assets;
- restrictions on the ability of the Convertible Debt Obligors to make dividend payments, distributions or payments in respect of subordinated debt unless certain permitted distribution conditions are met; and
- restrictions on the ability of LSA to make material changes to the terms of reference for its Operational Committee or establish further committees for managing LSA other than with the prior consent of CGI.

In addition, there are certain performance related triggers such that, in the event of underperformance by the Convertible Debt Obligors in terms of passenger numbers using LSA and/or its profitability which are not cured within prescribed timeframes, the Convertible Debt Obligors will be subject to certain tighter restrictions and CGI will have certain enhanced rights and powers, including further restrictions with respect to the incurrence of financial indebtedness, a restriction on all disposals by the LSA Group and a restriction on the payment of any distributions, dividends or in respect of subordinated debt.

Restrictions on transfer

The Convertible Debt Facility includes restrictions on the ability for CGI to transfer its rights and obligations under the Convertible Debt Facility to a third party. CGI is at all times restricted from transferring its interest to any entity on a "Restricted List" without the prior written consent of LSA.

CGI may transfer its rights without the prior consent of LSA (subject to the Restricted List restrictions) provided that any transferee accedes to the relevant finance documents, and:

- the transferee is an affiliate of CGI who has (a) completed any relevant “know your customer” checks requested to confirm that such transferee is in fact an affiliate; and (b) where no person, together with any of its affiliates (excluding any affiliates of CGI) holds an economic interest (on a look through basis, whether held directly or indirectly) of more than 49 per cent. Of CGI; or
- an event of default under the Convertible Debt Facility has been continuing for more than 70 days; or
- an event of default has been continuing for fewer than 70 days, but CGI has accelerated the Convertible loan, confirmed that it will not exercise its conversion right and the LSA has failed to repay the Convertible Loan within 10 Business Days.

Conversion and redemption rights

Conversion

At any time, prior to the maturity of the Convertible Loan, CGI may elect, by serving 30 days’ notice to LSA, to exercise its conversion right in respect of the Convertible Loan so as to convert the principal amount outstanding under the Convertible Loan (including all accrued interest) into ordinary shares in an amount equal to 30 per cent. of the fully diluted share capital of LSA. Following receipt of such notice, LSA must issue the shares to CGI on the date specified by CGI (such date being no less than 60 days following receipt of the notice).

Upon the exercise of its conversion rights, CGI may require that LSA (a) capitalise certain outstanding shareholder indebtedness and (b) procures the release of certain debt guarantees granted in support of indebtedness incurred by the Wider Group (being the Group other than the LSA Group). In the seven months prior to the final maturity of the Convertible Loan, CGI will indicate its intention to convert the Convertible Loan or require its repayment at maturity at the request of LSA.

At any time following the fifth anniversary of the closing date for the Convertible Debt Facility (being 26 August 2021) (the “**Closing Date**”), LSA may provide written notice to CGI requesting that CGI exercise its conversion right. If LSA provides such notice, CGI shall either consent to the conversion, at which point the conversion as described above will occur, or consent to LSA repaying the Convertible Loan in full at the Repayment Price (as defined below).

Following any conversion of the Convertible Loan, the obligations and liabilities of all parties under the Convertible Debt Facility shall be discharged in full.

Redemption

To the extent that the Convertible Loan remains outstanding, LSA is obliged to repay it in full on the final maturity date, being seven years from the Closing Date at the Repayment Price, which is the greater of: (a) the amount which generates a 10 per cent. IRR for the period from the Closing Date to the repayment date taking into account as part of the IRR calculation the amounts of all Cash Interest paid; or (b) £193.75 million less the amounts of all Cash Interest paid prior to the repayment date.

Following the second anniversary of the Closing Date, LSA may elect to repay the Convertible Loan in full by serving a notice on CGI. Following delivery of such notice, CGI will then have a two month period to elect to exercise its conversion right. If CGI does not exercise its conversion right during that period, LSA is required to repay the Convertible Loan at the Repayment Price on or prior to a pre-specified long-stop date.

Esken Aviation is required to give CGI notice of any proposed change of control of the LSA Group or certain insolvency events. In respect of any proposed change of control, CGI shall have a right of first offer in respect of the shares in LSA. Subject to such right, and following receipt of such notice, CGI may serve notice on LSA to either require LSA to repay the Convertible Loan at the Repayment Price or exercise its conversion right. If CGI does not elect to pursue either option above within two months of being notified of a

proposed change of control, LSA may (at its option) elect to repay the Convertible Loan at the Repayment Price and/or implement the proposed change of control.

If any sum payable to CGI by LSA under the Convertible Debt Facility becomes subject to gross-up or if CGI claims any tax-related indemnification from an Obligor, LSA may serve notice on CGI of its intention to repay the Convertible Loan in full at the Repayment Price on or prior to a long-stop date not more than 6 months following the date of such notice. If, within two months of receipt of such notice, CGI does not serve notice exercising its conversion right, LSA shall repay the Convertible Loan in full at the Repayment Price on or prior to the long-stop date specified in its notice.

Marketing

CGI is entitled to informally approach investors in the market with a view to determining the potential value of a sale of its stake in LSA if it exercised its conversion right subject to certain restrictions on the number of investors that can be approached and the scope of information that can be shared with such investors (and any commercially sensitive information shared will be subject to the terms of access that the board of LSA shall reasonably determine).

LSA will use its reasonable endeavours to procure that its management shall, upon request from CGI, provide reasonable assistance in preparing and providing non-public information to be shared with such limited number of investors, provided that any non-public information shared will be subject to appropriate confidentiality undertakings.

Emergency Funding

The Convertible Debt Facility includes the ability for LSA to submit a notice to CGI and Esken Aviation specifying that certain emergency funding situations (including urgent liquidity requirements and certain events of default occurring under any of LSA's other financing) may arise (or have arisen).

Following submission of such notice, LSA may seek cost-effective third-party financing to remedy such situation. If LSA is unable to secure such financing or considers it to not be cost-effective, LSA may submit a request to CGI and Esken Aviation to provide such emergency funding. CGI and Esken Aviation shall notify LSA whether they are prepared to participate and on what terms. LSA shall notify both CGI and Esken Aviation which terms it is willing to agree to and the other shall be given the opportunity to match such terms. If insufficient funding is offered by one party, the other party may elect to provide the shortfall. Up to £10 million of emergency funding may rank senior to the secured senior liabilities, including the Convertible Loan and the Pari Passu Loan. Any excess shall be subordinated to such secured senior liabilities.

Governance

Committees

Under the Convertible Debt Facility, LSA has undertaken to establish an operational committee (the "**Operational Committee**") responsible for the day-to-day management and operations of the LSA with delegated authority from the board of LSA with effect from the Closing Date.

Esken Aviation has undertaken that it will establish a strategic committee for shareholder-level discussions in accordance with the terms set out in the Shareholders' Agreement.

Further details on the governance of LSA is set out in the section relating to the Shareholders' Agreement below.

Underperformance events

On the occurrence of certain trigger events related to underperformance with respect to passenger numbers at and/or profitability of LSA at various test dates (commencing in August 2022), the following shall occur:

- a revised business plan and annual budget shall be agreed between CGI and Esken Aviation; and

- CGI may commission an independent review to examine the causes of the relevant underperformance recommend appropriate corrective measures and CGI and Esken Aviation shall meet to consider whether any management changes ought to be implemented.

In the event such underperformance is not cured within a set time period (which shorten depending on the severity of the underperformance), additional restrictions shall apply to the Convertible Debt Obligors (including those outlined in the “Undertakings” above), CGI may appoint additional non-executive directors to LSA’s board (providing that CGI’s representatives remain a minority) and CGI and Esken Aviation shall promptly meet to discuss management changes and, if considered appropriate, a replacement process shall ensue as part of which CGI shall have a deciding right.

Insolvency Event in relation to a Material Company

Following the appointment of an insolvency officeholder (an “**Insolvency Event**”) in respect of any of the Company, Esken Aviation and any intermediate holding company between the Company and Esken Aviation (each, a “**Material Company**”), and until such time as either such Insolvency Event has ceased or a change of control has occurred such that LSA is no longer controlled by a person subject to an Insolvency Event (whichever is earlier), CGI shall have the right to appoint the minimum number of:

- directors to constitute the majority of the board of LSA; and
- members of the sub-committees of LSA (including the Operational Committee) to constitute the majority of such sub-committees.
- In the event that CGI does appoint a majority of the board of LSA following the occurrence of an Insolvency Event in respect of a Material Company, CGI shall procure that:
- no action or decision is taken in respect of any matters which are “Reserved Matters” under the Shareholders’ Agreement without the prior consent of at least one director appointed by each of CGI and Esken Aviation; and
- no material updates or amendments are made to the then current Business Plan and Annual Budget without the consent of the directors appointed by Esken Aviation.

Right of First Offer

In certain circumstances relating to transactions which might give rise to a change of control of LSA, CGI shall have the right to (i) demand repayment at the Repayment Price, or (ii) exercise its conversion rights and / or (iii) make an offer to the Company and Esken Aviation to acquire the shares held by Esken Aviation in LSA on the same terms implied by the transaction leading to the change of control, which the Company and Esken Aviation may choose to accept. Esken Aviation is not compelled to accept an offer under the Right of First Offer provisions and can elect to accept a third party offer.

Events of Default and Cross Default

The Convertible Debt Facility contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including, for example, non-payment, breach of obligations and a cross-default to other financial indebtedness which ranks senior to liabilities under the Convertible Debt Facility of any member of the LSA Group. Following the occurrence of an event of default, CGI shall have 60 days from the date of such occurrence to either exercise its conversion right in respect of the Convertible Loan or to require that LSA repay the Convertible Loan in full at the Repayment Price and/or take enforcement action with respect to the transaction security. If within 90 days of such occurrence, CGI has neither exercised its conversion right nor demanded repayment at the Repayment Price, nor granted a waiver in respect of the event of default, LSA shall be entitled to repay the Convertible Loan at the Repayment Price. To the extent that, following the occurrence of an Event of Default, CGI has elected to require that LSA repay the Convertible Loan in full at the Repayment Price

and/or take enforcement action, CGI may require that LSA (a) capitalise certain outstanding shareholder indebtedness and (b) procure the release of certain debt guarantees granted in support of indebtedness incurred by the Wider Group, to the extent that such capitalisation and/or release is required to order that CGI recover the Repayment Price.

