

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Document, or the action you should take, you are recommended immediately to seek your own personal financial advice from an independent financial adviser, such as a stockbroker, solicitor, accountant or other adviser who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction).

If you have sold or transferred all of your Existing Ordinary Shares in Alexander Mining plc (the "**Company**"), please send this Document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold part only of your holding of Existing Ordinary Shares, you should retain this Document.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings on AIM will commence at 8.00 a.m. on 9 January 2020.

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

The AIM Rules are less demanding than those rules applying to admission to the Official List and to admission to the main market of the London Stock Exchange. It is emphasised that no application is being made for admission of the Enlarged Ordinary Share Capital to the Official List. The Existing Ordinary Shares are not traded on any other stock exchange and no application has been, or is currently intended to be, made for the New Ordinary Shares to be admitted to listing or trading on any other stock exchange.

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# Alexander Mining plc

*Incorporated and registered in England and Wales with registered number 5357433*

## **Proposed Acquisition of eLight Group Holdings Ltd**

## **Share Capital Consolidation and Share Sub-division**

## **Disposal of MetaLeach Assets**

## **Change of Name to eEnergy Group plc**

## **Placing of 26,666,667 new Ordinary Shares each at a price of 7.5p per share**

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

## **Approval of Waiver of Obligations under Rule 9 of the Takeover Code**

## **Adoption of New Articles**

**and**

## **Notice of General Meeting**

### **Nominated Adviser**



Cairn Financial Advisers LLP

*Authorised and regulated by the Financial Conduct Authority*

### **Broker**



Turner Pope Investments (TPI) Ltd

*Authorised and regulated by the Financial Conduct Authority*

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## **NEW ORDINARY SHARES IMMEDIATELY FOLLOWING ADMISSION**

**130,926,167 issued and fully paid New Ordinary Shares of 0.3p**

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This Document is an admission document drawn up in accordance with the AIM Rules for Companies and has been prepared in connection with the application for admission of the issued share capital of the Company to trading on AIM, a market of London Stock Exchange. This Document does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this Document does not constitute a prospectus within the meaning of section 85 of FSMA, has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority ("**FCA**") and has not been, and will not be, approved or filed with the FCA.

**The New Shares will, on Admission, rank *pari passu* in all respects with the New Ordinary Shares including the right to receive all dividends or other distributions declared, paid or made after Admission.**

Cairn Financial Advisers LLP (“**Cairn**”) and Turner Pope Investments (TPI) Ltd (“**Turner Pope**”), which are both authorised and regulated in the UK by the FCA, are acting as the Company’s nominated adviser and broker, respectively, in connection with the proposed Placing and Admission. Cairn’s responsibilities as the Company’s nominated adviser under the AIM Rules for Nominated Advisers and Turner Pope’s responsibilities as the Company’s broker under the AIM Rules for Companies are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this Document without limiting the statutory rights of any person to whom this Document is issued. No representation or warranty, express or implied, is made by Cairn or Turner Pope as to, and no liability whatsoever is accepted by Cairn or Turner Pope for, the accuracy of any information or opinions contained in this Document or for the omission of any material information from this Document for which the Company and the Directors are solely responsible. Neither Cairn nor Turner Pope will be offering advice and will not otherwise be responsible for providing customer protections to recipients of this Document in respect of any acquisition of New Ordinary Shares.

Copies of this Document will be available free of charge during normal business hours on any day (except Saturdays and public holidays) at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside EC2V 6AX from the date of this Document and shall remain available for a period of one month from Admission. A copy of this Document will be available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on the Company’s website, [www.eenergyplc.com](http://www.eenergyplc.com), from Admission.

**This Document should be read as a whole. An investment in the Company is speculative and involves a high degree of risk. Your attention is drawn to the letter from the Chairman which is set out on pages 18 to 43 (inclusive) of this Document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. In addition, your attention is drawn to the discussion of risks and other factors which should be considered in connection with an investment in the New Ordinary Shares, set out in Part II. All statements regarding the Company’s business, financial position and prospects should viewed in light of these risk factors.**

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This Document includes forward-looking statements. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Company's future prospects, developments and business strategies.

These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are contained in all sections of this Document. The forward-looking statements in this Document, including statements concerning projections of the Company's future results, operating profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Investment in the Company carries risk and there can be no assurance that the Company's strategy will be achieved. Certain risks relating to the Company are specifically described in Part II. If one or more of these risks or uncertainties arises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these uncertainties, potential Shareholders should not place over-reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Enlarged Group's operations, results of operations, growth strategy and liquidity. While the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect.

The forward-looking statements in this Document speak only as at the date of this Document. The Company undertakes no obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or applicable law, whether as a result of new information, future events or otherwise.

### Notice to overseas persons

This Document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. This Document is not, subject to certain exceptions, for distribution in or into any Restricted Jurisdiction. In particular, the New Ordinary Shares offered by this Document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**Securities Act**"). There will be no public offer in the United States. The New Ordinary Shares will not qualify for distribution or sale under the laws of any state of the United States or under the applicable securities laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, delivered or transferred, directly or indirectly, in, into or from the United States of America, Canada, Australia, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a "**Restricted Jurisdiction**"), or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or any national, resident or citizen of a Restricted Jurisdiction. Neither this Document nor any copy of it may be distributed, published, sent to or taken (by any means, including electronic submission) into a Restricted Jurisdiction.

In deciding whether or not to invest in the New Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, Cairn or Turner Pope. Neither the delivery of this Document nor any subscription or purchase made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Unless otherwise agreed by the Board, the New Ordinary Shares are only being and will only be offered for subscription to potential investors in the United Kingdom. The distribution of this Document and the offer of the New Ordinary Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken by the Company, the Directors, Cairn or Turner Pope to permit a public offering of the New Ordinary Shares or to permit the possession or distribution of this Document (or any other offering or publicity materials relating to the New Ordinary Shares) in the UK or any other jurisdiction, where action for that purpose may be required. Accordingly, neither this Document nor any advertisement or any other placing material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

In particular, no actions have been taken to allow for a public offering of the New Ordinary Shares under the applicable securities laws of any Restricted Jurisdiction. This Document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy any of, the New Ordinary Shares in any Restricted Jurisdiction.

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

This Document constitutes a 'financial promotion' for the purposes of section 21 of FSMA and, accordingly, its distribution in the United Kingdom is restricted. Neither Turner Pope, Cairn, nor any other person authorised by the FCA has approved or authorised the contents of this Document for the purposes of section 21 of FSMA. Accordingly, this Document is only being distributed to and is only directed at persons who are in the United Kingdom, and who are: (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **"Order"**), (b) high net worth companies, unincorporated associations and other bodies falling within Article 49(2)(a) to (d) of the Order and (c) other persons to whom it may lawfully be communicated (all such persons together being **"relevant persons"**). The Placing Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Document or any of its contents.

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

This Document is not a Prospectus for the purposes of the Prospectus Directive (as defined below) in relation to each Member State of the European Economic Area (the **"EEA"**) which has implemented the Prospectus Directive (each a **"Relevant Member State"**). This Document has been prepared on the basis that any offers of New Ordinary Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a Prospectus in connection with any offers of New Ordinary Shares. Accordingly, any person making or intending to make any offer within the EEA of New Ordinary Shares which is the subject of the offering contemplated in this Document should only do so in circumstances in which no obligation arises for the Company, Cairn or Turner Pope to produce a Prospectus for such offer. Neither the Company, Cairn nor Turner Pope has authorised, nor will any of them authorise, the making of any offer of the Placing Shares through any financial intermediary, other than offers made by Turner Pope which constitute the final placing of the Placing Shares contemplated in this Document. The expression **"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU.

### **Other important information**

Potential investors contemplating an investment in New Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Enlarged Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in New Ordinary Shares. Potential investors should not treat the contents of this Document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Existing

Ordinary Shares or New Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Existing Ordinary Shares or Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Existing Ordinary Shares or New Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

If you are in any doubt about the contents of this Document you should consult your stockbroker or your financial or other professional adviser. Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

### **Industry, market and other data**

Unless the source is otherwise identified, the market, industry, and economic and industry data and statistics in this Document constitute the Directors' estimates, using underlying data from third parties. The Company has obtained market and economic data and certain industry statistics from internal reports, as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this Document has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Document, the source of such information has been identified. Such third party information has not been audited or independently verified.

Market and industry data is inherently predictive and speculative and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, neither Cairn or Turner Pope have authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Cairn or Turner Pope for the accuracy or completeness of any market or industry data which is included in this Document.

### **Presentation of financial information**

The financial information contained in this Document, including that financial information presented in a number of tables in this Document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables 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.

### **No incorporation of websites**

Save as set out in Part IV of this Document, the contents of the Company's websites (or any other website) do not form part of this Document.

### **Governing law**

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes in such law and practice.

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## DEFINITIONS

The following words and expressions shall have the following meanings in this Document, unless the context otherwise requires:

<b>“Admission” or “Proposed Admission”</b>	the re-admission of the Enlarged Ordinary Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
<b>“Adviser Warrants”</b>	warrants to subscribe for New Ordinary Shares, further details of which are set out paragraph 12.1.4 of Part VII of this Document;
<b>“Act”</b>	the UK Companies Act 2006, as amended;
<b>“Acquisition”</b>	the proposed acquisition by the Company of the entire issued share capital of eLight pursuant to the terms of the Acquisition Agreement;
<b>“Acquisition Agreement”</b>	the conditional acquisition agreement dated 19 December 2019 between (1) the Company, (2) the eLight Shareholders and (3) the eLight Warrantors in relation to the sale and purchase of the entire issued ordinary share capital of eLight, further details of which are set out in paragraph 12.1.1 of Part VII of this Document;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies and, where the context requires, the AIM Rules for Nominated Advisers;
<b>“AIM Rules for Companies”</b>	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published and amended by the London Stock Exchange from time to time;
<b>“AIM Rules for Nominated Advisers”</b>	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published and amended by the London Stock Exchange from time to time;
<b>“Articles”</b>	the existing articles of association of the Company for the time being;
<b>“Audit &amp; Risk Committee”</b>	the audit and risk committee of the Board;
<b>“Board”</b>	the Existing Directors and Proposed Directors of the Company, whose names are set out on page 16 of this Document;
<b>“BPC”</b>	Beach Point Capital Ireland Lending DAC;
<b>“Business Day”</b>	any day which is not a Saturday, Sunday or a public holiday in the UK or the Republic of Ireland;
<b>“Cameron Barney”</b>	Cameron Barney LLP, financial adviser to eLight;
<b>“Cairn”</b>	Cairn Financial Advisers LLP, the Company's nominated adviser;
<b>“CB Shares”</b>	1,333,333 New Ordinary Shares to be issued at the Issue Price, credited as fully paid, in lieu of fees to Cameron Barney;
<b>“Change of Name”</b>	the change of name of the Company proposed in Resolution 15 of the Notice of General Meeting, further details of which are set out in paragraph 8 of Part I of this Document;
<b>“City Code”</b>	the City Code on Takeovers and Mergers;



<b>“Company”</b>	Alexander Mining plc, a company incorporated and registered in England and Wales with registered number 5357433;
<b>“Concert Party”</b>	eLight Shareholders, other than William Murray and Kieran Cussen, as more fully set out in Part III of this Document, who are all considered to be acting in concert with each other under the Takeover Code;
<b>“Consideration Shares”</b>	87,651,000 New Ordinary Shares to be issued to the eLight Shareholders, pursuant to the terms of the Acquisition Agreement;
<b>“Consolidated Ordinary Shares”</b>	the ordinary shares of 75 pence each in the Company following the Share Consolidation;
<b>“CREST”</b>	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
<b>“Current Share Plans”</b>	the ‘Alexander Gold Group Executive Share Option Plan’ adopted on 22 December 2010 and the ‘Alexander Share Option Plan’ adopted on 28 July 2016;
<b>“Dealing Day”</b>	any day on which the London Stock Exchange is open for the transaction of business;
<b>“Deferred Shares”</b>	deferred shares of 0.001 pence each in the capital of the Company;
<b>“Directors”</b>	the Existing Directors and Proposed Directors;
<b>“Disclosure Guidance and Transparency Rules”</b>	the rules and regulations made by the FCA in its capacity as the UKLA under Part VI of FSMA, as amended, and contained in the UKLA publication of the same name;
<b>“Disposal”</b>	the disposal of the Company’s mineral processing technology activities comprising the MetaLeach Assets, further details of which are set out in paragraph 6 of Part I of this Document;
<b>“Disposal Agreement”</b>	the agreement between (1) the Company and (2) Qora Capital Limited which effect the Disposal, further details of which are set out in paragraph 12.1.8 of Part VII of this Document;
<b>“Document”</b>	this Document comprising an AIM admission document for the purposes of Rule 3 of AIM Rules and a notice of general meeting to be sent to shareholders of the Company and dated 20 December 2019;
<b>“EEA”</b>	the European Economic Area;
<b>“eLight”</b>	eLight Group Holdings Limited, a company incorporated and registered in Ireland with registered number 628020;
<b>“eLight App”</b>	the mobile front end application to the Automated Audit, Specification and Quotation Engine that will be developed to enable its use by third party contractors rather than just eLight’s expert technical staff;
<b>“eLight Group”</b>	eLight and its subsidiaries, comprising eLight Ireland and eLight UK;
<b>“eLight Ireland”</b>	E-Light Ireland Limited, a company incorporated and registered in Ireland with registered number 628149;



<b>“eLight Shares”</b>	the entire issued share capital of eLight comprising the: (a) 1,120,000 A ordinary shares; (b) 823,000 B ordinary shares; and (c) 80,000 C ordinary shares,  in each case, of €0.01 each in the capital of eLight;
<b>“eLight Shareholders”</b>	holders of the eLight Shares;
<b>“eLight UK”</b>	eLight U.K Limited, a company incorporated and registered in England and Wales with registered number 11211759;
<b>“eLight Warrantors”</b>	Ian McKenna, Harvey Sinclair, David Nicholl and Richard Williams;
<b>“Energy Works”</b>	Energy Works Investments PLC and Energy Works Advisory Limited;
<b>“Enlarged Group”</b>	the Company and its subsidiaries following completion of the Acquisition and the Disposal;
<b>“Enlarged Ordinary Share Capital”</b>	the number of New Ordinary Shares of the Company upon Admission, comprising the Existing Ordinary Share Capital (as consolidated pursuant to the Share Consolidation), and the New Shares;
<b>“EU”</b>	the European Union;
<b>“EUR” or “€”</b>	Euro, the lawful currency of 19 member states of the EU;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Executive Directors”</b>	from Admission, Harvey Ian Sinclair and Richard Mark Williams;
<b>“Existing Directors”</b>	Alan Clegg, Martin Rosser, James Bunyan and Nigel Burton;
<b>“Existing Ordinary Shares”</b>	the 4,382,480,149 ordinary shares of 0.001 pence each in the Company in issue as at the date of this Document;
<b>“Existing Ordinary Share Capital”</b>	the aggregate number of Existing Ordinary Shares in issue at the date of this Document, comprising 4,382,480,149 Existing Ordinary Shares prior to the Share Consolidation and the issue of the Registrar Shares and the Share Sub-division;
<b>“Existing Options and Warrants”</b>	the existing options and warrants previously issued to the Existing Directors, Turner Pope and former directors and employees of the Company, further details of which are set out in paragraph 5.5 of Part VII;
<b>“FCA”</b>	the United Kingdom Financial Conduct Authority;
<b>“Form of Proxy”</b>	the form of proxy for use by holders of Existing Ordinary Shares in connection with the General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended;
<b>“GBP”, “£”, “sterling” and “pence”</b>	pounds sterling, the lawful currency of the United Kingdom;
<b>“General Meeting”</b>	the general meeting of the Company called in accordance with the Company’s Articles and convened for 11.00 a.m. on 8 January 2020 or any adjournment thereof, notice of which is set out in Part VIII of this Document;

<b>“Group”</b>	the Company and its subsidiaries from time to time;
<b>“Historical Financial Information on the Company”</b>	the Company’s historical financial information as set out in Part IV of this Document;
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union;
<b>“Independent Directors”</b>	Dr Nigel Burton and James Bunyan;
<b>“Independent Shareholders”</b>	the holders of Existing Ordinary Shares other than any person who is a member of the Concert Party or participating in the Placing;
<b>“IPR”</b>	intellectual property rights;
<b>“ISIN”</b>	international security identification number;
<b>“Issue Price”</b>	7.5 pence, being the price at which the New Shares are to be issued;
<b>“Lock-in Agreements”</b>	the lock-in agreements entered into by the Locked-in Persons, described in paragraph 14 of Part I and paragraph 12.1.3 of Part VII of this Document;
<b>“Locked-in Persons”</b>	Harvey Sinclair, David Nicholl, Nigel Burton, Ian McKenna, Stella Murphy, Nicole Street and Wayne Harris;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Management Incentive Plan” or “MIP”</b>	awards linked to the growth in value of the Company, which may be granted in the form of Share Options and/or Growth Share Awards as further described in paragraph 15 of Part VII;
<b>“MIP Awards”</b>	the awards to be issued by the Company under the New Share Plans as further described in paragraph 15 of Part VII;
<b>“Market Abuse Regulations”</b>	the Market Abuse Regulation (Regulation 596/2014);
<b>“MetaLeach”</b>	MetaLeach Limited, a company incorporated in the British Virgin Islands;
<b>“MetaLeach Assets”</b>	all assets owned by the Company relating to MetaLeach including, without limitation, the entire issued share capital of MetaLeach, all commercial contacts, all licence and royalty agreements and all intellectual property used by MetaLeach in its business, in each case, to be disposed of by the Company pursuant to the terms of the Disposal Agreement;
<b>“MPL”</b>	eLight Projects Limited, a company incorporated and registered in Ireland with registered number 578542;
<b>“MPL Subcontract Agreement”</b>	the agreement through which eLight Ireland is engaged to provide LaaS services to MPL, further details of which are set out at paragraph 12.2.4 of Part VII of this Document;
<b>“New Articles”</b>	the new articles of association to be adopted by the Company, further details of which are set out in paragraph 6 of Part VII of this Document;
<b>“New Ordinary Shares”</b>	ordinary shares of 0.3 pence each in the capital of the Company following the Share Consolidation and the Share Sub-division;

<b>“New Shares”</b>	the Consideration Shares, the Placing Shares, the CB Shares and the TP Shares;
<b>“New Share Plans”</b>	the new share incentive plans to be adopted by the Company following Admission;
<b>“Nomination Committee”</b>	the nomination committee of the Board or a duly appointed sub-committee of it authorised to act on its behalf;
<b>“Notice of General Meeting”</b>	the notice of the General Meeting set out in Part VIII of this Document;
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“Placees”</b>	investors to whom Placing Shares are issued pursuant to the Placing;
<b>“Placing”</b>	the conditional placing by the Broker on behalf of the Company of the Placing Shares at the Issue Price pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional agreement dated 19 December 2019 between the Company, the Broker, Cairn and the Directors relating to the Placing, details of which are set out at paragraph 12.1.2 of Part VII of this Document;
<b>“Placing Shares”</b>	26,666,667 New Ordinary Shares to be issued to the Placees pursuant to the Placing;
<b>“Proposals”</b>	together the Acquisition, the Placing, the Disposal, the Share Consolidation, the Change of Name, the Whitewash Resolution, the adoption of the New Articles, the allotment of the CB Shares and the TP Shares and Admission;
<b>“Proposed Directors”</b>	David Nicholl, Harvey Sinclair, Richard Williams, Andrew Lawley and Nigel Burton;
<b>“QCA Guidelines”</b>	the corporate governance code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance from time to time;
<b>“Record Date”</b>	the record date for the Share Consolidation and the Share Sub-division, being 6.00 p.m. on 8 January 2020;
<b>“Register”</b>	the register of members of the Company;
<b>“Remuneration Committee”</b>	the remuneration committee of the Board or a duly appointed sub-committee of it authorised to act on its behalf;
<b>“Registrar”</b>	Link Asset Services, registrar to the Company;
<b>“Registrar Shares”</b>	the 69,851 Existing Ordinary Shares to be issued for the purposes of the Share Consolidation;
<b>“Restricted Jurisdiction”</b>	the United States, Canada, Australia, the Republic of South Africa, Japan or any other country outside of the United Kingdom where the distribution of this Document may lead to a breach of any applicable legal or regulatory requirements;
<b>“Resolutions”</b>	the Resolutions to be proposed at the General Meeting, each a <b>“Resolution”</b> as described in paragraph 20 of Part I of this Document and as set out in the Notice of General Meeting at Part VIII of this Document;

<b>“Securities Act”</b>	the United States Securities Act of 1993, as amended;
<b>“Share Consolidation”</b>	the proposed consolidation of every 75,000 Existing Ordinary Shares into 1 Consolidated Ordinary Share;
<b>“Share Sub-division”</b>	the proposed sub-division of each Consolidated Ordinary Share into 250 New Ordinary Shares;
<b>“Shareholders”</b>	the holders of Existing Ordinary Shares or New Ordinary Shares, each individually being a <b>“Shareholder”</b> ;
<b>“Significant Shareholder”</b>	any person holding 3 per cent. or more of the Company’s issued share capital from time to time;
<b>“Solutions” or “eLight Solutions”</b>	E-Light Solutions DAC, a company incorporated and registered in Ireland with registered number 475816. Solutions is not part of the eLight Group;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers;
<b>“TIDM”</b>	tradable instrument display mnemonic;
<b>“Turner Pope” or “Broker”</b>	Turner Pope Investments (TPI) Ltd, the Company’s broker;
<b>“TP Shares”</b>	666,667 New Ordinary Shares to be issued at the Issue Price, credited as fully paid, in lieu of fees to Turner Pope;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UKLA”</b>	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
<b>“Uncertificated” or “in Uncertificated Form”</b>	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“USD” or “\$”</b>	US dollars, the lawful currency of the United States;
<b>“Value Creation Awards”</b>	awards entitling participants to a share in the growth in value of the Company above a threshold as further described in paragraph 15 of Part VII;
<b>“VAT”</b>	Value Added Tax;
<b>“Waiver”</b>	the waiver which has been granted by the Panel, conditional upon the approval by Independent Shareholders of the Whitewash Resolution on a poll, of the obligations to make a mandatory offer for the entire issued share capital of the Company not already held by the Concert Party which might otherwise be imposed on the Concert Party under Rule 9 of the Takeover Code, as a result of, <i>inter alia</i> , the issue of the Consideration Shares to members of the Concert Party pursuant to the Proposals; and
<b>“Whitewash Resolution”</b>	Resolution 1 in the Notice of General Meeting being an ordinary resolution voted on of Independent Shareholders (on a poll) to approve the Waiver.

## GLOSSARY OF TECHNICAL TERMS

The following table provides an explanation of certain technical terms and abbreviations used in this Document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

<b>“BMS”</b>	Building Management Systems;
<b>“BSI”</b>	British Standards Institute;
<b>“Capex”</b>	Capital Expenditure;
<b>“CHP”</b>	Combined Heat and Power;
<b>“CRM”</b>	Customer relationship management system;
<b>“CSR”</b>	Corporate Social Responsibility;
<b>“EE”</b>	Energy Efficiency;
<b>“EEaaS”</b>	Energy Efficiency as a Service;
<b>“EPC”</b>	Energy Performance Certificate;
<b>“HSE”</b>	Health and Safety Executive;
<b>“IoT”</b>	Internet of Things;
<b>“LaaS”</b>	Lighting-as-a-Service;
<b>“MEES”</b>	Minimum Energy Efficiency Standards;
<b>“OEMs”</b>	Original Equipment Manufacturers.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Proposals	7.00 a.m. on 20 December 2019
Publication and despatch of this Document (including the Notice of General Meeting and Forms of Proxy)	20 December 2019
Latest time and date for receipt of Forms of Proxy and electronic proxy instructions via the CREST system and shareholder web portal	11.00 a.m. on 6 January 2020
General Meeting	11.00 a.m. on 8 January 2020
Record Date for the Share Consolidation	6.00 p.m. on 8 January 2020
Existing Ordinary Shares disabled in CREST and share register closed	7.00 a.m. on 9 January 2020
Completion of the Proposals	8.00 a.m on 9 January 2020
Issue of New Shares, Admission effective and dealings in the New Ordinary Shares commence	8.00 a.m on 9 January 2020
Expected date for CREST accounts to be credited	as soon as practicable on 9 January 2020
Despatch of definitive share certificates, where applicable, by	23 January 2020

*The above dates are indicative only and are subject to change at the absolute discretion of the Company and Cairn.*

*All references to time in this Document are to London time unless otherwise stated.*

## KEY STATISTICS

Issue Price (per New Ordinary Share)	7.5 pence
Total number of Existing Ordinary Shares in issue at the date of this Document	4,382,480,149
Number of Registrar Shares to be issued <sup>1</sup>	69,851
Total number of New Ordinary Shares in issue following the Share Consolidation and Share Sub-division	14,608,500
Placing Shares	26,666,667
Consideration Shares	87,651,000
CB Shares	1,333,333
TP Shares	666,667
Enlarged Ordinary Share Capital	130,926,167
Placing Shares as a percentage of the Enlarged Ordinary Share Capital	20.37%
Amount by which Shareholders at the Record Date will be diluted as a result of the Proposals	88.84%
Gross proceeds of the Placing	£2,000,000
Estimated net proceeds of the Placing	£1,340,000
Number of New Ordinary Shares under Existing Option and Warrant and Adviser Warrant following implementation of the Proposals	4,298,262
Number of New Ordinary Shares in issue on a fully diluted basis following implementation of the Proposals <sup>2</sup>	135,224,428
Market capitalisation of the Company on Admission based on Issue Price	£9.8 million
ISIN for the New Ordinary Shares	GB00BJP1KD31
TIDM/AIM Symbol	EAAS

<sup>1</sup> in order to deal with fractions arising under the Share Consolidation

<sup>2</sup> on the basis that all Adviser Warrants and the Existing Options and Warrants in existence on Admission have been exercised.



## DIRECTORS AND ADVISERS

<b>Existing Directors</b>	Alan Mitchell Clegg – <i>Non-Executive Chairman</i> Martin Lovatt Rosser – <i>Chief Executive Officer</i> James Snaddon Bunyan – <i>Non-Executive Deputy Chairman</i> Dr Nigel John Burton – <i>Non-Executive Director</i>
<b>Proposed Directors of the Company following implementation of the Proposals</b>	David William Nicholl – <i>Non-Executive Chairman</i> Harvey Ian Sinclair – <i>Chief Executive Officer</i> Richard Mark Williams – <i>Chief Financial Officer</i> Andrew Robin Lawley – <i>Non-Executive Director</i> Dr Nigel John Burton – <i>Non-Executive Director</i>
<b>Company Secretary</b>	John Andrew Getty ( <i>before Admission</i> ) Richard Mark Williams ( <i>after Admission</i> )
<b>Registered Office</b>	Salisbury House, London Wall, London EC2M 5PS
<b>Website</b>	<a href="http://www.alexandermining.com">www.alexandermining.com</a> ( <i>before Admission</i> ) <a href="http://www.eenergyplc.com">www.eenergyplc.com</a> ( <i>following Admission</i> )
<b>Phone Number</b>	+44 (0)20 7078 9564
<b>Nominated Adviser</b>	<b>Cairn Financial Advisers LLP</b> Cheyne House, Crown Court 62-63 Cheapside London EC2V 6AX
<b>Broker</b>	<b>Turner Pope Investments (TPI) Ltd</b> 8 Frederick's Place London EC2R 8AB
<b>Financial Adviser to eLight</b>	<b>Cameron Barney LLP</b> 67 Grosvenor Street London W1K 3JN
<b>Solicitors to the Company</b>	<b>DWF Law LLP</b> 2nd Floor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
<b>Solicitors to the Nominated Adviser and Broker</b>	<b>DAC Beachcroft LLP</b> 25 Walbrook London EC4N 8AF
<b>Reporting Accountants to the Company</b>	<b>PKF Littlejohn LLP</b> 15 Westferry Circus London E14 4HD

**Auditors to the Company****BDO LLP**

55 Baker Street  
London  
W1U 7EU

**Registrars****Link Asset Services**

The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## PART I

### LETTER FROM THE CHAIRMAN OF ALEXANDER MINING PLC

# ALEXANDER MINING PLC

*Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5357433*

*Directors:*

Alan Mitchell Clegg (*Non-Executive Chairman*)  
Martin Lovatt Rosser (*Chief Executive Officer*)  
James Snaddon Bunyan (*Non-Executive Director*)  
Dr Nigel John Burton (*Non-Executive Director*)

*Registered Office:*

Salisbury House  
London Wall  
London EC2M 5PS

20 December 2019

Dear Shareholder,

**Proposed Acquisition of eLight Group Holdings Ltd**  
**Share Capital Consolidation and Share Sub-division**  
**Disposal of MetaLeach Assets**  
**Change of Name to eEnergy Group plc**  
**Placing of 26,666,667 new Ordinary Shares each at a price of 7.5p per share**  
**Admission of the Enlarged Ordinary Share Capital to trading on AIM**  
**Approval of Waiver of Obligations under Rule 9 of the Takeover Code**  
**Adoption of New Articles**  
**and**  
**Notice of General Meeting**

## 1. INTRODUCTION

On 25 September 2019, Alexander Mining plc announced that it had completed a review of its operations and had concluded that it was no longer in Shareholders' interests for the Company to continue to provide financial support for its mineral processing technology activities, which are carried out by the Company's wholly owned subsidiary, MetaLeach. The Board was therefore proposing to dispose of MetaLeach and change the Company's business strategy. The Company intended to become an AIM Rule 15 cash shell and to simultaneously complete a suitable reverse takeover in accordance with the AIM Rules.

On 29 November 2019, the Company announced that it was in advanced negotiations to acquire the entire issued share capital of eLight. As the acquisition would be treated as a reverse takeover under the AIM Rules, trading in the Company's Existing Ordinary Shares was suspended pending publication of an admission document.

The Company announced earlier today that (amongst other conditions), subject to Shareholders' approval of the Resolutions, the Company has agreed to acquire the entire issued share capital of eLight. eLight is an Energy Efficiency as a Service company which provides commercial customers with immediate energy and cost reductions with zero upfront investment. The consideration for the acquisition of the entire issued share capital of eLight is £6.6 million, to be satisfied by the issue of the Consideration Shares at the Issue Price, credited as fully paid.

The Company also intends to seek Shareholder approval for the disposal of its mineral processing technology interests comprising the MetaLeach Assets, pursuant to Rule 15 of the AIM Rules for Companies. Further details of the Disposal are set out in paragraph 6 of this Part I.

If the Acquisition is completed, it will constitute a reverse takeover under AIM Rules for Companies and will be subject, *inter alia*, to the approval of Shareholders under AIM Rule 14.

The Company has also conditionally raised a further £1,340,000 net of expenses through the issue of 26,666,667 Placing Shares to institutional and other investors at the Issue Price pursuant to the Placing. Further details of the Placing are set out in paragraph 12 of this Part I.

Furthermore, the Company intends to seek Shareholder approval to perform a share consolidation of every 75,000 Existing Ordinary Shares into one Consolidated Ordinary Share and then sub-divide each Consolidated Ordinary Share into 250 New Ordinary Shares. Further details of the Share Consolidation and Share Sub-division are set out in paragraph 7 of this Part I.

On completion of the Proposals, the Enlarged Group's operations will thereafter constitute exclusively those of eLight. Details of the business and operations of eLight are set out in paragraph 3 of this Part I.

On completion of the Acquisition, the Concert Party (comprising those shareholders in eLight who are considered to be acting in concert with each other) will hold up to 86,264,528 New Ordinary Shares on Admission, representing 65.89 per cent. of the Enlarged Ordinary Share Capital. Details of the Concert Party are set out in Part III of this Document. Under Rule 9 of the Takeover Code, the Concert Party would normally then be obliged to make a general offer to all Shareholders (other than the Concert Party) to acquire all the Existing Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation subject to the approval by the Independent Shareholders of the Whitewash Resolution (on a poll) at the General Meeting. The Acquisition is therefore also subject to the approval of the Whitewash Resolution by the Independent Shareholders. Your attention is drawn to paragraph 10 of this Part I and Part III which contains further information on the Takeover Code and the Whitewash Resolution.

It is further proposed that the Company changes its name to “**eEnergy Group plc**” and adopts the New Articles. Further details of the Change of Name and the New Articles are set out in paragraphs 8 and 9 (respectively) of this Part I.

The Proposals are to be put to Shareholders at the General Meeting. Further details of the General Meeting are set out in paragraph 20 of this Part I.

The purpose of this Document is to provide Shareholders with information regarding the matters described above and to seek your approval of the Resolutions at the General Meeting. The Notice of General Meeting is set out at the end of this Document. The Proposals are conditional, *inter alia*, on the passing of the Resolutions and Admission. The General Meeting of the Company at which the Resolutions will be proposed has been convened for 11.00 a.m. on 8 January 2020 at the offices of Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW. If the Resolutions are approved by Shareholders, it is expected that Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence on AIM at 8.00 a.m. on or around 9 January 2020.

**You should read the whole of this Document, which provides additional information on the Company, eLight and the Proposals, and not just rely on summaries of, or individual parts only of, this Document. In particular, you should consider carefully the “Risk Factors” set out in Part II of this Document.**

## **2. BACKGROUND TO AND REASONS FOR THE ACQUISITION**

On 25 September 2019, the Company announced that it intended to dispose of its mineral processing technology interests, comprising the MetaLeach Assets, and to change its business strategy. Pursuant to the AIM Rules for Companies, the Company is required to make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules for Companies within six months of the Disposal otherwise the trading of the Company's shares on AIM will be suspended.

The Existing Directors believe that completion of the Acquisition and the Disposal represents an exciting opportunity for the Company with significant potential to increase Shareholder value. Further details of the Existing Directors' views on the Disposal are set out in paragraph 6 of this Part I.

The Acquisition represents the first step in creating a broader-based Energy Efficiency Services provider that can supply multiple complementary energy-related services to both existing and new customers and use the currency of its AIM-listed securities to participate in the consolidation and integration of other service providers in what is a highly fragmented market.

Accordingly, the Existing Directors propose that, subject to Shareholders' approval of the Resolutions, the Company will acquire the entire issued share capital of eLight. The Enlarged Group's operations would thereafter constitute exclusively those of eLight. Details of the business and operations of eLight are set out in paragraph 3 of this Part I.

### **3. INFORMATION ON ELIGHT**

#### **3.1 INTRODUCTION**

eLight is an Energy Efficiency as a Service company which provides commercial customers with immediate energy and cost reductions with zero upfront investment by delivering Light-as-a-Service.

eLight has built a strong position in the UK and Ireland, offering customers the ability to switch to LED lighting technology without capital investment, improve the quality of their lighting and reduce their carbon footprint. eLight's service agreements provide customers with a fully maintained solution for the term of the agreement.

The monthly energy savings which are unlocked are more than the monthly service fee, so customers generate immediate positive cash flow in addition to reducing their carbon footprint.

Energy efficiency upgrades are typically capital intensive, which has traditionally acted as a barrier for organisations looking to reduce their energy consumption. eLight removes these barriers with its service agreement-based business model. The market in the EU for energy efficiency services in 2017 was approximately €25 billion and is expected to double by 2025<sup>1</sup>.

eLight can also provide customers with LED lighting installation services under a traditional supply and install service.

