

THIS DOCUMENT REQUIRES URGENT ATTENTION. THE DEADLINE FOR TAKING ACTION IN RELATION TO THE PROPOSAL SET OUT IN THIS DOCUMENT IS 1:00 PM ON THURSDAY 31 MARCH 2022

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised and independent financial adviser.

Servoca Plc

(Incorporated in England and Wales with company number 02641313)

Proposed return of up to £10,000,000 by way of Tender Offer at 30 pence per Ordinary Share

Your attention is drawn to the letter from the Non-Executive Chairman of the Company which is set out in Part 1 of this document and which contains details of a proposed return of cash to Shareholders which is being implemented by way of a buyback of shares by the Company from its Shareholders. Such buyback is structured as a tender offer of Ordinary Shares on the terms and conditions referred to in this document. This document should be read in its entirety.

A summary of the background to the Tender Offer is set out in Part 1 of this document. The Tender Offer will close at 1:00pm on Thursday 31 March 2022.

The Tender Offer is not being made directly or indirectly in or into any Restricted Jurisdiction and the Tender Offer cannot be accepted from within such states or any other Restricted Jurisdiction.

Action to be taken

The Tender Offer will open on Thursday 10 March 2022 and will close at 1:00pm on Thursday 31 March 2022. The Tender Offer will only be available to Shareholders on the register at the Record Date. The procedure for participating in the Tender Offer is set out in Part 2 of this document.

If you hold Ordinary Shares and wish to tender all or some of your Ordinary Shares to the Company for 30 pence per share, in accordance with and subject to the terms and conditions set out in this document and in the Tender Form, you should complete and sign in the presence of a witness, the enclosed Tender Form as soon as possible, and return your completed Tender Form in accordance with the instructions printed on the Tender Form (together with the relevant share certificate(s) and/or other document(s) of title) to the address indicated on the Tender Form as soon as possible and, in any event, so as to be received by the Company's Receiving Agent, by no later than 1:00pm on Thursday 31 March 2022. A pre-paid envelope is enclosed for use in the UK only.

If you do not wish to participate in the Tender Offer, you do not need to take any action in respect of this document.

This Circular is dated Tuesday 8 March 2022.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following table sets out an anticipated timeline for the implementation of the Tender Offer.

Shareholders should note that the dates and times are indicative only, and are subject to change. All references to time in this document are to London times, unless otherwise stated.

Date of this document	Tuesday 8 March 2022
Tender Offer opens	Thursday 10 March 2022
Latest time and date for receipt of Tender Forms and share certificates in relation to the Tender Offer by the Company	1:00pm on Thursday 31 March 2022
Close of Tender Offer	1:00pm on Thursday 31 March 2022
Record Date	Close of business on Thursday 31 March 2022
Anticipated date from which Tender Offer Contract available for inspection	Tuesday 5 April 2022
Anticipated date on which a second circular and notice of Annual General Meeting to be sent	Tuesday 5 April 2022
Anticipated date of Annual General Meeting at which amongst other things a resolution to approve the share buyback is proposed	Thursday 28 April 2022
Anticipated completion date for purchase of Ordinary Shares	Friday 29 April 2022
Anticipated despatch of cheques for Tender Offer proceeds	Week commencing 2 May 2022

DEFINITIONS

The following definitions apply throughout this document and the Tender Form unless the context requires otherwise:

Accepting Shareholders	any Shareholder at the Closing Date who has tendered Ordinary Shares pursuant to the Tender Offer by returning a Tender Form to the Company in the manner prescribed in this document
Board	the board of directors of the Company
Business Day	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business
Buyback Terms	the terms pursuant to which the Accepting Shareholders' Ordinary Shares shall be purchased by the Company in connection with the Tender Offer
Circular	this document
Closing Date	1:00pm Thursday 31 March 2022
Company	Servoca Plc a public limited company incorporated in England and Wales with company registration number 02641313 whose registered office is at Kingston House, Towers Business Park, Wilmslow Road, Manchester, England M20 2LD
Conditions	the conditions of the Tender Offer set out in paragraph 2.1 of Part 2 of this document
Directors	the directors of the Company
Latest Practicable Date	7 March 2022, being the latest practicable date prior to the publication of this Circular
Material Adverse Event	an event or occurrence which in the opinion of the Board has had or reasonably could be expected to have a material adverse effect on the condition (financial or otherwise) of the Company
Ordinary Shares	the issued voting and fully paid ordinary shares of 1 pence each in the capital of the Company
Overseas Shareholder	a Shareholder who is resident in, or a citizen of a jurisdiction outside the United Kingdom
pounds sterling or £	the lawful currency of the United Kingdom
Receiving Agent	the Company's receiving agent Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Record Date	close of business on Thursday 31 March 2022
Register	the register of members of the Company
Restricted Jurisdiction(s)	jurisdictions of the United States, Canada, Australia, Japan and the Republic of South Africa