Security Agreement

The obligations of the Convertible Debt Obligors under the Convertible Debt Facility and related finance documents are secured in favour of a security agent (the “**Convertible Debt Security Agent**”) by the security granted under an English-law governed security agreement creating fixed and floating security as applicable over substantially all of the assets of the Convertible Debt Obligors save for certain assets where the consent of a third party is required to be obtained in order for such security to be granted or such rights to be assigned (as the case may be), in relation to which CGI will use reasonable endeavours to obtain such consent as soon as reasonably practicable. Notwithstanding the foregoing, while an event of Default is continuing, CGI shall have the right to accelerate the Loan and take enforcement action.

(ii) Shareholders’ Agreement

A shareholders’ agreement dated 26 August 2021 between (i) LSA, (ii) Esken Aviation, and (iii) CGI, governs the relationship between them as shareholders of and investors in LSA. Certain limited provisions taking effect at Closing and all other provisions taking effect on Conversion.

(iii) Implementation Agreement

On 2 July 2021, Esken Aviation, CGI and the Company entered into the Implementation Agreement which contained a requirement on each of the parties to use all reasonable endeavours to satisfy each of the conditions in the conditions precedent in the Convertible Debt Facility as at the utilisation date. CGI gives certain warranties as to capacity and authority to execute the Carlyle Facility documents, insolvency and that it has sufficient funds to provide the Convertible Loan on the utilisation date.

Commitment Fee payment

CGI was entitled under the Implementation Agreement to receive a commitment fee of £1,649,871.80 which became payable on 26 August 2021.

The Implementation Agreement was to terminate if all of the conditions in the conditions precedent in the Convertible Debt Facility had not been satisfied by 30 September 2021, but such conditions were satisfied.

(iv) Indemnity Deed

In connection with the Carlyle Facility, the Company entered into an Indemnity Deed on 26 August 2021 pursuant to which it granted certain indemnities in favour of LSA and, in some instances, CGI and certain of its affiliates. These indemnities include obligations of the Company to indemnify:

- the LSA Group against any losses arising from implementing the corporate reorganisation of the LSA Group which preceded the Carlyle Facility;
- the LSA Group against any losses arising from secondary tax liabilities or VAT liabilities of the Wider Group which are required to be paid by the LSA to HMRC;
- the LSA Group and/or CGI and their affiliates against any “secondary” pension liabilities arising in connection with the existing defined benefit pension scheme in the Wider Group which are required to be paid by the LSA, CGI or any such affiliate of CGI;
- LSA against any losses arising from the noise litigation proceedings (which are referred to in paragraph 7 of this **Part 7 (Additional Information)**) which have all settled; and
- LSA against any losses directly arising from certain litigation brought against the LSA Group.

The Indemnity Deed also contains wrong-pockets provisions requiring the Group to transfer assets to the LSA Group (i) which are exclusively used by the LSA Group but which are held by the Group to the LSA Group and (ii) which were anticipated to be transferred to the LSA Group pursuant to the corporate reorganisation but were not transferred, following completion of the Convertible Debt Facility, if any such assets are found. The LSA Group will also be subject to a similar obligation to transfer assets to the Esken Group (excluding the LSA Group) which are exclusively used by the Group but which are held by the LSA Group and (ii) which were anticipated to be transferred to the Esken Group pursuant to the corporate reorganisation but were not so transferred, to the Group following completion of the Convertible Debt Facility, if any such assets exist.

(v) **Pari Passu Loan Agreement**

In connection with the Carlyle Facility, Esken Aviation, as Pari Passu Lender, entered into the Pari Passu Loan Agreement on 26 August 2021 with the LSA Group which included provisions to the following effect:

Borrower and Guarantors

Under the Pari Passu Loan Agreement, LSA is the borrower and Thames Gateway Airport Limited, London Southend Solar Limited and London Southend Jet Centre Limited are joint and several guarantors of LSA's obligations.

Principal amount and interest

Esken Aviation, as Pari Passu Lender, made £20 million available to LSA.

Interest accrues on the outstanding principal amount of the Pari Passu Loan at a rate of 8 per cent. per annum (the "**PP Cash Interest**"). Interest payment dates are the fifth Business Day following the end of each interest period (being a period of 12 months ending on the last day of February in each year).

PP Cash Interest is only payable to Esken Aviation as Pari Passu Lender out of revenues generated by the Convertible Debt Obligors during the interest period preceding each interest payment date and shall only be payable to the extent that a minimum headroom liquidity requirement is met. Such minimum headroom liquidity requirement will be met to the extent that (i) following payment of the accrued PP Cash Interest on such interest payment date, and taking into account any other debt service charges payable on such date, there is a minimum of £5 million of cash to be available to the Convertible Debt Obligors on that Interest Payment Date; and (ii) during each month of the Forecast Period following such interest payment date, there is a minimum of £2.5 million of Projected Cash forecast to be available to the Convertible Debt Obligors and when the Projected Cash for each month of the Forecast Period is aggregated, the average Projected Cash available to the Convertible Debt Obligors during the Forecast Period is not less than £5 million. To the extent that PP Cash Interest is not paid on an interest payment date, the unpaid amount will be added to the principal amount of the Convertible Loan with effect from such date and interest will accrue on such increased principal amount thereafter.

Purpose

LSA shall apply all amounts borrowed by it under the Pari Passu Loan for general corporate purposes.

Redemption

To the extent that the Pari Passu Loan remains outstanding, LSA is obliged to repay the Pari Passu Loan in full on the final maturity date, being seven years from the date on which the Pari Passu Loan was drawn by LSA, but which may be no earlier than the final maturity date under the Convertible Debt Facility.

Events of Default

The Pari Passu Loan Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including, for

example, non-payment, breach of obligations and a cross-default to the Convertible Debt Facility.

Enforcement action of the transaction security granted in favour of the lenders under the Convertible Debt Facility could occur thereafter.

Ranking and Security

The Pari Passu Loan ranks pari passu with the Convertible Loan save that if any part of the Convertible Loan and the Pari Passu Loan remain outstanding on the final maturity date of the Convertible Loan, the Pari Passu Loan shall be subordinated to and all monies then available for repayment of such loans shall first be applied in payment of the Repayment Price in full before any monies are applied in repayment of the Pari Passu Loan.

The Convertible Debt Obligors' liabilities to Esken Aviation as Pari Passu Lender in respect of the Pari Passu Loan are secured by the same security as secures the Convertible Debt Facility referred to above.

Under the terms of the Intercreditor Agreement, Esken Aviation as Pari Passu Lender shall not form part of the "Enforcement Instructing Group" (as defined below) for so long as the Convertible Loan remains outstanding

(vi) Intercreditor Agreement

In connection with the Carlyle Facility, on 26 August 2021, each member of the LSA Group, CGI, Esken Aviation as Pari Passu Lender and the Convertible Agent Security Agent, amongst others, entered into an intercreditor agreement (the "**Intercreditor Agreement**").

The Intercreditor Agreement sets out, amongst other things:

- the relative ranking of debt incurred by the LSA Group;
- when payments can be made in respect of the subordinated debt of the LSA Group;
- when enforcement action can be taken in respect of the subordinated debt; and
- turnover provisions.

Ranking and Priority

The Intercreditor Agreement provides that in the event that there are any liabilities owing to holders of Super Senior Liabilities (as defined therein and which includes up to £10 million in emergency funding and up to £50 million of capex funding) and certain agent liabilities, they will rank *pari passu* in right and priority of payment between themselves and in priority to (A) the liabilities owing to CGI under the Convertible Debt Facility (the "**Convertible Facility Liabilities**") the liabilities owing to Esken Aviation as Pari Passu Lender under the Pari Passu Loan (the "**Pari Passu Liabilities**") and/or the Alternative Financing Liabilities (as defined therein) which will rank *pari passu* in right and priority of payment between themselves (except where FMD Subordination (as defined therein) applies in which case the Convertible Facility Liabilities shall rank in priority to the) Pari Passu Liabilities) which, in turn, shall rank in priority to (B) the Junior Liabilities (as defined therein). The Super Senior Liabilities, the Convertible Facility Liabilities, the Pari Passu Liabilities and the Alternative Financing Liabilities constitute the Senior Liabilities and the creditors in respect of such liabilities, the Senior Creditors.

The Intra-Group Liabilities (as defined therein), the Wider Group Debt Guarantee Liabilities (as defined therein) and Subordinated Liabilities (being the liabilities in respect of indebtedness (other than the Pari Passu Loan) owing to any member of the Wider Group or any Sponsor Affiliate (as defined therein)) are subordinated to the liabilities owed to the Senior Creditors. The Intra-Group Liabilities are subordinated to the Subordinated Liabilities and the Wider Group Debt Guarantee Liabilities. The Subordinated Liabilities are subordinated to the Wider Group Debt Guarantee Liabilities.

Security and Priority of Security

The Senior Creditors benefit from the Transaction Security, which will not become enforceable until the occurrence of an applicable acceleration event. The Transaction Security will rank and secure the Senior Liabilities in the following order, firstly the liabilities in respect of Super Senior Liabilities and certain agent liabilities *pari passu* and without any preference between them; secondly the liabilities in respect of the Convertible Facility Liabilities, Pari Passu Liabilities and/or the Alternative Financing Liabilities (except where FMD Subordination (as defined therein) applies in which case the Convertible Facility Liabilities shall rank in priority to the Pari Passu Liabilities) *pari passu* and without any preference between them; and thirdly the Junior Liabilities.

Additional Restrictions

The Intercreditor Agreement restricts (among other things) with respect to LSA and its subsidiaries:

- the ability of intra-group debtors to pay, prepay, repay, redeem, defease or discharge or acquire intra-group liabilities except for certain specified permitted payments;
- their ability to pay, prepay, repay, redeem, defease or discharge or acquire Subordinated Liabilities except for certain specified permitted payments;
- their ability to pay, prepay, repay, redeem, defease or discharge or acquire the Wider Group Debt Guarantee Liabilities except for certain specified permitted payments;
- their ability of the intra-group lenders and Subordinated Creditors to take any enforcement action; and
- the ability of the intra-group lenders and Subordinated Creditors to take the benefit of any guarantees or security.