Energy efficient LED lighting offers businesses one of the most significant energy saving opportunities, where the Proposed Directors estimate that up to 80 per cent. energy savings being possible from their existing lighting costs. Lighting typically accounts for between 25-40 per cent. of total energy consumption for commercial buildings<sup>2</sup>, so the net energy saving impact is considerable. The Proposed Directors estimate that 70 per cent. of the more than 2 million rateable non-domestic buildings in the UK & Ireland have yet to transition to LED technology.

eLight's use of performance-insured contracts for its customers and partnerships with providers of project finance in the UK and the Eurozone enables it to generate positive cashflows upon completion of an installation, with no residual credit exposure to the customer under the service agreement.

eLight has secured contracts directly with certain of the world's leading technology manufacturers, bypassing distributors and wholesale channels to ensure a competitive advantage for its projects, and is in negotiations with a leading green and clean technology funding partner to obtain a dedicated fund for its energy service agreements.

eLight's Chief Executive Officer, Harvey Sinclair, along with the other Proposed Directors, have prior experience of executing a buy-and-build strategy in the technology, software and energy service sectors and have already identified and begun dialogues with companies that the Proposed Directors believe could add significant value to the Group by way of acquisition.

As set out in paragraph 1 of this Part I, the funds raised will be used to fund the Enlarged Group's expansion, organically and by acquisition, into adjacent energy management services, as well as developing the eLight App and to fund working capital requirements.

#### **3.2 INVESTMENT OPPORTUNITY**

eLight presents investors with the opportunity to participate in a growing sector of the energy services industry, building upon an established position in the EEaaS sector with "Light-as-a-Service" and using the currency of an AIM listing to acquire and consolidate energy management providers and complementary energy efficiency services in order to create a broader-based energy services company.

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<sup>1</sup> Source: Roland Berger, Energy Efficiency Services: A key market in the European industrial landscape (2019)

<sup>2</sup> Source: Building and Environment Journal – Estimation of lighting energy savings from daylighting

### ***Large market opportunity***

The market in the EU for Energy Efficiency services in 2017 was approximately €25 billion and is expected to double by 2025<sup>3</sup>. Within this, the LaaS opportunity is expected to grow from \$225 million in revenues in 2017 to \$960 million by 2026, a CAGR of 18 per cent<sup>4</sup>.

### ***Attractive economics***

eLight's core LaaS business model generates positive cash flows upon completion of a customer installation, with its finance partners assuming the ongoing credit risk of customers' obligations under the service agreement.

### ***Ageing Infrastructure***

Customers who have not transitioned to LED lighting face an inevitable "end-of-life" scenario in respect to their existing lighting infrastructure. With old technology becoming obsolete and replacement parts becoming unavailable, customers are increasingly considering total or partial lighting infrastructure upgrades as their existing lighting fails, which the Proposed Directors believe is providing an ideal environment to be offering a capital free transition to energy efficient technologies through an LaaS solution.

### ***Regulatory pressure driving change***

The UK government passed an amendment to the legislation of the Climate Change Act 2008 in 2019 to commit the country to reduce its greenhouse gas emissions by 100 per cent. by 2050. This net zero target is informing legislation across all sectors of the economy, placing obligations on industrial, commercial and other sectors of society to adopt measures to reduce energy consumption.

- The Energy Savings Opportunity Scheme (ESOS) Regulation in 2014 obliges all UK companies with turnover in excess of £50 million to undertake comprehensive assessments of energy efficiency opportunities at least once every four years;
- Minimum Energy Performance Standards (MEPS) regulation in 2015 dictates that from 1 April 2018 commercial property landlords must upgrade their properties to an EPC grade of at least "E" before they can renew an existing lease or grant a lease to new tenants; and
- The Carbon Emissions Tax introduced on 1 April 2019 will apply a tax on businesses of £16 per tonne on a carbon equivalent basis for all emissions exceeding an annual allowance.

### ***Social pressure***

Individual users of buildings, be they workers, customers or students, are increasingly aware of the issues of climate change and are demanding higher levels of environmental responsibility from organisations – as illustrated by the climate change demonstrations in major cities during 2019. The Proposed Directors believe that consumer pressure will encourage building managers to move towards greater energy efficiency in their buildings.

### ***Established operator***

The eLight team, whether as part of eLight or when at predecessor companies, have installed LED systems for over 800 customers, predominantly through the LaaS service contract model, which the Proposed Directors believe makes them one of the most prolific LED system installation provider by number of projects in the UK and Ireland and customer satisfaction with these installations is high. The Proposed Directors believe that this demonstrates not only the attraction of the eLight LaaS solution in its chosen market sectors, but also its suitability for further market rollout.

### ***Mature and growing pipeline of qualified opportunities***

eLight has identified large sectors of the education, commercial and industrial markets that the Proposed Directors believe fit its criteria to supply a range of EEaaS solutions, beginning with LaaS. The current pipeline of qualified and engaged opportunities stands at over €30 million which underpins the revenue forecast for the rest of the financial year.

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<sup>3</sup> Source: Roland Berger, Energy Efficiency Services: A key market in the European industrial landscape (2019)

<sup>4</sup> Source: Navigant Research, Lighting as a Service (2017)

### **Experienced management team**

eLight has an experienced management team with skills in sales, marketing, operations, finance and project management and the proposed Non-Executive Directors have extensive experience of AIM corporate governance standards and managing the balance of executing a company's day-to-day operations and organic growth with inorganic growth through the completion and integration of acquisitions.

### **3.3 THE ENERGY EFFICIENCY & EEaaS MARKET**

Energy efficiency, that is reducing the amount of energy consumed to undertake a specific activity, can be improved by better management of existing plant and equipment and/or replacing equipment with higher efficiency units and systems.

EEaaS is a business model for delivering energy efficiency improvements with no upfront capital costs to the end user or customer. It is an emerging segment of the overall energy efficiency market and LaaS which takes advantage of the high efficiency of LED lighting, has been one of the first examples of EEaaS to gain market traction.

The market in the EU for EE services was approximately €25 billion in 2017 and is expected to double by 2025<sup>5</sup>. Buildings account for 39 per cent. of the EU's total final energy consumption and 75 per cent. of the EU's building stock is regarded as still energy inefficient. The rate of building renovation remains very low, at around 0.4 per cent. to 1.2 per cent. per year, relative to where it needs to be (3 per cent. per annum) in order for the EU to meet its emissions targets<sup>6</sup>. The European Commission estimates that €100 billion needs to be invested annually to achieve Europe's 2020 energy efficiency targets<sup>7</sup>.

Although there are many positive drivers to encourage businesses to adopt improved EE there are also several barriers including the need to make capital investments into plant and equipment that are non-core to most businesses. Many businesses, particularly SMEs, do not have or do not wish to allocate capital for non-core investments even though energy efficiency investments would reduce operating costs. EEaaS business models are expected to capture a growing share of the energy efficiency market as they overcome this barrier.

The global LaaS market is expected to grow from \$662 million in revenues in 2017 to \$2.6 billion by 2026, a CAGR of 16 per cent<sup>8</sup>. eLight is currently targeting large retailers and supermarket chains, as well as offices, factories, warehouses, and schools in the UK and Ireland.

As a specific example of the opportunity, there are around 2,500 independent schools in the UK, of which the Proposed Directors estimate between 70-80 per cent. have not yet transitioned to LED – potentially a circa £150 million market opportunity. UK independent schools is a relatively new area of focus for eLight, building on some successful client projects in 2018 and 2019.

### **3.4 MARKET DRIVERS**

Although EE has been relatively neglected both globally and in the UK and Ireland, it has recently begun to rise up the agendas of both governments and public and private sector organisations. At governmental levels:

- The UK became the first major economy to adopt a law in June 2019 to bring all carbon emissions to zero by 2050 (the Net Zero commitment).
- The EU Energy Efficiency Directive ("**EED**") (amended in 2018) requires member states to make several improvements in energy efficiency including reducing energy consumption by 1.5 per cent. per annum and prepare long-term building renovation strategies as part of a National Energy Efficiency Action Plan. The UK Government has stated that it intends to at least maintain EU levels of environmental protection following Brexit.

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<sup>5</sup> Source: Roland Berger, Energy Efficiency Services: A key market in the European industrial landscape (2019)

<sup>6</sup> Source: European Commission, An EU Strategy on Heating and Cooling (2016)

<sup>7</sup> Source: European Commission, Financing energy efficiency

<sup>8</sup> Source: Rocky Mountain Institute, Lumens as a Service (2017)



- The Energy Savings Opportunity Scheme (“**ESOS**”) is one of the UK policies enacted in response to the EED which requires large organisations with more than 250 employees to have an energy assessment every four years.
- Minimum Energy Efficiency Standards (“**MEES**”) was introduced on 1 April 2018. MEES makes it unlawful, subject to certain exemptions, to grant a new lease for a non-domestic property that has an Energy Performance Certificate (“**EPC**”) below E. From 1 April 2023, landlords will not be able to continue letting a property with an EPC below E and the minimum EPC requirement is intended to be increased in future years.

The Proposed Directors believe that commercial pressure on organisations is also compelling:

- High energy prices – UK non-domestic electricity prices are the 10th highest amongst the EU-28<sup>9</sup>. The non-commodity element of electricity prices, which is made up of various obligatory system charges is approximately 50 per cent. of the total energy bill and this element is expected to increase in future<sup>10</sup>.
- Ageing infrastructure – old technology is failing and less widely available while new technology is expensive, thus reinforcing opportunity for “as a Service” models.
- Increasing focus on the threat of climate change is driving corporates and investors to progress programmes to reduce carbon emissions. Users of buildings such as students, customers and workers are increasingly aware of energy usage and encourage building managers to implement energy efficiency programmes.
- It has been estimated that over 75 per cent. of lighting installations in the UK are thought to be out of date and unable to meet current design standards<sup>11</sup>.
- The cost of energy efficiency equipment is falling. This is most noticeable in the case of LEDs but other relevant technologies, such as control systems and sensors based on IoT, are also becoming cheaper and with higher capabilities.
- There is increasing interest in energy efficiency from institutional investors. EE projects can provide investors with an opportunity to gain exposure to stable and predictable cash flows.

The emergence of “as a Service” business models are making energy savings easier to achieve.

### 3.5 **THE BUSINESS**

#### **History and background**

The eLight Group was formed in Ireland in June 2018 to acquire what are now eLight Ireland and eLight UK and create one of the leading LaaS providers in the UK and Ireland.

David Nicholl, the Proposed Chairman, who was previously CEO of Philips Lighting (UK and Ireland), part of the Phillips N.V. group, established eLight UK in February 2018 to acquire the goodwill and assets of Energy Works from the administrators with the objective of seeking to establish a larger entity by combining it with other sub-scale emerging providers of LaaS solutions. Energy Works commenced trading in 2013 to develop opportunities around the growth of LED lighting. From 2014, Energy Works had developed a LaaS proposition and had completed nearly 60 LaaS projects (often over multiple sites) before shareholders appointed administrators in February 2018 as they considered the scale and structure of the business unsuitable as a standalone entity.

In July 2018, eLight UK agreed to merge with eLight Ireland to create a broader LaaS platform with the ability to centralise its administration, improve procurement and benefit from economies of scale. As a result of the merger, eLight Ireland and eLight UK became wholly owned subsidiaries of eLight.

eLight Ireland was established in June 2018 as a wholly owned subsidiary of eLight to novate the MPL Subcontract Agreement, recruit staff and acquire the necessary assets from Solutions. Solutions was originally formed in 2009 by Ian McKenna to distribute LED technology and had moved into LaaS in 2013. By the middle of 2018 Solutions had completed over 600 LED installation projects in Ireland under the

<sup>9</sup> Source: <http://www.business electricityprices.org.uk/europe/>

<sup>10</sup> Source: <https://www.inenco.com/insight/blog/non-commodity-cost-changes-business-impact/>

<sup>11</sup> Article from [www.cibse.org](http://www.cibse.org), ‘CTT2 CIBSE Top Tips 2: Lighting in Buildings’ (2019)

“eLight” brand mainly operating in the capacity as an installer and agent for Irish utilities or for MPL, a dedicated asset investment fund which is owned by a number of Irish private investor clients of Merrion Capital.

Under the MPL Subcontract Agreement, eLight Ireland sources clients for MPL to provide their LaaS product and arrange the LED lighting installation. In return for this, eLight Ireland receives a portion of the total contract value, paid in advance, a commission paid quarterly on the service fees collected by MPL and a €250,000 annual fee payable in January of each year. eLight Ireland can also fulfil a client’s supply and install project outside of the MPL Subcontract Agreement. The Proposed Directors intend to replace MPL as a source of LaaS funding with a new funding partner to operate on a similar basis as eLight UK.

eLight also generates revenue from energy credits from its activities in Ireland, which are created on completion of an LED installation project and which can be sold on to third parties once validated by the Sustainable Energy Authority of Ireland. The sustainability of this stream of income is dependent on the Energy Efficiency Obligation Scheme. The scheme was initially brought into effect on 1 January 2014 and is currently scheduled to run to until at least December 2020.

In the period since the eLight Group was established, the Proposed Directors believe it has established a sound operational platform to support the eLight Group’s growth and expansion by centralising many of the eLight Group’s operations, improving reporting, establishing standardised operating procedures and recruiting additional executives. In particular:

- Lead generation activity has been brought in-house and operates from Malahide in Ireland and a Salesforce CRM was adopted in Q2 2019;
- A number of sector specific sales initiatives have been launched and an increased focus has been given to large multi-site accounts;
- In operations, a standardised framework agreement for UK sub-contractors is in the process of being put in place and procurement centralised;
- New UK and continental European OEM relationships have been established on improved terms, given the Group’s increased buying power;
- eLight has rolled out in Ireland the audit, data capture and proposal engine developed in the UK and is currently investing further capital to increase its functionality and usability;
- A full time and experienced CFO joined eLight in May 2018; and
- In September 2019, a loan of €1.6 million was agreed and drawn from BPC, an Irish-based fund.

In the year to 30 June 2019, its first year of trading, eLight secured contracts with a total value of €7.4 million, earned revenue of €4.5 million and generated an operating EBITDA loss of €0.8 million.

### ***The eLight Operating Model***

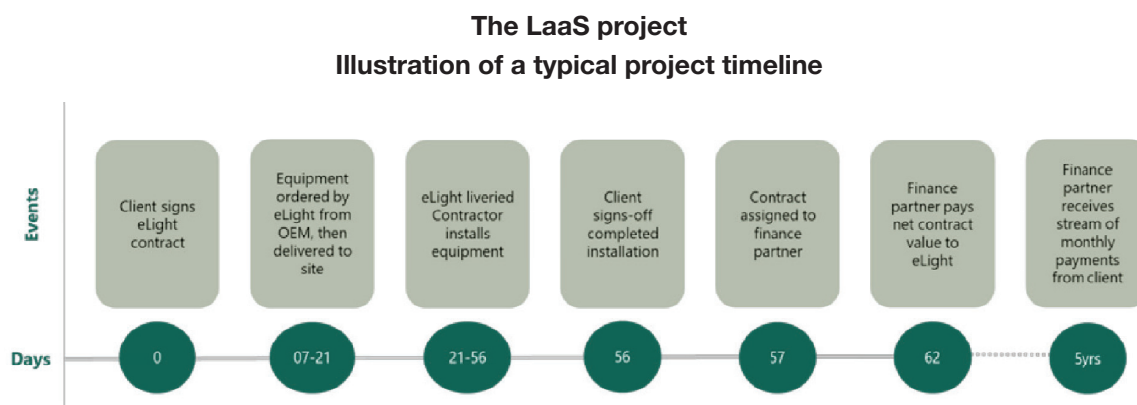
eLight adopts a data-driven approach to its energy efficiency projects. It has developed its own proprietary specification and analytics tool in order to optimise a customer’s energy savings whilst delivering the correct lighting levels. The eLight analytics and specification engine allows for the automation of the client proposal which provides a scalable client engagement model as the business looks to accelerate its growth.

The customer engagement and retention cycle is a 4-stage process as described below. It is the Proposed Directors’ intention to wrap the first three processes into a specific eLight App.

- (i) **Data Capture/Energy Audit** – eLight provides customers with a free energy consumption evaluation which involves a detailed audit and operating review of their premises and which enables eLight to accurately calculate the optimal energy savings possible through an energy services contract. eLight has developed a bespoke auditing and data capture process which takes into account a number of different variables which provides the client with a precise energy consumption profile of their existing lighting infrastructure. This audit process is digitised and cloud enabled, which provides a fast and scalable means of capturing multiple data points in an efficient way across a portfolio of different buildings. eLight is currently developing the eLight App so that this process can be distributed to third parties for increased scalability.

- (ii) **Specification & Energy Efficiency Solution** – The data captured by the audit is synced via the cloud to the eLight specification and analytics engine which automatically specifies the correct technology from a comprehensive database in order to deliver the most cost-effective energy savings for the project, whilst delivering the precise lighting levels which are required, designed to British Standards. Whilst data capture can be distributed to third parties, solution specification is a centralised process, managed and controlled by eLight.
- (iii) **EEaaS Proposal & Client Agreement** – The proposal generated by the eLight specification and analytics engine clearly outlines the projected energy savings and cash-flow profile presented graphically for the customer. The EEaaS agreement is an easy-to-navigate one-page agreement, outlining the service obligations of eLight and the quantum and number of monthly service payments for the customer.
- (iv) **Project Implementation** – eLight has a national network of regional electrical contractors who work under agreed terms to provide a consistent quality of service offering and who use eLight apparel and livery. These firms are sub contracted for the installation work by eLight on a pre-agreed pricing structure. The eLight delivery network is being extended as part of a planned expansion programme and a formal framework agreement with all of the network will be put in place in 2020. The eLight internal technical team project manages the network and a centralised customer service facility provides any ongoing support required for clients.

The table below sets out the typical timeline for the implementation of a LaaS project.



Following receipt of the EEaaS contract, eLight engages with its supply chain for the necessary technology and services. Once the technology is delivered to site, the eLight delivery network is managed to deliver the installation in the most efficient way possible, limiting any customer disruption. The end to end process is typically 8 weeks from the signing of the contract to the completion of the installation.

There are two significant features of eLight's business model that contribute to its capital efficiency and profitability. The first is that eLight's finance partners provide it with funds as soon as eLight completes the installation and the second is that eLight has direct supplier relationships with original equipment manufacturers ("OEMs") as opposed to sourcing equipment from wholesalers and distributors.

### **Project Funding Structure**

The eLight Group has secured a number of specialist project funding partners, two of whom have signed framework agreements which underwrite eLight's EEaaS contracts, providing flexibility according to sector, size of project and length of contract. eLight has secured competitive rates with its funding partners, which the Proposed Directors believe represents a competitive advantage to its projects.

In the UK, eLight has an agreement with its main funding partner to assign a client contract at an agreed discount to the total receivables for the duration of the contract. This allows eLight to settle all third party costs, whilst retaining a margin. This structure provides a positive cash flow model for eLight UK and passes credit risk to the financial institution.

In Ireland, eLight has historically sourced its project funding through the MPL Subcontract Agreement as described in paragraph 3.5 above of this Part I. However eLight has recently signed heads of terms with one of Europe's largest Energy Efficiency Funds which is seeking to work with eLight to provide a dedicated facility for Ireland and Euro denominated projects, sufficient to match its business plan objectives over the medium term. Once finalised, the structure of this funding is expected to be on a similar basis to the UK model.

### ***Project Delivery***

eLight has secured a network of regional electrical contractors who are engaged on terms which govern the minimum service levels required for an eLight LaaS lighting installation.

Regional partners are selected according to eLight's strict vetting criteria which assesses their levels of expertise, relevant engineering experience, qualifications, British Standards certification and operational capacity.

Each regional partner works to a commercial matrix which allows for a consistent pricing of projects regardless of location. eLight will deploy a framework agreement to facilitate on-boarding new partners during 2020.

eLight's current contractor's network enables projects to be delivered across the UK and Ireland and eLight will expand the network in accordance with its growth plans.

The eLight technical team ensures that every project is co-ordinated centrally, and project manages supply chain, operational engagement, commissioning and verification (sign-off) to ensure strict quality control.

### ***Equipment Providers/OEMs***

eLight contracts directly with four well-known and established European manufacturers which has enabled it to secure pricing for equipment on a project-by-project basis at discounts to wholesale prices, which in turn provides a competitive advantage when delivering value into the financial returns of an energy services contract. eLight offers a "zero upfront" investment solution to its customers, with repayments over a fixed term at a comparable level to the total cost of an upfront supply and installation cost, i.e., no pricing premium for a "pay monthly" solution but with added service benefits. In addition, eLight has secured payment terms which enable eLight to engage the supply chain without upfront commitments or balance sheet exposure.

### ***Technology***

eLight's data capture and automated customer proposal engine is a key factor in the Proposed Directors' belief in eLight's ability to capture scale in the market.

eLight has developed a bespoke audit app ("**eLight App**"), which has been built specifically to capture the necessary data which can then be synced with its inhouse specification and analytics engine. This allows a proposal to be automatically generated direct from data capture.

The Proposed Directors believe that, in due course with some additional investment, the eLight App could be developed to allow third party electrical contractors the ability to offer the eLight LaaS solution directly to the SME market.

There are over 25,000 electrical contractors in the UK & Ireland. The Proposed Directors believe that at least 3,000 fit the size and profile to be capable of offering an eLight LaaS solution in their local region.

The Proposed Directors are considering a licence model, and believe that there are c100 geographic (post code defined) regions being potentially available across the UK & Ireland. To qualify for an "eLight licence", contractors would be vetted for their credentials, and following approval, they would be free to target their "region" with the eLight App and operating platform to audit, specify technology (at a price below wholesale) a fully funded LED solution, through a client friendly service agreement (installed by them on an agreed schedule of rates).

## **Customers**

While eLight Ireland's current typical clients are SMEs (which are frequently retail units) with an estimated average contract size of €35,000 in contrast, eLight UK tends to cater for fewer, larger clients, including schools, retail chains and other enterprises, with an estimated average contract size of €110,000. The Proposed Directors believe that this provides a good balance for eLight, with eLight Ireland providing smaller, more consistent revenue and the eLight UK providing the opportunity for larger scale contracts.

The Proposed Directors believe that eLight is already one of the UK and Ireland's leading LaaS providers. The eLight team, whether as part of eLight or in prior companies, have installed LED systems for over 800 customers, only one of which (in Ireland) has defaulted on its payments for which eLight recovered the equipment.

eLight has broad sector exposure (education, industry, retail, commercial, aerospace, logistics) and across a variety of complex environments, from 24/7 operations to historic buildings, and prides itself on providing minimal levels of disruption when delivering a LED retrofit transition.

The Proposed Directors believe that eLight has delivered more LaaS projects by number of customers than any other service provider in the UK & Ireland.

## **Current pipeline**

The Proposed Directors consider that eLight's existing customer pipeline represents a compelling opportunity and stood as an estimate at over €30 million as at 8 November 2019. In Ireland, eLight is winning on average 6 new projects a month and in the UK it is in the process of installing pilot programmes on behalf of some particularly large customers with a view to rolling-out such installations across many hundreds of facilities.

## **3.6 COMPETITION**

The energy efficiency market in all countries is highly fragmented with many types of service providers including consultants, equipment vendors and contractors ranging in size from SMEs to divisions of multi-nationals. The energy efficiency industry also includes many types of technology including, *inter alia*; lighting, Building Management Systems ("**BMS**") and other discrete controls systems, Combined Heat and Power ("**CHP**"), more efficient boilers, more efficient refrigeration and ventilation systems, motor controllers, voltage optimisation, and fabric improvements such as insulation and high-performance windows and doors. The market is also divided among various types of equipment vendors and service providers.

In the LaaS arena, the Proposed Directors believe that the two main sources of competition to eLight are lighting equipment vendors and electrical contractors. The Proposed Directors are of the opinion that the former, which includes companies such as Phillips and Zumtobel, tend to sell their products through wholesalers and distributors rather than direct to customers when competing in the part of the market served by eLight. Electrical contractors, of which there are some 25,000 in the UK with more than 230,000 electricians, are typically contracted by customers looking for an equipment upgrade or for a competitive quote when considering LaaS. These contractors typically source lighting equipment from wholesalers and distributors, not directly from OEMs. Electrical contractors are the usual customer alternative to LaaS.

## **3.7 STRATEGY**

### **The EEaaS Commercial Proposition**

On completion of the Proposals, Alexander Mining plc will change its name to "**eEnergy Group plc**" and focus the Enlarged Group's activities on the provision of EEaaS, providing commercial customers with immediate energy savings and cost reductions with zero upfront investment.

The trusted relationships that eLight has established with its LaaS customers through which they are making demonstrable energy savings is the foundation for eEnergy's plan to expand into the additional energy services through the provision of EEaaS.

eEnergy's EEaaS commercial proposition is to use its existing LaaS customer base to provide industrial and commercial businesses and the education sector with the ability to further reduce energy consumption, lower their carbon footprint and upgrade their facilities through energy saving improvements, without the

need to invest capital. eEnergy expects to remove the energy saving risk for its customers and provide them with a maintenance-free solution for the duration of the service contract.

Its EEaaS proposition allows customers to re-purpose their existing utility spend and unlock net cash-flow savings from their legacy infrastructure, without the need for capital investment. It also allows them to upgrade their building infrastructure so that it can comply with environmental legislation and meet HSE & CSR goals.

EEaaS with eEnergy also provides a customer with a credible, easy to understand service agreement that allows them to upgrade their facility with high-quality LED solutions and other energy saving initiatives, and so reduce their carbon footprint without the need for capital expenditure. The eEnergy client agreement is clearly differentiated and is not a loan, or an asset finance agreement but a service contract which complies with the most recent accounting policies.

### **Growth Strategy**

eEnergy's growth strategy is underpinned by three pillars:

1. Continuing the growth in LaaS by scaling its "direct to customer" commercial strategy, with a particular focus on the education, commercial and retail sectors. This is being accelerated by investment in proven new marketing initiatives and further investment into sales resource;
2. Expansion of the LaaS proposition to the small enterprise market via a channel partner network by licensing the proprietary eLight App to enable regional electrical contractors to offer LaaS to their existing small enterprise customer base. This will provide third parties with an automated tool that allows them to efficiently audit a building and create a client proposal with associated energy and financial savings analysis in real time, with an approved client friendly service contract; and
3. Broadening eEnergy's range of services within EEaaS by acquiring and integrating selected providers of energy management and service solutions which provide complementary services to existing and new customers.

The eEnergy Group vision is to be able to provide a customer with a complete one-stop solution for energy efficiency services and allow the customer to: (i) reduce its energy consumption through a capital free, EEaaS solution; (ii) switch to the most efficient green energy supply and outsource the management of that supply; and (iii) provide a capital free on-site power generation service by combining Solar and Battery Storage technologies with an ESaaS (Energy Storage as a Service) solution.

The Proposed Directors believe that the Enlarged Group's expected long-term stable cashflow characteristics should make it both suitable for and attractive to debt financing providers while creating a company of significant value and strategic importance.

### **3.8 SUMMARY FINANCIAL INFORMATION**

In order to make a proper assessment of the results and financial position of the Enlarged Group, investors should not rely solely on the summary information set out below but should read the whole of this Document, including the financial information set out in Part IV and Part V of this Document.

The selected financial information on eLight has been extracted from the historical financial information.



## Statement of Comprehensive Income

	Period from 8 June 2018 to 30 June 2019 €'000
Revenue from contracts with customers	4,473
Cost of sales	(3,116)
<b>Gross profit</b>	1,357
Operating expenses	(2,906)
Included within operating expenses are:	
– Group central costs	571
– Exceptional items	86
Adjusted operating expenses	(2,246)
<b>Adjusted earnings before interest, taxation and depreciation and amortisation</b>	(889)
<b>Earnings before interest, taxation and depreciation and amortisation</b>	(1,549)
Depreciation	(22)
Finance costs	(4)
<b>Loss before income tax</b>	(1,575)
Income tax	–
<b>Loss from continuing operations for the year attributable to the owners of the company</b>	(1,575)
<b>Other comprehensive income</b>	
Translation of foreign operations	(7)
<b>Total comprehensive loss for the year attributable to the owners of the company</b>	(1,582)

The period presented above is from incorporation on 8 June 2018 to 30 June 2019 and is the first period of trading for eLight. The eLight Group effectively started trading from 1 July 2018 following the acquisition of all of the share capital of what is now eLight UK and when its wholly owned subsidiary in Ireland, eLight Ireland, started trading.

The first year has been one of integration and consolidation, centralising eLight Group finance and procurement, improving reporting and establishing standardised operating procedures.

The Total Contract Value of orders secured and revenue have performed in line with initial expectations. During the year, the gross margin of customer contracts reached 30 per cent. as the benefits of better procurement through direct relationships with the OEM equipment providers has started to be seen.

The eLight Group has been set up to deliver on the strategy described elsewhere within this Document. As a result, the eLight Group incurred €571,000 of central management costs which are presented separately from the operating costs of the trading business. In addition professional fees incurred in the initial formation of the eLight Group have been classified as exceptional costs.

The Proposed Directors recognise that while the EEaaS business model is attractive, individual business streams (such as LaaS) on their own are currently of insufficient scale to cover the cost of the executive overhead that has been put in place to execute the Enlarged Group's larger strategy. So, although the Enlarged Group generates both profit and cash from each LaaS installation, it may continue to report losses at the eLight Group level until such time as the cash generation at the Enlarged Group level exceeds its Enlarged Group overheads.



### 3.9 **CURRENT TRADING AND PROSPECTS**

The unaudited management accounts for eLight for the three months ended 30 September 2019 show that it is trading ahead of the equivalent period in the prior year. Revenue of €872,000, represents an increase of 69 per cent. on the corresponding period last year. The Proposed Directors expect the rate of activity to increase through the rest of the fiscal year.

Over the period since the year end, the pipeline of qualified and engaged prospects has grown by over 60 per cent. and now stands at over €30 million of total contract value as the eLight Group is issuing more proposals than it has ever done. eLight continues to convert over 30 per cent. of the opportunities it engages with.

In September 2019, eLight agreed and drew down a €1,556,000 loan provided by BPC, as described in paragraph 12.2.1 of Part VII of this Document. This loan was drawn down to repay the secured overdraft that was provided by AIB, repay sums due to Solutions from the original purchase of stock and fixed assets at the time of the formation of the group, invest in technology that is making operational processes more efficient, increase sales and marketing capability and to provide additional general working capital.

An unaudited pro forma statement of net assets for the Enlarged Group on Admission is included in Part VI of this Document.

## 4. **DIRECTORS AND SENIOR MANAGEMENT**

### ***The Directors***

The Existing Directors are Alan Clegg (Non-Executive Chairman), Martin Rosser (Chief Executive Officer), James Bunyan (Non-Executive Deputy Chairman) and Dr Nigel Burton (Non-Executive Director). On Admission of the Enlarged Share Capital of the Company to AIM, all of the Existing Directors will resign from the Board other than Nigel Burton and the rest of the Proposed Directors will be appointed.

Richard Williams will be appointed as company secretary effective from and conditional on Admission.

On Admission, the Board shall comprise two Executive Directors and three Non-Executive Directors. The biographical details of each of the Directors on Admission are set below:-

#### **David William Nicholl**, *Non-Executive Chairman* (age 50)

David is an internationally experienced and proven technology leader in Industrial Internet of Things (“IIoT”) energy management and connected lighting, who has led significant international businesses as President and CEO for Philips Lighting (UK and Ireland), Rockwell Automation (UK and Ireland) and Schneider Electric (Sweden and Romania). He is currently Executive Vice President, Northern Europe, of ABB’s Electrification Business division. David has an MBA and a degree in electronic engineering and physics.

#### **Harvey Ian Sinclair**, *Chief Executive Officer* (age 48)

Harvey co-founded eLight and is a proven technology entrepreneur, who has achieved a number of successful exits of businesses over the last 15 years across a variety of different sectors; Software, Internet, ecommerce and in the Hospitality sector. In 2000, Harvey founded The Hot Group Plc (THG), which listed on AIM in 2002 and which he led on a successful consolidation of the online recruitment market, through a buy and build strategy, before leading the sale to Trinity Mirror in 2006. Harvey was investment director for Scottish Enterprise at Design LED between 2015 and 2019.

#### **Richard Mark Williams**, *Chief Financial Officer* (age 52)

Richard was an audit and corporate finance partner with Deloitte from 2002 – 2009 and led their London Capital Markets practice helping international companies to list on AIM and the Main Market. He was CFO and then CEO of EQPaymaster, the Pension Administration, Payroll and software division of Equiniti Group plc, from 2013-2019 and the Deputy Group CFO at Waterlogic, having joined them to list on AIM, from 2011-2012. Prior to joining Deloitte, Richard had joined Arthur Andersen after leaving university in 1988, trained as a chartered accountant and made partner in 1999.

**Dr Nigel John Burton**, *Independent Non-Executive Director* (age 61)

Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies. In addition to the Company, Nigel is currently a Non-Executive Director of several AIM listed companies including Remote Monitored Systems plc, Digitalbox plc and Regency Mines plc.

**Andrew Robin Lawley**, *Independent Non-Executive Director* (age 49)

Andrew is an experienced private equity investor and senior strategy leader specialising in supporting businesses through periods of significant scaling, transformation and M&A. Andrew is a qualified accountant and, after several roles in corporate finance and corporate recovery with PwC and Grant Thornton, focussed on private equity as a Managing Director of the RBS Special Opportunities Fund LLP, an off balance sheet fund. In 2012 Andrew joined Dixons Retail Group plc as Group Strategy Director to lead strategy and M&A. Andrew played a leading role in the merger with Carphone Warehouse plc, subsequently becoming integration director and interim CEO of the services division, as well as continuing to lead all strategy and M&A work for the enlarged group.

**Senior Management**

The biographical details of the senior management of the Group are set out below:-

**Ian McKenna**, *eLight Ireland Managing Director* (age 52)

Ian founded eLight in Ireland in 2009 and developed the “Light as a Service” concept in Ireland having initially set up businesses to research & design, manufacture and distribute LED fittings to the trade. Prior to that he was the Sales Director at FuturTek, responsible for managing sales and distribution of Phillips products throughout Ireland. He was a finalist in the EY Entrepreneur of the Year 2017 awards in Ireland.

**Nicole Street**, *eLight Finance Director* (age 32)

With 13 years’ experience working in Finance, Nicole specialises in early stage start up and high growth businesses, helping them achieve their rapid growth plans whilst ensuring they have the infrastructure for longevity. She has extensive experience in raising finance and acquisitions and was pivotal to the journey of a bringing the hybrid estate agency Emoov to the market. Nicole is an FCCA.

**Employees**

The eLight Group’s head office is located at 1-3 The Green, Malahide, County Dublin. As of 31 October 2019, the eLight Group had 29 full time equivalent staff (comprising 24 employees and 5 contractors), including executive directors.

**5. PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION**

On 19 December 2019, the Company entered into the Acquisition Agreement, pursuant to which it has conditionally agreed to acquire the entire issued share capital of eLight for an aggregate purchase price of £6.6 million, to be satisfied by the issue of the Consideration Shares at the Issue Price, credited as fully paid.

The Acquisition Agreement is conditional upon, *inter alia*:

- the passing of the Resolutions at the General Meeting;
- the Placing Agreement becoming unconditional in all respects; and
- Admission becoming effective.

Further details of the Acquisition Agreement are set out in paragraph 12.1.1 of Part VII of this Document.

**6. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL**

As mentioned in paragraph I above, the Existing Directors have concluded that it is no longer in Shareholders’ interests to continue to provide financial support for MetaLeach, as although it has proprietary minerals and metals processing technologies, it has yet to commercialise these, generate turnover and realise their full potential, in spite of a number of years of seeking to do so.

Therefore, prior to completing the Acquisition, the Company will, subject to Shareholder approval, dispose of its existing mineral processing technology interests. The Company is seeking Shareholder approval for the Disposal under Rule 15 of the AIM Rules for Companies by way of Resolution 3 in the Notice of General Meeting. Approval of the Disposal is required under Rule 15 of the AIM Rules for Companies because it will result in a fundamental change of business.

The Company has entered into a Disposal Agreement with Qora Capital Limited (“**Qora**”) whereby Qora will pay, upon receipt of approval from Shareholders (which is being sought under Resolution 3 as further described in paragraph 20 below), the sum of £150,000 subject to certain conditions as consideration for the entire issued share capital of MetaLeach.