Shareholders	Shareholders of the Company who are on the Register on the Record Date as registered holders of Ordinary Shares and who are not Shareholders subject to the securities laws of a Restricted Jurisdiction.
Tender Form	the tender form accompanying this document for use by Accepting Shareholders
Tender Offer	the invitation by the Company to Shareholders to tender for purchase by the Company Ordinary Shares on the terms and subject to the conditions set out in this document and the Tender Form
Tender Price	the tender price of 30 pence per Ordinary Share

PART 1

LETTER FROM THE NON-EXECUTIVE CHAIRMAN

Servoca Plc

(Incorporated in England and Wales with company number 02641313)

Directors:

Andrew Mark Victor Church
John Robert Foley
Christopher David Hinton
Jonathan Charles Edward Long
Emma Jane Sugarman

Registered Office:

Kingston House
Towers Business Park
Wilmslow Road
Manchester
England
M20 2LD

8 March 2022

Dear Shareholder

Proposed Tender Offer

1. Introduction

The Board has proposed and approved that the Company invite Shareholders to tender all or some of their Ordinary Shares for purchase by the Company pursuant to the terms of the Tender Offer (see paragraph 3 below and Part 2) **at a price of 30 pence per Ordinary Share** (the “**Tender Price**”). The Tender Price represents an increase of 71 per cent. from the average quoted share price of the Ordinary Shares for the 7 days leading up to the date on which the Directors announced their intention to cancel the Company’s admission to AIM on 19 June 2018.

If the maximum number of Ordinary Shares under the Tender Offer is acquired by the Company, this will result in an amount of **£10 million** being returned by the Company to the Shareholders.

The purpose of this document is to set out:

- the background to and reasons for the Tender Offer and why the Directors believe the Tender Offer to be in the best interests and for the benefit of the Company and its Shareholders as a whole; and
- the details of the procedure that should be followed by those Shareholders who wish to participate in the Tender Offer.

To enable the Tender Offer to take place, the Company will seek Shareholders’ approval of a resolution in respect of the terms of the Tender Offer at the next Annual General Meeting, notice of which will be provided to all Shareholders following the close of the Tender Offer.

2. Background to and reasons for the Tender Offer

On 19 June 2018, the Board announced the cancellation of the admission of the Company’s Ordinary Shares to trading on AIM. At that time, the Board noted that the Ordinary Shares of the Company would no longer be traded on any public market and that, consequently, liquidity and marketability of the Ordinary Shares could be significantly reduced.

The 3-year period since the de-listing from AIM has been materially impacted by the Covid 19 pandemic and the plans of the Board, in particular strategic acquisitions, have been significantly delayed as a

result. Whilst market conditions appear to be improving, ongoing uncertainties may continue to delay the Company's ability to provide a return to shareholders for some time.

Future strategic acquisitions remain part of the Board's growth plan. It is the Board's intention that such acquisitions and other organic growth opportunities will be financed through the Company's internally generated resources. As a result, it is the Board's policy that dividends will not be paid for the foreseeable future, a policy supported by the Company's largest shareholder.

With internally generated resources being reinvested in the Company, the Board does not anticipate any further returns to Shareholders for a period of at least 4 years. As a consequence, the Board is offering Shareholders the opportunity to realise all or some of their shareholding by virtue of this Tender Offer.

The Company's ability to propose the Tender Offer has arisen as a result of significant improvements in the management of the Company's working capital which has generated a cash surplus. The Board believes that the Tender Offer will generate the best return for these funds for Shareholders at this time and therefore proposes the Tender Offer on the terms and conditions contained in this document.

3. Details of the proposed Tender Offer

Under the terms of the Tender Offer, the Company is proposing to return up to £10 million to Shareholders by a purchase of their Ordinary Shares by way of a Tender Offer.

The Tender Offer will be open to all Shareholders, being Shareholders on the Register on the Closing Date. Subject to certain conditions (including a resolution in respect of the Tender Offer being passed at the Annual General Meeting), it is expected that Shareholders who successfully tender their Ordinary Shares will be issued cheques in respect of payment for such shares on or about the week commencing 2 May 2022.