Instructions and enforcement of Transaction Security

For the purposes of this section, "Enforcement Instructing Group" means at any time, the Senior Creditors (excluding, before the Convertible Facility Discharge Date (as defined therein), Esken Aviation as Pari Passu Lender) whose Senior Credit Participations (as defined therein) at that time aggregate to more than:

- (a) if none of (b), (c) and (d) below apply, 66 per cent. of the total Senior Credit Participations (as defined therein) of such Senior Creditors at that time;
- (b) if an Enforcement Trigger Event (as defined therein and being the acceleration of certain funding including in respect of the Convertible Facility) is continuing for more than 6 months but less than 12 months, more than 50 per cent. of the total Senior Credit Participations of such Senior Creditors at that time;
- (c) if an Enforcement Trigger Event is continuing for more than 12 months but less than 15 months, more than 33 per cent. of the total Senior Credit Participations of such Senior Creditors at that time;
- (d) if an Enforcement Trigger Event is continuing for more than 15 months but less than 18 months, more than 25 per cent. of the total Senior Credit Participations of such Senior Creditors at that time; and
- (e) if an Enforcement Trigger Event is continuing for more than 18 months, more than 10 Per cent. of the total Senior Credit Participations of such Senior Creditors at that time.

At any time after the Convertible Debt Security Agent has received notice of an Enforcement Trigger Event (as defined therein), it shall notify each Secured Creditor of such Enforcement Trigger Event and shall promptly request by notice (an Enforcement Instruction Notice) an instruction from the Enforcement Instructing Group as to whether the Convertible Debt Security Agent should deliver an Enforcement Notice to enforce all or any part of the Transaction Security or to take any other kind of Enforcement Action.

The Security Trustee shall enforce according to the enforcement instructions received from the Enforcement Instructing Group.

(f) Ansa Funding Agreement

On 8 November 2022, the Company entered into an agreement relating to funding (the “**Ansa Funding Agreement**”) with Ansa Logistics Pension Plan Trustees Limited (the “**Trustee**”), the trustee of the Ansa Logistics Pension Plan which is the Group’s defined benefit pension scheme (the “**DB Scheme**”).

In the Ansa Funding Agreement, the Group made certain funding commitments to the Trustee including that the deficit reduction commitments which had been set out in the current schedule of contributions relating to the DB Scheme would continue to be paid until the DB Scheme is fully-funded on the buy-out basis.

Additionally, the Group agreed that upon the sale of the core assets of the Group, being (i) the LSA Group or substantially all of its assets, or (ii) Esken Renewables or substantially all of its assets, that such sale would trigger a one-off contribution by the Group to the DB Scheme. In the case of a sale of Esken Renewables, the Group would be required to make a one-off contribution of an amount equal to the lower of:

- (a) the amount required to bring the DB Scheme to fully-funded status on a buy-out basis as determined by the DB Scheme plan actuary; and
- (b) £3,600,000 (less all payments made in respect of deficit reduction commitments since the date of the Ansa Funding Agreement).

The Trustee and the Group acknowledged that, in the event of the sale of a core asset (as above) they would need to undertake an assessment of any detriment to the DB Scheme as a result of the sale in all circumstances and agree mitigation for the DB Scheme (if any), each acting reasonable and in good faith. Such assessment would take into account all relevant factors at the time of the transaction, including but not limited to a contribution made under the Ansa Funding Agreement and specifically subject to the most recent known month-end buy-out estimate position prior to the sale of a core asset (as above).

The arrangement under the Ansa Funding Agreement would have resulted in a payment being made by the Group directly into the DB Scheme, meaning that it would be costly and time consuming for the Group to recover any surplus remaining in the plan on wind up.

The Group has subsequently agreed in principle with the DB Scheme trustees to amend the Ansa Funding Agreement, such that a lump sum will be paid into an escrow account (rather than directly into the DB Scheme), which would make it more efficient for the Group to recover any surplus. The trustees will access the funds in the escrow account for expenses and to pay the insurance premium on buy-out and buy-in.

This amendment will include that the lump sum will be calculated as the anticipated insurance premium (as calculated by the DB Scheme plan actuary) as at the date of the sale of Esken Renewables, premium contingency, anticipated expenses and expenses contingency. Based on current figures, the Group anticipates this lump sum figure to be £4,100,000. Upon payment of the lump sum amount, the Group’s obligations to pay the monthly schedule of contribution (currently approximately £130,000 per month).

For example if the sale of a core asset occurred in August 2023, then the terms of the funding commitment would be assessed against the DB Scheme’s insurance premium estimate calculated on 31 July 2023 market conditions.

The contribution will be held in an escrow account, which is agreed in principle (but the specific terms of such are yet to be agreed with the Trustees) and any future month-end buy-out estimates will be calculated using the same methodology as the most recent estimates. The Trustees have also confirmed that the ongoing monthly schedule of contributions (which are currently approximately £130,000 per month) can cease.

(g) Disposal of interest in Mersey BioEnergy Holdings Limited

On 20 June 2023, Esken Green Energy Limited (**EGEL**) entered into a sale and purchase agreement with UK Waste Resources and Energy Investments L.P. (**Buyer**) pursuant to which

EGEL agreed to sell its minority interest in Mersey BioEnergy for cash consideration of £9,000,000.

Completion of the sale and purchase agreement was conditional on certain conditions, including: capitalisation of loan notes issued by Mersey BioEnergy; receipt of certain consents and waivers from the equity shareholders of Mersey BioEnergy; execution of certain agreements to facilitate hedging of an initial portion of the generating capacity of Mersey BioEnergy at a certain price and on certain terms; and certain financing conditions such as the repayment by Mersey BioEnergy (and/or its subsidiary) of existing debt facilities and the release of related security.

The sale and purchase agreement would terminate if the above conditions were not met or waived by 31 August 2023, which date is capable of extension by the mutual agreement of both parties. With the conditions having been met, completion occurred on 3 August 2023.

EGEL and the Buyer each gave customary warranties in the sale and purchase agreement. A breach of the warranties given by either party prior to Closing (as defined therein) may have given rise to a right of termination for the other party.

(h) Disposal of Star Handling

On 15 May 2023, Esken Aviation entered into an unconditional sale and purchase agreement with Skytanking UK Ltd ("**Skytanking**") and Skytanking Holding GmbH ("**Skytanking Guarantor**"), pursuant to which Esken Aviation sold the entire share capital of Star Handling Limited to Skytanking for cash consideration determined in accordance with the sale and purchase agreement, the total aggregate amount of which cannot exceed £7,500,000 ("**Star Handling Disposal**").

At completion of the Star Handling Disposal a payment in the amount of £2,426,743.29 was made by Skytanking on a cash free, debt free basis, which is subject to adjustment based on completion accounts. A further Completion payment of £1,446,855.85 in respect of intra-group debt was also made by Skytanking on behalf of Star Handling Limited. Additional consideration of up to £960,000 is subject to a one year earn-out based on revenue performance against forecast.

Skytanking's ongoing payment obligations are guaranteed by the Skytanking Guarantor.

Esken Aviation and Skytanking each gave customary warranties in the sale and purchase agreement. A breach of the warranties given by either party may give rise to a right of claim in damages. Esken Aviation further gave customary indemnities in the sale and purchase for certain specific matters.

ESKEN RENEWABLES

(i) Disposal of Port Clarence operations

On 23 January 2023, Esken Renewables entered into an agreement with Port Clarence Logistics Limited (the **Landlord**), pursuant to which it was agreed that Esken Renewables would surrender a tenancy in relation to land at Port Clarence Offshore Base of which Esken Renewables had been tenant pursuant to a lease dated 14 June 2018.

Pursuant to the agreement for surrender:

- the Landlord agreed to pay Esken Renewables a total of £1,500,000 in consideration for the early termination of the lease and for the retention of certain works, materials and installations to be left behind by Esken Renewables; and
- Esken Renewables agreed to settle all rent and other sums due under the lease up to and including the date of the surrender, and to give back the property free from occupation.

(j) Transfer of certain properties in Widnes from the Continuing Group to Esken Renewables

Prior to the Completion of the Disposal Agreement, members of the Continuing Group will transfer to Esken Renewables:

- the Continuing Group's leasehold interests in properties known as Rehau and Biomass Offices at Viking Park, Widnes; and

- the Continuing Group's freehold interest in the estate road at Viking Park, Widnes.

Prior to the Completion of the Disposal Agreement and subsequent to the transfer of the leasehold interests in Widnes, the Continuing Group and Esken Renewables will enter into an agreement, pursuant to which, the Continuing Group will be entitled to continue to use part of the Biomass Offices for a period of up to 12 months with the ability to terminate after six months. The Continuing Group will pay a rental to Esken Renewables for that continued use.

- (k) On 15 August 2023, Esken Renewables entered into a settlement agreement with Templeborough Biomass Power Plant Limited ("TBBP") which relates to the settlement of a basket of claims by both parties with a net payable amount of £0.62 million by Esken Renewables in relation to the fuel supply agreement dated 10 March 2015 between TBBP and Esken Renewables.
- (l) Esken Renewables entered into a deed of standstill and settlement with Mersey BioEnergy Limited on 11 October 2023 which provides for £5.15 million in total payable by Esken Renewables as settlement of a basket of claims by both parties in relation to a supply agreement dated 20 November 2014.

6. Working capital

(a) Background to regulatory approach to working capital disclosure

The requirement of the FCA's Listing Rules in regards this class 1 disposal is for the Company to make a statement that there is sufficient working capital available to the Continuing Group for its present requirements or, if not, how it proposes to provide for the additional working capital needed.

There is guidance in relation to working capital from the FCA contained in Primary Market Technical Note 619.1 that sits alongside the Listing Rules. The technical note makes it clear that an issuer has a binary choice – namely that, if it cannot make a 'clean' working capital statement, then it has to make a 'qualified' working capital statement. There is no middle ground. The analysis of sufficiency of working capital is also required to take into account a wide range of variables and sensitivities to cover a reasonable worst case scenario.

Accordingly, the working capital disclosure set out below has been included in this document in consequence of Primary Market Technical Note 619.1.