While Qora is not deemed to be a Related Party under AIM Rule 13, two of the Existing Directors, Alan Clegg and Martin Rosser, have been assisting Qora with its assessment of MetaLeach’s technology and may have a role in its further development under new ownership. Neither Mr Clegg nor Mr Rosser are shareholders or directors of Qora, but Mr Clegg is a strategic adviser to Qora. In order to avoid any semblance of a conflict, an independent auction process for the disposal of MetaLeach was established by and under the absolute control of the Independent Directors, both of whom are independent of Qora. A number of expressions of interest were received and two offers received, with the offer from Qora deemed by the Independent Directors to be the most advantageous for Shareholders.

Further details of the Disposal Agreement are set out in paragraph 12.1.8 of Part VII of this Document. Resolution 3, seeking Shareholder approval of the Disposal Agreement and which is set out in paragraph 20 below, is recommended by the Independent Directors.

## **7. SHARE CONSOLIDATION AND SHARE SUB-DIVISION**

At close of business on 28 November 2019, the date prior to which trading in the Company’s Existing Ordinary Shares was suspended, the Company had 369 Shareholders of which 251 had shareholdings of less than 75,000 Existing Ordinary Shares. In addition, the Existing Ordinary Shares have historically been trading at fractions of a penny, and the closing mid price on that date was 0.0275 pence. At this price, the market value of 75,000 Existing Ordinary Shares is £20.63.

The Directors consider that should a Shareholder with 75,000 Existing Ordinary Shares or less choose to sell their shares, the proceeds may be significantly reduced by the dealing costs of selling. Therefore the Directors recognise that for small Shareholders it may be uneconomic for them to dispose of their Existing Ordinary Shares. The Share Consolidation and the Share Sub-division will allow small Shareholders to realise value for their shares free of dealing costs. In addition, the Directors consider that it is in the best interests of the Company’s long term development as a quoted company to have a smaller number of shares in issue, so that the Company’s ordinary shares are traded in amounts of at least 1 penny (rather than fractions of a penny).

The Directors propose that every 75,000 Existing Ordinary Shares in the issued share capital of the Company at the Record Date be consolidated into one Consolidated Ordinary Share and then each Consolidated Ordinary Share be sub-divided into 250 New Ordinary Shares having the rights and being subject to the same restrictions (save as to nominal value) as the Existing Ordinary Shares in the capital of the Company as set out in the New Articles.

In order to effect the Share Consolidation and the Share Sub-division, it is proposed that the Registrar be issued 69,851 Registrar Shares, being Existing Ordinary Shares, at par value so that on the Record Date the number of Existing Ordinary Shares in issue can be consolidated and sub-divided into New Ordinary Shares without there being any fractional entitlements. In the event that on the Record Date any Shareholder holds less than 75,000 Existing Ordinary Shares, the aggregate of such shares shall be sold in the market in accordance with the New Articles and Resolution 11, for the benefit of the relevant Shareholders. The proceeds from the sale of such shareholdings shall be distributed *pro rata* amongst the relevant Shareholders save that where a Shareholder is entitled to an amount which is less than £3 it will (in accordance with the New Articles) not be distributed to such Shareholder but will be retained by the Company.

Existing share certificates will cease to be valid following the Share Consolidation and Share Sub-division. New share certificates in respect of the New Ordinary Shares will be issued by first class post at the risk of the Shareholder within 10 Business Days of Admission. A CREST Shareholder will have their CREST account

credited with their New Ordinary Shares following Admission, which is expected to be 8.00 a.m. on 9 January 2020.

## **8. CHANGE OF NAME**

The Directors propose that the name of the Company be changed to '**eEnergy Group plc**' pursuant to Resolution 15. Shareholder approval is needed in order to effect the Change of Name. Resolution 15 in the Notice of General Meeting seeks such approval. The Change of Name will become effective once the Registrar of Companies has issued a new certificate of incorporation to the Company in relation to the Change of Name following which the Company's TIDM will be changed to EAAS.

The Company's website address will also be changed to [www.eenergypkc.com](http://www.eenergypkc.com) following the passing of Resolution 15 at the General Meeting.

## **9. NEW ARTICLES**

The current Articles are relatively old and require updating. The Board has taken the view that the Acquisition presents an opportunity to bring the Articles up to date. It is therefore proposed that the Company adopt the New Articles. The New Articles are available for inspection, as noted in the notes to the Notice of General Meeting.

## **10. TAKEOVER CODE & RULE 9 WAIVER**

The Takeover Code applies to the Company and governs, *inter alia*, transactions which may result in a change of control of a company to which the Takeover Code applies. Following Admission, the Takeover Code will continue to apply to the Company.

### ***Rule 9 of the Takeover Code***

Under Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested, or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining Shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

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

Investors should be aware that, under the Takeover Code, if a person (or group of persons acting in concert) holds shares carrying more than 50 per cent. of the company's voting rights, that person (or any person(s) acting in concert with him) will normally be able to acquire further interests in shares (as defined in the Takeover Code) without incurring any further obligations under Rule 9 to make a mandatory offer.

### ***Concert Party***

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company.

Under presumption 9 of the Takeover Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies are deemed to be acting in concert. Accordingly, the eLight Shareholders are considered to be acting in concert with each other (other than William Murray and Kieran Cussen where presumption 9 of the Takeover Code has been rebutted).

Full details of the members of the Concert Party who are deemed to be acting in concert with each other for the purposes of the Takeover Code are set out in Part III of this Document.

The Concert Party will not be restricted from making an offer for the Company.

### **Maximum Controlling Position**

Immediately following Admission, the Concert Party will hold, in aggregate, up to 86,264,528 New Ordinary Shares, representing 65.89 per cent. of the Enlarged Ordinary Share Capital. The Concert Party's acquisition of New Ordinary Shares would, without a waiver of the obligations under Rule 9 of the Takeover Code, oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

The following table sets out the Concert Party's shareholdings in the Enlarged Group on Admission.

<i>Concert Party Member</i>	<i>Total No of eLight Shares held</i>	<i>% of total eLight Shares</i>	<i>No of New Shares in Enlarged Group on Admission</i>	<i>% of Enlarged Issued Share Capital on Admission<sup>1</sup></i>
Harvey Sinclair	476,500	23.55%	20,645,428	15.77%
Ian McKenna <sup>2</sup>	476,500	23.55%	20,645,428	15.77%
Stella Murphy <sup>2</sup>	440,000	21.75%	19,063,984	14.56%
David Nicholl	303,000	14.98%	13,128,153	10.03%
Marian Rainey	120,000	5.93%	5,199,268	3.97%
Charles Cryer	40,000	1.98%	1,733,089	1.32%
Nicole Street	24,000	1.19%	1,039,854	0.79%
Wayne Harris	24,000	1.19%	1,039,854	0.79%
Fergal Roche	23,000	1.14%	996,526	0.76%
Diana Baldwin	16,000	0.79%	693,236	0.53%
Aisling McGrath	12,000	0.59%	519,927	0.40%
Caroline Rogers	12,000	0.59%	519,927	0.40%
George Hurley	12,000	0.59%	519,927	0.40%
Ronan Creaney	12,000	0.59%	519,927	0.40%
<b>TOTAL</b>	<b>1,991,000</b>	<b>98.41%</b>	<b>86,264,528</b>	<b>65.89%</b>

1 Following the issue of the Consideration Shares, the Placing Shares, the CB Shares and the TP Shares.

2 Held through Confianza Holdings Limited, a nominee company.

### **Waiver of Rule 9 of the Takeover Code**

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Acquisition without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Panel has agreed, subject to Independent Shareholders' approval on a poll, to waive the requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of the Acquisition.

In the event that the waiver is granted by the Panel, the Concert Party will hold in excess of 50 per cent. of the so enlarged ordinary share capital. As such members of the Concert Party will, subject to Note 4 on Rule 9.1 of the Takeover Code, be able to acquire further interests in shares (as defined in the Takeover Code) without incurring any further obligations under Rule 9 to make a mandatory offer.

### **Intentions of the Concert Party**

Following completion of the Proposals, the Company's mining processing technology activities will have been sold or transferred out of the Group and the future business of the Company will become solely the business of the eLight Group, which will be continued in the same manner as it is at present. With this in mind, the Concert Party has confirmed that it supports the strategic plans for the Enlarged Group set out in paragraph 3.7 of this Part I of this Document. The Company currently has no employees, other than

Martin Rosser, an Existing Director, whose employment will terminate on completion of the Proposals. On completion of the Acquisition, the eLight Group employees will become employees of the Enlarged Group.

The Concert Party has confirmed that it has no intention to make any changes with regard to: (i) the future business of the eLight Group, including its research and development functions; (ii) the continued employment of the employees and management of the eLight Group, including any material change in conditions of employment or in the balance of the skills and functions of the employees and management; (iii) the strategic plans for the eLight Group; and their likely repercussions on employment and on the locations of the eLight Group's places of business, including on the location of its headquarters and headquarters functions; (iv) employer contributions into any pension scheme(s), the accrual of benefits for existing members, or the admission of new members; or (v) the redeployment of the fixed assets of the eLight Group. The Concert Party intends to maintain the admission of the Company's New Ordinary Shares to trading on AIM.

## **11. REASONS FOR THE PLACING AND USE OF PROCEEDS**

The net proceeds of the Placing receivable by the Company are expected to be approximately £1.34 million. The proceeds will be used to:

- expand the sales resource of the Company in the UK and Ireland;
- complete the development of the eLight App that will be shared with the electrical contractor community;
- provide some capital to fund an initial tactical acquisition of assets or a company in the energy management sector that eLight has identified; and
- fund general working capital needs associated with an anticipated growth in revenue.

The Directors believe that Admission will assist eLight in its development by (i) raising its profile in the sector; (ii) providing investment to expand its LaaS activities; (iii) providing a currency and some initial capital to enable the Company to acquire adjacent and complementary energy services companies; and (iv) providing transparent incentives for existing and future management and employees.

Pending these uses, the Directors intend to hold the net proceeds of the Placing in cash deposits.

## **12. DETAILS OF THE PLACING**

### ***Placing***

The Placing will raise approximately £2 million before expenses through the issue of 26,666,667 Placing Shares at the Issue Price.

- Following the issue of the Placing Shares, the Placing Shares will represent approximately 20.37 per cent. of the Enlarged Ordinary Share Capital and the Existing Ordinary Shares in the Company (as consolidated into New Ordinary Shares pursuant to the Share Consolidation) will represent approximately 11.16 per cent. of the Enlarged Ordinary Share Capital.
- Following the issue of the New Shares, the New Shares will represent approximately 88.84 per cent. of the Enlarged Ordinary Share Capital.

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

### ***Placing Agreement***

Pursuant to the terms of the Placing Agreement, Turner Pope has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed without amendment at the General Meeting, and Admission becoming effective by no later than 8.00 a.m. on 9 January 2020 (or such later date as the Company, Cairn and Turner Pope may agree, being in any event not later than 5.00 p.m. on 12 February 2020).



The Placing Agreement contains warranties from the Company in favour of Cairn and Turner Pope in relation to, *inter alia*, the accuracy of the information in this Document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Cairn and Turner Pope in relation to certain liabilities it may incur in respect of the Placing.

Cairn and Turner Pope each has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties given to them in the Placing Agreement, the failure of the Company to comply with its obligations under the Placing Agreement or an adverse change affecting, *inter alia*, the condition, earnings, business or prospects of the Company, whether or not foreseeable at the date of the Placing Agreement.

Further details of the Placing Agreement are set out in paragraph 12.1.2 of Part VII of this Document.

Application will be made for admission of the Enlarged Share Capital to trading on AIM. The New Shares will be issued credited as fully paid and will rank *pari passu* with the New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission.

### **13. ADMISSION, SETTLEMENT, TRADING AND CREST**

#### **General**

Subject to the result of the General Meeting, application will be made to the London Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Ordinary Share Capital will commence at 8.00 a.m. on or around 9 January 2020. No application has been or will be made for any warrants or options to be admitted to trading on AIM.

#### **CREST**

CREST is a computerised share transfer and settlement system. The CREST system allows shares and other securities to be held in electronic form rather than paper form. The New Articles permit the holding of New Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and Shareholders who wish to do so can continue dealing based on share certificates.

The New Ordinary Shares will be admitted to CREST and enabled for settlement in CREST. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a “system member” (as defined in the CREST Regulations) in relation to CREST.

For more information concerning CREST, Shareholders should contact their independent financial adviser.

### **14. LOCK-IN AND ORDERLY MARKET AGREEMENTS**

The Locked-in Persons have undertaken to the Company, Turner Pope and Cairn that they will not dispose of any interest they hold in New Ordinary Shares for a period of 12 months following Admission.

The Locked-in Persons have further undertaken that, for a further period of 12 months thereafter, they will not make any disposal:

- (i) without giving five Business Day's prior written notice to Cairn and the Company's Broker; and
- (ii) if so requested by Company's Broker and/or Cairn, the disposal must be effected through the Company's Broker and in such manner as the Company's Broker may reasonably require with a view to the maintenance of an orderly market in the New Ordinary Shares.

Further details of the lock-in and orderly market arrangements are set out in paragraph 12.1.3 of Part VII of this Document.

### **15. DIVIDEND POLICY**

The objective of the Directors is to achieve capital growth for Shareholders through the continued expansion of its energy services activities and the growth of revenue and profits generated from its customer base.



Consequently, they do not anticipate that the Company will pay dividends to Shareholders in the short to medium term.

As the Company's strategy is for the creation of a sustainable contracted customer, the Directors will keep this position under review and would intend, at an appropriate stage in the future, to pay a proportion of profits in each year to Shareholders by way of dividend.

## **16. SHARE OPTIONS AND ADVISER WARRANTS**

### ***Option Scheme***

The Company has made awards under the Current Share Plans to employees of the Group. Following Admission, no further awards will be made under the Current Share Plans.

It is the Company's intention to establish the New Share Plans for current and future employees of the Group. In line with the Company's growth strategy, MIP Awards made under the New Share Plans will be linked to the value created for investors over a performance period of at least three years.

During the performance period of the MIP Awards, not more than 15 per cent. of the issued ordinary share capital of the Company may be issued or be issuable under the New Share Plans. Once the MIP Awards performance period has elapsed that dilution limit shall be reduced to 10 per cent.

Details of the New Share Plans are set out in paragraph 15 of Part VII of this Document.

### ***Existing Options and Warrants***

On 16 August 2019, the Company issued warrants to Turner Pope, which, on Admission, will entitle Turner Pope to subscribe for 475,000 New Ordinary Shares at a price of 7.5 pence per New Ordinary Share, and which expire on 9 August 2021.

On 22 November 2017, the Company issued warrants to Turner Pope which, on Admission, will entitle Turner Pope to subscribe for 133,333 New Ordinary Shares at a price of 45 pence per New Ordinary Share, and which expires on 22 November 2020.

In addition, on Admission there will be a further 514,000 Existing Options outstanding, which entitle the holder to acquire New Ordinary Shares in the Company at exercise prices of between 45 pence and 1476 pence per New Ordinary Share, and which are due to expire between 22 December 2020 and 28 July 2026.

### ***Adviser Warrants***

On Admission, the Company has agreed to issue warrants (i) to Turner Pope to subscribe for 1,600,000 New Ordinary Shares (equating to 6 per cent. of the Placing Shares) (ii) to Cameron Barney to subscribe for 266,667 New Ordinary Shares (equating to 1 per cent. of the Placing Shares) and (iii) to Cairn to subscribe for 1,309,262 New Ordinary Shares (equating to 1 per cent. of the Enlarged Ordinary Share Capital), all exercisable at the Placing Price. The warrants issued to Cairn are exercisable at any time following the first anniversary of Admission up to the fifth anniversary of Admission and the warrants issued to Turner Pope are exercisable at any time until the third anniversary of Admission, after which time they will lapse. The warrants issued to Cameron Barney are exercisable at any time following the first anniversary of Admission up to the fifth anniversary of Admission, after which time they will lapse.

Further details on the Existing Options and Warrants and the Adviser Warrants are set out in paragraphs 5.5 and 12.1.4 of Part VII of this Document.

## **17. CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The Directors recognise the importance of sound corporate governance and, following Admission, have undertaken to take account of the requirements of the QCA Guidelines to the extent that they consider it appropriate having regard to the Company's size, board structure, stage of development and resources.

The Directors note that with effect from 28 September 2018, all AIM companies must provide details on their website of the recognised code that the company has decided to apply, how it complies with that code

and where it departs from this, an explanation of the reasons for doing so. From Admission, the Enlarged Group's website at [www.eenergyplc.com](http://www.eenergyplc.com) will set out the extent of any non-compliance with the QCA Guidelines by the Enlarged Group on Admission.

On Admission, it is anticipated that the Enlarged Group will comply with all of the Principles set out in the QCA Guidelines.

The QCA Guidelines recommend that the board of directors should include a balance of executive and non-executive directors, such that no individual or small company of individuals can dominate the board's decision taking. In the case of a smaller company, such as the Company, the QCA Guidelines recommends that the board should include at least two non-executive directors who are deemed to independent for the purposes of the QCA Guidelines, in the case being, Nigel Burton (as the senior independent director) and Andrew Lawley.

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

### **Remuneration Committee**

The Remuneration Committee, which will comprise Andrew Lawley (as chairman), Nigel Burton and David Nicholl will meet at least once each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

### **Audit & Risk Committee (ARC)**

The ARC, which will comprise Nigel Burton (as chairman), and Andrew Lawley, will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the ARC will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company. The ARC will also consider, manage and report on the risks associated with the Company as well as ensuring the Company's compliance with the AIM Rules and the Market Abuse Regulations concerning disclosure of inside information.

### **Nomination Committee**

The Nomination Committee, which will comprise David Nicholl (as chairman) and Nigel Burton, will meet at least once each year. This committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively as well as being responsible for the annual evaluation of the performance of the Board and of individual directors. The Nomination Committee is expected to meet when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors.

## **17.1 COMPLIANCE WITH THE PROVISIONS OF THE QCA CORPORATE GOVERNANCE CODE**

On Admission, it is anticipated that the Enlarged Group will comply with all of the Principles set out in the QCA Guidelines. Set out in this paragraph 17.1 of this Document is a brief description of how the Enlarged Group will comply with the provisions of the QCA Corporate Governance Code.

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

### **Goals**

As a public company the Board is focused on delivering value to Shareholders by optimising the value of client spending on energy through providing them innovative solutions to reduce their consumption so they can focus on their core activities.

## **Vision**

The eEnergy Group vision is to be able to provide a customer with a complete one-stop solution for energy efficiency services and allow the customer to: (i) reduce its energy consumption through a capital free, EEaaS solution; (ii) switch to the most efficient green energy supply and outsource the management of that supply; and (iii) provide a capital free on-site power generation service by combining Solar and Battery Storage technologies with an ESaaS (Energy Storage as a Service) solution.

## **Strategy**

eEnergy's growth strategy is underpinned by three pillars:

1. Continuing the growth in LaaS by scaling its "direct to customer" commercial strategy, with a particular focus on the education, commercial and retail sectors;
2. Expansion of the LaaS proposition to the SME market via a channel partner network by licensing a proprietary "eLight App" to enable regional electrical contractors to offer LaaS to their existing SME customer base; and
3. Broadening eEnergy's range of services within EEaaS by acquiring and integrating selected providers of energy management and service solutions which provide complementary services to existing and new customers.

### *Principle 2: Seek to understand and meet shareholder needs and expectations*

The Directors will meet with major Shareholders periodically throughout the year and will engage with the financial press to ensure that the Company's strategy and objectives are communicated through public announcements.

The Company has and will host site visits for brokers and institutional investors and the Executive Directors are in ongoing contact with its Broker, which communicates more closely with the market.

Shareholders with questions can use the "contact us" page on the eEnergy website or contact the Company Secretary, who will refer questions to the Directors. In addition, the AGM operates as a forum for all Shareholders to meet with the Board.

The Company will consider the benefit of additional independent research being published and made available to Shareholders.

At Admission, officers and employees of the Company will own approximately 45 per cent. of the equity of the Company.

### *Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success*

The Board recognises that the Group has responsibilities to many stakeholders other than its Shareholders. This includes employees, clients, suppliers and the wider society in which we operate. Communications are relevant to the stakeholder and may take the form of formal announcements, individual meetings (for example, appraisals with employees) and negotiations with other stakeholders.

The environmental impact of our business is monitored along with our impact on and commitment to the community and our clients, who increasingly look for suppliers and supply chains with strong ethical values.

The business seeks feedback from clients and has a process in place to share this feedback with the senior management team and will report on the feedback received and action being taken as a result in the annual report.

### *Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation*

The Board meets regularly during which business and other risks are assessed. Risk factors are described in Part II of this Document.

*Principle 5: Maintain the board as a well-functioning, balanced team led by the chair*

The Non-Executive Chairman, David Nicholl, with the full support of the rest of the Board, is responsible for ensuring the Group maintains the highest standards of corporate governance. The Executive Directors are responsible for implementing the Board's strategy.

All the Directors have appropriate skills and experience for the roles they perform, including as members of Board Committees.

A monthly report is provided to the Board of the financial and operational performance of the Group, which is circulated in advance of meetings. The Board is responsible for all strategic decisions and the overall governance and culture of the Group.

All the Directors have access to the services and advice of the Company Secretary and are able to take independent professional advice. The Board operates an Audit & Risk Committee, a Nomination Committee and Remuneration Committee providing governance and experience for these topic areas.

*Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities*

The Board evaluates regularly the skills that are required and whether they are adequately provided for. In doing so, where relevant, it will consider guidance available on appointment and training of Board members.

The Company Secretary has the responsibility of making the Board aware of legal changes.

The Nominations Committee oversees the process of identifying candidates and makes recommendations to the Board. Appointments are made on merit against objective criteria and with regard to the benefits that will be brought to the Board and the Group. The Nominations Committee also considers succession planning.

The Company Secretary supports the Chairman in addressing the training and development needs of the Directors. In the case of new Directors, there is an induction to ensure they become aware of the operations of the Group. The Directors are aware of their individual responsibility to undertake appropriate continuing development.

*Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement*

The FRC's 2018 Guidance on Board Effectiveness is used as the basis of the Board's performance evaluation.

Input will be sought from third parties, such as the auditors (who meet the Audit & Risk Committee at least biannually and, beyond the audit report, comment on the systems, procedures and efficacy of the management) and the nominated advisor.

The annual review of Board effectiveness undertaken by the Nomination Committee includes evaluating the performance of the Board collectively as well as individual directors, for whom we will also consider whether they remain independent. Director's re-election will be considered by the shareholders at an AGM in due course, at which shareholders have the opportunity as a body to approve or otherwise Board membership.

The Remuneration Committee meets formally and is tasked with not only the remuneration of the Executive Directors but also evaluation of performance. To this end the Board is circulated with press comment and market feedback on the business. Market share data and peer group analysis are available.

*Principle 8: Promote a corporate culture that is based on ethical values and behaviours*

The Board expects the highest ethical standards of its members and management across the Group. The Group aims to engender an environment based on transparency, trust and engagement where all members of the Company feel recognised and valued for the contribution they make both directly to the well being of the Company and its broader eco-system. The Group has documented procedures with respect to its responsibilities regarding ethical behaviour, specifically bribery, corrupt practices and modern slavery, and these are applicable across its operations including supply and customer chains.

The Board takes seriously its responsibilities towards the sustainability of its operations and the impact on the environment. As an employer and member of the community, strong ethical and cultural values along with a robust recruitment process are vital to ensuring the Group is a 'good member of the community'.

*Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board*

The roles and responsibilities of specific Directors and membership of the Board Committees are available on our website.

The Board formally meets ten times per year. Each Board Committee has terms of reference outlining the specific responsibilities delegated to it.

The Board assesses at least annually whether the structures and processes are fit for purpose alongside the evaluation of the Board and Director's effectiveness

*Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders*

The AGM is a key forum for communications with any shareholder who wishes to attend, and the Directors are available here to listen to views expressed both formally and informally. This, combined with the normal cycle of announcements, is the key method of communication.

The outcomes of resolutions put to the AGM are published and available on the Company's website. The Company uses the London Stock Exchange Regulatory News Service (RNS) to advise the market (i.e. shareholders and others) of performance and significant matters.

The contact us page of the Company's website is designed to receive comment and questions from shareholders and other stakeholders.

## **18. SHARE DEALING CODE**

The Company has in place a share dealing code for the Existing Directors which is appropriate for a company whose shares are admitted to trading on AIM and subject to the Market Abuse Regulations. Following Admission of the Enlarged Ordinary Share Capital, the Company will continue to implement its share dealing code and take all reasonable steps to ensure compliance by the Directors, related parties and any relevant employees.

## **19. TAXATION**

Your attention is drawn to the taxation section in paragraph 21 of Part VII of this Document. These details are, however, intended only as a general guide to the current tax position under UK and Irish taxation law and practice. If an investor is in any doubt as to his or her tax position he or she should immediately consult his or her own independent financial advisor.

Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding New Ordinary Shares.

## **20. GENERAL MEETING AND PROPOSALS**

The Notice of General Meeting convenes a general meeting of Shareholders to be held at 11.00 a.m. on 8 January 2020 at the offices of Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW. The Notice of General Meeting is set out at the end of this Document. The following Resolutions will be proposed at the General Meeting:

- (a) Resolution 1: Under Rule 9 of the Takeover Code, the Concert Party would normally be obliged to make an offer to all Shareholders (other than the Concert Party) to acquire their New Ordinary Shares for cash at the Placing Price. The Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders on a poll of the Whitewash Resolution at the General Meeting. Accordingly, Resolution 1 is an ordinary resolution to approve the waiver granted by the Panel.

- (b) Resolution 2: The Acquisition will constitute a reverse takeover pursuant to Rule 14 of the AIM Rules pursuant to the Acquisition Agreement. As such, the approval of Shareholders will be required. Accordingly, Resolution 2 is an ordinary resolution to approve the Acquisition, subject to Admission.
- (c) Resolution 3: The Disposal will constitute a fundamental change in the business of the Company pursuant to Rule 15 of the AIM Rules pursuant to the Disposal Agreements. As such, the approval of the Shareholders is required. Resolution 3 is an ordinary resolution to approve the Disposal, subject to Admission.
- (d) Resolution 4: Resolution 4 is an ordinary resolution to appoint David William Nicholl as a director of the Company.
- (e) Resolution 5: Resolution 5 is an ordinary resolution to appoint Harvey Ian Sinclair as a director of the Company.
- (f) Resolution 6: Resolution 6 is an ordinary resolution to appoint Richard Mark Williams as a director of the Company.
- (g) Resolution 7: Resolution 7 is an ordinary resolution to appoint Andrew Robin Lawley as a director of the Company.
- (h) Resolution 8: Resolution 8 is an ordinary resolution to re-appoint Dr Nigel John Burton as a director of the Company.
- (i) Resolution 9: The Company does not currently have sufficient authority to allot shares under the Companies Act to effect the Placing or to issue the Consideration Shares, the CB Shares, the TP Shares or any New Ordinary Shares on the exercise of the Adviser Warrants. Accordingly, Resolution 9 is an ordinary resolution to ensure that the Directors have sufficient authority under s551 of the Companies Act to issue such shares. This authority will expire at the earlier of the Company's next annual general meeting and 1 February 2021.
- (j) Resolution 10: Resolution 10 is an ordinary resolution to provide the Directors with authority under s551 of the Companies Act to issue further equity securities (in addition to those set out in Resolution 10 above) of up to 100 per cent. of the Enlarged Ordinary Share Capital before the Company's next annual general meeting. This authority will expire at the earlier of the Company's next annual general meeting and 1 February 2021 and is in addition to the authority set out at Resolution 9.
- (k) Resolution 11: The Company proposes to: (i) authorise the Directors to sell in the market any shareholding of less than 75,000 Existing Ordinary Shares held by any Shareholder and (ii) following the issue of the Registrar Shares consolidate the Existing Ordinary Shares on a 1 for 75,000 basis. Accordingly, Resolution 11 is a special resolution to authorise the sale and effect the Share Consolidation of the Existing Ordinary Shares.
- (l) Resolution 12: Following the Share Consolidation, it is proposed that each Consolidated Ordinary Share then be sub-divided into 250 New Ordinary Shares of 0.3 pence each. Accordingly, Resolution 12 is a special resolution to approve the Share Sub-division.
- (m) Resolution 13: Resolution 13, is a special resolution to empower the Directors, pursuant to s570 of the Companies Act, to allot the New Shares up to a maximum aggregate nominal amount of £352,880.81 on a non-pre-emptive basis to effect the Placing and to issue the Consideration Shares, the CB Shares, the TP Shares or any New Ordinary Shares on the exercise of the Adviser Warrants. This authority will expire at the earlier of the Company's next annual general meeting and 1 February 2021.  
If Resolution 13 is passed, the Directors will have the power, under the Companies Act, to allot such New Ordinary Shares without offering those shares to existing Shareholders.
- (n) Resolution 14: Resolution 14 is a special resolution to empower the Directors, pursuant to s570 of the Companies Act, to allot New Ordinary Shares up to a maximum aggregate nominal amount of £294,583.88 (which is approximately 75 per cent. of the Enlarged Ordinary Share Capital) before the Company's next annual general meeting) on a non pre-emptive basis. This authority is in addition to the authority set out at Resolution 13 above and will expire at the earlier of the Company's next annual general meeting and 1 February 2021.
- (o) Resolution 15: Resolution 15 is a special resolution to change the name of the Company to '**eEnergy Group plc**'.



- (p) Resolution 16: The Company intends to adopt New Articles upon Admission. Accordingly, Resolution 16 is a special resolution to approve the adoption of New Articles, which are summarised in paragraph 6 of Part VII (Additional Information).

Resolutions 1 to 10 (inclusive) are ordinary resolutions and require a majority of more than 50 per cent., of the Shareholders voting to be passed. Resolutions 11 to 16 (inclusive) are special resolutions and require the approval of 75 per cent. of the Shareholders voting to be passed.

Resolutions 1 to 16 (inclusive) are interconditional other than Resolution 3 and will only be passed if all Resolutions, including Resolutions 1, 2 and 3, are passed by the Shareholders.

The authorities in Resolutions 1, 9 and 13 are required to enable the Directors to issue the Consideration Shares pursuant to the Acquisition, and to effect the Placing and the remainder of the Proposals. The authorities in Resolutions 10 and 14 are general authorities and are in addition to Resolutions 8 and 12. Resolutions 10 and 14 replace the general authorities that were granted by Shareholders at the Company's annual general meeting on 28 June 2019.

The Notice of General Meeting at the end of this Document sets out the Resolutions in full.

## **21. ACTION TO BE TAKEN**

No Form of Proxy is enclosed with this Document. To vote on the Resolutions, please refer to Note 2 contained in the Notice of General Meeting.

You are entitled to appoint one or more proxies to attend and vote at the General Meeting on your behalf.

Whether or not Shareholders intend to be present at the General Meeting, they are asked to vote online or to complete, sign and return a Form of Proxy by post or by hand to the Registrars as soon as possible but in any event so as to be received by the Registrars, Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 11.00 a.m. on 6 January 2020.

Voting online or the completion and return of a Form of Proxy will not preclude a Shareholder from attending the General Meeting and voting in person should he or she wish to do so.

## **22. RECOMMENDATION**

The Existing Directors, who have been so advised by Cairn, consider the Proposals to be in the best interests of the Independent Shareholders and the Company as a whole. Accordingly, the Existing Directors unanimously recommend that Shareholders vote in favour of each of the Resolutions (other than Resolution 3 where the Independent Directors so recommend), as the Existing Directors intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 138,425,000 Existing Ordinary Shares, representing approximately 3.16 per cent. of the Existing Ordinary Share Capital.

Members of the Concert Party and participants in the Placing are unable to vote their Existing Ordinary Shares on Resolution 1.

## **23. FURTHER INFORMATION AND RISK FACTORS**

Shareholders should read the whole of this Document, which provides additional information on the Company and the Placing and should not rely on summaries of, or individual parts only of, this Document. Your attention is drawn, in particular, to the Risk Factors set out in Part II, the Accountants Reports on the Company and eLight in Part IV and Part V respectively, and the Additional Information in Part VII of this Document.

Yours faithfully

**Alan M. Clegg**  
*Chairman*



## **PART II**

### **RISK FACTORS**

**Any investment in the New Ordinary Shares is subject to a number of risks. Before making any investment decision, prospective investors should carefully consider the factors and risks attaching to an investment in the New Ordinary Shares together with all other information contained in this Document including, in particular, the risk factors described below. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company. In particular, the Enlarged Group's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements. Additionally, there may be risks of which the Board is not aware or believes to be immaterial which may, in the future, adversely affect the Enlarged Group's business and the market price of the New Ordinary Shares.**

**If any of following risks relating to the Enlarged Group were to materialise, the Enlarged Group's business, financial condition, results or future operations could be materially and adversely affected. In such circumstances, the market price of the New Ordinary Shares could decline and investors could lose all or part of their investment.**

**Prospective investors should consider carefully whether an investment in New Ordinary Shares is suitable for them in the light of information in this Document and their individual circumstances. An investment in New Ordinary Shares should only be made by those with the necessary expertise to evaluate fully that investment.**

**The value of an investment in the Company is dependent upon the Company achieving the aims set out in this Document. There can be no guarantee that the Company will achieve the level of success that the Board expects.**

#### **RISKS RELATING TO THE ACQUISITION**

##### ***Failure to implement the Enlarged Group's strategy***

A failure to implement the Enlarged Group's strategy following the completion of the Acquisition may have an adverse impact on its business, financial and other conditions, profitability and results of operations. There can be no assurance that the Enlarged Group will be able to maintain and/or grow its financial performance either at historical or anticipated future levels. In addition, the Enlarged Group may seek to enter into transactions or undertake initiatives in furtherance of its business. There are no guarantees that such transactions will complete or that such initiatives will be successful. Failure to complete such transactions or the lack of success of such initiatives could result in the Enlarged Group not being able to implement its growth strategies and initiatives.

There is no certainty and no representation or warranty is given by any person that, following completion of the Acquisition and the Placing, the Enlarged Group will be able to achieve any returns referred to in this Document. The financial operations of the Enlarged Group may be adversely affected by general economic conditions, by conditions within the global financial markets generally or by the particular financial condition of other parties doing business with the Enlarged Group otherwise the trading of the Company's shares on AIM will be suspended and, eventually, its AIM listing cancelled.

##### ***The Acquisition may not complete***

Completion of the Acquisition is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including, amongst other things, the passing of all the Resolutions and Admission.

There is no guarantee that the conditions will be satisfied (or waived, if applicable), in which case the Acquisition will not complete. Additionally, the Company announced on 25 September 2019 that it intended to become an AIM Rule 15 cash shell following the disposal of the MetaLeach Assets. In the event that the Disposal completes but the Acquisition does not then the Company will become an AIM 15 cash shell and will have six months to complete a reverse takeover of a suitable business in accordance with AIM Rule 14 otherwise the Company's New Ordinary Shares on AIM will be suspended and, eventually, its AIM listing cancelled.

### ***Limited recourse under the Acquisition Agreement***

Under the terms of the Acquisition Agreement, the Company is receiving warranties and indemnities in relation to certain matters about the eLight Group from the eLight Shareholders. Given that the consideration under the Acquisition Agreement comprises the Consideration Shares rather than cash, the Company has limited recourse for breaches of warranty and other breaches of the Acquisition Agreement which could have a material adverse effect on the financial condition and prospects of the Enlarged Group.

### ***Company's potential liability under the Acquisition Agreement***

Under the terms of the Acquisition Agreement, the Company has provided limited warranties in relation to certain matters about its business and assets to the eLight Shareholders. Whilst the Company's total financial liability under the Acquisition Agreement has been capped at £1,095,620.00, if the eLight Shareholders were to bring a claim for breach of warranty against the Company, this could have a material adverse effect on the financial condition and prospects of the Enlarged Group.

