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If you sell or transfer, or have sold or transferred, all of your Existing Ordinary Shares, please send this document (but not the accompanying Form of Proxy) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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## **CEPS PLC**

(Incorporated and registered in England and Wales under the Companies Act 1948 with registered number 00507461)

# **Proposed Share Capital Reduction Proposed Cancellation of the Share Premium Account and Notice of General Meeting**

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A notice convening the General Meeting to be held at 11.00 a.m. on 20 March 2024 at 11 Laura Place, Bath BA2 4BL, is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed with this document and instructions for its completion and return are set out in the Form of Proxy. The Form of Proxy should be returned to the Company's registrars, Share Registrars Limited, at 3 The Millennium Centre, Crosby Way, Farnham GU9 7XX, as soon as possible and in any event so as to be received by 11.00 a.m. on 18 March 2024, being 48 hours prior to the time appointed for the holding of the General Meeting.

You should read the whole of this document. Your attention is drawn to the letter from the Chairman which is set out in Part I of this document and which includes a recommendation that you vote in favour of the resolutions to be proposed at the General Meeting.

The Directors, whose names and details are set out on page 5 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies as issued and amended by the London Stock Exchange Group Plc from time to time. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

## CONTENTS

	Page
Expected timetable of events	2
Dealing codes	2
Definitions	3
Letter from the Chairman of the Company	5
Notice of General Meeting	End of document

## EXPECTED TIMETABLE OF EVENTS

Latest time for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 18 March 2024
General Meeting	11.00 a.m. on 20 March 2024
Court directions hearing	15 April 2024*
Court hearing to confirm the Share Capital Reduction	30 April 2024*
Registration of Court Order and Effective Date	Expected to take place by 2 May 2024

\* Each of these dates is subject to change. Any change will be notified via a Regulatory Information Service.

All references to time in this document are to London (UK) time

## DEALING CODES

	Current
<b>ISIN</b>	GB00B86TNX04
<b>Sedol</b>	B86TNX0

## DEFINITIONS

Act	the Companies Act 2006, as amended from time to time
AIM	AIM, a market of that name operated by the London Stock Exchange
AIM Rules	AIM Rules for Companies, as issued by the London Stock Exchange
Board or Directors	the directors of the Company whose names appear on page 5 of this document
Company or CEPS	CEPS PLC
Company's Group	means CEPS, any subsidiary or any holding company, from time to time, of CEPS
Court	His Majesty's High Court of Justice in England
CREST	the paperless share settlement system and system for the holding and transfer of shares in uncertified form in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
CREST Manual	the Manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof
CREST Member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
CREST Participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
CREST Sponsor	a CREST Participant admitted to CREST as a CREST Sponsor
Effective Date	the date on which the Share Capital Reduction becomes effective, being the date on which the Court order relating to the proposed Share Capital Reduction and the statement of capital in respect of the proposed Share Capital Reduction have both been registered by the Registrar of Companies at Companies House
Euroclear	Euroclear UK & International Limited, a company incorporated in England and Wales with registered number 02878738, whose registered office is at 33 Cannon Street, London EC4M 5SB, the operator of CREST
Existing Ordinary Shares	ordinary shares of £0.10 each in the capital of the Company prior to the Share Capital Reduction
Form of Proxy	the form of proxy accompanying this document for use, by Shareholders, at the GM
General Meeting or GM	the general meeting of the Company convened for 11.00 a.m. on 20 March 2024, the notice of which is set out at the end of this document
London Stock Exchange	London Stock Exchange Group Plc
Member	a CREST Member admitted to CREST as a Sponsored Member
New Ordinary Shares	ordinary shares of £0.003 each in the capital of the Company resulting from the Share Capital Reduction

Overseas Shareholders	Shareholders who are citizens or nationals of, or who are resident in, jurisdictions outside of the United Kingdom
Register of Members	the Company's register of members
Registrars	Share Registrars Limited, the Company's registrars
Resolution	the special resolution to be proposed at the General Meeting as set out in the Notice of General Meeting at the end of this document
Share Capital Reduction	the proposed reduction of the nominal value of Company's issued share capital and the cancellation of the share premium account as described in this document
Share Premium Account	the share premium account of the Company to be reduced to nil as described in this document.
Shareholders	holders of Existing Ordinary Shares and, on the Share Capital Reduction taking effect, holders of New Ordinary Shares
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland

For the purposes of this document, all references to "GBP", "£" and "pence" are to the lawful currency of the United Kingdom unless otherwise stated.