(b) Working Capital

In the Company's opinion, taking into account the debt facilities available to the Continuing Group and the net proceeds of the Disposal, the working capital available to the Continuing Group is not sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

(c) Directors' perspectives

The above qualified working capital statement is in respect of an anticipated working capital shortfall of the Continuing Group, under the reasonable worst case scenario, commencing in mid-February 2024 (and totalling £0.7 million as at 29 February 2024), based on the residual net cash received from the Disposal and the ongoing funding requirements of the Continuing Group, absent any mitigating actions. This shortfall widens on 8 May 2024, as a result of the required repayment of the Exchangeable Bond on this date (and assuming no refinancing or extension of the bond).

As detailed in the paragraph entitled Use of Proceeds above, the net proceeds of the Disposal will predominantly be used to (i) meet the repayment of the full monies borrowed under the Facilities Agreement and associated costs which becomes mandatory upon Completion (which would otherwise have become due in December 2025); (ii) contribute into the Group's defined benefit pension scheme; and (iii) in the short term to provide additional working capital for the Continuing Group (including the LSA Group).

The Exchangeable Bond is currently due to be repaid on 8 May 2024. The cash outflow for the Exchangeable Bond, with nominal value of £53.1 million, is dependent on the value of the

offsetting listed share collateral held at the date of maturity, valued at £7.2 million, as at 31 August 2023, which can either be sold or included as part of the payment by the Group to Exchangeable Bond holders by way of an in-specie distribution. The Facilities Agreement (of which £55 million has been drawn down and an additional £30 million is uncommitted) will cease to be in effect and will no longer be available to the Continuing Group following its repayment upon Completion of the Disposal.

Esken's aviation related businesses have £3.0 million of ring-fenced cash, as at 31 August 2023, in the LSA Group. The Continuing Group intends to provide, primarily by way of the Potential £20 million LSA Facility, funding support for the operations at LSA including capital expenditure. Due to the structure of the Convertible Debt Facility, the LSA Group has become a ringfenced asset and so the LSA Group cash balances are not accessible for use by the remainder of the Continuing Group.

The Directors have run stress tests and various downside sensitivities on the Company's business plan to result in a reasonable worst case scenario.

This scenario analysis indicates that the Continuing Group will have a working capital commencing shortfall in mid-February 2024 (and totalling £0.7 million as at 29 February 2024), based on the residual net cash received from the Disposal and the ongoing funding requirements of the Continuing Group, absent any mitigating actions. This shortfall widens on 8 May 2024 (with shortfall of £55.3 million as at 31 May 2024), as a result of the required repayment of the Exchangeable Bond on this date (and assuming no refinancing or extension of the bond). Under the assumptions of the reasonable worst case scenario, and prior to any mitigating actions, it is expected that this funding shortfall would continue to increase to approximately £64.4 million as at 31 October 2024 (being approximately 12 months from the date of this document) and continue thereafter.

Mitigating Actions

Upon Completion, the Directors intend to take various mitigating actions to improve the Continuing Group's liquidity and which will, in the opinion of the Directors, provide adequate liquidity headroom so as to retain the Company as a going concern (noting that the Group's 2023 Annual Report and Financial Statements contained a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report).

- (i) The Board is in active discussions to seek to dispose of certain of the Continuing Group's non-core assets, which may give rise to cash proceeds of up to £10.5 million (to be received prior to February 2024). Contributing to this amount, the Board has entered into the non-binding Heads of Terms for Pollington and Port of Weston for aggregate consideration of £8.5 million. The Board may seek to bring forward the disposals of the Continuing Group's other non-core assets, if at an appropriate value, to generate additional proceeds to supplement its liquidity profile;
- (ii) Upon Completion of the Disposal, the Board will seek to finalise and enter into a binding agreement with respect to the Potential £20 million LSA Facility. It is currently envisaged that this would occur once the Continuing Group has completed the Proposed Transfer. The Board is also seeking to bring forward the commitment of a tranche of this facility in the near term. In the event that the Potential £20 million LSA Facility is made available, the proceeds would be used to provide funding support for the operations at LSA including capital expenditure, and thus contribute to alleviating the cash outflow from the rest of the Continuing Group;
- (iii) In conjunction with other mitigating actions, the Company intends to commence a process to seek a potential renegotiation of the terms and deferral of the maturity of the Exchangeable Bond to such future date as to ensure the sufficiency of working capital of the Continuing Group beyond the current maturity date of 8 May 2024;
- (iv) The Board has begun a sale process in respect of the aviation related businesses of the Group, primarily the LSA Group; and/or
- (v) The Company would review all future funding and refinancing options, which could include, but is not limited to, additional equity, debt and/or other financing arrangements

so as to ensure the sufficiency of working capital of the Continuing Group. It is currently anticipated by the Directors that the mitigating actions in this paragraph (v) would only be undertaken in the event that the mitigating actions in paragraphs (i) to (iv) above are not sufficiently successful.

As is customarily the case, there can be no certainty that an agreement will be reached for any of the above mitigating actions, either in sufficient time or at all, or as to the terms and/or quantum of any such transaction(s). It should also be noted that none of the aforementioned mitigating actions are solely within management control. However, the Directors currently consider that, assuming a successful renegotiation of the Exchangeable Bond, and as assisted by the potential disposal of certain of the Continuing Group's non-core assets and the entry into the Potential £20 million LSA Facility, the anticipated net proceeds from the intended LSA Group disposal will, and in sufficient time, sufficiently exceed the funding shortfall of the Continuing Group under the reasonable worst case scenario.

In the event that the aforementioned mitigating actions are not able to be sufficiently employed, in time or at all, to generate further working capital for the Continuing Group's requirements, the Company and key trading companies in the Group would no longer be able to operate as a going concern, in which case the Board may resolve to place the Company and such key trading companies into an administration process (or equivalent local law procedures).

Attention is also drawn to the paragraph entitled "*Importance of your vote*" above, which sets out the consequences of the Disposal Resolution not being approved by Shareholders at the General Meeting, the Deed of Settlement and Variation not being duly executed or the Disposal otherwise failing to complete, in which event, there would be no Disposal proceeds and therefore no paydown of the Facilities Agreement, and as such a covenant breach in respect of the Facilities Agreement is anticipated to occur in mid-December 2023 (absent any mitigation), in addition to a potential funding shortfall in the LSA Group from 22 December 2023. In such circumstances, the Group's lenders may seek to put the Company and key trading companies in the Group into an administration (or equivalent local law procedures).

The claims referenced in this document in respect of Esken Renewables and/or the Continuing Group, plus a contingent amount relating to another disputed claim by a customer, have been considered and included in the working capital statement, as appropriate.

7. **Litigation**

- (a) No member of the Continuing Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Continuing Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Continuing Group, except as described below:
- (i) Under Part 1 of the Land Compensation Act 1973, compensation can be claimed by people who own and also occupy property that has been reduced in value by more than £50 by physical factors caused by the use of a new or altered runway. Such Part 1 claims against the Group were brought by approximately 190 landowners in proximity to LSA in relation to the extension of the LSA runway in 2012. Test cases were heard in the Upper Tribunal (Lands Chamber) in October 2020. The Lands Tribunal found in favour of the claimants and subsequent settlement discussions with the claimants, led to the Company making payments in an amount of approximately £1.1 million. The Group has also made a payment of £1.75 million in total in respect of costs incurred by the claimants in respect of the test cases and non-test claims.
 - (ii) The Group has been involved in several court actions with Andrew Tinkler, the Group's former Chief Executive, following his removal from the Board on 14 June 2018. A number of these actions have run their course in the courts. As at the date of this document, there remain three outstanding matters relating to Mr Tinkler:
 - (i) firstly, a commercial dispute between the Group and Stobart Capital Limited (a company in which Andrew Tinkler is the majority shareholder) in relation to the termination of a management agreement on 12 March 2019 regarding management fees and other costs which may have been chargeable. This case was heard in March 2022. The Company was ordered to pay the claimant the net sum of

£267,216.70 by way of damages in lieu of fees due to Stobart Capital prior to termination of the management agreement (after taking account of certain sums awarded to the Company in relation to its counterclaim), an amount substantially less than the sums claimed from it by the claimant. The Company was also ordered to pay 40% of the claimant's assessed costs and has paid £217,000 on account of that liability to date. Both parties appealed aspects of the judgment and costs award but were both unsuccessful;

- (ii) secondly, on 17 November 2020, Mr Tinkler served proceedings against the Company seeking to set aside the judgment of HHJ Russen QC dated 15 February 2019 for fraud by the Company and certain of its former directors. This matter came to trial in February 2022. The Company and its former directors were wholly successful in their defence of the claims made by Mr Tinkler and Mr Tinkler was subsequently ordered to pay the defendants' costs in respect of the claim on an indemnity basis. Mr Tinkler appealed the judgment and the appeal on certain matters of law was heard in May 2023, and in June the Court of Appeal rejected Mr Tinkler's appeal. Mr Tinkler has requested leave to appeal that decision, but his request was refused by the court and he is now seeking that permission from the Supreme Court. Mr Tinkler paid the Company £1.7 million on account of costs of the claim and a further £115,000 on account of the costs of the appeal. The Company has agreed a settlement with Mr Tinkler on these costs of the appeal at £140,000, meaning that Mr Tinkler has paid a further £25,000 to the Company (on top of the £115,000 paid on account); and
- (iii) thirdly, on 19 November 2020, Mr Tinkler served further proceedings against the Company, Mr Ian Soanes, Mr Warwick Brady (a former Chief Executive Officer of the Company) and Mr Iain Ferguson (a former Chairman of the Company) alleging an unlawful means conspiracy against him. This third claim has been stayed pending resolution of the claim to set aside the Russen judgment and will be withdrawn if Mr Tinkler's appeal referred to at (ii) above is not successful. The Company believes these allegations are entirely without merit and given the terms of the judgment referred to in (ii) above, there is no longer any viable claim.

Andrew Tinkler may attempt to bring further claims against the Group or that may affect the Group, but the Company considers that the likelihood of this would be low given the volume of previous claims.