### ***Impact of any claims under the Acquisition Agreement***

Certain of the eLight Shareholders are also Proposed Directors and, as such, if the Company were to bring a claim against them under the Acquisition Agreement this could result in an irretrievable breakdown in the relationship between the Existing Directors and the Proposed Directors and have a material adverse effect on the financial condition and prospects of the Enlarged Group. Similarly, a breakdown in relationship between the Directors could arise if the eLight Shareholders were to bring a claim of breach of warranty against the Company in relation to the warranties given by the Company under the Acquisition Agreement which could have a material adverse effect on the financial condition and prospects of the Enlarged Group.

## **RISKS RELATING TO THE ENLARGED GROUP**

### ***Early stage of operations***

Whilst the eEnergy management has undertaken over 800 LaaS installations and built a company currently generating revenues of €4.47 million for the period ended 30 June 2019, it is still at an early stage of its commercial development and is currently loss making. The growth strategy for the Enlarged Group includes organic growth within its core LaaS business in both the UK and Ireland, development of the eLight App to open up the third party contractor channel to take LaaS into small enterprises and the acquisition of businesses in adjacent, energy efficiency, sectors, in particular energy management services. However the scaling-up of its offering from current levels is unproven and there are a number of operational, strategic and financial risks associated with early stage companies and the Enlarged Group faces a number of these. In particular, a significant part of future growth will depend on management's ability to identify appropriate acquisitions, execute these on appropriate terms and integrate them into the Enlarged Group. There can be no certainty that the Enlarged Group will achieve increased or sustained revenues, profitability or positive cash flow from its operating activities within the timeframe expected by management or at all. The development of the Enlarged Group's revenues is difficult to predict.

### ***The Enlarged Group operates in an evolving market***

Although the Directors believe that energy management services represent a growing part of the market, there is no guarantee that customers will adopt service-based contracts instead of pure equipment purchases on a commercial scale. Even if LaaS and EEaaS does become widely accepted, the conversion of current interest into wide scale commercial adoption may take longer than anticipated and the Enlarged Group may also be unsuccessful in its efforts to realise commercial and financial benefits from this wider acceptance. Future developments in competing EEaaS solutions could make the Enlarged Group's offerings less attractive and reducing take-up by customers which would adversely affect revenues.

### ***The Enlarged Group's competitors may take actions which adversely affect revenues, profits or the Enlarged Group's financial condition***

The markets in which the Enlarged Group operates are highly competitive markets. The Board believes that it has adopted a competitive business strategy but many competitors, particularly the large utilities, have significantly greater financial, technical, marketing and servicing resources than the Enlarged Group and have longer operating histories or greater name recognition. The Enlarged Group's relatively smaller size may therefore be considered negatively by prospective customers. In addition, the Enlarged Group's

competitors may be able to respond more quickly to changes in customer requirements and devote greater resources to the enhancement, promotion or sale of their products and services.

If the Enlarged Group is not able to compete successfully against existing or future competitors, its business, financial condition and results of operations may be adversely affected. These could also be materially adversely affected by the actions of its competitors (including their pricing policies).

The Enlarged Group's competitors may be able to offer services at a much-reduced cost, compared to the Enlarged Group, or provide products bundled in a way that make them more attractive to the consumer. New competitors or alliances among competitors could emerge. This increased competition may cause price reductions, reduced gross margins, failure to secure projects and loss of market share, any of which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

### ***Significance of the MPL Subcontract Agreement***

eLight Ireland currently generates a large proportion of its turnover via the MPL Subcontract Agreement under which it receives a proportion of the total contract value in advance, a €250,000 annual fee plus commissions on each completed LED lighting installation.

Should the demand for LaaS in Ireland increase beyond the capacity of the MPL Subcontract Agreement without alternative funding from new funding partners being available, this could have a significant adverse impact on the Enlarged Group's results.

### ***Risk of damage to reputation***

The Enlarged Group has not sought to trademark the name 'eLight' and there are currently a number of trading businesses, including MPL, which use a variation of 'eLight' in their business and/or trading name. There is a risk that customers and clients may assume that any such third parties incorporating 'eLight' in their trading name are members of the Enlarged Group, and as such, there is a risk that actions undertaken by third parties may adversely impact the Enlarged Group's reputation, goodwill and business.

### ***Relatively short trading history***

The Enlarged Group began commercial operations relatively recently and therefore has a comparatively short operating history which makes an evaluation of the Enlarged Group's business and prospects difficult.

The Enlarged Group cannot be certain that its business strategy will be successful or that it will successfully address these or other risks that may become material. The Enlarged Group's failure to address any of the risks described here could have an adverse effect on its business.

If the Enlarged Group is unable to maintain a high level of customer service, customer satisfaction and demand for the Enlarged Group's services could suffer.

If the Enlarged Group is unable to provide customers with quality customer support in a variety of areas, it could face customer dissatisfaction, decreased overall demand for its services and loss of revenue. In addition, the Enlarged Group's inability to meet customer service expectations may damage its reputation and could consequently limit its ability to retain existing customers and attract new customers, which would adversely affect the Enlarged Group's ability to generate revenue and negatively impact its operating results.

### ***Any failure of the physical products or services of the Enlarged Group could lead to significant costs and disruptions that could reduce revenues, harm the Group's business reputation and have a material adverse effect on the business***

The Enlarged Group's business depends on providing customers with highly reliable products and services. If the Enlarged Group fails to meet its customers' performance requirements or to provide adequate customer service, it may incur additional costs, lose customers and/or may become liable to them for damages. The services the Enlarged Group provides may be subject to failure resulting from a variety of factors which may be under the Enlarged Group's control, including human error, equipment failure and failure to perform maintenance activities, as well as factors not under the Enlarged Group's control, such as power loss, physical or electronic security breaches, sabotage, vandalism, system failures of utility providers,

fire, earthquake, flood and other natural disasters, water damage, cable cuts, disturbance of the equipment by owners of the buildings in which the equipment is located, and terrorism.

***The Enlarged Group relies on third-party hardware and services that may be difficult to replace or could cause errors or failures of its service, which could adversely affect the Enlarged Group's operating results or harm its reputation***

The Enlarged Group relies on hardware and services from third parties (primarily equipment vendors), in order to offer its services. Such hardware and services may not continue to be available on current terms or commercially reasonable terms and/or in quantities sufficient to meet the Enlarged Group's business needs, which could adversely affect its ability to generate revenue and/or increase the Enlarged Group's costs. Any errors or defects in vendor equipment could result in errors or a failure of the Enlarged Group's service, which could harm its reputation and operating results. Warranties from hardware providers, whilst likely to cover the cost of the equipment needing to be replaced and in many cases the labour element too, may be insufficient to cover any damage to the Group's business or its customers resulting from such hardware failure.

Any failure of third-party hardware requiring replacement, whether under warranty or otherwise, may result in costs to the Enlarged Group. Such impact may result in customers terminating their relationships with the Enlarged Group or potential customers not contracting with the Enlarged Group which could have a material adverse effect on the Enlarged Group's business.

***The Enlarged Group uses third parties to install its products and services***

The Enlarged Group uses third party installers to install its LaaS solution over whom it has limited control. Any failure on the part of such third parties to fulfil their contractual obligations may force the Enlarged Group to provide additional resources to complete works or to engage other companies to complete works on different terms. Any financial difficulty, breach of contract or delay in services by these third party installers could have a materially adverse impact on the Enlarged Group's business.

Also, any failure by any third party to correctly install the Enlarged Group's products and services could result in damage to customers premises and/or losses for such customers. Indemnification from installers, if any, would likely to be insufficient to cover any detrimental effect to the Enlarged Group's business or its customers resulting from any such damage or losses. Similarly, any negative actions of any third parties acting on the Enlarged Group's behalf may result in negative publicity for the Enlarged Group which could have a materially adverse impact on the Enlarged Group's business.

***The expenditure required by the Enlarged Group may be more than currently anticipated***

There is a risk that the amount of funding that the Enlarged Group anticipates will be needed to deliver its growth will be insufficient, that the anticipated timing of such investment may prove incorrect or that the Enlarged Group may be unable to raise the amounts of finance required (if at all). Costs may be greater than planned, or timings may vary from those targeted, which could have a material adverse effect on the implementation of the Enlarged Group's strategy and its business, financial condition and results of operations. The net proceeds of the Placing are expected to be sufficient to implement the Board's strategy in the short to medium term. However, if the Enlarged Group fails to generate sufficient cash through the sale of its services, it may need to raise additional capital in the future, whether from equity or debt sources, to fund expansion, development and/or the ongoing operating costs of the Enlarged Group. If the Enlarged Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its planned development.

If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pre-emptive basis to then existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted.

***Changes in applicable laws and regulations***

Government regulations and incentives relating to the energy sector and replacement of aging infrastructure continue to evolve and, depending on the evolution of such regulations, may adversely affect the Enlarged Group's business.

Changes in laws or regulations (or the interpretation of such laws or regulations) or national government or EU policy affecting the Enlarged Group's activities and/or those of its customers and competitors, including regulation of prices or regulation of access arrangements to types of infrastructure could result in decreased revenue, increased costs or impairment of its ability to offer services.

### ***Reliance on third party suppliers***

The Enlarged Group's business depends on its ability to source a range of products and components from third party suppliers on commercially reasonable terms. There is no guarantee that the Enlarged Group will be able to continue to contract on such terms or that suppliers will continue to provide products and components in a timely manner that meet the Enlarged Group's quality, quantity or cost requirements. The Enlarged Group's supply of products or components could be materially adversely affected by a number of factors, including, amongst other things:

- potential economic and political instability in countries where its suppliers are located;
- increases in shipping or other transportation costs;
- supplier compliance with applicable laws, including labour and environmental laws;
- adverse fluctuations in currency exchange rates; and
- changes in UK and foreign laws affecting the importation and taxation of goods, including duties, tariffs and quotas, or changes in the enforcement of those laws.

Any disruption in the availability or supply of products or components to the Enlarged Group or any deterioration to the commercial terms on which products or components are supplied could materially adversely affect its business, financial condition or operations.

### ***Failure to keep up with technological changes***

The Enlarged Group operates in markets where technology, industry standards, product offerings and customer demand are rapidly evolving, and the Enlarged Group may not be able to keep up with these rapid changes. Lighting is a relatively active area of research and development and new technologies may develop. Advances in the use of materials to generate light could allow the Enlarged Group's competitors to introduce products and services that are superior to the current generation of equipment and at a substantially lower cost than the Enlarged Group. If the Enlarged Group is unable to adapt or incorporate technological advances into its services, its offering could become less competitive.

### ***Reputation***

The Enlarged Group's reputation, in terms of the service it provides, the way in which it conducts its business and the financial results which it achieves, are central to the Enlarged Group's future success. Failure to meet the expectations of customers, suppliers, employees and Shareholders and other business partners may have a material adverse effect on the Enlarged Group's reputation.

### ***Cost base***

The Enlarged Group will have a level of fixed costs mostly related to salaries and production facilities. In the event of an unanticipated reduction in client demand, the Enlarged Group may not be able to reduce costs very quickly in the short term. This could have an adverse effect on the Enlarged Group's operating results.

### ***Exposure to economic cycle***

The Enlarged Group is exposed to the general economic cycle through its project finance partners' appetite to fund lighting solution projects. Such projects could be vulnerable to delay or cancellation in the event of a continuing and prolonged economic downturn.

### ***Third party intellectual property rights***

Although the Existing Directors and Proposed Directors believe that the Enlarged Group's intellectual property rights do not infringe the intellectual property rights of others, third parties may assert claims that the Enlarged Group has violated a patent or infringed a particular copyright, trade mark or other proprietary right or



confidential information belonging to them. Any such intellectual property claims, with or without merit, could be time consuming to respond to, expensive to litigate or settle and could divert management resources.

### ***Taxation***

The Enlarged Group's business model assumes that the tax treatment (including corporation tax, PAYE, NIC and valued added tax) of the Enlarged Group remains consistent with the manner in which the Enlarged Group has accounted for such taxes as at the date of this Document.

### ***Foreign currency exchange rate***

The Enlarged Group's operations and profitability may be affected by movements in foreign currency exchange rates. Changes in currency exchange rates may harm the financial condition of the Enlarged Group, through both transaction and conversion risks. A proportion of the Enlarged Group's revenues and costs are and will be derived outside of the UK and the Enlarged Group may be affected by currency fluctuations which could have an adverse impact on the financial condition of the Enlarged Group.

### ***Rapid growth***

If the Enlarged Group's business and operations experience rapid growth and its systems and controls have not been developed to manage this growth effectively, the Enlarged Group's business and operating results could be harmed and the Enlarged Group may have to incur significant expenditure to implement the additional operational and control requirements necessary to meet such growth.

### ***Credit risk***

Credit risk is the risk of financial loss to the Enlarged Group if a customer or counterparty to a financial instrument fails to meet its obligations, and arises principally from the Enlarged Group's receivables from customers.

The Enlarged Group ensures that customers are contracted on issue of invoices to ensure that they meet the customer's expectations. Efforts are then made to collect the monies that are outstanding as soon as they fall due. After all reasonable attempts have been made to ensure collection of outstanding monies the Enlarged Group would consider the use of legal action in an attempt to secure any outstanding monies that it has a legal right to.

### ***The Enlarged Group is currently dependent to a certain extent upon its relationships with its funding partners***

Given the payment structure proposed for each LaaS project, the Enlarged Group's collaboration with its funding partners is very positive from a working capital perspective. The ability to receive the full contract value less a discount within five days of the installation being completed and accepted by the client is much more advantageous from a cashflow perspective than the contractual payment structures. As such, if the Enlarged Group were not able to assign future projects to such finance providers then this would put a strain on the Enlarged Group's working capital position. In such a scenario, to guard against the harmful impacts of overtrading, the Enlarged Group's growth would have to be limited or its payment terms altered, which would compromise its competitiveness.

Under the agreements with its funding partners, the Enlarged Group provides certain warranties and indemnities in relation to the installations, which may result in claims being made in certain circumstances.

### ***Energy Credits***

As part of its activities, eLight Ireland currently earns and subsequently trade energy credits. The sustainability of this stream of income is dependent on the Energy Efficiency Obligation Scheme. The scheme was initially brought into effect on 1 January 2014 and was scheduled to run to December 2020. Whether income can be generated from the sale of energy credits in Ireland beyond December 2020 depends on the extension of this scheme or a similar scheme being introduced, and it is possible that in the future, eLight Ireland may not be able to continue to generate energy credits.

In addition, energy credits created on completion of an LED installation project need to be validated by SEAI before they can be sold on to third parties. A failure by eLight Ireland to obtain validation for its energy credits

will result in a loss of any value ascribed to such energy credits and could have a material adverse impact on the financial position of the Enlarged Group.

### ***Debt Facilities***

eLight currently has a debt facility with BPC, which is subject to certain covenants provided by eLight, and may in future seek debt finance from other sources. A failure to meet the covenants or the ongoing obligations under the debt facilities may result in those facilities becoming repayable, which would have a negative impact on the Enlarged Group's working capital position.

### ***The Enlarged Group's insurance policies may not be adequate***

Whilst the Enlarged Group will maintain commercial insurance at a level it considers appropriate against certain risks commonly insured in the industry in which it operates, there is no guarantee that it will be able to obtain the desired levels of cover on acceptable terms in the future. Furthermore, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from the Enlarged Group's insurance coverage. There are also likely to be risks against which the Enlarged Group cannot insure or against which it may elect to not insure. The potential costs that could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, may cause substantial delays and require significant capital outlays which may adversely affect the Enlarged Group's financial position. The Enlarged Group's operations could suffer losses which may not be fully compensated by insurance.

### ***The Enlarged Group may acquire other businesses or assets if suitable opportunities become available***

The Enlarged Group may in the future seek to acquire companies, businesses or interests in companies or businesses which the Directors believe may further the Enlarged Group's strategy. The pursuit of potential acquisitions may cause the Enlarged Group to incur various expenses whether or not such acquisitions are completed. If the Enlarged Group does acquire additional businesses or companies, it may not be able to integrate an acquired business or company successfully or manage the combined business following the acquisition or achieve the anticipated benefits from the acquisition. In addition, if the Enlarged Group were to undertake a significant acquisition or the acquisition of a direct competitor, such acquisition could attract regulatory scrutiny from competition authorities and could, as a result, bear substantial additional costs or result in the failure to gain regulatory approval or require the Enlarged Group to comply with undertakings set by a regulator. The costs and consideration for any acquisition which have an impact on the Enlarged Group's financial position. In addition, if the consideration to be paid by the Enlarged Group for any such acquisitions or investments is New Ordinary Shares, then Shareholders of the Company will be diluted.

### ***Ability to attract and retain key executives, officers, managers and technical personnel***

Attracting, training, retaining and motivating sales, technical and managerial personnel, is a critical component of the future success of the Enlarged Group. Accordingly, the Enlarged Group may encounter difficulties in attracting or retaining qualified personnel. Continued growth may therefore cause a significant strain on existing managerial, operational, financial and information systems resources. The departure of any of the Enlarged Group's executive officers or other key employees could have a negative impact on its operations. In the event that future departures of employees occur, the Enlarged Group's ability to execute its business strategy successfully, or to continue to provide services to its customers and users or attract new customers and users, could be adversely affected. The performance of the Enlarged Group depends, to a significant extent, upon the abilities and continued efforts of its existing senior management. The loss of the services of any of the key management personnel or the failure to retain key employees could adversely affect the Enlarged Group's ability to maintain and/or improve its operating and financial performance.

In common with many businesses, the success of the Enlarged Group after Admission will, to a significant extent, be dependent on the expertise and experience of the Directors and key senior management, the loss of one or more of whom could have a material adverse effect on the Enlarged Group. Whilst the Company has entered into service agreements with the Directors which will become effective on Admission, the retention of their services cannot be guaranteed.



### ***Public sector procurement***

The Enlarged Group intends to enter into contracts with public sector bodies, especially schools. Public sector contracts may be subject to a formal procurement process, which are competitive and may cause delays to the implementation of the Enlarged Group's business plan. Furthermore, the local council or public body may operate with only a pre-qualified framework of suppliers, which may exclude the Enlarged Group. Any delay or failure to win public sector contracts may have an adverse effect on the Enlarged Group's operations.

## **GENERAL RISKS**

### ***Political, economic, regulatory and legislative considerations***

Adverse developments in the political and regulatory environment may materially and adversely affect the financial position and business prospects of the Enlarged Group. Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group's products and services. A more prolonged economic downturn may lead to an overall decline in the volume of the Enlarged Group's sales, restricting the Enlarged Group's ability to realise a profit. The markets in which the Enlarged Group offers its products and services are directly affected by many national and international factors that are beyond the Enlarged Group's control.

Political and economic uncertainties include, but are not limited to interest rates, changes in taxation and currency exchange control. Whilst the Enlarged Group strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially and adversely affect the Enlarged Group.

There may be a change in the regulatory environment which may materially adversely affect the Enlarged Group's ability to implement successfully the strategy set out in this Document.

### ***Cross-border economic, political, judicial, and administrative***

The Enlarged Group and its current and prospective customers, operate in a number of countries, each of which has its own political, judicial, administrative, taxation and regulatory system that could impact how business is conducted. In addition to a global or local level economic downturn, the Enlarged Group may also be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters, which are largely outside of the Enlarged Group's control.

### ***Political uncertainty***

The Enlarged Group's commercial and trading opportunities across its businesses may be impacted by unforeseeable and unavoidable political or national events or scenarios, including but not limited to, the triggering of an early general election which could prevent fulfilment of client or supplier contracts which fall on dates affected by such events.

Further, the determination by the United Kingdom to serve notice on 29 March 2017 to exit the European Union pursuant to Article 50 of the Treaty of Lisbon ("**Brexit**"), means the United Kingdom is likely to leave the European Union no later than 31 January 2020. Brexit could have a significant impact on the Enlarged Group especially as it has bases of operations in both the UK and Ireland. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of Brexit on the Enlarged Group's business is unknown. As such, it is not possible to state the impact that Brexit would have on the Company. It could also potentially make it more difficult for the Enlarged Group to operate its business in the EU as a result of any increase in tariffs and/or more burdensome regulations being imposed on UK companies. This could restrict the Enlarged Group's future prospects and adversely impact its financial condition.

### ***Taxation***

The attention of potential investors is drawn to paragraph 21 of Part VII regarding taxation. Any change in the Enlarged Group's tax status or the tax applicable to holding New Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Enlarged Group, its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this Document

concerning taxation of the Enlarged Group and its investors are based on current tax law and practice, which is subject to change.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined, their personal circumstances and the financial resources available to them.

### ***Force Majeure***

The Enlarged Group's operations now or in the future may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions or other events of force majeure that are, by their nature, out of the Enlarged Group's control.

### ***Disaster recovery***

The Enlarged Group depends on the performance, reliability and availability of its operational and information technology systems. Any damage to, or failure of, its systems or premises could result in disruptions to the Enlarged Group's operations. The Enlarged Group's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover any loss in full or in part (including losses resulting from business interruptions) or damage that it suffers fully or at all, which could have a material adverse effect on the Enlarged Group's business, financial position or prospects.

### ***Litigation***

All industries are subject to legal claims, with and without merit. The Enlarged Group may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty in the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Enlarged Group's financial position or results of operations.

## **RISKS RELATING TO THE PLACING AND THE NEW ORDINARY SHARES**

### ***Transition to publicly quoted company***

One consequence of the Company becoming a publicly quoted company whose shares are admitted to trading on AIM is that certain changes in operations or controls will be required. In addition, an increased awareness is needed of the requirements of being a publicly quoted company and a requirement to ensure that management and staff satisfy a number of new obligations, including those associated with the AIM Rules for Companies, disclosure and financial reporting requirements and enhanced corporate governance. While the Board has made and will continue to make every effort to successfully manage the transition, there can be no assurance that the Enlarged Group will be able to successfully manage the transition, and failure to do so could have a material adverse effect on the Enlarged Group's business, financial condition and/or operating or financial results.

### ***The market price of the New Ordinary Shares could be negatively impacted by sales of substantial amounts of New Ordinary Shares, particularly following expiry of the lock-in period***

Pursuant to the terms of the Lock-in Agreements, each of the Locked-in Persons, which includes any Director who is also a Shareholder, have agreed to certain restrictions on the sale of New Ordinary Shares. However, after the expiration of relevant lock-in periods, the Locked-in Persons will be free to sell New Ordinary Shares, subject to an orderly market period as described in paragraph 12.1.3 (Lock-in Agreement) of Part VII (*Additional Information*). In addition, there are no lock-in arrangements relating to the balance of the Enlarged Share Capital and such Shareholders are free to sell their New Ordinary Shares at any time. Sales of a substantial number of New Ordinary Shares by Shareholders, particularly after the expiration of the period during which these restrictions apply, or the knowledge that they will, or the perception that these sales may occur, could depress the market price of the New Ordinary Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

### ***Impact of research on share price***

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the New Ordinary Shares could decline.

The trading market for the New Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the New Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the New Ordinary Shares or publish inaccurate or unfavourable research about the Enlarged Group's business, the share price would be likely to decline.

If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the New Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

### ***Conditionality of the Placing***

The Placing is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, not waived, Admission, and therefore the Placing, will not occur.

### ***Valuation of New Ordinary Shares***

The Placing Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the New Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

### ***Suitability***

Investment in the New Ordinary Shares may not be suitable for all investors. Investors are accordingly advised to consult a person authorised under FSMA who specialises in investments of this nature before making any investment decisions.

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

New Ordinary Shares will be traded on AIM and will not be admitted to the Official List or admitted to trading on the London Stock Exchange's main market for listed securities. The AIM Rules are less demanding than those of the Official List and investment in shares traded on AIM involves a higher degree of risk. Investors should therefore be aware that the New Ordinary Shares may be less liquid than shares in companies which are listed on the Official List and therefore the market price of the New Ordinary Shares may be more volatile and may not reflect the underlying value of the net assets of the Group. An investment in the New Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the New Ordinary Shares may not reflect the underlying value of the Enlarged Group. Investors may therefore realise less than, or lose all of, their investment.

### ***Share price volatility and liquidity***

The share price of quoted companies can be highly volatile and shareholdings can be illiquid. The price at which the New Ordinary Shares are quoted and the price which investors may realise for their New Ordinary Shares will be influenced by a large number of factors, some specific to the Enlarged Group and its operations and others which may affect quoted companies generally. These factors could include the performance of the Enlarged Group, large purchases or sales of the New Ordinary Shares, currency fluctuations, legislative changes and general economic, political, regulatory or social conditions.

The following factors, in addition to other risks described in this Document, may have a significant effect on the market price of the New Ordinary Shares:

- variations in operating results;
- actual or anticipated changes in the estimates of operating results or changes in stock market analyst recommendations regarding the New Ordinary Shares, other comparable companies or the industry generally;
- macro-economic conditions in the countries in which the Enlarged Group may do business;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Enlarged Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the New Ordinary Shares;
- sales of the New Ordinary Shares by the Directors or other Shareholders; and
- adoption or modification of regulations, policies, procedures or programs applicable to the Enlarged Group's business.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the New Ordinary Shares could decline for reasons unrelated to the Enlarged Group's business, financial condition or operating results. The trading price of the New Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Enlarged Group. Each of these factors, among others, could harm the value of the New Ordinary Shares.

### ***Concert Party influence***

On Admission, the Concert Party will hold 65.89 per cent. of the New Ordinary Shares in issue. Investors may negatively perceive this level and concentration of share ownership due to the influence that the Concert Party may resultantly exert, which may adversely affect the market value of the New Ordinary Shares. The Concert Party may have the ability to determine the outcome of matters requiring Shareholder approval, including appointments to the Board and significant corporate transactions. In addition, the interests of the Concert Party may be different from the interests of the Enlarged Group or other Shareholders as a whole. This control could also have the effect of delaying or preventing an acquisition or other change of control of the Enlarged Group.

The Company will require additional capital in order to support its growth strategy which may not be available and, in the event of additional equity capital, will result in dilution to Shareholders.

The Enlarged Group's growth plans will require funding which may not be able to be met through internally generated funds. In the event that additional capital is required, the Company will need to raise extra capital from equity or debt providers. There is no certainty that at the point the Company decides to raise capital, the prevailing market conditions at the time will enable the Company to raise finance on acceptable terms or at all, which could impact the Enlarged Group's ability to continue certain strategic initiatives, including organic and acquisitive growth. Where additional finance is raised through the issuance of new equity or equity-linked securities, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for New Ordinary Shares at the proposed price.

### ***The Company does not anticipate payment of dividends in the near to medium term***

As stated in paragraph 15 (*Dividend policy*) of Part I (*Letter from the Chairman*), it is not the intention of the Directors to declare and pay any dividends in the near to medium term. The Company currently intends to retain all of its future earnings to finance the growth and development of the Enlarged Group's business and focus on capital growth for Shareholders. The declaration and payment of dividends (including special dividends) is restricted under English law and a company can only pay cash dividends if it has sufficient distributable reserves available to do so. The Company will not pay dividends to the extent it will not be lawful to do so, and the Directors will determine whether any dividends should be declared or paid in the future based on a variety of factors, including the results of operations, financial condition, cash requirements and future prospects of the Enlarged Group, as well as other factors deemed by Directors to be relevant at

the time. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

***The Company cannot guarantee that the New Ordinary Shares will continue to be traded on AIM***

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

***Access to further capital***

The Enlarged Group may require additional funds for a number of purposes including to both capital and operational expenditure and expansion. The Enlarged Group's future capital requirements will depend on many factors, including its ability to maintain and expand and diversify its activities, its sales, cash flow and control of costs. Accordingly, the Enlarged Group may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issues of equity or convertible debt securities, existing Shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of current Shareholders.

Any debt financing secured by the Enlarged Group in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Enlarged Group to obtain additional capital and to pursue business opportunities, including potential acquisitions.

In addition, the Company may not be able to obtain additional financing on terms favourable to it, if at all if market and economic conditions, the financial condition or operating performance of the Enlarged Group or investor sentiment (whether towards the Enlarged Group in particular or towards the market sector in which the Enlarged Group operates) are unfavourable. The Enlarged Group's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation and could affect its financial viability.

***Market perception***

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

***Future sale of New Ordinary Shares***

The Company is unable to predict when and if substantial numbers of New Ordinary Shares will be sold in the open market following Admission. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the New Ordinary Shares. The Enlarged Group may require additional capital in the future which may not be available to it. If available, future financings to provide this capital may dilute Shareholders' proportionate ownership in the Company. The Company may raise capital in the future through public or private equity financings or by raising debt securities convertible into New Ordinary Shares, or rights to acquire these securities. Any such issues may exclude the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the Company's existing Shareholders. Moreover, the further issue of New Ordinary Shares could have a negative impact on the trading price and increase the volatility of the market price of the New Ordinary Shares. The Company may also issue further New Ordinary Shares, or create further options over New Ordinary Shares, as part of its employee remuneration policy, which could in aggregate create a substantial dilution in the value of the New Ordinary Shares and the proportion of the Company's share capital in which investors are interested.

The working capital statement set out in paragraph 16 of Part VII of this Document assumes that all of the New Ordinary Shares are issued and that Admission takes place. If all of the New Ordinary Shares are not issued and Admission does not take place the Company will not be able to implement the strategy and growth plans as outlined in this Document.

***Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings***

The New Articles provide for pre-emption rights to be granted to Shareholders in the Company, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Enlarged Group's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights, unless either the New Ordinary Shares and any other securities that are offered and sold are registered under the United States Securities Act of 1933, or the New Ordinary Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other Shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

***Overseas Shareholders may be subject to exchange rate risk***

The New Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in New Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the New Ordinary Shares or any dividends in foreign currency terms.

***Forward looking statements***

Certain statements contained in this Document are forward-looking statements and are based on current expectations, estimates and projections about the potential returns of the Enlarged Group and industry and markets in which the Enlarged Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variation of such words and similar expressions are intended to identify such forward-looking statements and expectations. These statements are not guarantees of future performance and the Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in this Document. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Enlarged Group's business.

Such forward-looking statements are based on numerous assumptions regarding the Enlarged Group's present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward-looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law, the AIM Rules for Companies or any appropriate regulatory authority.

The specific and general risk factors detailed above do not include those risks associated with the Enlarged Group which are unknown to the Directors.

Although the Directors will seek to minimise the impact of the risk factors, investment in the Enlarged Group should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.



## PART III

### INFORMATION ON THE CONCERT PARTY AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE TAKEOVER CODE

#### 1. Information on the Concert Party

Under presumption 9 of the Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies are deemed to be acting in concert. Accordingly the eLight Shareholders are considered to be acting in concert with each other (other than William Murray and Kieran Cussen, where presumption 9 of the Takeover Code has been rebutted).

Information on the eLight Shareholders is set out below.

#### ***The eLight Shareholders***

Except as disclosed otherwise, the address of each member of the Concert Party is 1-3 The Green, Malahide, County Dublin, Ireland.

eLight is a private Irish holding company, has an operating history of approximately 18 months and two operating subsidiaries, one in the UK and one in Ireland. All of its shareholders are or have been founders or members of staff and the shareholder list can be summarised as follows:

<i>eLight shareholders</i>	<i>Notes</i>
Harvey Sinclair	Group CEO; Managing director of eLight UK Harvey co-founded Energy Works in the UK and then eLight and is a proven technology entrepreneur, who has achieved a number of successful exits of businesses over the last 15 years across a variety of different sectors; Software, Internet, ecommerce and in the Hospitality sector. In 2000, Harvey founded The Hot Group Plc (THG), which listed on AIM in 2002 and which he led on a successful consolidation of the online recruitment market, through a buy and build strategy, before leading the sale to Trinity Mirror in 2006. Harvey was investment director for Scottish Enterprise at Design LED between 2015 and 2019.
Ian McKenna	Managing director of eLight Ireland Ian founded the original eLight Solutions business in Ireland in 2009 and developed the "Light as a Service" concept in Ireland having initially set up businesses to research & design, manufacture and distribute LED fittings to the trade. Prior to that he was the Sales Director at FuturTek, responsible for managing sales and distribution of Phillips products throughout Ireland. He was a finalist in the EY Entrepreneur of the Year 2017 awards in Ireland.
Stella Murphy	Founder investor in eLight Solutions; not directly involved in the business Stella is an acquaintance of Ian McKenna and was an early investor in eLight Solutions. She provided initial funding, together with Seamus O'Connell, to Ian McKenna after he established the business in 2009. While not involved in the day to day operation of the business, she receives regular updates from Ian McKenna.
David Nicholl	Chairman, and founder of the Group David is an internationally experienced and proven technology leader in Industrial Internet of Things ("IIoT") energy management and connected lighting, who has led significant international businesses as President and CEO for Philips Lighting (UK and Ireland), Rockwell Automation (UK and Ireland) and Schneider Electric (Sweden and Romania). He is currently Executive Vice President, Northern Europe, of ABB's Electrification Products division. David has an MBA and a degree in electronic engineering and physics. He originally brought the UK and Irish parts of the business together and introduced the managing directors to each other.



<i>eLight shareholders</i>	<i>Notes</i>
Marian Rainey	Widow of Seamus O'Connell, who was an acquaintance of Ian McKenna. He was a founder investor in and former director of eLight Solutions. Marian Rainey is now the legal and beneficial holder of the eLight Shares previously held by her husband.
Charles Cryer	Formerly interim CFO of eLight UK and an acquaintance of Harvey Sinclair; no longer involved in the Group.
Nicole Street	Director of eLight UK with responsibility for finance. She joined Energy Works in 2017. Visits the eLight Ireland office regularly and is a key member of the management team.
Wayne Harris	Director of eLight UK, having previously worked at Energy Works. He is primarily responsible for delivery of projects and procurement.
Fergal Roche	A recent investor in eLight and consultant to eLight. He has specific knowledge of the schools market, having built and sold a business in this market. Met Harvey Sinclair and invested in the business and provides consulting services to it.
William Murray	A founder investor in eLight Solutions who has not been directly involved in the business. An acquaintance of Seamus O'Connell. No regular contact maintained with eLight.
Diana Baldwin	Current employee of eLight UK – manages the generation of quotations for new contracts and previously worked for Energy Works.
Aisling McGrath	Group marketing manager based in eLight Ireland's office. Joined eLight Solutions in 2013 from college, where she was awarded a marketing degree.
Caroline Rogers	Works in finance department of eLight Ireland. Joined in 2013 as a qualified accountant and has worked in eLight Ireland's office since then. Was formerly employed by Dimpco Limited, an Irish electrical distributor, in a finance role.
George Hurley	Joined eLight Solutions in 2009 as one of its first members of staff, with a background in the electrical sector. His role is in project delivery and he works from the eLight Ireland office.
Kieran Cussen	Former eLight Ireland employee, was employed for was employed for four years in a sales role until July 2019. Kieran has a professional services background graduating from Maynooth University in 1995 with a BA Degree and holds an MBA from Trinity College Dublin awarded in 2011. No regular contact maintained with eLight.
Ronan Creaney	Joined eLight Solutions in 2013 in an operational role, working from eLight Ireland's office. Prior to that he worked for Digicel in the Caribbean.

## **2. Interests and Dealings**

### **(a) Definitions and interpretation**

For the purposes of this paragraph 2:

**“acting in concert”**

has the meaning attributed to it in the Takeover Code; persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert all with each other. Without

prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:

- (1) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
- (2) a company with any of its directors (together with their close relatives and related trusts);
- (3) a company with any of its pension funds and the pension funds of any company described in (1);
- (4) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;
- (5) a person, the person's close relatives, and the related trusts of any of them, all with each other;
- (6) the close relatives of a founder of a company to which the Code applies, their close relatives, and the related trusts of any of them, all with each other;
- (7) a connected adviser with its client and, if its client is acting in concert with an offeror or with the offeree company, with that offeror or with that offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader);
- (8) directors of a company which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent; and
- (9) shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Code applies.