Shareholders who wish to participate in the Tender Offer can tender all or some only of their Ordinary Shares for purchase by the Company by completing the Tender Form which accompanies this document and returning it to the Company's Receiving Agent in the manner set out on the Tender Form.

The issued voting share capital of the Company at the Latest Practicable Date was 123,447,580 Ordinary Shares. If the Tender Offer is implemented in full, this will result in the purchase of up to 33,333,333 Ordinary Shares (approximately 27 per cent. of the Ordinary Shares). The Ordinary Share capital of the Company following cancellation of these shares will be 90,114,217.

If the Company receives offers to purchase Ordinary Shares, having together an aggregate value at the Tender Price in excess of £10 million, each Shareholder that has tendered their Ordinary Shares for purchase by the Company pursuant to the Tender Offer shall have their acceptances scaled back on a basis of the number of Ordinary Shares tendered by them, pro rated to the aggregate number of Ordinary Shares tendered by all Shareholders.

Subject to the satisfaction or waiver of the conditions set out in Part 2 of this document, the Company shall pay each Shareholder the Tender Price for each issued Ordinary Share that it purchases from that Shareholder, free of commissions and dealing charges.

Shareholders do not have to tender any Ordinary Shares if they do not wish to do so. Any voting rights and rights to share in the profits of the Company of Shareholders who do not tender their Ordinary Shares will be unaffected, although Shareholders should note that the proportion of voting rights, and the extent to which a Shareholder may share in the profits of the Company, will be affected by the number of Ordinary Shares purchased by the Company and cancelled pursuant to the Tender Offer.

The Directors reserve the right to cease proceeding with the Tender Offer at any time prior to the Closing Date if they conclude that its implementation is no longer in the interests of the Company and/or the Company's Shareholders as a whole.

You should read the remainder of this document carefully, and in particular, consider the actions you may wish to take. Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in Part 2 of this document.

4. Majority shareholder participation in the Tender Offer

Hawk Investment Holdings Limited and related parties (through holdings in Hawk Investment Holdings Limited, Southwind Limited, Groundlinks Limited, Seraffina Holdings Limited, Retro Grand Limited and Ropemaker Nominees Limited) ("**Hawk**") currently hold, in aggregate, 79,318,302 Ordinary Shares, representing approximately 64 per cent. of the issued voting Ordinary Share capital. Hawk has irrevocably undertaken to the Company to tender 19,318,302 of its holding of Ordinary Shares pursuant to the terms and conditions of the Tender Offer.

In addition, Hawk has also irrevocably undertaken not to tender its remaining Ordinary Shares in order to provide other Shareholders with a meaningful opportunity to sell their holdings. Whilst not tendering the balance of its shareholding Hawk has also indicated that it will support the proposed buyback of Ordinary Shares and vote in favour of any related resolution.

In light of the number of shares held by Hawk which will not be tendered, the amount of the proposed return of up to £10 million available to Accepting Shareholders will guarantee the right to sell a minimum of 53% of their respective shareholding if all Shareholders were to participate in the Tender Offer. A higher percentage may be available to be bought back subject to the take up of and level of participation in the Tender Offer.

5. Results to 31 December 2021 and Current Trading

Following a change to the Company's year end, the accounts to 31 December 2021 will be for an extended 15-month period. Unaudited consolidated financial statements, together with the Chairman's and CEO's Report for this period are set out in the Appendix to this document and show revenue of £96.8 million, Gross Profit of £22.1 million and Profit Before Tax of £4.8 million.

The Group's Education Recruitment division is currently seeing stronger demand than it would normally expect at this point in the academic year as a result of absences related to Covid. This additional demand is expected to be transitory and should subside following the withdrawal of the legal requirement for self-isolation and as Covid infection rates continue to fall.

In our Healthcare businesses market conditions remain uncertain with reduced candidate availability restricting our ability to fulfil demand. It is not clear when these conditions will change.

6. Overseas Shareholders

The attention of Shareholders who are resident in a Restricted Jurisdiction is drawn to the section headed "Overseas Shareholders" in paragraph 3 of Part 2 of this document. For legal reasons Shareholders in any Restricted Jurisdiction are unable to participate in the Tender Offer.

7. Action to be taken

The Tender Offer will be open to all Shareholders on the Register on the Closing Date, who are not subject to the securities laws of a Restricted Jurisdiction.