- (iii) In addition, there are sums due to various members of the Continuing Group companies by Andrew Tinkler and his related entities for historic charges which remain unpaid, which the Company is seeking to recover, either by way of an agreed settlement with Mr Tinkler or by proceedings. These matters may give rise to litigation either by or against Group companies.
- (iv) The Company has received notification on 26 September 2023 that documents filed by CGI in the High Court have been served on LSA, claiming certain technical breaches by LSA in respect of the Convertible Debt Facility. Whilst LSA (as the borrower under the Convertible Debt Facility) does not agree with CGI claimed interpretation of the agreement, and intends to defend the action vigorously, in the event that the claim is upheld then this could ultimately lead to an event of default by LSA being declared pursuant to the Convertible Debt Facility agreement. Such an event of default (if pursued by CGI) could result in the early demand for repayment of the maturity value of the Convertible Debt Facility of £193.75 million (being the initial principal plus all interest up to maturity date) and CGI taking enforcement action with respect to the transaction security and thus the assets of LSA being realised to repay the debt to CGI. A failure to pay any debt over £10 million when due and payable (including by way of acceleration) by LSA would trigger an event of default in relation to the Exchangeable Bond.
- (v) Moneypenny Limited, a wholly owned subsidiary of the Company, commenced proceedings in relation to land which is currently being occupied without any permission from Moneypenny Limited. The claim is to seek a declaration of no legal right to occupy the land. Moneypenny Limited has agreed to sell the land to a housing developer for £1 million but is unable to complete that sale until the land is vacated.

- (b) Esken Renewables is not involved in any governmental, legal or arbitration proceedings and Esken Renewables is not aware of any such proceedings pending or threatened by or against Esken Renewables during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of Esken Renewables, except as described below:

- (i) Esken Renewables has a claim against **TGP** and its contractor arising out of delayed start-up of its plant. This claim arises under the provisions of the fuel supply agreement between TGP and Esken Renewables.

The claim will be settled as part of the Deed of Settlement and Variation pursuant to the Disposal Agreement. The total amount claimed by Esken Renewables is approximately £3.2 million.

- (ii) There are a limited number of claims and counterclaims which have been raised against Esken Renewables by its customers and by Esken renewables against its customers which are currently unresolved and which have arisen in the normal course of business and which are not the subject of litigation. No proceedings have been threatened in respect of these claims which Esken Renewables is seeking to address through commercial negotiation with its customers as it has been able to do customarily in the past.

- (iii) Esken Renewables has received letters in respect of certain historic health and safety-related issues at one of its now-closed sites. As the site is no longer operating there are no active inspections taking place. Esken Renewables implemented certain protective measures to address the historic health and safety-related issues and is not anticipating any further action to be taken.

The Seller has entered into a covenant with the Purchaser in respect of certain historic health and safety-related issues capped at £2 million and £1 million respectively subject to various other limitations of liability pursuant to the Disposal Agreement. Further details are set out in the Summary of the Key Terms of the Disposal in **Part 2** of this document.

8. Significant Change

- (a) Save as disclosed in paragraph 7(b) below and in the “*Current trading, trends and prospects of the Continuing Group*”, there has been no significant change in the financial position or financial performance of the Continuing Group since 28 February 2023, the date to which the Group’s most recent audited accounts have been drawn up.

- (b) (i) On 14 May 2023, the Group exchanged and completed on the sale of its subsidiary Star Handling Limited to Skytanking UK Ltd, a wholly owned subsidiary of Prime Flight Aviation Services, Inc, for a maximum cash consideration of £4.8 million on a debt free cash free basis. Under the terms of the agreement, the Group has received £3.87 million in cash to date, with up to a further £0.38 million being payable following agreement of completion accounts. An additional payment of up to £0.96 million is deferred and will be payable subject to the business achieving forecast customer revenue targets in the 12 months following completion.
- (ii) On 20 June 2023, Esken Green Energy Limited sold its minority interest in Mersey BioEnergy for cash consideration of £9 million to UK Waste Resources and Energy Investments L.P. Completion and receipt of proceeds occurred on 3 August 2023.
- (iii) On 26 June 2023, the Company extended its main borrowing facilities from funds managed by a specialty lender by £5 million, which funds were used to provide further funding to LSA.
- (iv) The return of flight routes during the summer of 2023 and new flight routes from 29 October 2023 at LSA means the Board believes it now has a base with which to progress the process to seek a new owner for the LSA Group. The Company is reducing the underlying cost base of the Continuing Group to a level sufficient to support the remaining operations, including an exit from the residual non-core assets, following the completed disposal of the investment in Mersey Bioenergy.

- (v) In light of the strategic review triggering the managed sale of LSA, the estimated repayment date of the Group's Convertible Debt Facility, provided by CGI has been brought forward. As required by IFRS 9, the Group has recalculated the amortised cost of the financial liability leading to a one-off adjustment through profit or loss, in addition to the monthly interest charges. The increase in total interest charge, in half year to 31 August 2023 compared to the half year to 31 August 2022, has been approximately £31 million. The Convertible Debt Facility has a maturity date of 2028; however, a sale event before this maturity date crystallises early repayment of the loan in full (principal plus all interest amounting to £193.75 million in total). This increased interest is a non-cash item and the debt liability will be settled when the LSA Group is sold. There are no changes to the terms of the Convertible Debt Facility. The increased interest charge will be included within the Group's Interim results.
- (vi) The Group has recognised an impairment of approximately £5.3 million on its non-core asset in Pollington, reflecting a reduction in the assessment of the assets net realisable value in light of ongoing negotiations over a potential disposal.
- (vii) The Company has received notification on 26 September 2023 that documents filed by CGI in the High Court have been served on LSA, claiming certain technical breaches by LSA in respect of the Convertible Debt Facility. Whilst LSA (as the borrower under the Convertible Debt Facility) does not agree with CGI's claimed interpretation of the agreement, and intends to defend the action vigorously, in the event that the claim is upheld then this could ultimately lead to an event of default by LSA being declared pursuant to the Convertible Debt Facility agreement. Such an event of default (if pursued by CGI) could result in the early demand for repayment of the maturity value of the Convertible Debt Facility of £193.75 million (being the initial principal plus all interest up to maturity date) and/or CGI taking enforcement action with respect to the transaction security and thus the assets of LSA be realised or sold. A failure to pay any debt over £10 million when due and payable (including by way of acceleration) by LSA would trigger an event of default in relation to the Exchangeable Bond.
- (c) Save as disclosed in paragraph 7(c)(ii) below and in the "*Current trading, trends and prospects of Esken Renewables*", there has been no significant change in the financial position or financial performance of Esken Renewables since 28 February 2023, the date to which the Group's most recent audited accounts have been drawn up.
- (i) As announced on 30 August 2023, the challenges that Esken Renewables had experienced during the financial year ended 28 February 2023 regarding biomass plant outages have continued into the current financial year. Plant performance has been behind expectations, with Esken Renewables exercising the contractual take or pay provisions within its supply contracts where applicable. The performance of the plants has now improved, with all major plants currently having returned from any prolonged unplanned outages. Gate fees have also been subdued during the first half of the year, although are continuing to show signs of improvement, with Esken Renewables being well stocked ahead of the upcoming winter period.
- (ii) Esken Renewables has included certain one-off settlements that have been agreed with specific plants in relation to contractual negotiations in parallel with discussions to seek change of control consents in relation to the Disposal with the same counterparties, which have impacted year to date profitability. Esken Renewables has also been impacted by temporary deviation from the exclusive supply agreement to a key customer, resulting in a reduction in volumes supplied. The recent resolution of these discussions resulted in a return to exclusivity in mid-October 2023.
- (iii) Prior to the Completion of the Disposal Agreement, members of the Continuing Group will transfer to Esken Renewables:
- the Continuing Group's leasehold interests in properties known as the Rehau and Biomass Offices at Viking Park, Widnes; and
 - the Continuing Group's freehold interest in the estate road at Viking Park, Widnes.

Prior to the Completion of the Disposal Agreement and subsequent to the transfer of the leasehold interests in Widnes, the Continuing Group and Esken Renewables will enter

into an agreement, pursuant to which, the Continuing Group will be entitled to continue to use part of the Biomass Offices for a period of up to 12 months with the ability to terminate after six months. The Continuing Group will pay a rental to Esken Renewables for that continued use.

9. Consents

- (a) Mazars LLP, whose address is 30 Old Bailey, London EC4M 7AU, United Kingdom, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report in Part 5: “Unaudited Pro Forma Financial Information Relating to the Continuing Group” of this document in the form and context in which it appears for the purposes of Listing Rule 13.4.1R(6).
- (a) Canaccord Genuity Limited of 88 Wood Street, London, EC2V 7QR, United Kingdom, which is authorised and regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

10. Documents available for inspection

Copies of the following documents may be inspected at the offices of Eversheds Sutherland (International) LLP of 1 Wood St, London EC2V 7WS, during usual business hours on any weekday (excluding Saturdays and public holidays) up to and including 24 November 2023:

- (a) the Articles of Association (Guernsey law) of the Company;
- (b) the annual reports and accounts of the Company and Group for the years ended 28 February 2023, 28 February 2022 and 28 February 2021;
- (c) copy of all other reports, letters, valuations, other documents, expert statements included or referred to in the circular;
- (d) a copy of the Disposal Agreement; and
- (e) a copy of the Executive Remuneration Scheme, which will also be available for inspection at the place of the General Meeting 15 minutes before its start and on the National Storage Mechanism from the date of this document.

PART 8

EXECUTIVE REMUNERATION SCHEME

The Company is proposing to establish the Esken Value Creation Plan 2023 (the “VCP 2023”). This will involve the creation of a value pool associated with the value realised for Shareholders from disposals of assets (including potentially from the Disposal) with participants being granted a right to a cash payment from the pool. The VCP 2023 will be administered by the Remuneration Committee.

The VCP 2023 will deliver value to participants upon the earliest of a winding up of the Company, the sale of substantially all of the assets of the Company (including by sale of shares of subsidiary companies), or on the third anniversary of the grant of the awards (by reference to the share price of the Company at that date) as set out below. The VCP 2023 will make payments to participants immediately before any distribution to Shareholders. The final pool value will be based on the amount per share to be delivered to Shareholders on the occurrence of the relevant events, except in the case of vesting on the third anniversary of the grant of the awards (in which case the final pool value will be determined by reference to the average share price of the Company in the month prior that third anniversary date). Other transactions/exits would also see value accrue to the pool and/or trigger payments to participants based on the value delivered to Shareholders (such as sale of all or substantially all of the assets of the Group or a takeover of the Group), in which case the final pool value would be calculated on the basis of the amount accruing to Shareholders as a result of such transactions/exits.