**“arrangement”**

includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

**“connected adviser”**

has the meaning attributed to it in the Takeover Code;

**“connected person”**

has the meaning attributed to it in sections 252 to 255 of the Companies Act 2006 of the UK Parliament;

<b>“control”</b>	means an interest in relevant securities carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the interest gives de facto control;
<b>“dealing” or “dealt”</b>	includes the following: <ul style="list-style-type: none"> <li>(a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;</li> <li>(b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;</li> <li>(c) subscribing or agreeing to subscribe for relevant securities;</li> <li>(d) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;</li> <li>(e) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and</li> <li>(f) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position.</li> </ul>
<b>“derivative”</b>	includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of a underlying security;
<b>“disclosure date”</b>	means 19 December 2019, being the latest practical date prior to the posting of this Document;
<b>“Disclosure Period”</b>	means the period commencing on 19 December 2018, being the date 12 months prior to the posting of this Document and ending on the disclosure date;
<b>“exempt principal trader” or “exempt fund manager”</b>	has the meaning attributed to it in the Takeover Code;
<b>“interest”</b>	being “interested” in relevant securities includes where a person has long economic exposure (whether absolute or conditional) to changes in the price of those securities. A person who only has a short position in securities will not be treated as interested in those securities. In particular, a person will be treated as having an interest in securities if: <ul style="list-style-type: none"> <li>(a) owns relevant securities;</li> <li>(b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;</li> <li>(c) by virtue of any agreement to purchase, option or derivative, has the rights or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or</li> </ul>

obligation is conditional or absolute and whether it is in the money or otherwise;

- (d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it; or
- (e) has received an irrevocable commitment in respect of the relevant securities.

**“relevant securities of the Company”**

means shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof,

**“short position”**

means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(b) **Interests and dealings in the Ordinary Shares**

- (i) As at the close of business on 19 December 2019 (being the latest practicable date prior to the publication of this Document), on Admission, and on the exercise of all of the options held by member of the Concert Party (and not exercised by any other parties), the interests of the members of the Concert Party and their immediate families and connected persons, all of which are beneficial unless otherwise stated, in the share capital of eLight (as shown in the register required to be kept under the provisions of article 41 of the Law or which have been notified to eLight pursuant to its articles of association) and their interests in the Company on Admission are as follows:

	Total No. of eLight Shares held	% of total eLight Shares	No. of New Ordinary Shares in Enlarged Group on Admission	% of Enlarged Issued Share Capital on Admission <sup>1</sup>
<i>Concert Party Member</i>				
Harvey Sinclair	476,500	23.55%	20,645,428	15.77%
Ian McKenna <sup>2</sup>	476,500	23.55%	20,645,428	15.77%
Stella Murphy <sup>2</sup>	440,000	21.75%	19,063,984	14.56%
David Nicholl	303,000	14.98%	13,128,153	10.03%
Marian Rainey	120,000	5.93%	5,199,268	3.97%
Charles Cryer	40,000	1.98%	1,733,089	1.32%
Nicole Street	24,000	1.19%	1,039,854	0.79%
Wayne Harris	24,000	1.19%	1,039,854	0.79%
Fergal Roche	23,000	1.14%	996,526	0.76%
Diana Baldwin	16,000	0.79%	693,236	0.53%
Aisling McGrath	12,000	0.59%	519,927	0.40%
Caroline Rogers	12,000	0.59%	519,927	0.40%
George Hurley	12,000	0.59%	519,927	0.40%
Ronan Creaney	12,000	0.59%	519,927	0.40%
<b>TOTAL</b>	<b>1,991,000</b>	<b>98.41%</b>	<b>86,264,528</b>	<b>65.89%</b>

<sup>1</sup> Following the issue of the Consideration Shares, the Placing Shares, the CB Shares and the TP Shares.

<sup>2</sup> Held through Confianza Holdings Limited, a nominee company.

- (ii) As at the last day of the Disclosure Period, save as disclosed in this paragraph 2 and in paragraphs 9 and 12.1.4 of Part VII of this Document, neither the Company, the Existing Directors, the members of the Concert Party, nor any member of their immediate families, related trusts or (so far as the Existing Directors are aware) connected persons, nor any persons acting in concert with the Company, has an interest in or right to subscribe for any relevant securities of the Company including any short position (whether conditional or absolute and whether in the money

or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of the Company during the Disclosure Period.

(c) **General**

- (i) As at the last day of the Disclosure Period, neither the Company, nor the Existing Directors, nor any persons acting in concert with the Company, nor any member of the Concert Party, nor any person acting in concert with them has borrowed or lent any relevant securities of the Company.
- (ii) As at the last day of the Disclosure Period there were no agreements, arrangements or understandings (including any compensation arrangement) between the Concert Party and any of the Existing Directors, recent directors, shareholders or recent shareholders of the Company or any person interested or recently interested in the Shares having any connection with or dependence upon the Proposals.
- (iii) No Shares acquired under the Proposals will be transferred to any other persons.
- (iv) There are no relationships (personal, financial or commercial), arrangements or understandings between the Concert Party, any member of the Concert Party and Cairn or any person who is, or presumed to be, acting in concert with Cairn.

**3. Existing Directors' Current Service Agreements with the Company**

- (a) The particulars of the service agreements of each of the Existing Directors are as follows:
- Martin Lovatt Rosser (Chief Executive Officer) entered into a service agreement with the Company on 1 January 2015 and is entitled to receive a salary of £100,000.00 per annum and is subject to 12 months' notice of termination. Martin was issued with a notice of termination on 4 October 2019 and entered into a settlement agreement on 19 December 2019 with his resignation conditional on Admission, as further described at paragraph 12.1.13 of Part VII.
  - Alan Mitchell Clegg (Non-Executive Chairman) entered into a letter of appointment with the Company on 12 September 2019 (as varied on 6 November 2019) and is entitled to receive a fee of £15,000 per annum and is subject to three months' notice of termination. Alan was issued with a notice of termination on 4 October 2019 and entered into a resignation letter on 19 December 2019 with his resignation conditional on Admission.
  - James Snaddon Bunyan (Non-Executive Deputy Chairman) entered into a letter of appointment with the Company on 12 September 2019 (as varied on 6 November 2019) and is entitled to receive a fee of £15,000 per annum and is subject to three months' notice of termination. James was issued with a notice of termination on 4 October 2019 and entered into a resignation letter on 19 December 2019 with his resignation conditional on Admission.
  - Dr Nigel John Burton (Non-Executive Director) entered into a letter of appointment with the Company on 12 September 2019 (as varied on 6 November 2019) and is entitled to receive a fee of £15,000 per annum and is subject to three months' notice of termination. Nigel was issued with a notice of termination on 4 October 2019. Nigel entered into a letter of appointment with the Company on 19 December 2019, conditional on Admission as further described at paragraph 10.2.2 of Part VII.
- (b) The particulars of the service agreements of each of the Proposed Directors are set out in paragraph 10 of Part VII of this Document.
- (c) Alan Clegg and James Bunyan both had earlier letters of appointment with the Company which were on similar terms to their existing letters of appointment, save in relation to their fees which were previously £10,000 annum. Their new letters of appointment provide for more comprehensive protections in favour of the Company in relation to such matters as express director duties and obligations, confidentiality provisions, provisions for summary termination and a tax indemnity from the director for the benefit of the Company.
- (d) Save as set out above, none of the agreements set out in paragraph (a) above have been entered into or amended during the six months prior to the date of this Document.

- (e) Save as disclosed above and in paragraph 10 of Part VII of this Document, there are no other contracts of service between Existing Directors and Proposed Directors and the Company or any of its subsidiaries.

#### **4. Material Contracts**

Save as disclosed in paragraph 12 of Part VII of this Document, no contracts have been entered into by the Company and/or its subsidiaries, not being contracts entered into in the ordinary course of business, which are, or may be material, during the period beginning two years before the announcement of the Proposals.

#### **5. Significant Changes**

Save as disclosed in this Document, there has been no significant change in the financial or trading position of the Company since 31 December 2018 (the date to which the last audited accounts of the Company were prepared).

#### **6. Miscellaneous**

Cairn has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which it appears.

PKF Littlejohn has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which it appears.

#### **7. Market Quotations**

The following table set out the closing middle market quotations of the Existing Ordinary Shares for the first business day in each of the six months immediately prior to the date of this Document and for 19 December 2019 (being the latest practicable date prior to the publication of this Document):

<i>Date</i>	<i>Price per Existing Ordinary Shares (p)</i>
3 June 2019	0.0525
1 July 2019	0.0500
1 August 2019	0.0450
2 September 2019	0.0450
1 October 2019	0.0275
1 November 2019	0.0275
2 December 2019	0.0275
19 December 2019	0.0275

## **PART IV**

### **HISTORICAL FINANCIAL INFORMATION ON THE COMPANY**

In accordance with Rule 28 of the AIM Rules, this Document does not contain historical financial information on the Company which would otherwise be required by Section 20 of Annex I of the Prospectus Rules.

Published financial information for the Company for the financial periods ending 31 December 2016, 31 December 2017 and 31 December 2018 and the Company's unaudited half-yearly report for the six months ended 30 June 2019 (which was published on 30 September 2019) is incorporated into this Document by reference pursuant to Rule 4.15 of the Takeover Code and is available for download from the Company's website [www.alexandermining.com](http://www.alexandermining.com).

Shareholders, persons with information rights or other recipients of this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by writing to the offices of Cairn Financial Advisers LLP, nominated adviser to the Company, at Cheyne House, Crown Court, 62-63 Cheapside, London, EC2V 6AX or by calling +44 20 7213 0880 between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays).



## PART V

### A – HISTORICAL FINANCIAL INFORMATION ON ELIGHT

PKF Littlejohn LLP



Accountants &  
business advisers

The Directors & Proposed Directors  
Alexander Mining Plc  
Salisbury House  
London Wall  
London  
EC2M 5PS

The Members  
Cairn Financial Advisers LLP  
Cheyne House  
Crown Court  
62–63 Cheapside  
London  
EC2V 6AX

The Directors  
Turner Pope Investments (TPI) Limited  
8 Frederick's Place  
London  
EC2R 8AB

20 December 2019

Dear Sirs

#### **eLight Group Holdings Limited (“eLight”)**

#### **Introduction**

We report on the historical financial information set out in Section A of Part V (the “Financial Information”) relating to eLight Group Holdings Limited (“eLight”). This information has been prepared for inclusion in the AIM admission document dated 20 December 2019 (the “Admission Document”) relating to the proposed readmission to AIM of Alexander Mining Plc (the “Company”) and on the basis of the accounting policies set out in note 2. This report is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

#### **Responsibility**

The Directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in the notes to the Financial Information and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of,

or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to eLight and consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion, the Financial Information gives, for the purpose of the Admission Document dated 20 December 2019, a true and fair view of the state of affairs of eLight Group Holdings Limited as at 30 June 2019 and of its results, cash flows and changes in equity for the period then ended in accordance with the applicable financial reporting framework and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

### **Declaration**

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

Yours faithfully

**PKF Littlejohn LLP**

*Reporting Accountants*

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	Period ended 30 June 2019 €'000
<b>Continuing operations</b>		
Revenue from contracts with customers	4	4,473
Cost of sales	5	(3,116)
<b>Gross profit</b>		1,357
Operating expenses	6	(2,903)
Foreign exchange loss		(3)
Included within operating expenses are:		
– Group central costs		571
– Exceptional items	19	86
Adjusted operating expenses		(2,246)
<b>Adjusted earnings before interest, taxation, depreciation and amortisation</b>		(889)
<b>Earnings before interest, taxation, depreciation and amortisation</b>		(1,549)
Depreciation		(22)
Finance costs		(4)
<b>Loss before income tax</b>		(1,575)
Income tax	8	–
<b>Loss from continuing operations for the period attributable to the owners of the company</b>		(1,575)
<b>Other comprehensive income – items that may be reclassified subsequently to profit and loss</b>		
Translation of foreign operations		(7)
<b>Total other comprehensive loss</b>		(7)
<b>Total comprehensive loss for the period attributable to the owners of the company</b>		(1,582)
Earnings per share (basic and diluted) attributable to the owners of the company (cents)	9	(0.79)

The above results relate entirely to continuing activities.

The accompanying notes form part of this financial information.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		<i>GROUP</i>	<i>COMPANY</i>
		<i>As at</i>	<i>As at</i>
		<i>30 June</i>	<i>30 June</i>
	<i>Notes</i>	<i>2019</i>	<i>2019</i>
		<i>€'000</i>	<i>€'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	83	–
Intangible assets	11	238	–
Investments	12	–	8
<b>Total non-current assets</b>		<u>321</u>	<u>8</u>
<b>CURRENT ASSETS</b>			
Inventories	14	250	–
Amounts due from subsidiaries		–	57
Trade and other receivables	13	193	21
Financial assets at fair value through profit or loss	17	365	–
Cash and cash equivalents	15	218	–
<b>Total current assets</b>		<u>1,026</u>	<u>78</u>
<b>TOTAL ASSETS</b>		<u>1,347</u>	<u>86</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	2,852	–
Borrowings	15	57	57
Amounts due to subsidiaries		–	14
<b>Total current liabilities</b>		<u>2,909</u>	<u>71</u>
<b>TOTAL LIABILITIES</b>		<u>2,909</u>	<u>71</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(1,562)</u>	<u>15</u>
<b>EQUITY</b>			
Share capital	18	20	20
Foreign currency translation reserve		(7)	–
Accumulated deficit		(1,575)	(5)
<b>TOTAL EQUITY</b>		<u>(1,562)</u>	<u>15</u>

The accompanying notes form part of this financial information.

## STATEMENT OF CASHFLOWS

FOR THE PERIOD ENDED 30 JUNE 2019

	<i>GROUP Period ended 30 June 2019 €'000</i>	<i>COMPANY Period ended 30 June 2019 €'000</i>
<i>Notes</i>		
<b>Cash flow from operating activities</b>		
Loss for the period before tax	(1,575)	(5)
Adjustments for:		
Depreciation	22	–
Interest expense	4	–
	<hr/>	<hr/>
Operating cashflow before working capital movements	(1,549)	(5)
Increase in trade and other receivables	(506)	(9)
Increase in inventories	(250)	–
Increase in deferred income	478	–
Increase in trade and other payables	1,945	–
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	118	(14)
	<hr/>	<hr/>
<b>Cash flow from investing activities</b>		
Interest paid	(4)	–
Amounts paid to related parties	–	(43)
Cash acquired on acquisition of subsidiary	166	–
Purchase of property, plant and equipment	(105)	–
	<hr/>	<hr/>
Net cash inflow/(outflow) from investing activities	57	(43)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	175	(57)
Effect of exchange rates on cash	(14)	–
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period	–	–
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>161</b>	<b>(57)</b>
	<hr/>	<hr/>

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The accompanying notes form part of this financial information.

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2019

	Share Capital €'000	Foreign Currency Translation Reserve €'000	Accumulated Deficit €'000	Total €'000
<b>GROUP</b>				
Other comprehensive loss	–	(7)	–	(7)
Loss after income tax expense	–	–	(1,575)	(1,575)
<b>Total comprehensive loss for the period</b>	–	(7)	(1,575)	(1,582)
Shares issued on incorporation	–	–	–	–
Shares issued during the period	20	–	–	20
<b>Total transaction with owners</b>	20	–	–	20
<b>Balance at 30 June 2019</b>	20	(7)	(1,575)	(1,562)
<b>COMPANY</b>				
Other comprehensive loss	–	–	–	–
Loss after income tax expense	–	–	(5)	(5)
<b>Total comprehensive loss for the period</b>	–	–	(5)	(5)
Shares issued on incorporation	–	–	–	–
Shares issued during the period	20	–	–	20
<b>Total transaction with owners</b>	20	–	–	20
<b>Balance at 30 June 2019</b>	20	–	(5)	15

The accompanying notes form part of this financial information.



## NOTES TO THE FINANCIAL INFORMATION

FOR THE PERIOD ENDED 30 JUNE

### 1. GENERAL INFORMATION

eLight Group Holdings Limited ("the Company" or "ELGH") was incorporated on 6 June 2018 with the principal activity of the Company and its subsidiaries being the provision of energy efficient LED lighting solutions to commercial clients in both Ireland and the United Kingdom.

The Company is domiciled, incorporated and registered in Ireland as a limited company with its registered office at 1-3 the Green, Malahide, Co. Dublin K36 N153. The Company's registered number is 628020.

### 2. ACCOUNTING POLICIES

#### 2.1 *Basis of preparation*

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") as adopted by the European Union and the Irish Companies Act 2014 applicable to companies reporting under IFRS. The historical financial information does not constitute statutory accounts as defined in Section 340 of the Companies Act 2014.

The Financial Information has been prepared under the historical cost convention as modified by financial assets at fair value through profit or loss, and the recognition of net assets acquired through business combinations at fair value. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently in the Financial Information. The Financial Information is prepared in €Euro, which is the parent company's functional and presentation currency, and presented to the nearest €'000.

#### 2.2 *New standards, amendments and interpretations*

The Group and parent Company have adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 1 January 2018.

#### 2.3 *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group and Company, except the following set out below:

##### *IFRS 16 "Leases"*

IFRS 16 address the definition of a lease, recognition and measurement of leases and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. The standard replaces IAS 17, 'Leases' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, with earlier adoption permitted.

A key change arising from IFRS 16 is that most operating leases will be accounted for on the balance sheet. Based on existing operating leases under IAS 17, the directors estimate that, if IFRS 16 were implemented on 1 January 2019, right of use assets of €584k would be recognised, together with an additional lease liability of €584k. In future periods, the operating lease charge would be replaced by a depreciation charge and a finance charge that, whilst lower over the life of the lease than the current operating lease charge, is not expected to be materially different.

The directors are in the process of reviewing contracts to identify any additional lease arrangements that would need to be recognised under IFRS 16.

#### 2.4 *Going concern*

The financial information has been prepared on a going concern basis, which assumes that the Group and Company will continue in operational existence for the foreseeable future.

The Group had a net cash inflow from operating activities for the period of €110k and at 30 June 2019 had cash and cash equivalents of €161k.

The Directors consider that the continued adoption of the going concern basis is appropriate having prepared cash flow forecasts for the coming 18 months. The financial statements do not reflect any adjustments that would be required if they were to be prepared on a non going concern basis.

## 2.5 **Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the financial information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The following is the critical judgement the directors have made in the process of applying the Group's accounting policies.

### *Impairment assessment*

In accordance with its accounting policies, each CGU is evaluated annually to determine whether there are any indications of impairment and a formal estimate of the recoverable amount is performed. The recoverable amount is based on value in use which require the Group to make estimates regarding key assumptions including forecast revenues, costs and pre-tax discount rate. Further details are disclosed within note 11. Uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of goodwill in future periods.

## 2.6 **Basis of consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

## 2.7 **Foreign currency translation**

### (i) *Functional and presentation currency*

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in €Euro, which is the Company's presentation and functional currency. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency). Exchange rates published by OFX were used to translate the financial statements of eLight U.K Limited into Euro in accordance with IAS

21 The Effects of Changes in Foreign Exchange Rates. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). The foreign exchange differences on translation of non-euro subsidiaries is recognised in other comprehensive income (loss).

(ii) *Transactions and balances*

Transactions denominated in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction. Assets and liabilities in foreign currencies are translated to the functional currency at rates of exchange ruling at balance date. Gains or losses arising from settlement of transactions and from translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement for the period.

(iii) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at the average exchange rate; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

## 2.8 **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Board of Directors.

## 2.9 **Impairment of non-financial assets**

Non-financial assets and intangible assets not subject to amortisation are tested annually for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment review is based on discounted future cash flows. If the expected discounted future cash flow from the use of the assets and their eventual disposal is less than the carrying amount of the assets, an impairment loss is recognised in profit or loss and not subsequently reversed.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units or 'CGUs').

## 2.10 **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions and bank overdrafts.

## 2.11 **Financial instruments**

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). See Note 24 for further details.

The Group classifies financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

(b) *Recognition*

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Debt instruments*

**Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) *Impairment*

The Group assesses, on a forward looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2.12 **Revenue recognition**

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identity the contract(s) with a customer;

Step 2: Identity the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'deferred income' in the Statement of Financial Position.

The Group derives revenue from the transfer of goods and services overtime and at a point in time in the major product and service lines detailed below.

Revenues from external customers come from the provision of "Light as a Service" (LaaS) agreements where the Group delivers lighting outcomes to its customers over time and from the supply and installation of lighting equipment. The Group may assign all of its right and obligations under a LaaS agreement to a Finance Partner in accordance with the terms of the agreement and will recognise revenue at the time of assignment.

### (a) *Light as a Service*

The Group will undertake to provide Lighting Outcomes to customers over the term of a contract, typically 3, 5 or 7 years. The Group will design the installation of lighting equipment to meet the Lighting Outcomes over the contract term, source and then install that equipment. Once the installation has been accepted the customer will make payments monthly over the contract term. Where a contract is assigned to a Finance Partner then revenue will be recognised at the point of assignment. Where a contract is not assigned the transaction price will be adjusted for the time value of money and the revenue will be recognised rateable over the term.

Included within the LaaS contract is an undertaking to ensure that the agreed Lighting Outcomes are delivered and this may require the repair or replacement of faulty products. This performance obligation is not a material element of the LaaS contract and accordingly revenue is not separately recognised and an accrual for the expected future costs is recognised *pro rata* to the revenue that is recognised.

### (b) *Supply and installation of lighting equipment*

The Group will supply and install lighting equipment for customers. Payment of the transaction price is typically due in instalments between the customer order and the installation being accepted or upon installation acceptance. Revenue is only recognised upon installation acceptance as the Group does not consider the supply of equipment and its installation as distinct performance obligations.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

### (c) *Management services*

The Group provides management services to customers and certain other parties under fixed fee arrangements. Efforts to satisfy the performance obligation are expended evenly throughout the performance period and so the performance obligation is considered to be satisfied evenly over time and accordingly the revenue is recognised evenly over time.

(d) *Energy credits*

From time to time the Group will receive consideration for both LaaS and supply & install contracts in Ireland in the form of energy credits. Energy credits are financial assets that are valued at fair value through profit or loss and their initial estimated value is included as part of the transaction price recognised as revenue. Energy credits are validated by the SEAI (the Irish regulator) and once validated are transferred to an undertaking that needs those energy credits, typically a power generation company. Any changes in the fair value of the energy credits between initial recognition and their realisation for cash are recorded as other gains or losses.

(e) *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

When the Group acquires any plant and equipment it is stated in the financial statements at its cost of acquisition.

Depreciation is charged to write off the costs less estimated residual value of plant and equipment on a straight line basis over their estimated useful lives at the following annual rates:

- Plant and equipment 25%
- Computer equipment 25%

Estimated useful lives and residual values are reviewed each year and amended as required.

## 2.14 **Intangible assets**

Intangible assets acquired as part of a business combination or asset acquisition, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets comprising goodwill are not amortised and are subsequently measured at cost less any impairment. The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

## 2.15 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.16 **Operating leases**

Leases where substantially all the risks and rewards of ownership remain with the lessors are accounted for as operating leases and are accounted for on a straight-line basis over the term of the lease and charged to the income statement.

## 2.17 **Equity**

Share capital is determined using the nominal value of shares that have been issued.



The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Accumulated deficit includes all current and prior period results as disclosed in the income statement.

## 2.18 **Taxation**

Taxation comprises current and deferred tax.

Current tax is based on taxable profit or loss for the period. Taxable profit or loss differs from profit or loss as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## 2.19 **Exceptional items and non-GAAP performance measures**

Exceptional items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the Group's ongoing business. Generally, exceptional items include those items that do not occur often and are material.

In the current period exceptional items relate to the professional fees incurred in forming the Group in 2018, including the acquisition of ELUK described in note 19.

We believe the non-GAAP performance measures presented, along with comparable GAAP measurements, are useful to provide information with which to measure the Group's performance, and its ability to invest in new opportunities. Management uses these measures with the most directly comparable GAAP financial measures in evaluating operating performance and value creation. The primary measure is Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA, which is the measure of profitability before accounting for the central administration function's costs which has been incurred across the Group (and which are disclosed as a separate

operating segment in note 3). These measures are also consistent with how underlying business performance is measured internally.

The Group separately reports exceptional items within their relevant income statement line as it believes this helps provide a better indication of the underlying performance of the Group. Judgement is required in determining whether an item should be classified as an exceptional item or included within underlying results. Reversals of previous exceptional items are assessed based on the same criteria.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP.

### 3. SEGMENT REPORTING

In the opinion of the Directors, during the period ended 30 June 2019 the Group operated in the single business segment of LED lighting solutions.

	<i>United Kingdom</i> €'000	<i>Ireland</i> €'000	<i>Central</i> €'000	<i>2019</i> €'000
Revenue	2,299	2,174	–	4,473
Cost of Sales	(1,648)	(1,468)	–	(3,116)
Gross profit	651	706	–	1,357
Operating expenses	(870)	(1,461)	(4)	(2,335)
<b>Operating EBITDA</b>	(219)	(755)	(4)	(978)
Central management costs	–	–	(571)	(571)
Depreciation	–	(22)	–	(22)
Finance and similar charges	–	(4)	–	(4)
Loss before and after tax	(219)	(781)	(575)	(1,575)
<b>Net Assets</b>				
Assets:	304	796	121	1,221
Liabilities:	(684)	(2,099)	–	(2,783)
Net asset/(liabilities)	(380)	(1,303)	121	(1,562)

### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>2019</i> €'000
Sales revenue	4,112
Energy credits	361
	<u>4,473</u>

Within the sales revenue amount, two customers in the UK accounted for greater than 10 per cent. of total revenue of the Group, being €970,000 and €664,000 respectively. In Ireland €1,615,000 was earned under the contract with eLight Projects Limited ("MPL"), a company of which Ian McKenna is a director.

## 5. COST OF SALES

	<i>2019</i> <i>€'000</i>
Cost of sales – labour	1,088
Cost of sales – other	2,028
	<u>3,116</u>

## 6. EXPENSES BY NATURE

	<i>2019</i> <i>€'000</i>
Wages and salaries	1,408
Sales lead generation	564
Rent, utilities and office costs	337
Travel & motor vehicles expenses	196
Other expenditure	398
	<u>2,903</u>

## 7. EMPLOYEE INFORMATION

	<i>2019</i> <i>Number</i>
The monthly average number of employees (including directors) in the Group during the period was:	
Sales	8
Administration and management	7
Operations	8
	<u>23</u>

	<i>2019</i> <i>€'000</i>
The aggregate remuneration comprised:	
Salaries	1,308
Social security costs	100
	<u>1,408</u>

	<i>Salaries</i> <i>€'000</i>
Directors' remuneration included in the aggregate remuneration above:	
Harvey Sinclair	163
Ian McKenna	154
David Nicholl	41
	<u>358</u>

## 8. TAXATION

2019  
€'000

The charge/credit for the period is made up as follows:

Corporation taxation on the results for the period

—

Income tax (charge)/credit for the period

—

A reconciliation of the tax charge/credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the period is:

Loss per financial statements

(1,575)

Tax credit at the weighted average of the standard rate of corporation tax in Ireland of 12.5% and UK of 19% – being 14.7%

(232)

Impact of costs disallowed for tax purposes

13

Unrelieved tax losses carried forward on which no deferred tax asset is recognised

219

Income tax (charge)/credit for the period

—

Estimated UK and Ireland tax losses of €561k and €1,013k are available for relief against future profits and a deferred tax asset of €232k has not been provided for in the financial statements based on the estimated tax losses.

### **Factors affecting the future tax charge**

The standard rate of corporation tax in Ireland is 12.5 per cent. The standard rate of UK corporation tax is 19 per cent. and will reduce to 17 per cent. from 1 April 2020.

## 9. EARNINGS PER SHARE

The calculation of the earnings per share is based on the loss for the financial period after taxation of €1,575k and on the weighted average of 2,000,000 ordinary shares in issue during the period.

There is no diluted loss per share to report for the period.

## 10. PROPERTY, PLANT AND EQUIPMENT

	<i>Property, plant &amp; equipment €'000</i>	<i>Computer equipment €'000</i>	<i>2019 €'000</i>
<b>Cost</b>			
Additions in the period	2	103	105
At 30 June 2019	2	103	105
<b>Depreciation</b>			
Charge for the period	—	22	22
At 30 June 2019	—	22	22
<b>Net book value</b>			
At 30 June 2019	2	81	83

## 11. INTANGIBLE ASSETS

The intangible assets relate to the Goodwill arising on the acquisition of ELUK. See note 19 for further details. The Group tests the intangible asset for indications of impairment at each reporting period, in line with accounting policies. The intangible asset is a key asset and is recognised as an intangible asset with an indefinite useful life.

	<i>Goodwill</i> 2019 €'000
Additions during the period	238
At 30 June 2019	238

The recoverable amount of the cash generating unit was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management which are built “bottom up” for the next three years. Within those cash flow projections revenues increase at a compound annual growth rate of 49 per cent. The annual discount rate applied to the cash flows is 10 per cent.

The directors have considered and assessed reasonably possible changes in key assumptions and have not identified any instances that could cause the carrying amount to exceed recoverable amount.

## 12. INVESTMENTS

The Company holds interests in two subsidiary companies being:

	<i>Country of incorporation</i>	<i>% age interest</i>	<i>2019 €'000</i>
E-Light UK Limited	England and Wales	100	8
E-Light Ireland Limited	Ireland	100	–
			8

At the same time as the acquisition of eLight U.K Limited, the Company’s Irish subsidiary, E-Light Ireland, entered into a contract with a third party to source customers and complete LED installations at those customers’ sites. Prior to that neither the Company nor its subsidiary had traded.

## 13. TRADE AND OTHER RECEIVABLES

	<i>Group 2019 €'000</i>	<i>Company 2019 €'000</i>
Trade receivables	77	–
Accrued revenue	26	–
Prepayments	56	9
Other receivables	34	12
	193	21

The Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.

#### 14. INVENTORY

	<i>Group</i> <i>2019</i> <i>€'000</i>	<i>Company</i> <i>2019</i> <i>€'000</i>
The balance at period end comprised:		
Work in progress	210	–
Finished goods	40	–
	<u>250</u>	<u>–</u>

Inventories are stated at the lower of cost and net realisable value.

#### 15. CASH AND CASH EQUIVALENTS

Cash at bank comprises balances held by the Group in current bank accounts less bank overdrafts. The carrying value of these approximates to their fair value.

	<i>Group</i> <i>2019</i> <i>€'000</i>	<i>Company</i> <i>2019</i> <i>€'000</i>
Cash and cash equivalents	218	–
Borrowings – bank overdraft	(57)	(57)
Balance per statement of cash flows	<u>161</u>	<u>(57)</u>

Subsequent to period end, the bank overdraft was settled by the Company.

#### 16. TRADE AND OTHER PAYABLES

	<i>Group</i> <i>2019</i> <i>€'000</i>	<i>Company</i> <i>2019</i> <i>€'000</i>
<b>Current liabilities</b>		
Trade payables	1,786	–
Accrued expenses	371	–
Deferred income	479	–
Other payables	216	–
	<u>2,852</u>	<u>–</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and continuing costs. The Directors consider that the carrying value amount of trade and other payables approximates to their fair value. Refer Note 24.

Deferred income represents revenues collected but not yet earned as at the period ended 30 June 2019.



## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at fair value through profit or loss:

	<i>Group 2019 €'000</i>	<i>Company 2019 €'000</i>
Energy credits	365	–
	<u>365</u>	<u>–</u>

The energy credits are measured under level 2 of the fair value hierarchy as described in Note 24.

## 18. SHARE CAPITAL

	<i>Number of shares on issue</i>	<i>Share capital €'000</i>
At incorporation	100	–
Shares issued during the period	1,999,900	20
Balance as at 30 June 2019	<u>2,000,000</u>	<u>20</u>

The Company has three class of shares, being A ordinary shares (1,120,000), B ordinary shares (800,000) and C ordinary shares (80,000), all of par value €0.01. A and B ordinary shares have equal voting rights and the C ordinary shares are non-voting. All of the ordinary shares rank *pari passu* for the distribution of dividends and repayment of capital.

The A ordinary and C ordinary shares are called up and unpaid, whilst the B ordinary shares which were issued as consideration of eLight U.K Limited (refer Note 19) are all fully paid.

## 19. BUSINESS COMBINATIONS

On 28 June 2018 the Company acquired all of the share capital of E-light Works Limited (now known as eLight U.K Limited). Consideration was the issue of 800,000 B ordinary shares at their nominal value. The acquisition created a larger LaaS business across the UK & Ireland which has realised operational and cost synergies. ELUK represents all of the United Kingdom segment presented in Note 3.

The fair value of the assets acquired and liabilities assumed of ELUK at the date of acquisition are as follows:

	<i>€'000</i>
Property, plant and equipment	1
Cash at bank	166
Trade and other receivables	78
Trade and other payables	(475)
Total identifiable net assets (liabilities) acquired	(230)
Goodwill	238
Total consideration	<u>8</u>

Costs incurred that are related to the acquisition of ELUK and the formation of the Group of €86k have been expensed and classified as exceptional items in the income statement.

Goodwill relates to the accumulated “know how” and expertise of the business and its staff.

None of the goodwill is expected to be deducted for income tax purposes.

## 20. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2019.

## 21. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2019.

## 22. COMMITMENTS UNDER OPERATING LEASES

The Group leases office space and motor vehicles under non-cancellable operating lease agreements with the office space in Ireland being leased for a 20 year term which commenced May 2018.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	€'000
Within one year	79
Between one and five years	284
After more than 5 years	899
At 30 June 2019	<u>1,262</u>

## 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	<i>Financial assets at fair value through profit or loss €'000</i>	<i>Financial assets at amortised cost €'000</i>	<i>Financial liabilities at amortised cost €'000</i>	<i>Total €'000</i>
<b>Financial assets/liabilities</b>				
Fair value assets through profit or loss	365	–	–	365
Trade and other receivables	–	111	–	111
Cash and cash equivalents	–	218	–	218
Borrowings – bank overdraft	–	–	(57)	(57)
Trade and other payables	–	–	(2,852)	(2,852)
	<u>365</u>	<u>329</u>	<u>(2,909)</u>	<u>(2,215)</u>

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Capital Risk Management

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of the Company and the Group is to minimise costs and liquidity risk.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, foreign exchange reserves and retained earnings as disclosed in the Consolidated Statement of Changes of Equity.

The Group is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange and liquidity risks. The management of these risks is vested to the Board of Directors.

The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense/decrease in interest income.

### ***Fair Value Measurements Recognised in the Statement of Financial Position***

The following provides an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 & 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 2 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Level 3 assets are assets whose fair value cannot be determined by using observable inputs or measures, such as market prices or models. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges.

### ***Equity Price Risk***

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for both strategic and trading purposes.

### ***Interest Rate Risk***

The Group is exposed to interest rate risk whereby the risk can be a reduction of interest received on cash surpluses held and an increase in interest on borrowings the Group may have. The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	2019 €'000
Bank balances	218

Given the extremely low interest rate environment on bank balances, any probable movement in interest rates would have an immaterial effect.

	2019 €'000
Bank overdraft	57

The bank overdraft attracts an interest rate of 7.85 per cent. Assuming the amount at period end was held for a year, a 10 per cent. movement in this rate would have a €4k effect on amount owing.

### ***Credit Risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Indicators that there is no reasonable expectation of recovery include, amongst others, failure to make contractual payments for a period of greater than 120 days past due.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of the Company and Group are bank balances and trade receivables. The Group deposits surplus liquid funds with counterparty banks that have high credit ratings and the Directors consider the credit risk to be minimal.

The Group's maximum exposure to credit by class of individual financial instrument is shown in the table below:

	2019 Carrying Value €'000	2019 Maximum Exposure €'000
Cash and cash equivalents	161	161
Trade receivables	77	77
	<u>238</u>	<u>238</u>

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

#### *Trade receivables*

The Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS's. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities as well as the impairment of financial assets.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. During the period, there were no credit losses experienced and no loss allowance being recorded.