If you are a Shareholder and you wish to tender all or any part of your Ordinary Shares to the Company for 30 pence per share, in accordance with and subject to the terms and conditions set out in this document and in the Tender Form, you should complete and sign (in the presence of a witness) the enclosed Tender Form as soon as possible, and return your completed Tender Form to the Receiving Agent at the address indicated on the Tender Form as soon as possible and, in any event, so as to be received by the Receiving Agent by no later than 1:00pm on Thursday 31 March 2022.

Shareholders should note that the completion of the Tender Form will constitute the appointment of the Directors of the Company as their agent and attorney for the purpose of implementing the Tender Offer.

8. Conclusion

Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend, among other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.

The Directors would like to thank Shareholders for their continued support for the business.

Yours faithfully

John Foley

Non-Executive Chairman

PART 2

THE TENDER OFFER

1 Introduction

- 1.1 Shareholders on the Register on the close of the Tender Offer are hereby invited to tender their Ordinary Shares for purchase by the Company. The Tender Offer is to be effected by the purchase by the Company of Ordinary Shares from Shareholders, on the terms and subject to the conditions set out in this document and in the accompanying Tender Form which together form the Buyback Terms.

2 Terms and conditions of the Tender Offer

- 2.1 The Tender Offer is conditional upon:

- (i) the holders of more than 50 per cent. of the nominal value of the Ordinary Shares in the Company approving the Buyback Terms by way of a poll vote at an Annual General Meeting, which shall be convened following the Closing Date, and in determining whether such percentage has been reached there shall be:

(a) **excluded** any Shareholder exercising voting rights carried by any Ordinary Shares which are offered and to be bought back pursuant to the Buyback Terms;

(b) **included** any such Shareholder referred to in (a) above, where that Shareholder exercises its voting rights carried by any remaining Ordinary Shares held by them and which are not offered and are not to be bought back pursuant to the Buyback Terms; and

(c) **included** any Shareholder exercising voting rights carried by any Ordinary Shares which are not offered and are not to be bought back pursuant to the Buyback Terms; and

- (ii) the Tender Offer not being terminated in accordance with its terms including but not limited to, in accordance with paragraph 2.2 and paragraph 2.18

(being together the "**Conditions**").

- 2.2 The Company will not purchase any Ordinary Shares pursuant to the Tender Offer unless all the Conditions have been satisfied. The Conditions may not be waived by the Company. If the Conditions are not satisfied by the date of the Annual General Meeting (or such later time as the Company may in its absolute discretion determine), the Tender Offer will not proceed and will lapse.

- 2.3 Shareholders who wish to tender all or some only of their Ordinary Shares for purchase by the Company in accordance with the terms of the Tender Offer may do so by completing the Tender Form which accompanies this document, and returning it to the Company's Receiving Agent in the manner set out in paragraph 4 of this Part 2.

- 2.4 The total number of Ordinary Shares that will be purchased pursuant to the Tender Offer by the Company will not exceed 33,333,333 Ordinary Shares, equivalent to a maximum total amount payable by the Company of £10 million.

- 2.5 If the Company receives acceptances in respect of the Tender Offer for Ordinary Shares having together an aggregate Tender Price in excess of £10 million, each Shareholder that has accepted the Tender Offer in respect of their Ordinary Shares shall have their acceptances

scaled back on a basis of the number of Ordinary Shares detailed on their Tender Form, pro rated to the aggregate number of Ordinary Shares tendered by all Shareholders for purchase by the Company. Any pro rated entitlements will be rounded down to the nearest whole number. Any fractional entitlements will be disregarded in calculating Shareholders' pro rata entitlements.