Value will only accrue to the pool if the amount per share or share price (as applicable) rises above 5 pence with further value added at 10p and the pool then accrues at increasing rates if the amount per share or share price (as applicable) rises above additional higher price hurdles. The values in the table below are for illustrative purposes and assume 1,025,336,741 shares in issue.

Amount per share / Share price	Percentage of value above hurdle accruing to pool	Value accruing on a straight-line basis between the price hurdles	Maximum cumulative value of the pool (assuming 1,025,336,741 shares in issue)
Less than 5p	0%	£0	£0
5p	0.49%	£500,000	£500,000
10p	0.98%	£1,000,000	£1,500,000
More than 10p and less than 20p	2.0%	£2,050,673	£3,550,673
Equal to or more than 20p and up to the cap (see below)	2.5%	£2,449,327	£6,000,000
Above cap	0%	£0	£6,000,000

The pool will be capped in value based on a total maximum value that can accrue to the pool of £6.0 million – this would deliver a maximum of £1,800,000 to a 30 per cent. participant and would be based on a share price of circa 30p (assuming 1,025,336,741 shares in issue).

Once calculated the Remuneration Committee may decide to reduce the amounts to be delivered (including to nil) if it considers that either the amount does not reflect the underlying financial or non-financial performance of the participant or the Group since the grant date, or the amount is not appropriate in the context of circumstances that were unexpected or unforeseen when the award was granted, or there exists any other reason why an adjustment is appropriate (“Appropriate Adjustment”). Participation in the VCP 2023 will be limited to key individuals that will drive value. Participation will be based on a percentage of pool for each individual – the Company may retain an unallocated portion of the pool for allocation to future participants and if participants leave the Company may allocate their lapsed portion to employees appointed to fulfil their role. The participants who the Company proposes to include within the VCP 2023 at inception are:

- i. David Shearer – 30 per cent.
- ii. Nick Dilworth – 30 per cent.
- iii. Other members of senior management – 40 per cent, it is expected that individual participation will not exceed 10%

If there is no relevant event within three years of grant, the Plan will deliver value based on one month average share price to the date of vesting, subject to Appropriate Adjustment.

Rights of participants in the VCP 2023 will also vest immediately prior to a change of control of the Company (or other corporate events including demerger, delisting, special dividend or other event which the Remuneration Committee determine may affect the current or future value of the Company). Final value delivered will be based on the value delivered to Shareholders, subject to Appropriate Adjustment.

Rights of participants will lapse in full on cessation of employment with the Group unless considered a “good leaver”. Good leavers will include leavers by reason of death, ill health, injury, disability, where the employer is no longer a member of the Group or for any other reason the Remuneration Committee may determine, except where a participant leaves by reason of gross misconduct. Participant’s allocations will remain unallocated once lapsed rather than being shared by remaining participants provided that they may be allocated to employees appointed to replace leaving participants.

Rights of participants who have ceased to be employed will continue to the normal vesting date (on an exit or after three years) but will be accelerated in the case of death (unless the Remuneration Committee decides otherwise). Allocations may be pro-rated for time, in appropriate circumstances, to reflect period from the date of grant to the date of leaving relative to the period from the grant date to the vesting date (unless the Remuneration Committee determines otherwise) and subject to Appropriate Adjustment. The Remuneration Committee may adjust awards or the method of calculation of the final pool in the event of a variation of share capital or demerger, delisting, special dividend or other event that the Remuneration Committee considers may affect the value of awards or the final pool.

Reduction and recovery provisions apply until the end of a two year period following vesting. Awards may be reduced, conditions applied or clawback can be operated in the following circumstances:

- i. misstatement of financial results (or misstatement of financials for the purposes of a transaction);
- ii. an error in calculating the bonus pool or the amount delivered to a participant;
- iii. a material failure of risk management;
- iv. serious reputational damage;
- v. material misconduct;
- vi. a material health and safety failure;
- vii. corporate failure; and
- viii. any other circumstances that the Remuneration Committee determines to be similar in nature.

If the action or conduct of any participant, Group member or relevant business unit is under investigation by the Company or a third party, the Remuneration Committee may extend the period during which reduction and recovery may be applied as appropriate.

Awards cannot be transferred, assigned, charged or otherwise disposed of (other than in the event of a participant's death by personal representatives) and will lapse on any attempt to do so.

Awards will lapse if a participant is declared bankrupt.

The Remuneration Committee retains discretion to make amendments to the plan in appropriate circumstances, subject to:

- i. any change to the benefit of participants relating to eligibility, limits, the basis for determining entitlement under the VCP 2023 or the impact of variation of capital, would require shareholder approval
- ii. minor changes for the benefit of administration, to take account of changes in legislation or obtain or maintain favourable tax, exchange control or regulatory treatment (including the addition of schedules to the VCP 2023 for overseas territories based on the Plan but modified to take account of local tax, exchange control or securities law in overseas territories) do not require shareholder approval

The table below provides an illustration of how value would accrue to the Executive Directors at the share price hurdles detailed above:

Illustrative share price return to Shareholders	Illustrative pool value	Illustrative % of market capitalisation	30% pool participation for an Executive Director	% of salary for Nick Dilworth	% of salary for David Shearer
Below 5p	£0	0%	£0	0%	0%
5p	£500,000	0.49%	£150,000	45%	38%
10p	£1,500,000	1.46%	£450,000	134%	113%
15p	£2,525,337	1.64%	£757,601	226%	189%
20p	£3,550,673	1.73%	£1,065,202	318%	266%
c. 30p (cap)	£6,000,000	1.98%	£1,800,000	537%	450%

In addition, the Company is also proposing that the annual bonus payable to its Executive Directors deviate from the annual bonus scheme described in its remuneration policy. Under that policy, a bonus of up to 100% of salary has usually been available to the Executive Directors, subject to achievement of performance targets which have customarily been 70% related to profit performance for the Group and 30% to personal objectives. Given the outcome of the strategic review, the Company is proposing an alternative annual bonus for the Executive Directors. To aid the retention of our employees that will be essential to deliver of our strategic plan, the Remuneration Committee is proposing a bonus that is pro-rata to the date of the winding up of the Company and/or cessation of employment (pro-rata from 1 March 2023). The payment of any such bonus to an Executive Director will be subject to continued employment until such exit date and subject an underpin of the Committee's view of satisfactory individual and corporate performance. The quantum would be based on a pro-rata apportionment of 50% of salary. Following discussions with the Executive Chairman, and at his request, he has decided to waive his entitlement to a retention bonus and will therefore not participate in this element of remuneration.

The provisions of the VCP 2023 cannot be altered to the advantage of participants without the prior approval of Shareholders in general meeting (except for minor amendments to benefit the administration of the scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the scheme or for the company operating the scheme or for members of its group).

The VCP 2023 is not a pensionable scheme.

PART 9

DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this document. Only the parts of the documents identified in the table below are incorporated into, and form part of, this document. The parts of these documents which are not incorporated by reference are either not relevant for Shareholders or are covered elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Copies of the documents which are incorporated by reference in this document are available in “read-only” format and can be printed from the Company’s website at the following address: <https://esken.com/>. The documents are also available as provided in paragraph 10 of **Part 7 (Additional Information)** of this document.

Reference document	Information incorporated by reference into this document	Page numbers
<i>The 2023 Annual Report and Financial Statements</i>	Strategic Report	1-85
	Independent Auditor’s Report	131-136
	Consolidated Financial Statements	137-141
	Notes to the Consolidated Financial Statements	142-186
<i>The 2022 Annual Report and Financial Statements</i>	Strategic Report	2-77
	Independent Auditor’s Report	112-118
	Consolidated Financial Statements	119-123
	Notes to the Consolidated Financial Statements	124-171
<i>The 2021 Annual Report and Financial Statements</i>	Strategic Report	1-71
	Independent Auditor’s Report	104-109
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<i>Announcements incorporated by reference</i>	RNS Title	RNS Date
	Interim Results	9 November 2022
	Trading Statement	2 March 2023
	Share sale of Star Handling	15 May 2023
	Disposal of Mersey BioEnergy	20 June 2023
	Final Results	21 June 2023
	Annual General Meeting Trading Update	30 August 2023

PART 10

DEFINITIONS

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

“Accordion Facilities”	the Emergency Funding Facility and a £30 million facility for the refinancing of the Exchangeable Bond under the Facilities Agreement
“Amended and Restated Facility Agreement”	the amended and restated facility agreement dated 27 July 2021 entered into by the Facility Obligors in respect of a multicurrency revolving credit facility agreement originally dated 26 January 2015 with Lloyd’s as arranger and Lloyds as agent and security trustee
“Ansa Funding Agreement”	the funding agreement in respect of the DB Scheme entered into between the Company and the Trustee dated 8 November 2022
“APM”	an alternative financial performance measure other than a financial measure defined or specified in an applicable financial reporting framework
“Biomass Fuel PCG”	the parent company guarantee in respect of a supply agreement dated 18 December 2012, between one of Esken Renewables’ biomass fuel suppliers (or any successor-in-interest thereof) and Esken Renewables
“Board” or “Directors”	the board of directors of the Company
“Break Fee”	the break fee under the Disposal Agreement, details of which are summarised under the “ <i>Break Fee</i> ” section in Part 2 (<i>Summary of the Key Terms of the Disposal</i>) of this document
“Business Day”	any day that is not a Saturday, Sunday or public or bank holiday in England and/or Wales
“Canaccord”	Canaccord Genuity Limited
“Carlyle Facility”	the convertible loan facility that CGI made available to the LSA Group in August 2021
“Cash Interest”	the interest of 8% per annum on the Convertible Loan
“Cash Sweep”	the extraction by the Seller of cash at bank or in hand of Esken Renewables prior to Completion, up to a maximum amount of £5 million
“Cash Sweep Condition”	the extraction by the Seller of cash at bank or in hand of Esken Renewables prior to Completion of £5 million
“CGI”	CGIOF River S.À R.L. and its group companies, including its parent undertaking Carlyle Global Infrastructure Opportunity Fund L.P.
“Closing Date”	28 August 2021
“Company”	Esken Limited (incorporated and registered under the laws of Guernsey with registered number 39117)
“Completion”	completion of the Disposal
“Consideration”	the consideration to be paid by the Purchaser to the Seller for the Disposal pursuant to the Disposal Agreement, details of which are summarised under the “ <i>Consideration</i> ” section in Part 2 (<i>Summary of the Key Terms of the Disposal</i>) of this document
“Continuing Group”	the Group following the Disposal
“Convertible Facility Liabilities”	the liabilities owing to CGI under the Convertible Debt Facility