#### **Currency Risk**

The Group operates in a global market with income and costs possibly arising in a number of currencies and is exposed to foreign currency risk arising from commercial transactions, translation of assets and liabilities and net investment in foreign subsidiaries. Exposure to commercial transactions arise from sales or purchases by operating companies in currencies other than the Companies' functional currency. Currency exposures are reviewed regularly.

The Group has a limited level of exposure to foreign exchange risk through their foreign currency denominated cash balances:

	2019 €'000
<b>Cash and cash equivalents</b>	
GBP	<u>69</u>
	<u>69</u>

The table below summaries the impact of a 10 per cent. increase/decrease in the relevant foreign exchange rates versus the €EUR rate for the Group's pre-tax earnings for the period and on equity.

	2019 €'000
<b>Impact of 10% rate change</b>	
As at 30 June	<u>7</u>

### **Liquidity Risk**

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Group seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

The Group had cash and cash equivalents at period end as below:

	2019 €'000
Cash and cash equivalents	161

### **25. RELATED PARTY TRANSACTIONS**

The remuneration of the Directors is disclosed in note 7.

The Directors are the beneficial owners of the following number of shares as at the year end, all of which were issued as part of the formation of the Group:

	<i>Number</i>
Harvey Sinclair	476,500
Ian McKenna	476,500
David Nicholl	303,000

As at period end, amounts were owed between the following Group Companies:

	2019 €'000
<b>eLight U.K Limited:</b>	
eLight Group Holdings Limited	262
eLight Ireland Limited	57
	<hr/> 319
<b>eLight Group Holdings Limited:</b>	
E-Light Ireland Limited	14
	<hr/> 14

Ian McKenna is a director of MPL and E-Light Solutions DAC ("Solutions"). MPL is the principal customer of the Group in Ireland and during the year paid the Group to provide LaaS solutions to its customers. The Group earned €1,615,000 in revenue from MPL and had net balances owing to MPL, primarily Deferred Income, of €687,000. During the year the Group purchased inventory, fixed assets and services from Solutions totalling €759,000. At the year end the Group owed Solutions €659,000 which is included in trade payables in note 16.

### **26. EVENTS SUBSEQUENT TO PERIOD END**

In August 2019 the Company issued 23,000 B ordinary shares for cash consideration of €56,000.

In September 2019 the Company took out a loan for €1.6m. The loan has an interest rate of 13.5 per cent. and is repayable over 4 years in monthly instalments with a 12-month holiday on principal repayments. The

loan is secured by a debenture over the assets of the Company and its trading subsidiaries. With the loan proceeds the Company repaid its secured overdraft and the overdraft security was released.

## **27. CONTROL**

In the opinion of the Directors as at the period end and the date of these financial statements there is no single ultimate controlling party.



## PART V

### B – HISTORICAL FINANCIAL INFORMATION ON ELIGHT UK

#### ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF eLIGHT U.K LIMITED

PKF Littlejohn LLP



Accountants &  
business advisers

The Directors & Proposed Directors  
Alexander Mining Plc  
Salisbury House  
London Wall  
London  
EC2M 5PS

The Members  
Cairn Financial Advisers LLP  
Cheyne House  
Crown Court  
62–63 Cheapside  
London  
EC2V 6AX

The Directors  
Turner Pope Investments (TPI) Limited  
8 Frederick’s Place  
London  
EC2R 8AB

20 December 2019

Dear Sirs

#### **eLight U.K Limited (“ELUK”)**

#### **Introduction**

We report on the historical financial information set out in Section B of Part V (the “Financial Information”) relating to eLight U.K Limited (“ELUK”). This information has been prepared for inclusion in the AIM admission document dated 20 December 2019 (the “Admission Document”) relating to the proposed readmission to AIM of Alexander Mining Plc (the “Company”) and on the basis of the accounting policies set out in note 2. This report is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

#### **Responsibility**

The Directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in the notes to the Financial Information and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in

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

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to ELUK and consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion, the Financial Information gives, for the purpose of the Admission Document dated 20 December 2019, a true and fair view of the state of affairs of eLight U.K Limited as at 30 June 2019 and of its results, cash flows and changes in equity for the period then ended in accordance with the applicable financial reporting framework and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

### **Declaration**

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

Yours faithfully

**PKF Littlejohn LLP**

*Reporting Accountants*

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2019

	Notes	Period ended 30 June 2019 £'000
Revenue	4	2,791
Cost of sales	5	(1,965)
<b>Gross profit</b>		826
Operating expenses	6	(1,439)
Included within operating expenses are:		
– Group central costs	6	373
– Exceptional items	6	52
Adjusted operating expenses		(1,014)
<b>Adjusted earnings before interest, taxation, depreciation and amortisation</b>		(188)
<b>Earnings before interest, taxation, depreciation and amortisation</b>		(613)
Finance costs		(17)
<b>Loss before income tax</b>		(630)
Income tax	8	–
<b>Loss after taxation for the period attributable to the owners of the company</b>		(630)

The above results relate entirely to continuing activities.

The accompanying notes form part of this financial information.

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 £'000
<b>NON-CURRENT ASSETS</b>		
Property plant and equipment	9	2
Intangible assets	10	70
		<hr/> 72
<b>Total non-current assets</b>		
<b>CURRENT ASSETS</b>		
Trade and other receivables	11	101
Inventory	12	36
Cash and cash equivalents	13	62
		<hr/> 199
<b>Total current assets</b>		
<b>TOTAL ASSETS</b>		<hr/> 271
<b>CURRENT LIABILITIES</b>		
Trade and other payables	14	614
Amounts due to related parties		286
		<hr/> 900
<b>TOTAL LIABILITIES</b>		
<b>NET LIABILITIES</b>		<hr/> (629)
<b>EQUITY</b>		
Share capital	18	1
Accumulated deficit		(630)
		<hr/> (629)
<b>TOTAL EQUITY</b>		<hr/> (629)

The accompanying notes form part of this financial information.

**STATEMENT OF CASHFLOW**

FOR THE PERIOD ENDED 30 JUNE 2019

	<i>Notes</i>	<i>Period ended 30 June 2019 £'000</i>
<b>Cash flow from operating activities</b>		
Loss for the period before tax		(630)
Adjustments for:		
Depreciation		–
Finance expense		17
		<hr/>
Operating cashflow before working capital movements		(613)
Increase in trade and other receivables		(101)
Increase in inventory		(36)
Increase in deferred income		89
Increase in trade and other payables		525
		<hr/>
Net cash outflow from operating activities		(136)
<b>Cash flow from investing activities</b>		
Net advance from related parties		270
Intangible asset on acquisition		(70)
Purchase of property, plant and equipment		(2)
		<hr/>
Net cash inflow from investing activities		198
		<hr/>
Net increase in cash and cash equivalents		62
Cash and cash equivalents at the beginning of the period		–
		<hr/>
<b>Cash and cash equivalents at the end of the period</b>	13	<u>62</u>

The accompanying notes form part of this financial information.

**STATEMENT OF CHANGES IN EQUITY**

FOR THE PERIOD 30 JUNE 2019

	<i>Share Capital £'000</i>	<i>Accumulated Deficit £'000</i>	<i>Total £'000</i>
Loss after income tax expense	—	(630)	(630)
<b>Total comprehensive loss for the period</b>	—	(630)	(630)
Shares issued on incorporation	—	—	—
Shares issued during the period	1	—	1
<b>Balance at 30 June 2019</b>	<u>1</u>	<u>(630)</u>	<u>(629)</u>

The accompanying notes form part of this financial information.

## NOTES TO THE FINANCIAL INFORMATION

FOR THE PERIOD ENDED 30 JUNE 2019

### 1. GENERAL INFORMATION

The principal activity of eLight U.K Limited ("ELUK") and is the provision of energy efficient LED lighting solutions to commercial clients in the United Kingdom, primarily through Light as a Service ("LaaS") agreements.

ELUK was incorporated on 21 February 2019 and is domiciled and registered in England and Wales as a limited company with its registered office at 32 Threadneedle Street, London, United Kingdom, EC2R 8AY. ELUK registered number is 11217759. ELUK purchased the trade and assets of Energy Works with effect from 01 March 2018 and commenced trading on that date.

### 2. ACCOUNTING POLICIES

#### 2.1 *Basis of preparation*

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The historical Financial Information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The Financial Information has been prepared under the historical cost convention. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently for all periods presented in these Financial Information. The Financial Information is prepared in £GBP and presented to the nearest £'000.

The Financial Information for ELUK has been prepared solely for inclusion in the Admission Document. ELUK was acquired by eLight Group Holdings Limited on 28 June 2018 and therefore the period from 21 February 2018 to 27 June 2018 was not consolidated in this Financial Information for the eLight Group included in Part V of this Document. Therefore, the Financial Information for ELUK bridges the gap from incorporation to acquisition by eLight Group Holdings Limited.

#### 2.2 *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the Financial Information of ELUK.

#### 2.3 *Going concern*

The Financial Information has been prepared on a going concern basis, which assumes that ELUK will continue in operational existence for the foreseeable future.

ELUK had a net cash outflow from operating activities for the period of £136k and at 30 June 2019 had cash and cash equivalents balance of £62k. ELUK is an integral part of the eLight Group and the parent company has confirmed that it will support ELUK so that it is able to meet its debts as they fall due.

The Directors consider that the continued adoption of the going concern basis is appropriate having reviewed the forecasts for the coming 18 months and the Financial Information does not reflect any adjustments that would be required if they were to be prepared on any basis.

#### 2.4 *Critical accounting judgements and key sources of estimation uncertainty*

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the Financial Information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The following is the critical judgement the directors have made in the process of applying ELUK's accounting policies.



### *Impairment assessment*

In accordance with its accounting policies, each CGU is evaluated annually to determine whether there are any indications of impairment and a formal estimate of the recoverable amount is performed. The recoverable amount is based on value in use which require ELUK to make estimates regarding key assumptions including forecast revenues, costs and pre-tax discount rate. Further details are disclosed within note 10. Uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of goodwill in future periods.

## **2.5 Foreign currency translation**

The Financial Information is presented in Sterling which is ELUK's functional and presentational currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transaction. At each balance sheet date, monetary assets and liabilities are retranslated at the rates prevailing at the balance sheet date with differences recognised in the Statement of Comprehensive Income in the period in which they arise.

## **2.6 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the eLight Group Executive team. ELUK represents one of the segments of the eLight Group reported to the eLight Group Executive team and accordingly no further segmental analysis is provided in these financial statements.

## **2.7 Impairment of non-financial assets**

Non-financial assets and identifiable intangibles are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment review is based on discounted future cash flows. If the expected discounted future cash flow from the use of the assets and their eventual disposal is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

## **2.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions.

## **2.9 Financial instruments**

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

### *(a) Classification*

ELUK classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on ELUK's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether ELUK has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). See Note 18 for further details.

ELUK classifies financial assets as at amortised costs only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

(b) *Recognition*

Purchases and sales of financial assets are recognised on trade date (that is, the date on which ELUK commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and ELUK has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, ELUK measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Debt instruments*

**Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

*Equity instruments*

ELUK subsequently measures all equity investments at fair value. Where ELUK's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when ELUK's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) *Impairment*

ELUK assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, ELUK applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2.10 **Revenue recognition**

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identity the contract(s) with a customer;

Step 2: Identity the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

ELUK recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of ELUK's activities, as described below.

ELUK bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where ELUK makes sales relating to a future financial period, these are deferred and recognised under 'deferred income' on the Statement of Financial Position.

ELUK derives revenue from the transfer of goods and services overtime and at a point in time in the major product and service lines detailed below.

Revenues from external customers come from the provision of "Light as a Service" (LaaS) agreements where ELUK delivers lighting outcomes to its customers over time and from the supply and installation of lighting equipment. ELUK may assign all of its right and obligations under a LaaS agreement to a Finance Partner in accordance with the terms of the agreement and will recognise revenue at the time of assignment.

(a) *Light as a Service*

ELUK will undertake to provide Lighting Outcomes to customers over the term of a contract, typically 5 or 7 years. ELUK will design the installation of lighting equipment to meet the Lighting Outcomes over the contract term, source and then install that equipment. Once the installation has been accepted the customer will make payments monthly over the contract term. Where a contract is assigned to a Finance Partner then revenue will be recognised at the point of assignment. Where a contract is not assigned the transaction price will be adjusted for the time value of money and the revenue will be recognised rateable over the term.

Included within the LaaS contract is an undertaking to ensure that the agreed Lighting Outcomes are delivered, and this may require the repair or replacement of faulty products. This performance obligation is not a material element of the LaaS contract and accordingly revenue is not separately recognised and an accrual for the expected future costs is recognised *pro rata* to the revenue that is recognised.

(b) *Supply and installation of lighting equipment*

ELUK will supply and install lighting equipment for customers. Payment of the transaction price is typically due in instalments between the customer order and the installation being accepted or upon installation acceptance. Revenue is only recognised upon installation acceptance as ELUK does not consider the supply of equipment and its installation as distinct performance obligations.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

(c) *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

When ELUK acquires any plant and equipment it is stated in the accounts at its cost of acquisition less a provision.

Depreciation is charged to write off the costs less estimated residual value of plant and equipment on a straight basis over their estimated useful lives at the following annual rates:

- Computer equipment 25%

Estimated useful lives and residual values are reviewed each year and amended as required.

## 2.12 **Intangible assets**

Intangible assets acquired as part of a business combination or asset acquisition, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. The gains and losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### 2.13 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.14 **Operating leases**

Leases where substantially all the risks and rewards of ownership remain with the lessors are accounted for as operating leases and are accounted for on a straight-line basis over the term of the lease and charged to the income statement.

### 2.15 **Equity**

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Accumulated deficit includes all current and prior period results as disclosed in the income statement.

### 2.16 **Taxation**

Tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where ELUK is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and ELUK intends to settle its current tax assets and liabilities on a net basis.

## 2.17 **Exceptional items and non-GAAP performance measures**

Exceptional items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of ELUK's ongoing business. Generally, exceptional items include those items that do not occur often and are material.

In the current period exceptional items relate to the professional fees incurred in buying the trade and assets from the Administrators of Energy Works in March 2018.

We believe the non-GAAP performance measures presented, along with comparable GAAP measurements, are useful to provide information with which to measure the Group's performance, and its ability to invest in new opportunities. Management uses these measures with the most directly comparable GAAP financial measures in evaluating operating performance and value creation. The primary measure is Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA, which is the measure of profitability before accounting for the central administration function's costs which has been incurred across ELUK. These measures are also consistent with how underlying business performance is measured internally.

ELUK separately reports exceptional items within their relevant income statement line as it believes this helps provide a better indication of the underlying performance of ELUK. Judgement is required in determining whether an item should be classified as an exceptional item or included within underlying results. Reversals of previous exceptional items are assessed based on the same criteria.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, Financial Information presented in compliance with GAAP.

## 3. **SEGMENT REPORTING**

In the opinion of the Directors, during the period ended 30 June 2019 ELUK operated in the single business segment of LED lighting solutions.

## 4. **REVENUE FROM CONTRACTS WITH CUSTOMERS**

	2019 £'000
Sales revenue	2,791
	<u>2,791</u>

## 5. **COST OF SALES**

	2019 £'000
Cost of sales – labour	680
Cost of sales – other	1,285
	<u>1,965</u>

## 6. OPERATING EXPENSES

	2019 £'000
Professional fees	55
Contractors and consultants	118
Wages and salaries	990
Travel & motor vehicles expenses	79
Exceptional costs (net)	52
Other expenditure	145
	<u>1,439</u>

Exceptional costs comprise the costs associated with the acquisition of the trade and assets from the administrators and payments made to pre-administration creditors necessary to ensure uninterrupted services less the write off of a loan made by David Nicholl of £113,000.

Within the total above is £373k of central costs, £334k of which related to wages and salaries.

## 7. EMPLOYEE INFORMATION

	2019 Number
The monthly average number of employees (including directors) in ELUK during the period was:	
Sales	3
Administration and management	5
Operations	3
	<u>11</u>
	2019 £'000
The aggregate remuneration comprised:	
Salaries	920
Social security costs	70
	<u>990</u>

During the period the three directors received aggregate remuneration of £301,000 of which the highest paid director received £137,000

## 8. TAXATION

	2019 £'000
The charge/credit for the period is made up as follows:	
Corporation taxation on the results for the period	—
Taxation (charge)/credit for the period	—
A reconciliation of the tax charge/credit appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the period is:	
Loss per Financial Information	(630)
Tax credit at the standard rate of corporation tax of 19%	(120)
Impact of costs disallowed for tax purposes	10
Unrelieved tax losses carried forward on which no deferred tax asset is recognised	110
	<u>—</u>

Estimated tax losses of approximately £578k are available for relief against future profits and a deferred tax asset of £120k has not been provided for in the Financial Information based on the estimated tax losses.

### **Factors affecting the future tax charge**

The standard rate of corporation tax in the UK changed from 20 per cent. to 19 per cent. with effect from 1 April 2017. Accordingly, ELUK's effective tax rate for the period was 19 per cent.

A further change in the corporation tax rate from 19 per cent. to 17 per cent. (effective from 1 April 2020) was substantially enacted on 15 September 2016, therefore the potential deferred tax asset has been assessed on this basis.

## **9. PROPERTY, PLANT AND EQUIPMENT**

	<i>Computer equipment £'000</i>	<i>2019 £'000</i>
<b>Cost</b>		
Additions in the period	2	2
At 30 June 2019	2	2
<b>Depreciation</b>		
Charge for the period	–	–
At 30 June 2019	–	–
<b>Net book value</b>		
At 30 June 2019	2	2

## **10. INTANGIBLE ASSETS**

The intangible assets relate to the purchase of the trading assets of Energy Works Advisory Limited and Energy Works Investments plc (together "Energy Works"). The intangible asset is goodwill that is attributable to "know how" and expertise of the business and its staff. Goodwill is recognised as an intangible asset with an indefinite useful life.

	<i>2019 £'000</i>
Additions during the period	70
At 30 June 2019	70

Goodwill represents the right of ELUK to continue the business of Energy Works and to use the trading name, including the transfer of certain employees.

## **11. TRADE AND OTHER RECEIVABLES**

	<i>2019 £'000</i>
Trade receivables	51
Accrued revenue	23
Prepayments	8
Other receivables	19
	101

The Directors consider that the carrying value amount of trade and other receivables approximates to their fair value.



## 12. INVENTORY

	2019 £'000
Work in progress	36
	<u>36</u>

Inventories are stated at the lower of cost and net realisable value.

## 13. CASH AND CASH EQUIVALENTS

Cash at bank comprises balances held by ELUK in current bank accounts. The carrying value of these approximates to their fair value.

	2019 £'000
Cash at bank	62
	<u>62</u>

## 14. TRADE AND OTHER PAYABLES

	2019 £'000
<b>Current trade and other payables</b>	
Trade payables	381
Accrued expenses	100
Deferred income	89
Other payables	44
	<u>614</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and continuing costs. The Directors consider that the carrying value amount of trade and other payables approximates to their fair value. Refer Note 18.

Deferred income represents revenues collected but not yet earned as at the period ended 30 June 2019.

## 15. SHARE CAPITAL

	<i>Number of shares on issue</i>	<i>Share capital £'000</i>
At incorporation	1	–
Shares issued during the period	979	1
Balance as at 30 June 2019	<u>980</u>	<u>1</u>

ELUK has only one class of share. All ordinary shares have equal voting rights and rank *pari passu* for the distribution of dividends and repayment of capital.

## 16. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2019.

## 17. CONTINGENT LIABILITIES

In May 2019 ELUK provided a debenture as security for an overdraft facility granted to its parent company, eLight Group Holdings Limited ("ELGH"). This debenture was released after ELGH repaid the overdraft and cancelled the facility in September 2019.

## 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Capital Risk Management

ELUK manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders. The overall strategy of ELUK is to minimise costs and liquidity risk.

The capital structure of ELUK consists of equity attributable to equity holders, comprising issued share capital and retained earnings as disclosed in the Consolidated Statement of Changes of Equity.

ELUK is exposed to a number of risks through its normal operations, the most significant of which are interest, credit, foreign exchange and liquidity risks. The management of these risks is vested to the Board of Directors.

The sensitivity has been prepared assuming the liability outstanding was outstanding for the whole period. In all cases presented, a negative number in profit and loss represents an increase in finance expense/decrease in interest income.

	<i>Financial assets at amortised cost £'000</i>	<i>Financial liabilities at amortised cost £'000</i>	<i>Total £'000</i>
<b>Financial assets/liabilities</b>			
Trade and other receivables	93	–	93
Cash and cash equivalents	62	–	62
Trade and other payables	–	(525)	(525)
	<u>155</u>	<u>(525)</u>	<u>(370)</u>

### Fair Value Measurements Recognised in the Statement of Financial Position

The following provides an analysis of ELUK's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 & 2 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 2 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Level 3 assets are assets whose fair value cannot be determined by using observable inputs or measures, such as market prices or models. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges.

### Interest Rate Risk

ELUK is exposed to interest rate risk whereby the risk can be a reduction of interest received on cash surpluses held and an increase in interest on borrowings ELUK may have. The maximum exposure to interest rate risk at the reporting date by class of financial asset was:

	<i>2019 £'000</i>
Bank balances	<u>62</u>

Give the extremely low interest rate environment on bank balances, any movement in interest rates of 10 per cent. would have immaterial effect.

### **Credit Risk**

Credit risk is the risk of financial loss to ELUK if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from ELUK's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

The principal financial assets of ELUK are bank balances and receivables. ELUK deposits surplus liquid funds with counterparty banks that have high credit ratings and the Directors consider the credit risk to be minimal.

ELUK's maximum exposure to credit by class of individual financial instrument is shown in the table below:

	<i>2019</i> <i>Carrying</i> <i>Value</i> <i>£'000</i>	<i>2019</i> <i>Maximum</i> <i>Exposure</i> <i>£'000</i>
Cash and cash equivalents	62	62
Trade receivables	51	51
	<u>113</u>	<u>113</u>

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

#### *Trade receivables*

ELUK has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS's. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities as well as the impairment of financial assets.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires ELUK to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

ELUK applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. During the period, there were no credit losses experienced and no loss allowance being recorded.

### **Currency Risk**

ELUK operates in a global market and whilst its income is all denominated in Sterling the costs are denominated in a number of currencies (principally Euros) so ELUK is exposed to foreign currency risk arising from commercial transactions and translation of assets and liabilities from foreign related parties.

The table below summaries the impact of a 10 per cent. increase/decrease in the relevant foreign exchange rates versus the £GBP rate for ELUK's pre-tax earnings for the period and on equity.

	<i>2019</i> <i>£'000</i>
<b>Impact of 10% rate change</b>	
As at 30 June	<u>2</u>

### **Liquidity Risk**

Liquidity risk is the risk that ELUK will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. ELUK's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to ELUK's reputation.

ELUK seeks to manage liquidity risk by regularly reviewing cash flow budgets and forecasts to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. ELUK deems there is sufficient liquidity for the foreseeable future.

ELUK had cash and cash equivalents at period end as below:

	2019 £'000
Cash and cash equivalents	62

### **19. RELATED PARTY TRANSACTIONS**

The remuneration of the directors for the period is disclosed in note 7.

As at period end ELUK amount the following to Group companies:

	2019 £'000
E-Light Ireland Limited	235
eLight Group Holdings Limited	51
	286

ELUK has received advances of £103,000 from, and provided services with a value of £54,000 to, E-Light Solutions DAC ("Solutions"), a company of which a director of eLight Group Holdings Limited is also a director. All transactions were on an arm's length basis and at the year end ELUK owed Solutions £49,000.

### **20. EVENTS SUBSEQUENT TO PERIOD END**

In September 2019, as part of the security for a loan taken by ELGH, ELUK granted the lender a debenture over its assets.

### **21. CONTROL**

In the opinion of the Directors as at the period end and the date of these Financial Information there is no single ultimate controlling party over and above ELUK's immediate parent undertaking – eLight Group Holdings Limited.

## **PART VI**

### **UNAUDITED PRO FORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP**

Set out below is an unaudited pro forma statement of net assets as at 30 June 2019 (the “Unaudited Pro Forma Financial Information”) of Alexander Mining plc (“the Company”) and eLight Group Holdings Ltd (including consolidated subsidiaries) (together “the Enlarged Group”). The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared on the basis set out in the notes below to illustrate the impact of the Placing and proposed acquisition as if it had taken place on 1 July 2018.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group’s financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The Unaudited Pro Forma Financial Information is based on the unaudited net assets of the Enlarged Group’s as at 30 June 2019 as shown in Part IV and V (*Historical Financial Information*). No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2019, being the date of the last published balance sheet of the Company.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Document and not rely solely on the summarised financial information contained in this Part.

## Unaudited pro forma statement of net assets

### Notes:

#### Unaudited pro forma statement of net assets at 30 June 2019

	<i>The Company Net assets as at June 2019 (Note 1) £'000</i>	<i>eLight Group Holdings Ltd Net assets as at June 2019 (Note 2) £'000</i>	<i>Issue of Placing Shares net of costs (Note 3) £'000</i>	<i>Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on admission £'000</i>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	–	214	–	214
Property, plant and equipment	–	75	–	75
<b>Non-current assets</b>	–	289	–	289
<b>Current assets</b>				
Inventories	–	224		224
Trade and other receivables	30	149	–	179
Accrued revenue	–	351	–	351
Cash and cash equivalents	195	144	1,340	1,679
<b>Current assets</b>	225	868	1,340	2,433
<b>Total assets</b>	225	1,157	1,340	2,722
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	373	2,558	–	2,931
<b>Total liabilities</b>	373	2,558	–	2,931
<b>Total assets less total liabilities</b>	(148)	(1,401)	1,340	(209)

### Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The unaudited net assets of the Company as at 30 June 2019 have been extracted without adjustment from the unaudited interim Financial Statements which were published on 30 September 2019.
2. The net assets of eLight Group Holdings Ltd (including consolidated subsidiaries) as at 30 June 2019 have been extracted without adjustment from the Historic Financial Information to which is set out in Part V of this document and converted to GBP at the closing rate on 30 June 2019 of EUR €1.11 to £1.
3. An adjustment has been made to reflect the proceeds of a placing of 26,666,667 New Ordinary Shares of the Company at an issue price of 7.5p per New Ordinary Share net of an adjustment to reflect the payment in cash of admission costs estimated at approximately £660k.
4. No adjustments have been made to the historical results of any entities within the Enlarged Group to reflect the trading or other transactions.
5. As at 19 November 2019 (the latest practical date prior to the publication of the Admission Document) the exchange rate between the EUR (€) and GBP (£) was 1.17.
6. The pro forma statement of net assets does not constitute financial statements.

## **PART VII**

### **ADDITIONAL INFORMATION**

#### **1. Responsibility**

- 1.1 The Existing Directors and the Proposed Directors, whose names appear on page 16 of this Document, and the Company accept individual and collective responsibility for the information contained in this Document, including expressions of opinion, (other than information concerning the Concert Party and its intentions for which the Concert Party takes sole responsibility). To the best of the knowledge of the Existing Directors, Proposed Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Each member of the Concert Party, whose names are set out in paragraph 1 of Part III of this Document, accepts responsibility for the information contained in this Document relating to themselves, including expressions of opinion, and also the statements of intention of the Concert Party set out in paragraph 10 of Part 1 of this Document. To the best of the knowledge and belief of each member of the Concert Party (having taken all reasonable care to ensure that such is the case), the information contained in this Document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2. The Company**

- 2.1 The Company was incorporated in England and Wales on 8 February 2005 with the name 'Alexander Mining plc' with registration number 05357433.
- 2.2 Following the passing of the Resolutions, the Company intends to change its name to 'eEnergy Group plc'.
- 2.3 The principal legislation under which the Company operates, and pursuant to which the Existing Ordinary Shares and Deferred Shares have been created (and under which the New Ordinary Shares will be created), is the Companies Act.
- 2.4 Immediately following Admission, the Company's principal activity will be that of a holding company of eLight whose principal activity is providing solutions for the funding, supply, installation and management of energy efficient LED lighting.
- 2.5 The Company's registered office is located at Salisbury House, London Wall, London EC2M 5PS. The Company's telephone number is +44 (0)20 7078 9564.
- 2.6 The Company's website, at which the information required by the AIM Rules can be found is, [www.alexandermining.com](http://www.alexandermining.com). It is proposed that immediately following Admission, the Company's website will be changed to [www.eenergyplc.com](http://www.eenergyplc.com).
- 2.7 The financial year end of the Company is 31 December. Following Admission, the Company intends to change its financial year end to 30 June.

#### **3. Share capital history**

- 3.1 On incorporation of the Company, the Company issued two ordinary shares of £1.00 each to the subscribers, equating to an issued share capital of 2 ordinary shares of £1.00 each.
- 3.2 On 22 March 2005 the Company's two issued ordinary shares of £1.00 each were sub-divided into 10 ordinary shares of £0.10 each.
- 3.3 On 22 March 2005, the Company issued 67,867,980 ordinary shares of £0.10 each, credited as fully paid, bringing the issued share capital of the Company to 67,868,000 ordinary shares of £0.10 each in the Company.



- 3.4 On 4 April 2005, the Company issued 64,527,667 ordinary shares of £0.10 each, credited as fully paid, bringing the issued share capital of the Company to 132,395,667 ordinary shares of £0.10 each in the Company.
- 3.5 On 5 April 2005, the Company issued 2,030,000 ordinary shares of £0.10 each, credited as fully paid, bringing the issued share capital of the Company to 134,425,667 ordinary shares of £0.10 each in the Company.
- 3.6 On 7 April 2005, the Company issued 109,000 ordinary shares of £0.10 each, credited as fully paid, bringing the issued share capital of the Company to 134,534,667 ordinary shares of £0.10 each in the Company.
- 3.7 On 4 September 2009, the Company issued 500,000 ordinary shares of £0.10 each, credited as fully paid, bringing the issued share capital of the Company to 135,034,667 ordinary shares of £0.10 each in the Company.
- 3.8 On 9 December 2009, the Company issued 451,875 ordinary shares of £0.10 each, credited as fully paid, bringing the issued share capital of the Company to 135,486,542 ordinary shares of £0.10 each in the Company.
- 3.9 On 18 May 2011, the Company issued 500,000 ordinary shares of £0.10 each, credited as fully paid, bringing the issued share capital of the Company to 135,986,542 ordinary shares of £0.10 each in the Company.
- 3.10 On 14 June 2012, the Company sub-divided its existing ordinary share capital of 135,986,542 ordinary shares of £0.10 each into 135,986,542 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.11 On 20 December 2012, the Company issued 6,666,667 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 142,653,209 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.12 On 28 January 2013, the Company issued 416,842 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 143,070,051 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.13 On 2 April 2013, the Company issued 18,775,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 161,845,051 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.14 On 15 May 2013, the Company issued 7,284,667 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 169,129,718 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.15 On 1 August 2013, the Company issued 617,143 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 169,746,861 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.16 On 7 November 2013, the Company issued 750,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 170,496,861 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.17 On 19 February 2014, the Company issued 4,604,762 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 175,101,623 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.18 On 19 February 2014, the Company issued 180,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 175,281,623 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.

- 3.19 On 19 February 2014, the Company issued 55,762 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 175,337,385 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.20 On 19 February 2014, the Company issued 72,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 175,409,385 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.21 On 19 February 2014, the Company issued 179,625 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 175,589,010 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company;
- 3.22 On 24 September 2014, the Company issued 311,111 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 175,900,121 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.23 On 24 September 2014, the Company issued 419,258 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 176,319,379 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.24 On 13 January 2015, the Company issued 72,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 248,319,379 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.25 On 16 January 2015, the Company issued 1,090,909 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 249,410,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.26 On 16 January 2015, the Company issued 1,500,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 250,910,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.27 On 22 January 2015, the Company issued 5,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 255,910,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.28 On 28 August 2015, the Company issued 1,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 256,910,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.29 On 2 October 2015, the Company issued 105,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 361,910,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.30 On 15 February 2016, the Company issued 359,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 720,910,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.31 On 20 May 2016, the Company issued 500,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,220,910,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.32 On 21 July 2016, the Company issued 15,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,235,910,288 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.33 On 29 July 2016, the Company issued 32,494,811 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,268,405,099 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.

- 3.34 On 31 August 2016, the Company issued 11,741,665 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,280,146,764 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.35 On 29 September 2016, the Company issued 13,258,335 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,293,405,099 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.36 On 31 October 2016, the Company issued 6,840,278 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,300,245,377 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.37 On 1 February 2017, the Company issued 11,769,772 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,312,015,149 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.38 On 28 February 2017, the Company issued 176,715,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,488,730,149 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.39 On 22 November 2017, the Company issued 400,000,000 ordinary shares of £0.001 each, credited as fully paid, bringing the issued share capital of the Company to 1,888,730,149 ordinary shares of £0.001 each in the Company and 135,986,542 deferred shares of £0.099 each in the Company.
- 3.40 On 28 June 2019, the Company sub-divided (i) its existing ordinary share capital of 1,888,730,149 ordinary shares of £0.001 each into 1,888,730,149 ordinary shares of £0.00001 each and 186,984,284,751 deferred shares of £0.00001 each; and (ii) its existing deferred share capital of 135,986,542 deferred shares of £0.099 each into 1,346,266,765,800 deferred shares of £0.00001 each.
- 3.41 On 16 August 2019, the Company issued 2,493,750,000 ordinary shares of £0.00001 each, credited as fully paid, bringing the issued share capital of the Company to 4,382,480,149 ordinary shares of £0.00001 each and 1,533,251,050,551 deferred shares of £0.00001 each.

#### 4. Enlarged Group structure

As at the date of Admission and following completion of the Acquisition, the Company will own the entire issued share capital of the following directly and indirectly wholly-owned Subsidiaries:

<i>Subsidiary</i>	<i>% of issued share capital held</i>
eLight Group Holdings Limited (Irish RN: 628020)	100
eLight U.K Limited (English RN: 11217759)	100*
E-Light Ireland Limited (Irish RN: 628149)	100*

\*shareholding held via eLight Group Holdings Limited.

#### 5. Share capital

- 5.1 The following table shows the issued and fully paid shares of the Company at the date of this Document:

Issued and credited as fully paid

<i>Class of Share</i>	<i>Number</i>	<i>Amount Paid up (£)</i>
Existing Ordinary Shares	4,382,480,149	43,824.80149
Deferred Shares	1,533,251,050,551	15,332,510.5055

- 5.2 Assuming that the Placing is fully subscribed and that the Share Consolidation and the Share Sub-division is approved, the issued and fully paid shares of the Company immediately following Admission is expected to be as shown in the following table:

Issued and credited as fully paid		
<i>Class of Share</i>	<i>Number</i>	<i>Amount Paid up (£)</i>
New Ordinary Shares	130,926,167	392,778.501
Deferred Shares	1,533,251,050,551	15,332,510.5055

- 5.3 Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long term indebtedness.

- 5.4 Save as disclosed in paragraph 5.5 and elsewhere in this Document, as at the date of this Document and also in paragraph 12.1.4 immediately following Admission, no person will hold options or warrants over any New Ordinary Shares or other securities in the capital of the Company.