- 2.6 Tender Forms once duly completed and submitted to the Receiving Agent will become irrevocable and cannot be withdrawn. All questions as to the validity of tenders (including time of receipt) will be determined by the Company in its absolute discretion, which determination shall be final and binding (except as otherwise required under applicable law). Neither the Company nor any other person will be obliged to give notice of any defects or irregularities in any tender (or under any Tender Form) and none of them will incur any liability for failure to give any such notice.
- 2.7 The Tender Offer will close at 1:00pm on Thursday 31 March 2022 and no Tender Forms received after that time will be accepted.
- 2.8 All or any part of a Shareholder's Ordinary Shares may be tendered. Only whole numbers of Ordinary Shares may be tendered. Any Ordinary Shares tendered and purchased by the Company will be sold by the Shareholder to the Company fully paid and free from all liens, charges, equitable interests and encumbrances, and with all rights attaching to the same. Such Ordinary Shares will subsequently be cancelled and will not rank for any dividends, distribution or other equity related rights declared by the Company after that date.
- 2.9 It is a requirement that tenders of Ordinary Shares must be made on the accompanying Tender Form, duly completed in accordance with the instructions set out below and in the Tender Form, which constitutes part of the terms of the Tender Offer. Such tenders will only be valid when the procedures contained in this document and in the Tender Form are complied with (save where the Company, acting in its absolute discretion, decides otherwise).
- 2.10 The Tender Offer and all tenders pursuant to the Tender Offer will be governed by and construed in accordance with English law and the delivery of a Tender Form will constitute submission to the jurisdiction of the English courts.
- 2.11 The Company anticipates that Shareholders shall be informed as to the results of the Tender Offer around 29 April 2022.
- 2.12 All documents and remittances sent by or to Shareholders will be sent or made (as the case may be) at the risk of the person entitled thereto. In the event that the Tender Offer does not become unconditional and lapses then Tender Forms will be returned by post not later than five Business Days after the date of such lapse.
- 2.13 If only part of a holding of Ordinary Shares is tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive a certificate in respect of the unsold Ordinary Shares. Certificates will not be issued in respect of Ordinary Shares purchased by the Company pursuant to the Tender Offer.
- 2.14 Further copies of the Tender Form may be obtained on request from the Company's Receiving Agent by telephone on 0371 664 0321, at Corporate Actions, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.
- 2.15 All questions as to the number of Ordinary Shares tendered, the price to be paid therefore and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares will be determined by the Company in its sole discretion, whose determination shall be final and binding (except as otherwise required under applicable law).

The Company reserves the absolute right to reject any or all tenders from Shareholders which it determines not to be in proper form or the acceptance or payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right to waive any defect or irregularity in the tender of any particular Ordinary Shares or any particular holder thereof. Unless the Company otherwise determines, no tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be despatched until after the Tender Form is complete in all respects and has been duly and validly received by the Company at the address of the Receiving Agent as set out in the Tender Form.

- 2.16 Ordinary Shares purchased by the Company pursuant to the Tender Offer shall be purchased free of commissions and dealing charges.
- 2.17 The failure of any person to receive a copy of this document or the Tender Form shall not invalidate any aspect of the Tender Offer.
- 2.18 The Directors reserve the right to not proceed with the Tender Offer if they conclude, at any time prior to informing the Company's Shareholders of the results of the Tender Offer, that its implementation is no longer in the interests of the Company and/or its Shareholders as a whole, or if the Directors resolve that there has occurred a Material Adverse Event.

3 Overseas Shareholders

- 3.1 The making of the Tender Offer in or to persons who are citizens or nationals of or resident in, a Restricted Jurisdiction, or in or to custodians, nominees or trustees for citizens, nationals or residents of a Restricted Jurisdiction, may be prohibited or affected by the laws of the relevant overseas jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholder wishing to tender issued Ordinary Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any Overseas Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and the Company and any person acting on its behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments.
- 3.2 No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any Restricted Jurisdiction.
- 3.3 In particular, the Tender Offer is not being made directly or indirectly in or into any Restricted Jurisdiction by the use of the mail or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) or interstate or foreign commerce, or any facility of a national securities exchange in each case of any Restricted Jurisdiction, and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

Accordingly, copies of this document, the Tender Forms and any related documents are not being and must not be mailed into any Restricted Jurisdiction, including to Shareholders with registered addresses in any Restricted Jurisdiction or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in any Restricted Jurisdiction.

Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them into any Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and so doing may render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Tender Offer. Envelopes containing Tender Forms should not be postmarked in, or otherwise

dispatched from, any Restricted Jurisdiction and all Accepting Shareholders must provide addresses outside any Restricted Jurisdiction for the remittance of cash or return of Tender Forms and/or issue of share certificates.

- 3.4 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related documents, in, into or from any Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of any Restricted Jurisdiction in connection with such forwarding, such persons should (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this paragraph.
- 3.5 The provisions of this paragraph 3 and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law.
- 3.6 The provisions of this paragraph headed "Overseas Shareholders" supersede any terms of the Tender Offer inconsistent herewith.

