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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 (WHICH FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA")) AS AMENDED BY THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019/310 (UK MAR). IN ADDITION, MARKET SOUNDINGS (AS DEFINED IN UK MAR) WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS PREVIOUSLY BECAME AWARE OF SUCH INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND ALL SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.

17 August 2021

CloudCoCo Group plc
(“CloudCoCo”, the “Group” or the “Company”)

**Acquisition of Systems Assurance Limited, proposed fundraising of £2.1 million,
Notice of General Meeting and change of Nominated Adviser and Broker**

CloudCoCo (AIM: CLCO), a UK provider of IT and communications solutions to businesses and public sector organisations, is pleased to announce the proposed acquisition of the entire issued share capital of Systems Assurance Limited (“**Systems Assurance**”), an IT group comprising a B2B value-added reseller (“**VAR**”) and an automated cloud-based VAR and IT managed service provider, and a proposed fundraising of £2.1 million before expenses through a conditional Placing.

Acquisition highlights

- The net consideration for the Acquisition is £0.83m in cash (£1.58m gross), subject to adjustment, and the grant of warrants over four million Ordinary Shares
- Systems Assurance is an IT group comprising a B2B VAR and an automated cloud-based VAR and IT managed service provider
 - For the year to 31 December 2020, unaudited results showed Systems Assurance generated revenue of £6,093,000 and an adjusted EBITDA of £209,000
- Systems Assurance introduces a proven and scalable hardware engine into CloudCoCo’s existing business as well as expanding its IT Managed Service offering, which will help increase operational efficiency and drive margins

- The e-commerce division of Systems Assurance will increase the purchasing power of the Enlarged Group and broaden its product range, as well as streamline its current processes and offer greater efficiency and margin accretion through automation
- The proposed Acquisition will increase CloudCoCo's customer base and provide the opportunity for cross-selling and upselling of its services
- The Acquisition signals the start of the Company's 'Get Bigger' phase, both organically and through acquisition, to provide scale to the business. It follows the successful completion of 'Get Well' and 'Get Fit' phases

Placing highlights

- CloudCoCo has raised £2.1 million before expenses through a conditional Placing arranged by Allenby Capital of 210,000,000 new Ordinary Shares at a price of 1 penny per share
- The Placing will fully fund the Acquisition of Systems Assurance
- The Placing will also provide additional working capital to fund integration of the Acquisition and will also provide headroom that could be used to fund further acquisitions
- The Placing was carried out at an approximate 13 per cent. discount to the Company's closing price of 1.15p per share on Monday 16 August 2021

Further information on the Acquisition and Placing is set out below.

Mark Halpin, Chief Executive of CloudCoCo, said:

"This Placing and Acquisition is set to be a transformative step forwards for CloudCoCo. It sees us progress to the next stage in our development – 'Get Bigger' – which will see us focus on scaling the business while winning larger and longer contracts.

"I would like to welcome the Systems Assurance team to the fold. They bring with them fantastic technology and an impressive customer base that not only complement the existing CloudCoCo business but will help unlock its potential through driving substantial efficiency gains and introducing new cross-selling opportunities.

"I am grateful to all those who have joined us on our journey through the Placing. As well as making the Acquisition possible, it has given us the opportunity to strengthen our balance sheet while giving us headroom to explore further M&A activity – a key focus for the Group in the short-term.

"This is the start of an exciting new chapter in the CloudCoCo story and I look forward to reporting on further progress in due course."

Key information

The Placing and Acquisition are subject to approval of the Resolutions to grant the Directors authorities to allot and to dis-apply pre-emption rights in relation to the allotment and issue of the Placing Shares and the Fee Shares at the General Meeting which is being convened for 10.00 a.m. on Thursday 2 September 2021.

The Acquisition and the Placing are expected to complete and admission to trading on AIM of the Placing Shares and the Fee Shares is expected to occur at 8.00 a.m. on Friday 3 September 2021.