“Convertible Loan”	the principal amount of £125 million, being the loan made available to Esken Aviation under the Convertible Debt Facility
“Convertible Debt Facility”	the convertible loan facility entered into between Esken Aviation and CGI dated 2 July 2021
“Convertible Debt Obligors”	London Southend Solar Limited and London Southend Jet Centre Limited as joint and several guarantors of LSA’s obligations under the Carlyle Facility
“Convertible Debt Security Agent”	the security agent for the Convertible Debt Obligors pursuant to the Convertible Debt Facility and related finance documents
“Customer Claims”	the customer claims against Esken Renewables from time to time
“DB Scheme”	the Group’s defined benefit pension scheme
“Deed of Settlement and Variation”	deed of settlement and variation in respect of the fuel supply agreement for the Tilbury Biomass project dated 23 March 2015, as amended by a deed of variation dated 25 September 2017 and a settlement deed and deed of variation dated 19 November 2020, to be executed by the Company and TGP either (i) in the agreed form (subject to any amendments required of a typographical nature or which are otherwise immaterial to the obligations and rights of Esken Renewables) or (ii) in a form agreed by the Purchaser (acting reasonably) in writing
“DGTRs”	the Disclosure Guidance and Transparency Rules maintained by the FCA from time to time, pursuant to Part VI of the Financial Services and Markets Act 2000
“Disposal”	the proposed disposal of the entire issued share capital of Esken Renewables
“Disposal Agreement”	the conditional agreement dated 1 November 2023 between (1) the Purchaser and (2) the Seller in relation to the Disposal, the principal terms of which are summarised in Part 2 (<i>Summary of the Key Terms of the Disposal</i>) of this document
“Disposal Resolution”	the resolution relating to the Disposal set out as resolution 1 in the notice of General Meeting at the end of this document
“Emergency Funding Facility”	an accordion debt facility of up to £10 million under the Facilities Agreement
“Enforcement Instructing Group”	as defined in paragraph (e)(VI) of paragraph 5 (<i>Material Contracts</i>) of Part 7 (<i>Additional Information</i>)
“Esken Aviation”	Esken Aviation Limited (registered number 10756283) whose registered office is at Third Floor, 15 Stratford Place, London, England, W1C 1BE
“Esken Renewables”	Esken Renewables Limited (registered number 07042490) whose registered office is at Third Floor, 15 Stratford Place, London, England, W1C 1BE
“Exchangeable Bond”	£53.1 million of secured guaranteed exchangeable bond placed by the Exchangeable Bond Issuer
“Exchangeable Bond Issuer”	Esken Finance plc (registered number: 11701416) whose registered office is at Third Floor, 15 Stratford Place, London, United Kingdom, W1C 1BE
“Exchangeable Bond Facility”	the exchangeable bond facility established under the Accordion Facilities
“Exchange Date”	the date of the Disposal Agreement

“Exchange Property”	a <i>pro rata</i> share of 51,708,179 fully paid ordinary shares of nominal value of £0.01 each in the capital of Logistics Development Group plc (formerly Eddie Stobart Logistics plc)
“Executive Directors”	each of David Shearer, Executive Chairman and Nick Dilworth, Chief Operating Officer, Chief Financial Officer and Executive Director, Esken Renewables
“Executive Remuneration Scheme” or “VCP”	the Esken Value Creation Plan 2023 more details of which are set out in Part 8 (<i>Executive Remuneration Scheme</i>)
“Facility A”	a term loan in an amount of up to £50 million for the benefit of the Company pursuant to the Facilities Agreement
“Facilities Agreement”	the facilities agreement entered into by the Company and certain of its subsidiaries as borrowers and original guarantors on 9 November 2022 and which is summarised at paragraph 5(d)(i) of Part 7 (<i>Additional Information</i>) of this Circular, and (as the context requires) as supplemented in respect of the additional LSA Funding Facility entered into on 26 June 2023
“Facility Obligors”	the Company and certain of its subsidiaries as original borrowers and original guarantors
“FCA”	the Financial Conduct Authority
“Forecast Period”	each month of the three-year period of cash flow forecasts in the business plan of the LSA Group
“FSMA”	Financial Services and Markets Act 2000
“General Meeting”	the general meeting of the Company to be held on 24 November 2023, notice of which is set out at the end of this document
“Group”	the Company and its subsidiary undertakings from time to time
“Heads of Terms for Pollington and Port of Weston”	the non-binding heads of terms for disposals of the Group’s non-core assets at Pollington and Port of Weston for cash consideration of £3.5 million and £5.0 million respectively
“HSE”	the Health and Safety Executive
“Insolvency Event”	the appointment of an insolvency officeholder in respect of any of the Material Companies
“Intercompany Loan Reimbursement”	reimbursement of the intercompany loan owed by Esken Renewables to Esken by way of (i) the Cash Sweep and (ii) repayment of the intercompany loan balance in excess of £5 million.
“Intercreditor Agreement”	the intercreditor agreement in respect of the Carlyle Facility entered into between each member of the LSA Group, CGI, Esken Aviation and the Convertible Agent Security Agent, amongst others dated 26 August 2021
“LDG”	Logistics Development Group plc
“Latest Practicable Date”	3 November 2023 being the latest practicable date prior to the posting of this document
“LCC”	a low-cost airline carriers
“Listing Rules”	the Listing Rules maintained by the FCA from time to time pursuant to Part VI of the Financial Services and Markets Act 2000
“London Stock Exchange”	London Stock Exchange plc
“Longstop Date”	the date that is eight weeks from the date of the Disposal Agreement and defined as the “Longstop Date” in the Disposal Agreement

“LSA”	London Southend Airport
“LSA Funding Facility”	the 26 June 2023 term loan facility in the amount of £5 million to facilitate the provision of £5 million of funding to LSA
“LSA Group”	London Southend Airport Company Limited, Thames Gateway Airport Limited, London Southend Solar Limited and London Southend Jet Centre Limited
“Material Company”	the Company, Esken Aviation and any intermediate holding company between the Company and Esken Aviation
“Mersey BioEnergy”	Mersey BioEnergy Holdings Limited (registered number 09209582) whose registered office is at C/O Bioenergy Infrastructure Limited 1650 Arlington Business Park, Theale, Reading, United Kingdom, RG7 4SA
“Non-Executive Directors”	each of Ginny Pulbrook, Clive Condie and David Blackwood
“Official List”	the official list maintained by the FCA in accordance with Section 74 of the Financial Services and Markets Act 2000
“Operational Committee”	the operational committee established by CGI from time to time pursuant to the Convertible Debt Facility
“Ordinary Shares”	ordinary shares of £0.10 each in the capital of the Company
“Pari Passu Lender”	Esken Aviation
“Pari Passu Liabilities”	the liabilities owing to Esken Aviation as Pari Passu Lender under the Pari Passu Loan
“Pari Passu Loan”	the term loan in the amount of £20 million
“Pari Passu Loan Agreement”	the agreement between the Pari Passu Lender and LSA dated 26 August 2021 in respect to the Pari Passu Loan
“PIK Interest”	the interest of 2% per annum on the Convertible Loan
“Pioneer”	Pioneer Infrastructure Partners SCSp, an alternative investment fund, registered in Luxembourg (number B247320), managed by Pioneer Point Partners LLP (registered number OC339088)
“Potential £20 million LSA Facility”	entry into a potential £20 million funding facility from certain of Esken’s larger Shareholders to Esken Aviation, as holding company of the LSA Group
“PP Cash Interest”	the interest of 8% per annum on the outstanding principal amount of the Pari Passu Loan
“Premium Listing”	a listing of securities in the premium listing segment of the Official List
“Projected Cash”	no less than the amount of £2.5 million (after deducting anticipated payments of operating and capital expenditure, debt service and cash taxes)
“Propius”	Propius Funding Limited (registered number: 14431338) whose registered office is at Third Floor, 15 Stratford Place, London, United Kingdom, W1C 1BE
“Proposed Transfer”	the proposed change in the Company’s listing category from a Premium Listing to a Standard Listing
“Purchaser”	Pioneer Balmoral UK Limited (registered number 15049609), whose registered office is at Forum 4 Parkway, Whiteley, Fareham, Hampshire, United Kingdom, PO15 7AD

“Regulatory Information Service”	a primary information provider approved by the FCA from time to time for disseminating regulatory announcements required by the Listing Rules, DGTRs and UK Market Abuse Regulation
“Remuneration Committee”	the Company’s remuneration committee from time to time
“Remuneration Resolution”	the resolution relating to the Executive Remuneration Scheme set out as resolution 3 in the notice of General Meeting at the end of this document
“Resolutions”	the resolutions set out in the notice of General Meeting at the end of this document, being the Disposal Resolution, the Transfer Resolution and the Remuneration Resolution
“Seller”	Esken Holdings Limited (registered number 07246663), whose registered office is at Third Floor, 15 Stratford Place, London, England, W1C 1BE, a subsidiary of the Company
“Senior Managers”	any member of the senior management of the Group
“Shareholder Consent Condition”	the condition to Completion of the Disposal Agreement of passing the Disposal Resolution set out in the notice of General Meeting at the end of this document, details of which are summarised under the “Conditions” section in Part 2 (Summary of the Key Terms of the Disposal) of this document
“Shareholders”	holders of Ordinary Shares
“Share Option Schemes”	the Company’s existing share option schemes
“Skytanking”	Skytanking UK Ltd (registered number: 14342927) whose registered office is at 5th Floor 10 Finsbury Square, London, United Kingdom, EC2A 1AF
“Skytanking Guarantor”	Skytanking Holding GmbH
“Sponsor”	Canaccord Genuity Limited, which is authorised and regulated by the Financial Conduct Authority
“Standard Listing”	a listing of securities in the standard listing segment of the Official List
“Star Handling Disposal”	the sale of the entire share capital of Skytanking Aviation Services Eng Limited (registration number: 10818963 and previously named “Star Handling Limited”) by Esken Aviation to Skytanking on 15 May 2023
“TBBP”	Templeborough Biomass Power Plant Limited (registered number: 07239700) whose registered office is at 4th Floor, The Peak, 5 Wilton Road, London, England, SW1V 1AN
“TGP”	Tilbury Green Power Limited
“Transaction Documents”	the Disposal Agreement and Transitional Services Agreement
“Transfer Resolution”	the resolution relating to the Proposed Transfer set out as resolution 2 in the notice of General Meeting at the end of this document
“Transitional Services Agreement”	the agreement to be entered into between the Company and Esken Renewables relating to certain IT and payroll services to be provided by the Company to Esken Renewables
“Trust Deed”	the trust deed entered into between the Exchangeable Bond Issuer, the Company as guarantor and U.S. Bank Trustees Limited as trustee dated 8 May 2019 which constituted and secured the Exchangeable Bond issued by the Exchangeable Bond Issuer