- 5.5 As at the date of Admission, the following share options and/or warrants over the Company's unissued share capital remain exercisable:

5.5.1 options over, in aggregate, 12,900,000 Existing Ordinary Shares have been issued to Terrence Cross, Martin Rosser, Victoria Brown, Timothy Blackstone, James Bunyan, Alan Clegg, Roger Davey, Garry Johnston, Emil Morfett, Matthew Sutcliffe and Nicholas Welham under the Company's execution share option plan adopted on 22 December 2010. These options will expire on 22 December 2020. Following the Share Consolidation and the Share Sub-division, these option holders will have options over, in aggregate, 43,000 New Ordinary Shares. It is expected that these options will remain unexercised immediately following Admission;

5.5.2 options over, in aggregate, 141,300,000 Existing Ordinary Shares have been issued to Martin Rosser, Victoria Brown, John Getty, James Bunyan, Garry Johnston, Matthew Sutcliffe and Nicholas Welham under the Company's execution share option plan adopted on 28 July 2016. These options will expire on 28 July 2026. Following the Share Consolidation and the Share Sub-division, these option holders will have options over, in aggregate, 471,000 New Ordinary Shares. It is expected that these options will remain unexercised immediately following Admission;

5.5.3 warrants over 40,000,000 Existing Ordinary Shares at an exercise price of £0.0015 per Existing Ordinary Share held by JIM Nominees Limited as nominee for Turner Pope pursuant to a warrant instrument dated 22 November 2017. These warrants will expire on 22 November 2020. Following the Share Consolidation and the Share Sub-division, JIM Nominees Limited as nominee for Turner Pope will have Existing Warrants over 133,334 New Ordinary Shares. It is expected that these warrants will remain unexercised immediately following Admission; and

5.5.4 warrants to subscribe for up to 142,500,000 Existing Ordinary Shares at an exercise price of £0.00025 held by JIM Nominees as nominee for Turner Pope pursuant to a warrant instrument dated 16 August 2019. These warrants will expire on 22 August 2021. Following the Share Consolidation and the Share Sub-division, JIM Nominees Limited as nominee for Turner Pope will have Existing Warrants over 475,000 New Ordinary Shares. It is expected that these warrants will remain unexercised immediately following Admission.

- 5.6 The Resolutions proposed at the General Meeting will, *inter alia*, if passed:

5.6.1 authorise the Directors, conditional on Admission, for the purposes of section 551 of the Companies Act to allot relevant securities of the Company Act as follows:

5.6.1.1 up to an aggregate nominal amount of £262,953.00 in respect of the Consideration Shares;

5.6.1.2 up to an aggregate nominal amount of £80,000.01 in respect of the Placing;

5.6.1.3 up to an aggregate nominal amount of £2,000.01 in respect of the TP Shares;

5.6.1.4 up to an aggregate nominal amount of £4,000.00 in respect of the CB Shares;

- 5.6.1.5 up to an aggregate nominal amount of £3,927.79 in connection with the Adviser Warrants; and
- 5.6.1.6 other than pursuant to sub-paragraphs 5.6.1.1 to 5.6.1.5 above, up to 100 per cent. of the Enlarged Ordinary Share Capital following Admission,
- with such authorisation expiring at the earlier of the Company's next annual general meeting and 1 February 2021 (unless previously renewed, varied or revoked by the Company in a general meeting); and
- 5.6.2 authorise the Directors, subject to the passing of the resolution summarised in paragraph 5.6.1 of this Part VII, to allot equity securities of the Company:
- 5.6.2.1 pursuant to the authority summarised in paragraphs 5.6.1.1 to 5.6.1.5;
- 5.6.2.2 pursuant to the authority set out in paragraph 5.6.1.6, up to 75 per cent. of Enlarged Ordinary Share Capital following Admission,
- as if section 561(1) of the Act did not apply to those allotments, that authorisation expiring at the earlier of the Company's next annual general meeting in 2020 and 1 February 2021 (unless previously renewed, varied or revoked by the Company in a general meeting).
- 5.7 Save as disclosed in this Document:
- 5.7.1 no share or loan capital of the Company has been issued or is proposed to be issued;
- 5.7.2 no person has any preferential subscription rights for any shares of the Company;
- 5.7.3 no share or loan capital of the Company is unconditionally to be put under option; and
- 5.7.4 no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.
- 5.8 All Existing Ordinary Shares in issue at the date of this Document are in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of shares in any class in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where New Ordinary Shares are to be held in certificated form, share certificates will be sent to the respective Shareholders by first-class post.
- 5.9 Pursuant to section 630 of the Companies Act and the provisions of the Articles, the rights attaching to the New Ordinary Shares may be amended or varied following the passing of a Special Resolution of the Shareholders. The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the Companies Act.
- 5.10 The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash otherwise by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the issue of New Ordinary Shares except to the extent that such provisions have been disapplied as referred to in paragraph 5.6 above.
- 5.11 The New Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared thereafter, made or paid on the ordinary share capital of the Company.
- 5.12 Whilst disclosure of shareholdings is not a requirement of the Articles, Rule 17 of the AIM Rules makes provisions regarding notification of certain shareholders and holdings of financial instruments. Where a person holds three per cent. or more of the voting rights in any class of AIM security, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent. The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.
- 5.13 The currency of the issue is pounds sterling.



## **6. Articles of Association of the Company**

6.1 Set out below is a summary of the provisions of the New Articles proposed to be adopted if the Resolutions proposed at the General Meeting are passed:

### **6.1.1 Objects**

Pursuant to section 31 of the Companies Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

### **6.1.2 Liability**

The liability of the Shareholders is limited to the amount, if any, unpaid on the New Ordinary Shares respectively held by them.

### **6.1.3 Share capital**

6.1.3.1 The Company's share capital will consist of New Ordinary Shares of £0.003 each and Deferred Shares of £0.00001 each.

6.1.3.2 The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

6.1.3.3 The Company may at any time acquire, in accordance with the Companies Act, the Deferred Shares in issue at any time for the payment of not more than £1.00.

6.1.3.4 The Deferred Shares are not capable of transfer, save in respect of a transfer to the Company in accordance with paragraph 6.1.3.3.

6.1.3.5 On a return of capital on a winding up, the holders of the Deferred Shares will only receive nominal value after the holders of the New Ordinary Shares have received the amount paid up per Ordinary Share plus £10,000,000 per New Ordinary Share.

6.1.3.6 In relation to the Deferred Shares, the holders of Deferred Shares are not entitled to:

- (a) receive any dividend or other distribution of the income or profits of the Company; and
- (b) receive notice of or to attend or vote at any general meeting of the Company.

### **6.1.4 Alteration of share capital**

The Company may exercise the powers conferred by the applicable statutory provisions to:

6.1.4.1 increase its share capital by allotting new shares;

6.1.4.2 reduce its share capital, any capital redemption reserve and any share premium account in any way;

6.1.4.3 subdivide or consolidate and divide all or any of its share capital;

6.1.4.4 redenominate all or any of its shares and reduce its share capital in connection with such redenomination;

6.1.4.5 purchase all of any of its own shares; and

6.1.4.6 issue redeemable shares; and

6.1.4.7 purchase all of any of its own shares including any redeemable shares.

### **6.1.5 Voting**

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every

such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

#### 6.1.6 ***Dividends***

The Company may, subject to the provisions of the Companies Act and the New Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares except for shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and revert to the Company. The Company does not pay interest on any dividend unless otherwise provided by the terms on which the shares were issued or the provision of another agreement.

#### 6.1.7 ***Transfer of New Ordinary Shares***

6.1.7.1 Save as described below, the New Ordinary Shares are freely transferable.

6.1.7.2 Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules.

6.1.7.3 The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (a) it is for a share which is fully paid up;
- (b) it is for a share upon which the Company has no lien;
- (c) it is only for one class of share;
- (d) it is in favour of a single transferee or no more than four joint transferees;
- (e) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and
- (f) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

#### 6.1.8 ***Allotment of shares and pre-emption rights***

6.1.8.1 Subject to the Companies Act and the New Articles and in accordance with section 551 of the Companies Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period, all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant special resolution passed pursuant to section 561 of the Companies Act, authorising such allotment.

6.1.8.1 Under and within the terms of the said authority or otherwise in accordance with section 570 of the Companies Act, the directors shall be empowered during each



prescribed period to allot equity securities (as defined in the Companies Act), wholly for cash:

- (a) in accordance with a rights issue (as defined in the New Articles); or
- (b) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the amount stated in the relevant ordinary or special resolution passed pursuant to section 551 of the Companies Act, authorising such allotment.

#### 6.1.9 **Directors**

6.1.9.1 Unless otherwise determined by the Company by ordinary resolution, the number of directors (other than any alternate directors) shall not be less than two, but there shall be no maximum number of directors.

6.1.9.2 Subject to the New Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

6.1.9.3 At every subsequent annual general meeting any Director who:

- (a) has been appointed by the directors since the last annual general meeting; or
- (b) was not appointed or re-appointed at one of the preceding three annual general meetings,

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

6.1.9.4 Subject to the provisions of the New Articles, the Board, which may exercise all the powers of the Company, may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

6.1.9.5 The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

6.1.9.6 Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes the chairman shall have a second or casting vote.

6.1.9.7 The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed £250,000.00 or such higher amount as may from time to time be decided by ordinary resolution of the Company. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

6.1.9.8 The Board may, in accordance with the requirements in the New Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Companies Act to avoid conflicts of interests.

6.1.9.9 A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict together with such additional information as may be requested by the Board.

6.1.9.10 Any authorisation by the Board will be effective only if:

- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the New Articles;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and
- (c) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

#### 6.1.10 **General meetings**

6.1.10.1 The Company must convene and hold annual general meetings in accordance with the Companies Act.

6.1.10.2 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the New Articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

6.1.11 Subject to these New Articles and the Companies Acts, the Board may exercise all the powers of the Company to:

- 6.1.11.1 borrow money;
- 6.1.11.2 indemnify and guarantee;
- 6.1.11.3 mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;
- 6.1.11.4 create and issue debentures and other securities; and
- 6.1.11.5 give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company so as to ensure that the aggregate amount of such borrowings (excluding intra-group borrowings) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to two times the Adjusted Capital and Reserves (as defined in the New Articles).

#### 6.1.12 **Capitalisation of profits**

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

#### 6.1.13 **Indemnity**

As far as the Companies Act allows, the Company may:

- 6.1.13.1 indemnify any Director of the Company (or of an associated body corporate) against any liability;
- 6.1.13.2 indemnify any director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;

- 6.1.13.3 purchase and maintain insurance against any liability for any director referred to in (i) or (ii) above; and
- 6.1.13.4 provide any director referred to in (i) or (ii) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure)

6.1.14 ***Return of capital***

On a return of assets on winding up of the Company, after the holders of the New Ordinary Shares have received the aggregate amount paid up thereon plus £10,000,000 for each share held by them, the holders of Deferred Shares shall receive an amount equal to the nominal value of the Deferred Shares and thereafter any surplus shall be distributed amongst the holders of the New Ordinary Shares.

6.1.15 ***Uncertificated shares***

6.1.15.1 Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system without a certificate.

6.1.15.2 The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

6.1.15.3 The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

6.1.15.4 The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

6.1.16 ***Power to Sell***

In order to effect the Share Consolidation and the Share Sub-division, the New Articles provide that the directors, if authorised via a special resolution passed in accordance with the Companies Act, may sell in the market any shareholder's shareholding of less than 75,000 Existing Ordinary Shares.

6.1.17 ***Electronic communications***

The New Articles provide that annual accounts, reports and other documents may be provided to Shareholders using electronic communications in accordance with the requirements of the Companies Act. Accordingly, the Company will publish its annual accounts, reports and other shareholder communications or documents on its website.

## **7. Directorships and partnerships**

In addition to their directorships of the Company, the Directors are, or have been, members of the administrative, management or supervisory bodies ("**directorships**") or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document.

## **Existing Directors and Proposed Directors:**

### *Existing Directors:*

#### **James Snaddon Bunyan**

##### *Current directorships and partnerships*

Alhambra Resources Ltd

##### *Previous directorships and partnerships*

#### **Dr Nigel John Burton**

##### *Current directorships and partnerships*

ASD Visual Aids Ltd  
Digitalbox plc  
Gyrometric Systems plc  
Highbec Limited  
Mobile Streams plc  
Regency Mines plc  
Remote Monitored Systems plc  
SenseToys Limited  
Strat Aero International Limited  
Tau Capital plc  
UKAerovision Limited  
Wasdale Head Limited  
Wasdale Head Inn Limited  
UKAerovision Limited

##### *Previous directorships and partnerships*

Management Resource Solutions plc  
New Day Energy Indonesia Limited  
Nu-Oil and Gas plc  
Procurement Services (Delaware) Inc.

#### **Alan Mitchell Clegg**

##### *Current directorships and partnerships*

Shumba Energy Ltd (Mauritius)  
Shumba Resources Ltd (Botswana)  
Shumba Coal Trading Ltd (Mauritius)  
SA Turkey Invest & Bus Dev Co Ltd (South Africa)  
Afrasia Mining & Energy Investment  
Holdings Ltd

##### *Previous directorships and partnerships*

SYRYMBET JSC (Kazakhstan)  
Tin One Mining JSC (Kazakhstan)

#### **Martin Lovatt Rosser**

##### *Current directorships and partnerships*

MetaLeach Limited (BVI)

##### *Previous directorships and partnerships*

### **Proposed Directors:**

#### **David William Nicholl**

##### *Current directorships and partnerships*

ABB Cable Management Products Limited  
ABB Installation Products Limited  
eLight U.K. Limited  
eLight Works Group Limited  
IMV Invertomatic Victron UK Limited  
Marici UK Limited  
Nicholl Holdings Limited  
NicMac Homes Ballymoney RD Limited  
W.J. Furse & Co Limited

##### *Previous directorships and partnerships*

Castle Orchard Developments Limited  
Nicholl Construction Limited  
NicMac Homes Larkhill Limited  
NicMac Homes Orchard Limited  
Signify Commercial UK Limited

**Existing Directors and Proposed Directors:****Harvey Ian Sinclair***Current directorships and partnerships*

Grey Wolf Capital Limited  
eLight Group Holdings Limited

*Previous directorships and partnerships*

Design LED Products Limited  
Dragon Capital Ltd  
E-Trader Group Limited  
Energy Works Advisory Limited  
Energy Works Investments plc  
Energy Works Management Limited  
Energy Works Procurement Limited  
Oak Financial Services Limited  
Solar Energy Futures Limited

**Richard Mark Williams***Current directorships and partnerships*

eEnergy Group Limited  
RMW FCS Limited

*Previous directorships and partnerships*

Aquila Services UK Limited  
Aquila Software Limited  
Aquila International Limited  
Claybrook Computing Limited  
Claybrook Computing (Holdings) Limited  
Hazell Car Software Services Limited  
Informationlog.com Limited  
Equiniti HR Solutions Limited  
Equiniti Pension Trustee Limited  
Equiniti PMS Limited  
Equiniti Software Limited  
Equiniti Solutions Limited  
Paymaster (1836) Limited  
MyCSP Limited  
MyCSP Limited

**Andrew Ian Lawley***Current directorships and partnerships*

Two Shields Investments plc

*Previous directorships and partnerships*

Brevin Hospitals One Limited  
CPW Distribution Limited

**8. Directors' confirmations**

- 8.1 The Directors have held the following directorships in companies that have been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company:

<i>Director(s)</i>	<i>Company</i>	<i>Details</i>
David William Nicholl	Castle Orchard Developments Limited	Mr Nicholl was appointed as a director on 5 May 2006. A receiver was appointed by a secured creditor on 26 May 2011 resulting in the company being dissolved on 16 June 2015.

<i>Director(s)</i>	<i>Company</i>	<i>Details</i>
Harvey Ian Sinclair	Energy Works Advisory Limited	Mr Sinclair was appointed as a director on 22 September 2006. The company was dissolved on 24 January 2019 via the appointment of an administrator on 13 March 2018.
Harvey Ian Sinclair	Energy Works Investment plc	Mr Sinclair was appointed as a director on 9 August 2013. The company was dissolved on 24 January 2019 via the appointment of an administrator on 13 March 2018.
Harvey Ian Sinclair	E-Trader Group Limited	Mr Sinclair was appointed as a director on 28 November 2008. A liquidator was appointed by a secured creditor on 21 January 2013 resulting in the company being dissolved on 10 December 2014.
Dr Nigel John Burton	Pease Limited	Dr Burton was a director of Pease Limited within 12 months of the company appointing a liquidator in June 1998. The company was subsequently liquidated in 2002.

8.2 Save as set out in this Document and as at the date of this Document, no Director:

- 8.2.1 has any unspent convictions in relation to indictable offences;
- 8.2.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;
- 8.2.3 has been a director of any company which, while he was a director or within 12 months after he ceases to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;
- 8.2.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceases to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
- 8.2.5 has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
- 8.2.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## 9. Directors' interests

- 9.1 The table below sets out the interests that the Directors have or will have on or following Admission in the share capital of the company, together with details of the amount and percentage of immediate dilution, if any, of their interests in the capital of the Company as a result of the Placing and the Acquisition:

Interests immediately following Admission

<i>Director or Proposed Director</i>	<i>No. of Existing Ordinary Shares as at date of this Document</i>	<i>Percentage of issued Ordinary Share capital as date of this Document (%)</i>	<i>Number of New Ordinary Shares on Admission</i>	<i>Percentage of Enlarged Share Capital (%)</i>
Dr Nigel Burton*	137,500,000	3.14	458,333	0.35
Alan Clegg	–	–	–	–
James Bunyan	–	–	–	–
Martin Rosser	925,000	0.02	3,083	0.00
David Nicholl			13,128,153	10.03
Harvey Sinclair	–	–	20,645,428	15.77

\* Dr Nigel Burton acquired 137,500,000 Existing Ordinary Shares at a price of 0.02p pence per Existing Ordinary Share as part of the placing announced by the Company on 9 August 2019.

- 9.2 In addition, the Existing Directors have been granted options over Existing Ordinary Shares on the following terms:

<i>Existing Director</i>	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
Alan Clegg	800,000	£0.0492	22-Dec-20
	6,500,000	£0.0022	28-Jul-26
	24,000,000	£0.0015	28-Jul-26
Martin Rosser	2,700,000	£0.0492	22-Dec-20
	13,000,000	£0.0022	28-Jul-26
	24,000,000	£0.0015	28-Jul-26
James Bunyan	800,000	£0.0492	22-Dec-20
	6,500,000	£0.0022	28-Jul-26
	20,000,000	£0.0015	28-Jul-26

- 9.3 There are no loans made or guarantees granted or provided by any member of the Enlarged Group to or for the benefit of any Director.
- 9.4 Save as disclosed in this Document, none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.
- 9.5 Save as disclosed in this Document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.

## 10. Directors' service agreements and letters of appointment

### 10.1 *Executive Directors' Service Agreements*

- 10.1.1 The Company and Harvey Ian Sinclair have entered into a service agreement dated 19 December 2019, conditional on Admission, and the passing of Resolution 5, whereby Harvey was appointed as Chief Executive Officer with effect from Admission. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 12 months' written notice. The service agreement contains provisions



for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to Harvey. The basic annual salary payable to Harvey is £160,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash or the issue of New Ordinary Shares (or a combination of the two), of up to one times his annual salary at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 30 days' holiday entitlement plus 8 days' public holiday each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of Harvey's employment.

- 10.1.2 The Company and Richard Mark Williams have entered into a service agreement dated 19 December 2019, conditional on Admission, and the passing of Resolution 6, whereby Richard was appointed as Chief Financial Officer with effect from Admission. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months' written notice. The service agreement contains provisions for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to Richard. The basic annual salary payable to Richard is £150,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash or the issue of New Ordinary Shares (or a combination of the two), of up to one times his annual salary at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 30 days' holiday entitlement plus 8 days' public holiday each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of Richard's employment.

## 10.2 **Non-Executive Directors' Letters of Appointment**

- 10.2.1 The Company and David William Nicholl, via Nicholl Holdings Limited an entity legally and beneficially owned by David, have entered into a letter of appointment dated 19 December 2019, conditional on Admission, and the passing of Resolution 4, whereby David was appointed as a Non-Executive Chairman of the Company. The appointment is for an initial fixed term of 12 months commencing on Admission, subject to David offering himself up for re-election at the Company's first annual general meeting following Admission. The appointment may be terminated by either party giving three months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic annual fee payable to David, via Nicholl Holdings Limited, is £36,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same) and shall be entitled to a £3,000.00 uplift to his fee in respect of each committee of the Company he may chair. Nicholl Holdings Limited will invoice the Company on 20th day of every calendar month the sum of £3,000.00 in respect of David's fee (plus any agreed expenses or other fees he may be entitled to claim). The Company has agreed to pay invoices from Nicholl Holdings before the end of the calendar month in which the invoice was sent.
- 10.2.2 The Company and Dr Nigel John Burton have entered into a letter of appointment dated 19 December 2019, conditional on Admission and the passing of Resolution 8, whereby Nigel was re-appointed as a Non-Executive Director of the Company. The appointment is for an initial fixed term of 12 months commencing on Admission, subject to Nigel offering himself up for re-election at the Company's first annual general meeting following Admission and may be terminated by either party giving three months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic annual fee payable to Nigel is £25,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same) and shall be entitled to a £3,000.00 uplift to his fee in respect of each committee of the Company he may chair.

- 10.2.3 The Company and Andrew Robin Lawley have entered into a letter of appointment dated 19 December 2019, conditional on Admission and the passing of Resolution 7, whereby Andrew was appointed as a Non-Executive Director of the Company. The appointment is for an initial fixed term of 12 months commencing on Admission, subject to Andrew offering himself up for re-election at the Company's first annual general meeting following Admission and may be terminated by either party giving three months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic annual fee payable to Andrew is £25,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same) and shall be entitled to a £3,000.00 uplift to his fee in respect of each committee of the Company he may chair.
- 10.3 The appointment of each Non-Executive Director will terminate without any entitlement to compensation if he is not elected or re-elected at an annual general meeting of the Company at which he retires and offers himself up for re-election, he is required to vacate office for any reason pursuant to any provisions of the New Articles, or he is removed as a director or otherwise required to vacate office under any applicable law.
- 10.4 None of the Executive Director service contracts or Non-Executive Director letters of appointment and key staff employment contracts provide for benefits upon termination of employment.
- 10.5 The date of appointment to the Board for each of the Existing Directors was as follows:
- 10.5.1 James Snaddon Bunyan – 4 March 2005 (resigned conditional on, and with effect from, Admission).
- 10.5.2 Dr Nigel John Burton – 16 September 2019.
- 10.5.3 Alan Mitchell Clegg – 21 February 2013 (resigned conditional on, and with effect from, Admission).
- 10.5.4 Martin Lovatt Rosser – 1 August 2006 (resigned conditional on, and with effect from, Admission).
- 10.6 Each of the Proposed Directors will be appointed to the Board with effect from Admission subject to the passing of the Resolutions.

## 11. Major Shareholders and other interests

- 11.1 Save as disclosed in paragraph 9.1 above and this paragraph 11.1, the Company is not aware of any interest in the Company's ordinary share capital which amounts or would, immediately following Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

Shareholder	No. of Existing Ordinary Shares as at date of this Document	Percentage of issued Existing Ordinary Share capital as date of this Document (%)	Number of New Ordinary Shares on Admission	Percentage of Enlarged Share Capital (%)
Hawk Investments Holdings Ltd	500,000,000	11.41	12,999,999	9.93
Mr Kevin Byrne	181,000,000	4.13	1,270,000	0.97
Dr Simon Gibeon	181,000,000	4.13	1,270,000	0.97
Ian McKenna	–	–	20,645,428	15.77
Stella Murphy	–	–	19,063,984	14.56
Marian Rainey	–	–	5,199,268	3.97

- 11.2 Save as disclosed in this Document, as at 19 December 2019 (being the latest practicable date prior to the publication of this Document), the Company was not aware of any person or persons who,

directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

- 11.3 Those interested, directly or indirectly, in three per cent. or more of the issued Existing Ordinary Shares of the Company do not now, and, following the Placing and Admission, will not, have different voting rights from other holders of New Ordinary Shares.

## **12. Material contracts**

### **12.1 The Company**

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company (i) during the two year period preceding the date of this Document which are, or may be, material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this Document:

#### *12.1.1 Acquisition Agreement*

The Company has entered into a conditional share purchase agreement dated 19 December 2019 with the eLight Shareholders and the eLight Warrantors, which provides that, upon the satisfaction of certain conditions, including Admission and the passing of the Resolutions, the Company will acquire the eLight Shares, constituting the entire issued share capital of eLight, from the eLight Shareholders. The consideration payable by the Company to the eLight Shareholders is, in aggregate, 87,651,000 Consideration Shares to be issued by the Company on Admission, credited as fully paid. The Acquisition Agreement contains covenants and warranties on the part of the eLight Warrantors in favour of the Company in relation to the business, assets and taxation of the eLight Group.

The Acquisition Agreement provides that a liability of the eLight Warrantors may be satisfied by the Company redesignating such number of Consideration Shares into Deferred Share as is equal to the liability owed by the Company.

#### *12.1.2 Placing Agreement*

In connection with the Placing, the Company, the Proposed Directors, Cairn and Turner Pope entered into the Placing Agreement on 19 December 2019. The Placing Agreement is conditional on, *inter alia*, Admission occurring on 9 January 2020 or such later date as shall be agreed in writing between the Company, Cairn and Turner Pope by in any event, not later than 5.00 p.m. on 12 February 2020.

Pursuant to the Placing Agreement, Turner Pope has agreed to use their reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing Agreement provides for the Company to pay all expenses of, and incidental to, the Placing and the application for Admission.

Pursuant to the Placing Agreement, the Company has agreed, conditional on Admission, to pay to Cairn, a transaction fee and to Turner Pope, a corporate finance fee and a broking commission of six per cent. of the aggregate value of placees procured by Turner Pope.

Turner Pope has agreed that a proportion of the corporate finance fee payable to it under the Placing Agreement shall be satisfied by the Company issuing to it the TP Shares credited as fully paid, on Admission.

The Placing Agreement contains certain customary warranties given by the Directors, which are limited in amount and time, and the Company, which are unlimited in amount but limited in time, in favour of Cairn and Turner Pope, including as to the accuracy of information contained in this document and a customary indemnity in favour of Cairn and Turner Pope which is unlimited in time and amount.

The Directors and the Company have also given certain customary undertakings to Cairn and Turner Pope in connection with Admission and certain post-Admission matters.

Cairn and Turner Pope may terminate the Placing Agreement in customary specified circumstances prior to Admission, including where there is a breach or alleged breach of warranty or the occurrence of a specified force majeure event at any time prior to Admission.

#### 12.1.3 *Lock-in Agreements*

Pursuant to the terms of the Lock-in Agreements made severally between the Company, Cairn, Turner Pope and each Locked-in Person, who together will hold, on Admission following completion of the Acquisition and the Placing, 26,666,667 New Ordinary Shares (representing 20.37 per cent. of the Enlarged Ordinary Share Capital) have agreed for a period of 12 months from Admission that, subject to certain limited exceptions, they will not dispose of New Ordinary Shares held by them (or enter into a transaction with the same economic effect), except with the prior written consent of Cairn and Turner Pope. In addition, each Lock-in Person has agreed, for a further period of 12 months following the expiry of the initial 12 month period, to only dispose of any New Ordinary Shares held by him through the Company's brokers in order to maintain an orderly market in the New Ordinary Shares.

#### 12.1.4 *Adviser Warrants*

Pursuant to the terms of warrant instruments each dated 19 December 2019, the Company has issued, conditional on Admission, Adviser Warrants in favour of:

- 12.1.4.1 Cairn over 1,309,262 New Ordinary Shares exercisable by Cairn at the Issue Price during the period commencing the first anniversary of Admission and expiring on the fifth anniversary of Admission;
- 12.1.4.2 Cameron Barney over 266,667 New Ordinary Shares exercisable by Cameron Barney at the Issue Price during the period commencing the first anniversary of Admission and expiring on the fifth anniversary of Admission; and
- 12.1.4.3 JIM Nominees Limited (as nominee for Turner Pope) over 1,600,000 New Ordinary Shares exercisable by JIM Nominees Limited (as nominee for Turner Pope) at the Issue Price at any time following Admission and expiring on the third anniversary of Admission.

Cairn, Cameron Barney and JIM Nominees Limited (as nominee for Turner Pope) have separately agreed to notify the Company of any intention to deal or otherwise dispose of such New Ordinary Shares.

#### 12.1.5 *Director Indemnities*

Each of the Directors have entered into agreements with the Company dated 19 December 2019 pursuant to which the Company has agreed to indemnify each Director to the fullest extent permitted by English law for any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, or omitted to be done, by him in connection with the lawful exercise of his powers, duties and responsibilities as a Director.

#### 12.1.6 *Nominated adviser agreement*

The Company has entered into a nominated adviser agreement dated 29 January 2019 with Cairn, pursuant to which Cairn has agreed to act as nominated adviser to the Company for the purposes of the AIM Rules for a 12 month term following which it may be terminated by three months' written notice given by either party. The agreement contains warranties and undertakings from the Company in favour of Cairn relating to the Company and its financial and trading position. The Company has agreed to pay an annual retainer which is payable quarterly in instalments.

The Company entered into a further engagement letter with Cairn dated 4 October 2019 in relation to Cairn's appointment as nominated adviser in relation to the Acquisition and the Admission. The Company has agreed to pay Cairn a transaction fee, the balance of which shall be payable on Admission.

#### 12.1.7 *Broker engagement letter*

The Company has entered into an engagement letter dated 7 November 2019 with Turner Pope pursuant to which Turner Pope has agreed to act as broker in relation to the Placing.

#### 12.1.8 *Disposal Agreement*

The Company has entered into a conditional share purchase agreement dated 19 December 2019 with Qora Capital Limited which provides that, upon the satisfaction of certain conditions, comprising the despatch of this Document and the passing of the Resolutions, the Company will dispose of the MetaLeach Assets, which includes, for the avoidance of doubt, the entire issued share capital of MetaLeach and the shares held by the Company in Deep South Resources Inc. The aggregate consideration payable to the Company amounts to £150,000.00, £30,000.00 of which is to be paid to the Company by no later than 24 December 2019.

The Disposal Agreement provides that the Company will give certain warranties to Qora Capital Limited concerning the Company's ownership of the MetaLeach Assets and that the Company's liability thereunder is capped at the purchase price.

#### 12.1.9 *August 2019 Placing*

The Company entered into:

12.1.9.1 an engagement letter dated 4 July 2019; and

12.1.9.2 a placing agreement dated 9 August 2019,

in each case, with Turner Pope in relation to the appointment of Turner Pope as broker in relation to a placing to raise a gross amount of £475,000.00. The engagement letter and placing agreement contains customary warranties and indemnities given in favour of Turner Pope by the Company. The Existing Ordinary Shares were issued in respect of this placing on 16 August 2019, as further described at paragraph 3.41 of this Part VI.

#### 12.1.10 *TPI 2019 Warrant Instrument*

In connection with the placing referred to at paragraph 12.1.9 above, the Company entered into a warrant instrument with JIM Nominees Limited on 16 August 2019 pursuant to which the Company issued warrants to subscribe for up to 142,500,000 Existing Ordinary Shares in favour of JIM Nominees Limited as nominee for Turner Pope at an exercise price of £0.00025 per Existing Ordinary Share. These warrants will expire on 16 August 2021. Following the Share Consolidation, JIM Nominees Limited as nominee for Turner Pope will have warrants over 475,000 New Ordinary Shares. It is expected that these warrants will remain unexercised following Admission.

#### 12.1.11 *TPI 2017 Warrant Instrument*

The Company entered into a warrant instrument with JIM Nominees Limited on 22 November 2017 pursuant to which the Company issued warrants to subscribe for up to 40,000,000 Existing Ordinary Shares in favour of JIM Nominees Limited as nominee for Turner Pope at an exercise price of £0.0015 per Existing Ordinary Share. These warrants will expire on 22 November 2020. Following the Share Consolidation, JIM Nominees Limited as nominee for Turner Pope will have warrants over 133,333 New Ordinary Shares. It is expected that these warrants will remain unexercised following Admission.

#### 12.1.12 *Novation Agreements*

In order to effect the Disposal pursuant to the Disposal Agreement, the Company has entered into various novation agreements in order to novate all contracts and agreements (including all obligations and liabilities thereunder) relating to the MetaLeach business to MetaLeach. Accordingly, the Company entered into the following novation agreements on:

- 12.1.12.1 8 November 2019 with MetaLeach and Proses Mühendislik, Danışmanlık, İnşaat ve Tasarım AS. novating a contract dated 19 February 2018 in relation to the use of MetaLeach's intellectual property rights in the Middle East;
- 12.1.12.2 8 November 2019 with MetaLeach and Dr Nicholas Welham trading as Welham Metallurgical Services novating a contract dated 2 March 2017 in relation to lithium processing research and development;
- 12.1.12.3 8 November 2019 with MetaLeach and Dr Nicholas Welham trading as Welham Metallurgical Services novating a contract dated 27 March 2017 in relation to introductions made by Welham to MetaLeach;
- 12.1.12.4 21 November 2019 with MetaLeach, Multicom Resources Pty Ltd and John Webster Innovations Pty Ltd novating a contract dated September 2017 in relation to a research and development and technology licence;
- 12.1.12.5 21 November 2019 with MetaLeach and Michael Plaskitt novating a contract dated 17 September 2018 in relation to an assignment of intellectual property and services;
- 12.1.12.6 21 November 2019 with MetaLeach and Dr Nicholas Welham novating a contract dated 1 August 2012 (as amended on 20 May 2016) in relation to an assignment of intellectual property and services; and
- 12.1.12.7 13 November 2019 with Deep-South Resources in relation to novating a contract dated 27 June 2018 in relation to the use of MetaLeach's intellectual property rights; and
- 12.1.12.8 26 November 2019 with MetaLeach and John Webster of John Webster Innovations Proprietary Limited novating a contract dated 5 November 2018 in relation to introductions to mining companies or projects in Australia.

#### 12.1.13 *Martin Rosser Settlement Agreement*

The Company entered into a settlement agreement with Martin Rosser, an Existing Director, in connection with the cessation of his employment with the Company with effect from Admission. The Company has agreed to pay Martin in lieu of 12 months' notice a sum of which will amount to £67,855.92 after appropriate deductions for income tax and National Insurance contributions (including where required by law, taxing any Post-Employment Notice Pay as earnings) plus a payment as compensation for loss of employment in the amount of £30,000.

#### 12.1.14 *Intercompany Loan Waiver*

The Company and MetaLeach will enter into a waiver agreement immediately prior to Admission pursuant to which the Company will waive and discharge, in its entirety, the intercompany loan owed by MetaLeach to the Company. The intercompany loan currently amounts to, as at 19 December 2019, £3,466,943.29.

## 12.2 **eLight Group**

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by a member of the eLight Group (i) during the two year period preceding the date of this Document which are, or may be, material to the eLight Group; or (ii) contain obligations or entitlements which are, or may be, material to the eLight Group as at the date of this Document:

#### 12.2.1 *BPC Ireland Lending DAC Secured Loan*

On 9 September 2019, each member of the eLight Group entered into a secured facility agreement with BPC Ireland Lending DAC for €1,556,825 over a 48 month term with eLight as borrower. Each member of the eLight Group granted a debenture over its assets in favour of the lender and has given various undertakings to the lender including financial covenants. In addition, eLight Ireland and eLight UK provided cross-guarantees and indemnities and a charge over their share capital as security for eLight's obligations in respect of this loan.



Completion of the Acquisition and Admission constitutes an event of default under this facility agreement by virtue of being a change of control of eLight and, accordingly, the lender issued a consent letter to eLight on 6 September 2019.

*12.2.2 Acquisition of business and assets of Energy Works Advisory Limited (in administration)*

On 1 March 2018, eLight UK entered into an asset purchase agreement with Energy Works Advisory Limited (in administration) and Miles Andrew Needham and Sarah Cook (as joint administrators). eLight UK paid consideration amounting to £69,998.00 to acquire the business and assets of Energy Works Advisory Limited. Furthermore, on 1 March 2018 eLight UK acquired all of the staff of Energy Works Advisory Limited under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

*12.2.3 Cameron Barney Engagement Letter*

eLight entered into a letter of engagement with Cameron Barney dated 29 April 2019 pursuant to which Cameron Barney agreed to act as financial adviser to eLight in respect of the Acquisition and Admission. Cameron Barney's fees will be satisfied in part by cash consideration and in part by the Company issuing, on Admission, the CB Shares at the Issue Price, credited as fully paid and Cameron Barney shall be entitled to Adviser Warrants issued by the Company (as further described at paragraph 12.1.4 of this Part VII).