A circular (the “**Circular**”) will be posted to Shareholders today setting out details of the Acquisition and the Placing, including the background to and reasons for them, and to explain why the Directors consider them to be in the best interests of the Company, its Shareholders and stakeholders as a whole and recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Change of Nominated Adviser and Broker

The Company is also pleased to announce the appointment of Allenby Capital Limited as Nominated Adviser and sole Broker to the Company with immediate effect.

Total voting rights

Subject to the passing of the Resolutions and following Admission, the Company's total issued share capital will consist of 706,215,686 Ordinary Shares, with one voting right per share. The Company does not hold any shares in treasury. Therefore, the total number of Ordinary Shares and voting rights in the Company will be 706,215,686 from Admission. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company pursuant to the FCA's Disclosure Guidance and Transparency Rules.

Director declaration

The Company announces the following disclosure in accordance with Rule 17 and Schedule 2(g) of the AIM Rules for Companies. Andy Mills was formerly a director of 3B Technical Services Limited at the time that company was placed into liquidation in January 1997. This disclosure was inadvertently omitted from the announcement of Andy Mill's appointment to the Board of the Company on 21 October 2019.

Further information

The above summary should be read in conjunction with the full text of this announcement below and the Circular. Extracts from the Circular are set out below.

Capitalised terms used in this announcement have the meaning as set out in the Definitions section at the end of this announcement unless otherwise defined herein.

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About CloudCoCo

Supported by a team of industry experts and harnessing a diverse ecosystem of partnerships with blue-chip technology vendors, CloudCoCo makes it easy for businesses and public sector organisations to work smarter, faster and more securely by providing a single point of purchase for their connectivity, telephony, cyber security, cloud, IT hardware and support needs.

CloudCoCo has offices in Warrington and Leeds in the UK.

www.cloudcoco.co.uk

Extracts from the Circular

(References to pages or paragraphs and appendices below refer to the relevant pages, paragraphs or appendices of the Circular and references to 'this document' refer to the Circular).

1. Introduction

It was announced on 17 August 2021 that the Company has conditionally agreed to acquire the entire issued share capital of Systems Assurance, owner of the Systems Assurance Group, for a net cash consideration of £836,000 (£1,581,600 gross), on a cash-free debt-free basis, subject to any adjustment, and the grant of warrants over four million Ordinary Shares on the terms set out in paragraph 7 of this letter. The Systems Assurance Group is an IT group delivering automated cloud-based solutions and managed IT services to a wide range of public and private sector organisations. It also provides VAR services to B2C customers.

The Company also announced a conditional placing of 210,000,000 new Ordinary Shares at a price of £0.01 per share to raise £2.1 million before expenses.

The Placing is subject to approval of the Resolutions to grant the Directors authorities to allot and to dis-apply pre-emption rights in relation to the allotment and issue of the Placing Shares and the Fee Shares at the General Meeting which is being convened for 10.00 a.m. on 2 September 2021.

The Acquisition and the Placing are expected to complete and admission to trading on AIM of the Placing Shares and the Fee Shares is expected to occur at 8.00 a.m. on 3 September 2021.

The purpose of this document is to give you further details of the Acquisition and the Placing, including the background to and reasons for them, and to explain why the Directors consider them to be in the best interests of the Company, its Shareholders and stakeholders as a whole and recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

2. Background to the Company

CloudCoCo Group plc is a fast-growing Managed IT Services Provider (MSP) and IT VAR to the UK public and private sectors. CloudCoCo Limited was acquired by Adept4 plc in October 2019 and the enlarged business changed its name to CloudCoCo Group plc in November 2019. CloudCoCo Limited's founder, Mark Halpin, was appointed as CEO of CloudCoCo Group plc in March 2020. The initial goals of the incoming management team during the first half of the financial year ended 30 September 2020 were to correct the legacy issues associated with the Adept4 plc business, by focusing on reducing customer churn, reducing costs and returning the business to cash generation in spite of the challenges posed by Covid-19 – a process known internally as the 'Get Well' phase.