Overseas Shareholders should inform themselves about and observe any applicable or legal regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

4 Procedure for tendering

- 4.1 To tender your Ordinary Shares for purchase by the Company you must complete and sign (in the presence of a witness) your Tender Form.
- 4.2 Your completed, signed and witnessed Tender Form should be sent either by post or (during normal business hours only) by hand to the Receiving Agent at Corporate Actions, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL as soon as possible and, in any event, so as to be received by not later than 1:00pm (London time) on Thursday 31 March 2022. No tenders received after that time will be accepted, save in the absolute discretion of the Company. No acknowledgement of receipt of documents will be given.
- 4.3 Any Tender Form received in an envelope postmarked in any Restricted Jurisdiction or otherwise appearing to the Company or its agents to have been sent from any of those jurisdictions may be rejected as an invalid tender by the Company in its absolute discretion.
- 4.4 Shareholders are reminded that under the terms of the Tender Offer once a tender is made, it is irrevocable.

5 Validity of tenders

5.1 Tender Forms

The Company reserves the right to treat as valid only those Tender Forms which are received entirely in order by 1:00pm on Thursday 31 March 2022.

5.2 General

Notwithstanding the completion of a valid Tender Form, the Tender Offer may lapse in accordance with the Terms and Conditions set out in this Part 2.

The decision of the Company as to which Ordinary Shares have been validly tendered shall be conclusive and binding on all shareholders of the Company.

If you are in any doubt as to how to complete the Tender Form please contact the Company's Receiving Agent by telephone on 0371 664 0321, or at Corporate Actions, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Shareholders should note that once they have tendered their Ordinary Shares for purchase by the Company under the Tender Offer, those Ordinary Shares may not be sold, transferred charged or otherwise disposed of.

6 Settlement

Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders is anticipated to be made on or around the week commencing 2 May 2022, and will be despatched by the Company by first class post to the person or agent whose name and address (outside of a Restricted Jurisdiction) is set out in the Tender Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the address of the first named. All payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

7 Tender Forms

Each Shareholder by whom, or on whose behalf, a Tender Form (as the case may be) is executed, irrevocably undertakes, represents, warrants and agrees to and with the Company (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (i) the execution of the Tender Form shall constitute an offer to sell to the Company such number of Ordinary Shares as are detailed in the Tender Form, on and subject to the terms and conditions set out or referred to in this document and the Tender Form which together form the Buyback Terms, and that, once lodged, such tender shall be irrevocable;
- (ii) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted, together with all rights attaching thereto (subject to such Ordinary Shares being issued to the Shareholder) and, when the same are purchased by the Company, the Company will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the date of completion of the purchase of such Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after that date;
- (iii) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional and in connection with those Ordinary Shares in respect of which such offer is accepted, constitute the irrevocable appointment of any director or officer of the Company as such Shareholder's attorney and/or agent, and an irrevocable instruction to such attorney and/or agent to complete and execute all or any instruments of transfer and/or other documents at the attorney's and/or agent's discretion in relation to such Ordinary Shares in respect of which such offer is accepted, in favour of the Company or such other person or persons as the Company may direct and to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney and/or agent, together with the share certificate(s) and/or other document(s) relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such

attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in the Company or such other person(s) as the Company may direct such Ordinary Shares;

- (iv) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers;
- (v) the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- (vi) the delivery of a Tender Form will constitute agreement by such Shareholder that any purchase from that Shareholder of Ordinary Shares by the Company pursuant to the Tender Offer will be subject to laws applicable in England, including the provisions of the Companies Act 2006, together with any other applicable rules and regulations;
- (vii) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (viii) such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction;
- (ix) such Shareholder has not received or sent copies or originals of this document, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction;
- (x) that the Tender Form has not been mailed or otherwise sent in, into or from any Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;
- (xi) the despatch of a cheque to a Shareholder as referred to in paragraph 6 of this Part 2 headed "Settlement" will discharge fully any obligation of the Company to pay such Shareholder the consideration to which he is entitled under the Tender Offer;
- (xii) on execution, the Tender Form takes effect as a deed; and
- (xiii) the execution of the Tender Form constitutes such Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form.

A reference in this paragraph 7 to a Shareholder includes a reference to the person or persons executing the Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

Appendix

Chairman and CEO Review and Strategic Report

We are pleased to report that, despite the ongoing issues presented by the coronavirus pandemic for the period under review, the Group has delivered a resilient financial performance with a substantial improvement to the prior year. Despite school closures during January and February 2021 and two national lockdowns during the period under review, profit before taxation* grew by 88% compared to the year ending September 2020, albeit this was for an extended 15 month period this year.