"Trustee"	Ansa Logistics Pension Plan Trustees Limited (registered number: 03867036) whose registered office is at Third Floor, 15 Stratford Place, London, England, W1C 1BE
"UK Market Abuse Regulation"	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Text with EEA relevance) (Retained EU Legislation)
"W&I Insurance Policy"	the W&I insurance policy taken out by the Purchaser in respect of the general warranties relating to the business of Esken Renewables pursuant to the Disposal Agreement, details of which are summarised under section in Part 2 (<i>Summary of the Key Terms of the Disposal</i>) of this document

NOTICE OF GENERAL MEETING ESKEN LIMITED

(Incorporated under the laws of Guernsey with registered number 39117)
(the “**Company**”)

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at Third floor, 15 Stratford Place, London, England W1C 1BE at 9.30 a.m. on 24 November 2023 for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1 and 3 will be proposed as ordinary resolutions and Resolution 2 will be proposed as a special resolution.

Ordinary Resolution

1. THAT, the proposed disposal by Esken Holdings Limited (registered number 07246663) (the “**Seller**”), a subsidiary of the Company, of the whole of the issued share capital of Esken Renewables Limited (registered number 07042490) (“**Disposal**”) pursuant to and on the terms and subject to the conditions contained in an agreement made between Pioneer Balmoral UK Limited, as purchaser and the Seller, as more particularly described in the circular to Shareholders of the Company dated 6 November 2023 (the “**Circular**”) which constitutes a class 1 transaction for the purpose of the Listing Rules of the Financial Conduct Authority, be and is hereby approved with such revisions, waivers and amendments (including as to price) of a non-material nature as may be approved by the directors of the Company (“**Directors**”) or any duly authorised committee thereof, and that all acts, agreements, arrangements and indemnities which the Directors or any such committee consider necessary or desirable for the purpose of or in connection with the Disposal be and are hereby approved.

Special Resolution

2. THAT, the proposed transfer of the Company’s category of equity share listing on the Official List of the Financial Conduct Authority and on the Main Market of the London Stock Exchange from a premium listing (commercial company) to a standard listing (shares) (the “**Transfer of Listing**”) be and is hereby approved and the Directors be and are hereby authorised to cause such Transfer of Listing to be effected and to do and/or procure to be done all such acts or things as they may consider necessary or desirable in connection therewith.

Ordinary Resolution

3. THAT
 - (a) the rules of the Esken Limited Value Creation Plan 2023 (the “**VCP 2023**”) in the form produced to the Meeting and initialled by the Chairman of the Meeting for the purposes of identification, the principal terms of which are summarised in **Part 8** (*Executive Remuneration Scheme*) of the Circular be and are hereby approved and the directors of the Company be and are generally authorised to adopt the VCP 2023 and to do all acts and things that they consider necessary or expedient to give effect to the VCP 2023; and
 - (b) the directors be and are hereby authorised to adopt further plans based on the VCP 2023 but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any cash made available under such further plans is paid from the bonus pool in the VCP 2023; and
 - (c) payments to executive directors of the Company under the VCP 2023 be approved; and
 - (d) payments to executive directors in the nature of bonus on the amended terms described in **Part 8** (*Executive Remuneration Scheme*) of the Circular be approved.

Dated: 6 November 2023

By order of the Board

Adam Davidson
Company Secretary
Registered Office
Esken Limited

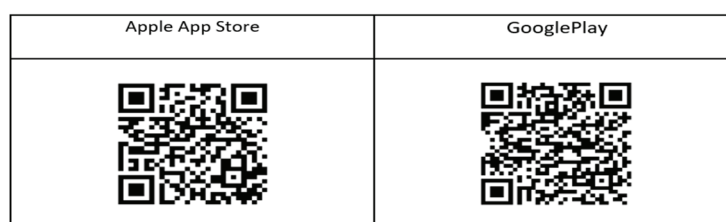
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Registered in Guernsey with registered number 39117

General notes to the Notice:

1. The meeting will take place at Third floor, 15 Stratford Place, London, England W1C 1BE.
2. A member of the Company entitled to attend, speak and vote at the meeting convened by this Notice is entitled to appoint one or more proxies to exercise any of his/her rights to attend, speak and vote at that meeting on his/her behalf. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. A proxy need not be a member of the Company.
3. You can vote by lodging a proxy either:
 - 3.1 by logging on to www.signalshares.com and following the instructions;
 - 3.2 via the LinkVote+ app (refer to the notes below);
 - 3.3 by appointing a proxy electronically via the Proxymity platform (refer to the notes below);
 - 3.4 by requesting a hard copy form of proxy directly from the Company registrar, Link Group by email at shareholderenquiries@linkgroup.co.uk, or you may call Link Group on +44 (0) 371 664 0300 (if calling from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. If you request a hard copy form of proxy, you must complete and return it in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by Link Group, PXS1, Central Square, 29 Wellington Street, Leeds LS1 4DL by not later than 9.30 a.m. on 22 November 2023 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Submission of a proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof; or
 - 3.5 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
4. Proxy votes should be submitted as early as possible and in any event must be received by Link Group, no later than 9.30 a.m. on 22 November 2023 (being 48 hours before the time appointed for the holding of the General Meeting excluding any non-working days).
5. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please contact Link Group, on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. You will need to state clearly on each form of proxy the number of shares in relation to which the proxy is appointed. Failure to specify the number of shares to which each proxy appointment relates or specifying a number in excess of those held by the shareholder will result in the proxy appointment being invalid. If you wish your proxy to ask questions on your behalf at the meeting you will need to appoint your own choice of proxy (not the chair) and give your instructions directly to them.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL by 9.30 a.m. on 22 November 2023. Alternatively, a member may revoke a proxy appointment by notifying the Company in writing at its registered office before the commencement of the General Meeting, or any adjournment thereof, or the taking of any poll at which the proxy is to be used. A member may also revoke a proxy appointment by logging on to www.signalshares.com and following the instructions.

8. Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives Shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.



9. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 9.30 a.m. on 22 November 2022 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) thereof, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by Link Group (whose CREST ID is RA10) by the latest time for receipt of proxy appointments specified in Note 9 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations, 2009.
11. CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. In the case of a shareholder which is a company, a hard copy form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
13. Any power of attorney or any other authority under which a hard copy form of proxy is signed (or a duly certified copy of such power or authority) must be included with the form of proxy.
14. Shareholders are invited to email Adam Davidson, Company Secretary (adam.davidson@esken.com) including their Shareholder Reference Number (shown on their share certificate as Investor Code or IVC), with any questions relating to the business of the

General Meeting which they would like to have considered if they are not able to attend in person to ask that question. The Company requests that questions be submitted by 22 November 2023 at the latest. The Company will attempt to answer as many of Shareholders' questions as it can via the Company's website (www.esken.com) in advance of the General Meeting. If the Company receives a large number of questions on similar topics, it may group those questions and respond to them generally. The question facility will not constitute attendance or participation on the part of the shareholder in the legal proceedings of the meeting. Questions may also be posed during the meeting by a Shareholder present at the meeting.

15. If multiple questions on the same topic are received in advance, the Chairman may choose to provide a single answer to address shareholder queries on the same topic. The Company must answer any question you ask relating to the business being dealt with at the meeting unless:
 - 15.1 answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information.
 - 15.2 the answer has already been given on a website in the form of an answer to a question.
 - 15.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
16. If you attend the meeting in person you may be included in the recording of the meeting. Please note that this recording is solely for the purposes of creating a transcript of the meeting and will not be publicly available.
17. As at the latest practicable date (being the latest practicable date prior to the publication of this document), the Company's issued share capital consists of 1,025,336,741 ordinary shares, carrying one vote each, with no treasury shares. Therefore, the total voting rights in the Company as at the latest practicable date (being the latest practicable date prior to the publication of this document) are 1,025,336,741.
18. Any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company registrar prior to the commencement of the meeting.
19. The right to vote at the meeting shall be determined by reference to the register of members of the Company. Only those persons whose names are entered on the register of members of the Company at close of business on 22 November 2023 shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.
20. Members who wish to communicate with the Company by electronic means in connection with the matters set out in this Notice may do so by contacting the Company at adam.davidson@esken.com on or before the close of business on 22 November 2023.
21. As soon as practicable following the General Meeting, the results of the voting at the meeting and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website www.esken.com
22. The following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the Company's registered office, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY, from the date of this Notice until the conclusion of the General Meeting and will be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting at:
 - 22.1 Third floor, 15 Stratford Place, London, England W1C 1BE.

23. A copy of this Notice will also be placed on the Company's website at www.esken.com/investors.
24. Except as provided above, Shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted): by e-mailing us at adam.davidson@esken.com.
25. You may not use any electronic address provided either:
 - 25.1 in this notice; or
 - 25.2 any related documents (including the annual report for the year ended 28 February 2023 and form of proxy), to communicate with the Company for any purposes other than those expressly stated.
26. The Company may process personal data of attendees at the meeting. This may include webcasts, photos, recordings and audio and video links, as well as other forms of personal data, including your name, contact details and the votes you cast. The Company shall process such personal data in accordance with its privacy policy, which can be found at <https://www.esken.com.com/services/cookie-privacy-policy>.
27. Any shareholder who has not otherwise received confirmation that his or her vote on the polls at the General Meeting has been validly recorded and counted (for example, by receiving electronic notification that a vote cast electronically has been recorded and counted) and has no other reasonable means of confirming this, may, within 30 days from the date of the meeting, request information from the Company allowing him or her to confirm that his or her vote on the polls at the meeting has been validly recorded and counted, by using the contact details of Link Group, on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