*12.2.4 MPL Subcontract Agreement*

The MPL Subcontract Agreement was novated to eLight Ireland pursuant to a deed of novation entered into between eLight Ireland, MPL and Solutions Designated Activity Company Limited dated 28 June 2018. The original contract, dated 30 December 2017, was novated to eLight Ireland and, as such, eLight Ireland is MPL's exclusive subcontractor for the purposes of sourcing and installing high-quality green energy lighting in the Republic of Ireland for a term of 5 years from 1 January 2018 pursuant to which eLight Ireland receives annual payments ending on 1 January 2021 together with a proportion of each contract price and a proportion of all income received from identified contracts.

*12.2.5 Shareholder Agreement*

eLight and the eLight Shareholders entered into a subscription and shareholders agreement on 28 June 2018 governing the operation and management of eLight. On 19 December 2019 the parties thereto entered into a deed of termination terminating the shareholders' agreement with effect from, and subject to, Admission.

*12.2.6 Siemens Master Sale and Purchase Agreement*

eLight UK has the benefit of a master sale and purchase agreement made between Siemens Financial Services Limited ("**Siemens**") and Energy Works Investments plc dated 4 August 2016 which was novated by Energy Works Investments plc (in administration) on 25 May 2018. The agreement provides funding to eLight UK when entering into contracts with customers as allows eLight UK to forward fund such contractual commitments and capital expenditure by offering Siemens the ability to acquire such equipment and be assigned the benefit of the underlying customer contract.

*12.2.7 Deloitte Engagement Letter*

eLight UK entered into a letter of engagement with Deloitte LLP dated 15 November 2019 in relation to advice concerning the design and implementation of the New Share Plans.

### **13. Related party transactions**

From 30 June 2019 up to and including the date of this Document, no member of the Enlarged Group has entered into any related party transactions other than as set out below and otherwise disclosed in this Document:

- 13.1 the Acquisition Agreement, as described further at paragraph 12.1.1 of this Part VII;



- 13.2 the Director Indemnities, as described further at paragraph 12.1.5 of this Part VII;
- 13.3 the settlement agreement in relation to Martin Rosser, as described further at paragraph 12.1.13 of this Part VII; and
- 13.4 the eLight shareholders' agreement (and termination deed in relation thereto), as further described at paragraph 12.2.5 of this Part VII.

#### **14. Employees**

- 14.1 As at the date of this Document, the Company has, save for the Existing Directors, one employee.
- 14.2 At Admission and following completion of the Acquisition, the Enlarged Group will have 24 employees including the Proposed Directors and 5 full time contractors.

#### **15. Employment share option plan**

##### ***New Share Plans***

The Company proposes to adopt the New Share Plans following Admission. It is intended that the Board will delegate most of its powers and authority under the New Share Plans to the Remuneration Committee.

The forms of incentive award to be implemented pursuant to the New Share Plans will include, but shall not be limited to:

- (a) "Share Options": awards granted in the form of a share option with a nominal exercise price or an exercise price equal to the market value of a New Ordinary Share. These may be structured to qualify for the tax advantaged Enterprise Management Incentive; and
- (b) "Growth Share Awards": awards granted in the form of an immediate beneficial interest to be held by participants in a discrete and bespoke class of ordinary shares. Growth Share Awards are expected to be made over shares in a subsidiary of the Company and when they have vested to be exchanged for New Ordinary Shares.

The Management Incentive Plan is linked to the growth in value of the Company and is expected to be made up from the grant of Enterprise Management Incentive Share Options and/or Growth Share Awards (together, the "**MIP Awards**").

##### ***Principal Terms of the Share Plans***

The principal terms of the New Share Plans which are to be adopted are set out below.

##### ***Eligibility***

Awards may be made to Directors and employees of the Enlarged Group at the discretion of the Remuneration Committee. Independent Directors will not be granted Awards under the New Share Plans.

##### ***Timing***

The MIP Awards will be made as soon as possible following Admission. Otherwise, awards will normally only be granted within 42 days of the end of a closed period (typically following the announcement of the Company's results for any period). In exceptional circumstances, awards may be granted at other times provided that no awards may be granted during a closed period when the Company's shares are subject to dealing restrictions.

The intention is that participants in the MIP will not be granted further awards under the New Share Plans during the MIP's performance period, which shall be at least three years.

##### ***Vesting period***

A minimum vesting period of three years will apply to all awards other than those in relation to which the Remuneration Committee determines that a shorter period is justified by exceptional circumstances. MIP Awards will be subject to a minimum vesting period of at least three years.

### ***Performance conditions***

The Company wishes to ensure that incentives are granted on terms which incentivise sustainable long-term growth and align Directors' and employees' interests with the interests of shareholders.

The MIP Awards to be made on or following Admission under the New Share Plans will only reward participants to the extent that significant growth is achieved and sustained value is created for shareholders.

It is proposed that the MIP Awards will only vest if there has been a minimum growth in Total Shareholder Return of 10 per cent. per annum over the performance period (the "base performance hurdle"). If this base performance hurdle level of growth is achieved a threshold level of vesting will apply. It is also intended that a more stretching performance hurdle will apply for the MIP Awards to vest in full.

In order to ensure that vesting is linked to sustainable long-term performance, Total Shareholder Return for this purpose will usually be measured by reference to at least a one month average Total Shareholder Return at the end of the performance period.

Awards may be further subject to the achievement of additional performance conditions set by the Remuneration Committee at the date of grant. MIP Awards will be subject to an underpin condition which will allow the Remuneration Committee to reduce the value of awards if it is not satisfied that the level of reward available to participants is justified by the underlying financial performance of the business.

Separately from the overall dilution limits set out below and taking into account the level of stretch in the performance hurdles MIP Share Awards will be subject to a limit of 12.5 per cent. of the issued ordinary share capital of the Company which may be issued or issuable to participants. In the event that this limit would otherwise be exceeded, the value of awards held by each participant will be proportionately reduced.

Awards may also be granted to employees below Board level under the New Share Plans subject to such vesting conditions as the Remuneration Committee may determine at the date of grant.

### ***Plan limits***

During the three year performance period for the MIP Awards not more than 15 per cent. of the issued ordinary share capital of the Company may be issued or be issuable under the New Share Plans. Once the MIP Awards performance period has elapsed, not more than 10 per cent. of the issued ordinary share capital of the Company may be issued or be issuable under the New Share Plans (excluding shares issued by the Company to satisfy MIP Award) in the remaining 10 year period following Admission.

MIP Awards will be subject to a limit of 12.5 per cent. of the issued ordinary share capital of the Company which may be issued or issuable to participants (including shares issued by the Company on vesting of the relevant Growth Share awards).

In addition to the above limits:

- These limits do not include awards which have lapsed, which are satisfied by shares purchased in the market, or include shares which are used to pay dividend equivalents.
- These limits do not include any New Ordinary Shares that may be issued in connection with awards made under the Current Share Plans.

### ***Satisfaction of awards***

Instead of issuing or transferring shares upon the vesting of awards, the Remuneration Committee may decide to pay a cash amount equal to the value of those shares. However, it is envisaged that this would only be done where local tax, legal or regulatory rules make share settlement difficult.

### ***Holding period***

Awards may be granted on the basis that some or all of the shares in respect of which the award vests will be held for a further period post-vesting.

MIP Awards will be subject to a minimum holding period of at least one year in respect of 50 per cent. of each such award.

### ***Malus and clawback***

The Remuneration Committee will have discretion to reduce the number of shares subject to an unvested award (including to zero) in certain circumstances.

The Remuneration Committee will also retain discretion, in certain circumstances, to claw back awards which have already vested and forfeit shares subject to a holding period or demand the return of shares which are no longer subject to a holding period or the sale proceeds from such shares if these have been sold within the period of one year from the vesting date of the award.

The relevant circumstances are where the award is determined to have been granted or vested on the basis of materially inaccurate information or where the Remuneration Committee determines that the participant has committed a material breach of their contract of employment which would include, without limitation: where the participant has contributed to a material loss or reputational damage to the Company; the participant has materially breached any compromise agreement entered into in relation to their cessation of employment; or, where applicable, the participant has materially breached any of their fiduciary duties.

### ***Leaving employment***

If a participant leaves employment, unvested awards will normally lapse.

If the participant leaves for one of the following reasons: disability, ill-health, injury, dismissal without cause or in other circumstances if the Remuneration Committee allows, their award will normally continue in effect and vest on the original vesting date or, if applicable, will be released at the end of the holding period (if any) unless the Remuneration Committee decides in its discretion that vesting on the cessation of employment is appropriate under the circumstances.

In the event of the death of a participant, the transfer of the participant's employing company outside the group, or the participant's employment being transferred as part of a business transfer outside the group (or in one of other circumstances noted above where the Remuneration Committee, at its discretion, determines that an award shall vest early) an award shall ordinarily vest, or the shares subject to a holding period will be released, on the cessation of employment.

Awards will normally be prorated on a time apportioned basis and, except in the case of death, will normally only vest to the extent that any performance or other conditions have been met, unless the Remuneration Committee at its discretion determines to permit fuller vesting.

### ***Takeovers, reorganisations, etc.***

Awards will generally vest early on a takeover, or other change of control event, or on a voluntary winding up of the Company.

In these circumstances, MIP Awards will normally vest in full subject to the achievement of the performance hurdle. Otherwise, where an award vests in these circumstances, any performance condition will normally be evaluated to the date of the relevant event to the extent practicable.

### ***General***

The applicable rules of the New Share Plans may also contain provisions to allow for awards to be made to participants based in jurisdictions outside the UK and to allow for the Remuneration Committee to agree special terms to allow for awards to be granted in those jurisdictions in order to comply with local practice and requirements or to avoid adverse tax, legal or regulatory consequences.

The number or type of shares subject to an award and/or any exercise price may be adjusted to reflect a capitalisation issue, rights issue, open offer, sub-division or consolidation of shares, reduction of share capital, or any other variation in the share capital of the Company; or if there is a capital distribution, special dividend, distribution in specie, demerger or other event having a material impact on the value of the shares.

Awards will not be generally transferable (except to personal representatives on death) and are not pensionable. Any shares issued following the vesting of awards will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

The New Share Plans shall contain provisions to enable the deduction of any tax or other liabilities due on vesting or exercise of an award or otherwise in connection with the relevant plan from a participant to be paid, from a sale of shares or other funds, before shares are issued or transferred to that participant.

### **Amendments**

The Board shall have the authority to amend the New Share Plans in any way, save that no amendment may have a material adverse effect on a participant with a subsisting award except with the consent of either that participant or participants who hold the majority, by number of shares subject to award, of the subsisting awards affected by the amendment.

The Remuneration Committee will be entitled to amend the performance conditions if anything happens which causes the Remuneration Committee to consider it appropriate to do so, provided that the varied performance condition is, in the Remuneration Committee's opinion, materially no more or less difficult to satisfy that immediately prior to the relevant event.

### **16. Working capital**

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

### **17. Significant change**

- 17.1 Save as disclosed in this Document, there has been no significant change in the trading or financial position of the Company since 30 June 2019, being the date as at which the financial information contained in "*Part IV – Historical Financial Information on the Company*" has been prepared.
- 17.2 Save as disclosed in this Document, there has been no significant change in the trading or financial position of the eLight Group since 30 June 2019, being the date as at which the financial information contained in "*Part V – Historical Financial Information on eLight*" has been prepared.

### **18. Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) within the 12 months preceding the date of this Document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Enlarged Group.

### **19. Takeover Code and mandatory offers**

- 19.1 Brief details of the Panel, the City Code and the protections they afford are given below.
- 19.2 The Company is a public limited company incorporated in England and Wales and its New Ordinary Shares will be admitted to AIM with effect from Admission. Accordingly, the City Code applies to the Company and operates principally to ensure that all of the Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that the Shareholders of the same class of shares are afforded equivalent treatment. The City Code also provides an orderly framework within which takeovers are conducted and the Panel has now been placed on statutory footing.
- 19.3 Under Rule 9 of the City Code, any person who acquires, whether by a series of transactions over a period of time or not, an "interest" (as defined in the City Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all of the remaining shareholders to acquire their shares.
- 19.4 Similarly, Rule 9 of the City Code also provides that when any person, together with persons acting in concert with him is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting

rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

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

## **20. Takeover offers**

- 20.1 In addition to Rule 9 of the City Code (further details of which are set out at paragraph 19 of this Part VII), the Companies Act will also apply in the context of a takeover bid, further details of which are set out below.

### **20.2 Squeeze-out**

Under the Companies Act, if a “**takeover offer**” (as defined in section 974 of the Companies Act) is made for the New Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. of the New Ordinary Shares to which the takeover offer relates (the “**Takeover Offer Shares**”) and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to compulsorily acquire the remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the takeover offer telling them that it will compulsorily acquire their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those Shareholders in the event that they had not accepted the offer at such time. The consideration to the Shareholders whose Takeover Offer Shares were acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

### **20.3 Sell-out**

20.3.1 The Companies Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of the New Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the New Ordinary Shares to which the offer related, any Shareholder to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those New Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that matter arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those New Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

20.3.2 As at the date of this Document, the Company is not in receipt of, nor subject to, a takeover offer.

## **21. Taxation**

### ***United Kingdom taxation***

#### **21.1 General**

The following comments are intended only as a general guide to the position under current United Kingdom tax law and what is understood to be the current practice (both of which are subject to change at any time, possibly with retrospective effect) of HM Revenue & Customs and may not apply to certain classes of investors, such as dealers in securities, insurance companies, collective investment schemes and persons who acquired securities in connection with their employment. Any person who is in doubt as to his tax position is strongly recommended to consult his own professional tax adviser.

## 21.2 **Taxation of Dividends**

### 21.2.1 *The Company*

The Company will not be required to withhold tax at source on any dividends it pays to its Shareholders in respect of the New Ordinary Shares.

### 21.2.2 *UK resident Shareholders*

Shareholders who are individuals resident in the UK for taxation purposes are generally liable to UK income tax on dividends to the extent that their total aggregate dividends in a tax year exceed £2,000. For UK resident individuals with aggregate dividends below this level dividends should be covered by the UK dividend allowance.

To the extent that aggregate dividend income exceeds the limits outlined above for UK resident individuals, dividends are taxed as the individual's top slice of income which means that all other sources of income are taken in to account before determining which tax rate to apply to dividends.

The current tax rates applying to aggregate UK dividends in excess of the above limits are:

- 7.5 per cent. Basic rate taxpayers
- 32.5 per cent. Higher rate taxpayers
- 38.1 per cent. Additional rate taxpayers

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

### 21.2.3 *Non-UK resident Shareholders*

Non-UK resident Shareholders may also be subject to tax on dividend income under any law to which they are subject outside the UK. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

## 21.3 **Taxation of Capital Chargeable Gains**

### 21.3.1 *UK resident Shareholders*

A disposal of the New Ordinary Shares by a Shareholder who is (at any time in the relevant United Kingdom tax year) resident in the United Kingdom for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

Disposal of the New Ordinary Shares held by such a Shareholder in an approved individual savings account should be exempt for the purposes of UK taxation.

### 21.3.2 *Non-resident Shareholders*

A Shareholder who is not resident in the United Kingdom for tax purposes but who carries on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the New Ordinary Shares are attributable will be subject to the same rules which apply to United Kingdom resident Shareholders.



A Shareholder who is an individual and who after acquiring his New Ordinary Shares, ceases to be resident for tax purposes in the United Kingdom for a period of less than five complete years of assessment and who disposes of the New Ordinary Shares during that period may also be liable, on his return, to United Kingdom taxation of chargeable gains (subject to any available exemption or relief).

#### 21.4 **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and (except insofar as expressly referred to below) do not relate to persons such as market makers, brokers, dealers, intermediaries, persons connected with depository receipt arrangements or clearance services or persons who enter into sale and repurchase transactions in respect of the New Ordinary Shares, to whom special rules apply. No UK stamp duty or SDRT will be payable on the issue of the New Ordinary Shares direct to persons acquiring those shares. Transfers of shares for value generally give rise to a liability to pay UK ad Valorem stamp duty or stamp duty reserve tax at a rate in each case of 50 pence per £100 of the amount of value or consideration. However, exemption is available if the New Ordinary Shares qualify as being traded on a Recognised Growth Market. AIM currently qualifies as a Recognised Growth Market.

**Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.**

#### **Irish taxation**

##### 21.5 **General**

The comments in this section are intended as a general guide for Irish resident Shareholders as to their tax position under Irish law and the current published practice of the Revenue Commissioners of Ireland as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time, possibly with retrospective effect. The comments apply to Shareholders who are resident (and in the case of individuals, ordinarily resident and domiciled) for tax purposes in Ireland who will hold New Ordinary Shares as an investment and will be the absolute beneficial owners of them.

It does not apply to certain specific classes of Shareholder, including substantial Shareholders, dealers in securities, collective investment schemes, approved pension schemes and approved charities. Legislative, administrative or judicial changes may modify the tax rates, reliefs or consequences described below, possibly with retrospective effect.

The statements do not constitute tax advice and are intended only as a general summary. Any Shareholder or prospective purchaser of New Ordinary Shares whether resident, ordinarily resident or domiciled in Ireland or elsewhere, should consult their professional adviser on the possible tax consequences of acquiring, owning and disposing of New Ordinary Shares under the laws of their particular citizenship, residence or domicile.

##### 21.6 **Income tax**

Shareholders who are resident and/or ordinarily resident and domiciled in Ireland for taxation purposes will, depending on their circumstances, be liable to Irish income tax at their marginal rate plus social security and the Universal Social Charge (currently at combined rates of up to 55 per cent.) in respect of the gross amount of any dividends paid by the Company. In the event that withholding tax is deducted from any dividend payment, a credit for such withholding tax should be available against the individual's income tax liability. Currently, it is not expected that there will be any withholding tax deducted in the UK from dividend payments.

Shareholders should note that with respect to non-Euro denominated New Ordinary Shares, Irish income tax will be payable by reference to the Euro equivalent of any dividends received at the relevant date.



## 21.7 **Corporation tax**

Shareholders who are Irish resident companies will, *prima facie*, be subject to Irish corporation tax (currently at a rate of 25 per cent.) on dividends paid by the Company. In certain circumstances, dividends paid by the Company may be taxable at 12.5 per cent.

Shareholders should note that with respect to non-Euro denominated New Ordinary Shares, Irish corporate tax will be payable by reference to the Euro equivalent of any dividends received at the relevant date.

Irish resident corporate Shareholders which are close companies, as defined under Irish tax law, may be subject to corporation tax surcharge on dividend income received from the Company to the extent that it is not distributed within the appropriate time frame.

## 21.8 **Capital gains tax**

### *Individuals*

New Ordinary Shares in the Company will constitute chargeable assets for Irish capital gains tax purposes and accordingly Shareholders who are individuals resident or ordinarily resident in Ireland will, depending on their circumstances, be liable to Irish capital gains tax on any gains derived on the disposal of their New Ordinary Shares, currently at a rate of 33 per cent.

In addition, in the event that New Ordinary Shares in the Company derive the greater part of their value from land or buildings in Ireland, minerals in Ireland or exploration/exploitation rights within the Irish continental shelf, Shareholders who are neither resident nor ordinarily resident in Ireland may be within the charge to Irish capital gains tax.

Shareholders should note that the Irish capital gains tax liability with respect to non-Euro denominated New Ordinary Shares is calculated by reference to Euro amount at the dates of acquisition and disposal.

### *Corporates*

New Ordinary Shares in the Company will constitute chargeable assets for Irish capital gains tax purposes and, accordingly Irish resident corporate Shareholders will, depending on their circumstances, be liable to Irish capital gains tax on any gains derived on the disposal of their New Ordinary Shares, currently at a rate of 33 per cent. However, substantial shareholding exemption may apply to such Shareholders that own more than 5 per cent. of the ordinary share capital of the Company, where certain conditions are met.

Corporate Shareholders of the Company who are not resident in Ireland may be within the charge to Irish capital gains tax to the extent that they carry on a branch or trade in Ireland to which the New Ordinary Shares are attributable or, the New Ordinary Shares in the Company derive the greater part of their value from land or buildings in Ireland, minerals in Ireland or exploration/exploitation rights within the Irish continental shelf.

Corporate Shareholders should note that the Irish capital gains tax liability with respect to non Euro denominated New Ordinary Shares is calculated by reference to Euro amount at the dates of acquisition and disposal.

## 21.9 **Capital acquisitions tax**

Capital acquisitions tax ("**CAT**") applies to both gifts and inheritances of property. Irish CAT may be chargeable (currently at the rate of CAT of 33 per cent.), in particular, on a gift by, or inheritance from, the owner of the New Ordinary Shares. A CAT liability arises where the donor or beneficiary is resident or ordinarily resident in Ireland, (except where the person is not domiciled in Ireland and was not resident in Ireland for five consecutive years prior to the date of the gift/inheritance). Shareholders should note for CAT purposes, the transfer of assets for less than full value may be treated as a gift. In addition certain exemptions may apply to gifts and inheritance depending on the relationship between the donor and recipient.

## 21.10 **Stamp duty**

Irish stamp duty will not arise on the issue of New Ordinary Shares in the Company.

Generally transfers of New Ordinary Shares in the Company should not be subject to Irish stamp duty. However, Irish stamp duty could arise in certain circumstances, where, for instance, the consideration for the transfer relates to certain Irish property.

## **22. General**

22.1 BDO LLP of 55 Baker Street, London, W1U 7EU has been appointed as the auditors of the Company and are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

22.2 PKF Littlejohn LLP of 15 Westferry Circus, Canary Wharf, London, E14 4HD has been appointed as reporting accountant to the Company and has given and not withdrawn its consent to the inclusion in this Document of its accountant's report in "*Part IV – Historical Financial Information on the Company*", in "*Part V – Historical Financial Information on eLight*" in the form and context in which it is included and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules.

22.3 Cairn Financial Advisers LLP of Cheyne House Crown Court, 62-63 Cheapside, London, England, EC2V 6AX which is regulated by the FCA, has given and has not withdrawn its consent to the inclusion in this Document of references to its name in the form and context in which it appears.

22.4 Turner Pope Investments (TPI) Limited of 8 Frederick's Place London EC2R 8AB which is regulated by the FCA, has given and has not withdrawn its consent to the inclusion in this Document of its name in the form and context in which it is included.

22.5 The total expenses incurred (or to be incurred) by the Company in connection with Admission and the Placing are approximately £660,000. The estimated net proceeds of the Placing, after deducting fees and expenses in connection with the Placing are approximately £1,340,000.

22.6 There are no arrangements under which future dividends are waived or agreed to be waived.

22.7 The New Ordinary Shares will only be traded on AIM.

22.8 Save as disclosed in this Document and the following payments:

22.8.1 £62,500.00 to Wrays in relation to patent applications and renewals;

22.8.2 £14,417.00 to Nicholas Welham in relation to consultancy services provided to MetaLeach;

22.8.3 £16,945.00 to Druces LLP in relation to legal fees; and

22.8.4 £74,000.00 to John A Getty in relation to acting as Company Secretary and Chief Financial Officer within the 12 month period preceding Admission,

no person (except for fees payable to the professional advisers whose names are set out on pages 16 and 17 of this Document and payments to trade suppliers), has received any fees, securities or other benefit to a value of £10,000.00 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

22.9 Save as disclosed in this Document:

22.9.1 there are no environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets;

22.9.2 there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the financial position of the Enlarged Group for the current financial year; and

- 22.9.3 the Enlarged Group is not dependant on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of material importance to its business or profitability.
- 22.10 This Document has not been approved by the FCA.
- 22.11 The New Ordinary Shares being issued pursuant to the Placing have a nominal value of 0.3 pence each. The rights attaching to the New Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.
- 22.12 Directors' and officers' liability insurance has been effected by the Company in respect of each of the Directors for an aggregate sum of £5,000,000.00.
- 22.13 Save as disclosed in this Document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 22.14 Save as disclosed in this Document, no dividends have been declared by the Company in respect of the financial years covered by the report in Part IV of this Document.
- 22.15 Where information has been sourced from a third party, this information has been accurately reproduced so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **23. Documents published on the Company's website**

Copies of the following documents will be made available at the website address **[www.alexandermining.com](http://www.alexandermining.com)** from the date of posting of this Document up to the date of the General Meeting:

- 23.1 the Memorandum and Articles of Association of the Company;
- 23.2 the New Articles of the Company;
- 23.3 the Memorandum and Articles of Association of eLight;
- 23.4 the audited accounts for the Company for the years ended 31 December 2017 and 31 December 2018;
- 23.5 the consent letter from Cairn referred to in paragraph 22.3 above; and
- 23.6 the Acquisition Agreement, the Placing Agreement and the Lock-in Agreements as set out in paragraph 12 above.

### **24. Availability of this Document**

- 24.1 Following Admission, copies of this Document may be collected, free of charge during normal business hours, at Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside EC2V 6AX.
- 24.2 In addition, this Document will be published in electronic form and be available on the Company's website at [www.alexandermining.com](http://www.alexandermining.com) (and following Admission, at [www.eenergyplc.com](http://www.eenergyplc.com)), subject to certain access restrictions applicable.

Dated 20 December 2019

## PART VIII

### NOTICE OF GENERAL MEETING

# ALEXANDER MINING PLC

*(Incorporated in England and Wales with registered number 05357433)*

Notice is hereby given that a general meeting of the members of the Company will be held at the offices of Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW at 11.00 a.m. on 8 January 2020 for the purposes of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTIONS

1. **THAT**, subject to and conditional upon the passing of Resolutions 2 to 16 (inclusive), the waiver granted by the Panel on Takeovers and Mergers of the obligation on the Concert Party (as defined in the admission document published by the Company and dated 19 December 2019 of which this notice forms part, hereinafter referred to as the “**Admission Document**”) to make a general offer under Rule 9 of the City Code on Takeovers and Mergers, as a result of the issue to them of ordinary shares in the capital of the Company, pursuant to the Acquisition Agreement (as such term is defined in the Admission Document) be and is hereby approved.
2. **THAT**, subject to and conditional upon the passing of Resolutions 1 and 3 to 16 (inclusive), the proposed acquisition by the Company of the entire issued share capital of eLight Group Holdings Limited, which comprises a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies (being the Acquisition (as such term is defined in the Admission Document)), on the terms and subject to the conditions of the sale and purchase agreement dated 19 December 2019 (being the Acquisition Agreement (as such terms is defined in the Admission Document)), as more particularly described in the Admission Document, be and is hereby approved with such revisions and amendments (including as to price) of a non-material nature as may be approved by the directors of the Company (the “**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 Acquisition be and are hereby approved.
3. **THAT**, the proposed disposal by the Company of the MetaLeach Assets (as such term is defined in the Admission Document), which comprises a fundamental change in the business of the Company pursuant to Rule 15 of the AIM Rules for Companies on the terms and subject to the conditions of the disposal agreements dated 19 December 2019 (being the Disposals Agreement (as such terms is defined in the Admission Document)), as more particularly described in the Admission Document, be and is hereby approved with such revisions and amendments (including as to price) of a non-material nature as may be approved by the 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.
4. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 3 (inclusive) and 5 to 16 (inclusive), David William Nicholl, having consented to act, be appointed as a director of the Company with effect from admission of the Enlarged Ordinary Share Capital (as such term is defined in the Admission Document) to trading on the AIM market of the London Stock Exchange (“**Admission**”).
5. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 4 (inclusive) and 16 (inclusive), Harvey Ian Sinclair, having consented to act, be appointed as a director of the Company with effect from Admission.
6. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 5 (inclusive) and 7 to 16 (inclusive), Richard Mark Williams, having consented to act, be appointed as a director of the Company with effect from Admission.

7. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 6 (inclusive) and 8 to 16 (inclusive), Andrew Robin Lawley, having consented to act, be appointed as a director of the Company with effect from Admission.
8. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 7 (inclusive) and 9 to 16 (inclusive), Dr Nigel John Burton, having consented to act, be re-appointed as a director of the Company with effect from Admission.
9. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 8 (inclusive) and 10 to 16 (inclusive), in accordance with section 551 of the Companies Act 2006 (the “**Act**”), the Directors be generally and unconditionally authorised to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company (“**Rights**”):
  - (a) up to an aggregate nominal amount of £262,953.00 each in accordance with the terms and conditions of the Acquisition Agreement;
  - (b) up to an aggregate nominal amount of £80,000.01 in accordance with the terms and conditions of the Placing Agreement (as such term is defined in the Admission Document);
  - (c) up to an aggregate nominal amount of £3,927.79 in accordance with the terms and conditions of the Adviser Warrants (as such term is defined in the Admission Document);
  - (d) up to an aggregate nominal amount of £2,000.01 in relation to the TP Shares (as such term is defined in the Admission Document); and
  - (e) up to an aggregate nominal amount of £4,000.00 in relation to the CB Shares (as such term is defined in the Admission Document),

provided that the authority granted by this Resolution shall, unless renewed, varied or revoked by the Company, expire at the earlier of the Company's next annual general meeting and 1 February 2021, except that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of that offer or agreement. This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the Act to the extent not utilised at the date it is passed.

10. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 9 (inclusive) and 11 to 16 (inclusive), in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company (“**Additional Rights**”) up to an aggregate nominal amount of £392,778.51, representing approximately 100 per cent. of the Enlarged Ordinary Share Capital (as such term is defined in the Admission Document, provided that the authority granted by this Resolution shall, unless renewed, varied or revoked by the Company, expire at the earlier of the Company's next annual general meeting and 1 February 2021, except that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Additional Rights to be granted and the Directors may allot shares or grant Additional Rights in pursuance of that offer or agreement.

This Resolution is in addition to the authority conferred by Resolution 9.

## **SPECIAL RESOLUTIONS**

11. **THAT**, subject to and conditional on the passing of Resolutions 1 to 10 (inclusive) and 12 to 16 (inclusive):
  - (a) the Directors shall be authorised, in accordance with the New Articles, to sell in the market any shareholding of ordinary shares of £0.00001 each in the capital of the Company (the “**Existing Ordinary Shares**”) held by any shareholder which is less than 75,000 Existing Ordinary Shares; and

- (b) following the issue of 69,851 Registrar Shares (as such term is defined in the Admission Document), the Existing Ordinary Shares be consolidated on a 75,000 to 1 basis into ordinary shares of £1.00 each (the “**Consolidated Ordinary Shares**”).
12. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 11 (inclusive) and 13 to 16 (inclusive), each of the 58,434 Consolidated Ordinary Shares of £1.00 each be sub-divided into 250 ordinary shares of £0.003 each (the “**New Ordinary Shares**”).
13. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 12 (inclusive) and 14 to 16 (inclusive), in accordance with sections 570 and 571 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 9, as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:
- (a) up to an aggregate nominal amount of £262,953.00 each in accordance with the terms and conditions of the Acquisition Agreement;
  - (b) up to an aggregate nominal amount of £80,000.01 in accordance with the terms and conditions of the Placing Agreement (as such term is defined in the Admission Document);
  - (c) up to an aggregate amount of £3,927.79 in accordance with the terms and conditions of the Adviser Warrants (as such term is defined in the Admission Document);
  - (d) up to an aggregate nominal amount of £2,000.01 in relation to the TP Shares (as such term is defined in the Admission Document); and
  - (e) up to an aggregate nominal amount of £4,000.01 in relation to the CB Shares (as such term is defined in the Admission Document),

provided that this authority shall expire at the earlier of the Company's next annual general meeting and 1 February 2021. The Company may, before this authority expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the directors may allot equity securities pursuant to that offer or agreement.

14. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 13 (inclusive), and 15 to 16 (inclusive) in accordance with sections 570 and 571 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 10, as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to the issue of Additional Rights up to an aggregate nominal amount of £294,583.88, representing approximately 75 per cent. of the Enlarged Ordinary Share Capital (as such term is defined in the Admission Document), provided that the authority granted by this Resolution shall, unless renewed, varied or revoked by the Company, expire at the earlier of the Company's next annual general meeting and 1 February 2021, except that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Additional Rights to be granted and the Directors may allot shares or grant Additional Rights in pursuance of that offer or agreement.

This Resolution is in addition to the authority conferred by Resolution 13.

15. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 14 (inclusive) and 16, the name of the Company be changed to ‘**eEnergy Group plc**’.



16. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 15 (inclusive), the articles of association of the Company produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

John Getty  
Company Secretary  
Company number: 5357433

*Registered Office:*

Salisbury House  
London Wall  
London EC2M 5PS

20 December 2019

**Notes:**

1. Resolution 1 will be taken on a poll by Independent Shareholders (as such term is defined in the Admission Document).
2. Members entitled to attend and vote at the General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not also be a member.

If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.

*Appointing a Proxy*

- via the Registrar's website [www.signalshares.com](http://www.signalshares.com). To vote online you will need to logon to your Signal Shares account or register if you have not already done so. To register you will need your investor code which can be found on your share certificate. Once registered you will immediately be able to vote.
  - by requesting a hard copy by calling the registrar Link Asset services on 0871 664 0391 calls cost 12p per minute plus your phone company's access charge. From overseas call +44 (0) 371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.
3. For a Form of Proxy to be valid it should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority) to registrars, being Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4TU by not later than 48 hours, excluding non-working days, before the time appointed for holding the General Meeting or in the case of a poll taken subsequently to the date of the General Meeting or any adjourned meeting, not less than 48 hours, excluding non-working days, before the time appointed for the taking of the poll or for holding the adjourned meeting. Members who intend to appoint more than one proxy can obtain additional Forms of Proxy from the Registrars. Alternatively, the form provided may be photocopied prior to completion. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made.
  4. An abstention option has been included on the Form of Proxy. The legal effect of choosing the abstention option on any resolution is that the Shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each Resolution.
  5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
  6. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST proxy appointment instruction**") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("**Euroclear**"), and must contain all the relevant information required by the CREST Manual. To be valid the message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Registrars, as the Company's "issuer's agent", (CREST ID: RA10) 48 hours before the time appointed for holding the meeting or adjourned meeting (as such a message cannot be transmitted on weekends or on other days when the CREST system is closed). After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST



Manual concerning timings as well as its section on “Practical limitations of the system”. In certain circumstances the Company may, in accordance with Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid. The CREST Manual can be reviewed at [www.euroclear.com](http://www.euroclear.com).

7. CREST members and, where applicable, the sponsors or voting service provider(s), should note that CREST does not make available a special procedure in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of proxy instructions. It is the responsibility of the CREST members concerned to take (or of the CREST member is a CREST personal member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such sections 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.
8. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. Completion and return or submission electronically, of a Form of Proxy will not affect the right of such member to attend and vote in person at the meeting or any adjournment thereof.
10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those members entered on the register of members of the Company on 11.00 a.m. on 6 January 2020 will be entitled to attend or vote (whether in person or by proxy) at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 11.00 a.m. on 6 January 2020 will be disregarded in determining the rights of any person to attend or vote at the meeting or any adjourned meeting (as the case may be).
11. As at 19 December 2019 (being the last business day prior to the publication of this notice of meeting) the Company's issued share capital consisted of 4,382,480,149 Existing Ordinary Shares carrying one vote each and 1,533,251,050,551 Deferred Shares carrying nil vote each, therefore, the total voting rights in the Company as at 19 December 2019 are 4,382,480,149.
12. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which the Company must cause to be answered. Information relating to the meeting which the Company is required by the Act to publish on a website in advance of the meeting may be viewed at [www.alexandermining.com](http://www.alexandermining.com).
13. In accordance with section 311a of the Act, the contents of this notice of meeting, details of the total number of shares of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members statements. Members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.alexandermining.com](http://www.alexandermining.com).