The Group's Education Recruitment business was impacted by school closures in the early part of 2021 and demand slowly improved during the remainder of the academic year following schools re-opening in March. In our Healthcare Recruitment businesses, demand in nursing homes only started to improve from the summer as restrictions eased. However, we saw improved trading conditions earlier in our NHS supply, which delivered resource for Covid related pressures during the winter and early spring in particular.

The Group continued its excellent progress on cash from the prior year to substantially strengthen its balance sheet over the period under report.

The Group also took the opportunity to revise its year-end to improve annual visibility on revenues and profitability from its Education Recruitment division, the largest area of Group profitability.

Financial review

Group revenue for the 15-month period ended 31 December 2021 was £96.8m compared with £69.7m for the year ended 30 September 2020.

Gross profit for the 15-month period ended 31 December 2021 was £22.1m compared with £15.2m for the year ended 30 September 2020.

Operating profit* for the 15-month period ended 31 December 2021 was £4.9m compared with £2.7m for the year ended 30 September 2020.

Adjusted profit before taxation* was £4.8m for the 15-month period ended 31 December 2021 compared with £2.6m for the year ended 30 September 2020.

* before share based payment charges and contingent consideration.

Cash

Our cash position has continued to improve significantly during the period. Cash inflows of £3.3m have resulted in a cash balance of £9.3m at 31 December 2021. This is after outflows of £0.3m on deferred consideration and the payment of £1.5m (from a total of £1.6m) of deferred VAT as part of government support to businesses during the pandemic.

Operational Highlights

The period under review started six months into the restrictions imposed by the coronavirus pandemic and inevitably much of the year was therefore spent managing the Group's activities against this backdrop. We entered the year with a clear focus on managing the Group's core Recruitment Businesses through uncertain trading conditions and we are pleased to report a resilient performance.

Schools re-opened in September 2020 ahead of our new financial year following their closure five months earlier. Revenues in the first quarter were broadly similar to those of the same period prior to the pandemic but then schools were again closed during January and February 2021 which resulted in a 28% drop in comparable revenues for the second quarter. Demand slowly improved from schools

upon their re-opening in March 2021 and this increased as the year progressed from higher than usual absence levels as a consequence of Covid.

The bolt-on acquisition we made in our Education business at the end of February 2020 was completed immediately prior to the pandemic and its restrictions. It therefore only really impacted trading performance in the 15-month financial period and we are pleased to report it has been fully integrated into our operations and is performing in line with expectations. The division also successfully launched a new organic branch in the M4 corridor that took the national branch network to 18 and further enhanced our geographic coverage.

Our Healthcare businesses experienced contrasting trading conditions. Operating Profit from NHS supply improved over the prior period, helped by increased demand from Covid related care and a return of more elective surgery. Conversely however, the nursing home market only showed signs of recovery from summer 2021 onwards, and saw profitability reduce by a similar amount to the gains made in the NHS business. The Healthcare Division also launched a business focussed on the delivery of specialist Complex Care in the final month of the previous financial year. We are pleased to report that it achieved profitability after six months of operation.

Another period of impressive cash generation has further strengthened the Group's balance sheet. Net Assets increased by £3.5m from £17.7m at 30 September 2020 to £21.2m at 31 December 2021, including a cash balance of £9.3m.

Coronavirus Pandemic and Outlook

The period under review was impacted by the pandemic throughout but the Board believes the Group navigated the challenges posed by this disruption particularly well. Staff turnover remained low and the Board would like to thank its staff and management for the significant efforts of all involved. The mass vaccination roll out and the Government's announcements on the removal of restrictions gives cause for optimism that the worst impacts of the virus may be behind us.

The Group's Education Recruitment division is hoping to benefit from a year without school closures and is currently seeing stronger demand than it would normally expect at this point in the academic year as a result of absences related to Covid. In our Healthcare businesses market conditions remain uncertain with reduced candidate availability hindering our ability to fulfil improving demand, though trading continues to steadily recover.

The Group's balance sheet leaves it well placed to pursue both organic and acquisition led opportunities as market conditions hopefully continue to normalise.