## LETTER FROM THE CHAIRMAN OF THE COMPANY

### CEPS PLC

(Incorporated and registered in England and Wales under the Companies Act 1948 with registered number 00507461)

#### Directors:

David A Horner, Chairman  
Vivien E Langford, Group Finance Director  
David E Johnson, Non-Executive Director  
Geoffrey C Martin, Non-Executive Director

#### Registered Office:

11 Laura Place  
Bath  
BA2 4BL

*To the holders of Existing Ordinary Shares*

1 March 2024

**Dear Shareholder,**

### **Proposed Share Capital Reduction Proposed Cancellation of the Share Premium Account and Notice of General Meeting**

#### **Introduction**

The purpose of this document is to explain the details of and reasons for the proposed share capital reduction and proposed cancellation of the share premium account (together referred to as the “Share Capital Reduction”) that the Directors are proposing to undertake. To be implemented, the Share Capital Reduction requires the approval of Shareholders in a general meeting. Accordingly, at the end of this document, is a notice convening a general meeting of the Company to consider, and if thought fit, to approve the Share Capital Reduction.

#### **Background to and reasons for the Share Capital Reduction**

The Board is recommending the Share Capital Reduction in order to significantly reduce the historic deficit on the profit and loss account, and to help to create distributable reserves, in the future, to enable the Company to pay Shareholders dividends or to be used for other valid corporate purposes, such as purchases of its own shares. While the Company has no immediate plans to pay a dividend or to purchase its own shares, the Directors believe that it is appropriate to restructure the balance sheet to permit them to do so should such plans be crystallised in the future. The unaudited interim results published for the six month period ended 30 June 2023, showed the Company’s Group was profitable and cash generative, and as such, it hopes to be in a position to build up additional profits in the medium term for which it may not have a requirement and which can be used to eliminate the remaining historic deficit on the profit and loss account, following completion of the Share Capital Reduction.

As at the date of this document, the balance standing to the credit of the Share Premium Account is £7,017,042.41. It is proposed that the Share Premium Account be reduced in its entirety through the Share Capital Reduction and the nominal value of each ordinary share in issue is reduced by £0.097 on each issued ordinary share of £0.10 therefore reducing the nominal value of each ordinary shares to £0.003. Following the implementation of the Share Capital Reduction, there will be no change in the number of ordinary shares in issue.

If approved by Shareholders, and subsequently confirmed by the Court in the terms proposed by the Board, the effect of the Share Capital Reduction will be to release all of the amount standing to the credit of the Share Premium Account following the Share Capital Reduction so that £7,017,042.41 is credited to the distributable reserves of the Company reducing the historic deficit on the profit and loss account from £9,505,173.53 (as at 31 December 2023 based on unaudited unconsolidated figures) to £2,488,131.12. The historic deficit on the profit and loss account will be further reduced by the reduction in nominal value from £0.10 per Existing Ordinary Share to £0.003 per New Ordinary Share as part of the Share Capital Reduction making a further £2,037,000 available to the Company as set out below, taking the historic deficit to £451,131.12 (based on the unaudited unconsolidated figures as at 31 December 2023). Implementation of the Share Capital Reduction is subject to a number of criteria and legal processes which are explained further below.

Share premium is treated as part of the capital of the Company and arises on the issue by the Company of shares at a premium to their nominal value. The premium element is credited to the Share Premium Account. The Company is generally precluded from the payment of any dividends or other distributions or the redemption or buyback of its issued shares in the absence of sufficient distributable reserves, and the Share Premium Account can be applied by the Company only for limited purposes.