John Foley

Non-Executive Chairman

Andrew Church

Chief Executive Officer

Servoca Plc unaudited consolidated statement of comprehensive income for the 15 month period ended 31 December 2021

	<u>15 month period ended 31 December 2021</u>			<u>12 month period ended 30 September 2020</u>		
	Before share based payments & contingent consideration	Share based payments & contingent consideration	Total	Before share based payments & contingent consideration	Share based payments & contingent consideration	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations						
Revenue	96,755	-	96,755	69,660	-	69,660
Cost of sales	(74,646)	-	(74,646)	(54,448)	-	(54,448)
Gross profit	22,109	-	22,109	15,212	-	15,212
Administrative expenses	(17,202)	(343)	(17,545)	(12,506)	(328)	(12,834)
Operating profit	4,907	(343)	4,564	2,706	(328)	2,378
Finance costs	(193)	-	(193)	(132)	-	(132)
Finance income	114	-	114	-	-	-
Profit before taxation	4,828	(343)	4,485	2,574	(328)	2,246
Tax charge	(946)	-	(946)	(464)	-	(464)
Total comprehensive income for the period/year, from continuing operations	3,882	(343)	3,539	2,110	(328)	1,782
Profit for the year from discontinued operations	-	-	-	747	-	747
Total comprehensive income for the period/year attributable to the owners of the parent	3,882	(343)	3,539	2,857	(328)	2,529

Servoca Plc unaudited consolidated statement of financial position at 31 December 2021

	31 December 2021 £'000	30 September 2020 £'000
Assets		
Non-current assets		
Investment in sublease	-	485
Fixed asset investment	600	-
Intangible assets	9,529	9,529
Property, plant and equipment	2,931	2,568
Total non-current assets	13,060	12,582
Current assets		
Trade and other receivables	9,986	9,538
Cash and cash equivalents	9,331	6,003
Total current assets	19,317	15,541
Total assets	32,377	28,123
Liabilities		
Non-current liabilities		
Lease liabilities	(1,998)	(1,710)
Total non-current liabilities	(1,998)	(1,710)
Current liabilities		
Trade and other payables	(8,114)	(7,655)
Corporation tax payable	(521)	(594)
Lease liabilities	(496)	(469)
Total current liabilities	(9,131)	(8,718)
Total net assets	21,248	17,695
Capital and reserves attributable to equity owners of the Company		
Called up share capital	1,256	1,256
Share premium account	202	202
Merger reserve	2,772	2,772
Reverse acquisition reserve	(12,268)	(12,268)
Retained earnings	29,286	25,733
Total equity	21,248	17,695

**Servoca Plc unaudited consolidated statement of changes in equity for the 15 month period
ended 31 December 2021**

	Share capital £'000	Share premium £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 30 September 2019 attributable to equity owners of the parent	1,256	202	2,772	(12,268)	23,204	15,166
Profit for the year being total comprehensive profit for the year	-	-	-	-	2,529	2,529
Transactions with owners:						
Share based payment expense	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 30 September 2020 attributable to equity owners of the parent	1,256	202	2,772	(12,268)	25,733	17,695
Profit for the period being total comprehensive profit for the period	-	-	-	-	3,539	3,539
Transactions with owners:						
Share based payment expense	-	-	-	-	14	14
Total transactions with owners	-	-	-	-	14	14
Balance as at 31 December 2021 attributable to equity owners of the parent	1,256	202	2,772	(12,268)	29,286	21,248

**Servoca Plc unaudited consolidated statement of cash flows for the 15 month period ended
31 December 2021**

	15 months ended 31 December 2021 £'000	12 months ended 30 September 2020 £'000
Operating activities		
Profit before tax	4,485	2,246
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	1,068	889
Gain on write down fixed assets	(21)	-
Share based payments	14	-
Finance income	(114)	-
Finance costs	193	132
(Increase)/decrease in trade and other receivables	(1,033)	4,492
Increase in trade and other payables	923	1,865
Cash generated from operations	5,515	9,624
Corporation tax paid	(994)	(340)
Cash flows from operating activities	4,521	9,284
Investing activities		
Acquisitions, net of cash acquired	-	(334)
Deferred consideration paid	(250)	(150)
Interest received	99	-
Purchase of property, plant and equipment	(157)	(164)
Net cash flows used in investing activities	(308)	(648)
Financing activities		
Interest paid	(35)	(30)
Proceeds from sublease investment	114	48
Repayment of lease liabilities	(964)	(718)
Net cash flows used in financing activities	(885)	(700)
Increase in cash and cash equivalents from continuing operations	3,328	7,936
Increase in cash and cash equivalents from discontinued operations	-	1,351
Total increase in cash and cash equivalents	3,328	9,287
Cash and cash equivalents at beginning of the year	6,003	(3,284)
Cash and cash equivalents at end of the period/year	9,331	6,003