In particular, the Share Premium Account is a non-distributable capital reserve and the Company's ability to use any amount credited to that reserve is limited by the Act. However, with the approval of its Shareholders by way of a special Resolution and subsequent confirmation by the Court, a Company may reduce or cancel its Share Premium Account and, in certain circumstances, either return all or part of the sum arising to Shareholders as a return of capital, or credit some or all of such sum arising to its profit and loss account. To the extent that the release of such a sum from a Share Premium Account creates or increases a credit on the profit and loss account, that sum represents distributable reserves of the Company.

Given that the sum standing to the Share Premium Account of the Company following the Share Capital Reduction is insufficient to eliminate the deficit on the Company's profit and loss account in its entirety, the Company will not be in a position to pay dividends immediately following the Share Capital Reduction. However, if the Company continues to generate profits in the near term, the remaining historic deficit will be eliminated over time, putting the Company in a position to pay dividends more quickly than it would, had it not requested Shareholder approval to the Share Capital Reduction.

Other than the change in nominal value, the New Ordinary Shares will have the same rights as the Existing Ordinary Shares including voting, dividend and other rights.

Given that there will be no change in the number of ordinary shares in issue post the Share Capital Reduction, it is not anticipated that the market price of the New Ordinary Shares immediately following the Share Capital Reduction will differ from the market price of the Existing Ordinary Shares immediately prior to the Share Capital Reduction.

	<i>Issued</i>	
	<i>No. of shares</i>	<i>Nominal amount</i>
At present:		
Existing Ordinary Shares	21,000,000	£2,100,000
Proposed:		
New Ordinary Shares	21,000,000	£63,000

If a special resolution to reduce the Company's share capital is passed by Shareholders, the Company will then seek the confirmation of the Court to the Share Capital Reduction. It is expected that the final hearing of the application will take place on 30 April 2024.

The Court will only sanction resolutions for the reduction of a Company's share capital if it is satisfied that this will not prejudice the interests of the creditors. The Company and the Directors will take such steps to satisfy the Court in this regard as they consider appropriate. If the Court makes the appropriate order, the Share Capital Reduction will become effective when the order has been registered by the Registrar of Companies which is expected to take place by 2 May 2024, depending on processing times at Companies House.

The Board has undertaken a thorough and extensive review of the Company's liabilities (including prospective and contingent liabilities) and considers, as at the date of this document, that the Company will be able to satisfy the Court that, as at the date on which the Court Order relating to the Share Capital Reduction and the statement of capital in respect of the Share Capital Reduction have both been registered by the Registrar of Companies at Companies House, the Company's creditors will not be prejudiced and/or will be sufficiently protected to the satisfaction of the Court.

The Share Capital Reduction will not involve any distribution or repayment of capital and will not reduce the underlying net assets of the Company.

The Board reserves the right to abandon or discontinue (in whole or in part) the Share Capital Reduction and the application to the Court in the event that the Board considers that the terms on which the Share Capital Reduction

would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the Shareholders as a whole.

The Board proposes that the Resolution is passed approving these steps in order to reduce the share capital of the Company.

The overall effect of the Share Capital Reduction will be to reduce the nominal value from £0.10 per Existing Ordinary Share to £0.003 per New Ordinary Share (making £2,037,000.00 available to the Company), to reduce the Share Premium Account to nil (making £7,017,042.41 available to the Company), and as a result of both of these steps shall reduce the deficit on the Company's profit and loss account from £9,505,173.53 (based on the unaudited unconsolidated figures as at 31 December 2023) to £451,131.12, while maintaining the number of ordinary shares in issue at 21 million.

### **Overseas Shareholders**

The implications of the Share Capital Reduction on Overseas Shareholders may be affected by the laws of their respective jurisdictions. Overseas Shareholders should inform themselves about and observe all applicable legal requirements in such jurisdictions. It is the responsibility of Overseas Shareholders to satisfy themselves as to the full observance of the laws of each relevant jurisdiction in connection with the Share Capital Reduction, including the obtaining of any governmental, exchange control or other consents which may be required, compliance with other necessary formalities which are required to be observed and/or the payment of any taxes due in each jurisdiction. Overseas Shareholders who are in any doubt about their position should consult their professional advisers in the relevant territory.

### **Taxation**

The Directors have been advised that for the purposes of UK taxation of chargeable gains, the receipt of the New Ordinary Shares arising from the Share Capital Reduction will result from a reorganisation of the share capital of the Company. Accordingly, a Shareholder should not be treated as making a disposal of all or part of his holding of Existing Ordinary Shares by reason of the Share Capital Reduction.

### **General Meeting**

Your attention is drawn to the notice convening the General Meeting of the Company, set out at the end of this document, to be held at 11.00 a.m. on 20 March 2024. At the General Meeting the following Resolution will be proposed:

1. a special resolution to approve the Share Capital Reduction.

### **Action to be taken**

You will find enclosed with this document a Form of Proxy in respect of the General Meeting. **Whether or not you propose to attend the General Meeting in person, you are asked to complete the Form of Proxy and return it to the Company's registrars, Share Registrars Limited, of 3 The Millenium Centre, Crosby Way, Farnham, Surrey GU9 7XX, so as to arrive as soon as possible, but in any event, so as not to be received any later than 11.00 a.m. on 18 March 2024.** Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you wish.

### **Recommendation**

**The Directors unanimously consider that the Share Capital Reduction is in the best interests of the Company and the Shareholders as a whole.**

Accordingly, your Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings which, in aggregate, amount to 6,709,000 Existing Ordinary Shares, representing approximately 31.95 per cent. of the Company's existing issued ordinary share capital.

Yours faithfully

David Horner  
Chairman

## CEPS PLC

(Incorporated and registered in England and Wales under the Companies Act 1948 with registered number 00507461)

### NOTICE OF GENERAL MEETING

**Notice is hereby given that** the General Meeting of CEPS PLC (the 'Company') will be held at 11 Laura Place, Bath BA2 4BL on 20 March 2024 at 11.00 a.m. for the purposes of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

### SPECIAL RESOLUTION

1. **THAT**, subject to an appropriate Order of His Majesty's High Court of Justice in England,:
  - (a) the share premium account of the Company be cancelled; and
  - (b) the issued share capital be reduced by cancelling paid up capital to the extent of £0.097 on each issued ordinary share of £0.10 each thereby reducing the nominal value of each such share to £0.003 each.

### BY ORDER OF THE BOARD

**Company Secretary**

*Registered Office:*

11 Laura Place  
Bath  
BA2 4BL

.....

Vivien Langford  
CEPS Plc

Dated: 1 March 2024

### Notes:

1. A member entitled to attend and vote is entitled to appoint proxy(ies) to attend, speak and vote instead of them. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A member can register their vote(s) for the General Meeting in advance, by either:
  - a. Visiting [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com), clicking on the 'Proxy Vote' button and then following the on-screen instructions, using the user name and access code on the proxy form accompanying this notice;
  - b. completing and sending the proxy form accompanying this notice and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority) by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX; or
  - c. in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
3. In order for a proxy appointment to be valid, the proxy must be received by Share Registrars Limited (either by delivery to Share Registrars at 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX, or by a member visiting [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com), clicking on the 'Proxy Vote' button and then following the on-screen instructions) no later than 11.00 a.m. on 18 March 2024.

4. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person.
5. Under Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders whose names are on the Register of Members of the Company as at 11.00 a.m. on 18 March 2024 or, if the meeting is adjourned, shareholders entered on the Company's Register of Members not later than 48 hours before the time fixed for the adjourned meeting, are entitled to attend and vote at the meeting in respect of the shares registered in their names at that time. Subsequent changes to the register shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using 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.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent 7RA36 by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.