Since then, the business has been transformed, successfully progressing to and executing the 'Get Fit' stage of its plan, focussing on winning new customers and enhancing the quality and speed of its service while building out its offering around four key areas of technology: Cloud, Cyber security, Connectivity and Collaboration. It has done this whilst competing against large, traditional IT services companies, challenging the often-lethargic incumbent IT providers and establishing itself as an asset-light, talent-rich cloud solutions business. In November 2020, CloudCoCo launched the 'CoCo-One' programme, a comprehensive initiative comprising a number of projects designed to empower colleagues, including the issue of performance-based share options to all qualifying staff.

CloudCoCo launched its new website at the start of the 2021 financial year and has continued to enrich it with content as well as increasing its social media output. Traffic to the website was up 29% (March 2021 versus October 2020) and LinkedIn followers increased 19%. The Company has also combined its technical teams in the Warrington and Leeds offices in order

to improve efficiency and knowledge sharing and to deliver faster and better projects. Its 50 staff deliver IT services on a 24 hour, seven days a week basis to c.500 UK organisations.

3. **Background to and reasons for the Acquisition and the Placing**

The next phase of the Company's three-part plan is to 'Get Bigger' both organically and through acquisition to provide scale to the business. The proposed Acquisition and associated Placing introduces a proven and scalable hardware engine into CloudCoCo's existing business as well as expanding its IT Managed Service offering. This will help to increase operational efficiency and improve margins. The e-commerce division of the Systems Assurance Group will increase the purchasing power of the Enlarged Group and broaden its product range. The e-commerce engine will also streamline CloudCoCo's current processes and offer greater efficiency and margin accretion through automation.

Further, the proposed Acquisition will increase CloudCoCo's customer base and provide the opportunity for cross-selling and upselling more of its services.

The Placing will strengthen CloudCoCo's balance sheet and provides greater flexibility for further acquisitions. After costs of the Placing and Acquisition, the Placing is expected to net £1.77 million to enable the Company to acquire Systems Assurance for a net cash consideration of £836,000, on a cash-free debt-free basis. The remaining £0.93 million raised from the Placing will provide the Enlarged Group with working capital to fund integration of the Acquisition and will also provide headroom that could be used to fund further acquisitions, with some potential opportunities already identified to grow the enlarged business. The Board may determine that certain of the Placing proceeds may be applied to pay down a portion of the outstanding MXC Loan Notes, subject to the availability of free cash.

4. **Information on Systems Assurance**

The Systems Assurance Group was founded in 1992 and seeks to reduce their customers' overall spending on IT hardware and services by providing global bids on its customers' hardware and services' requirements directly with the suppliers. The Systems Assurance Group comprises two businesses based in Sheffield, Systems Assurance and More Computers:

- Systems Assurance is an automated cloud-based IT VAR and IT managed service provider to a wide range of public and private sector organisations (www.systemsassurance.com).
- More Computers is a B2C VAR (www.morecomputers.com).

The Systems Assurance Group has developed an automated Electronic Data Interchange (EDI) e-commerce platform that connects customers directly to c.100 product and service providers and presents users with a live marketplace of c.650,000 IT products available to order online. The platform instantaneously places orders with the product and service providers for direct delivery to a customer's site. The platform uses price intelligence to monitor like for like product pricing and availability from competitors during each day to ensure value to its customers. In addition to attracting customers from its own website, the Systems Assurance Group generates a large number of sales from Amazon and eBay combined.

Systems Assurance

Systems Assurance provides subscription services including Microsoft Office 365, Dynamics 365, Azure, software maintenance and other subscriptions, providing recurring revenue. It also sells general computer hardware including desktops, laptops, printers and accessories, from brands including HP, IBM, Sony, Microsoft, Apple and more.

Systems Assurance can also provide additional installation and consultancy for products including Office 365, SharePoint, telephony products, and migration from existing applications. The company has access to a wide range of products from UK based distributors allowing it to offer a "one-stop shop" for multiple hardware and software vendors to its customer base. All products are directly dispatched from suppliers, with tracking notices being sent to reduce the risk of holding slow-moving stock.

Systems Assurance has grown a 125 strong B2B customer base over 25 years, with 5 of the top 10 customers by revenue having been loyal to the company for over 11 years. The customers are managed by 3 in-house sales executives, who have been with the company between 7 and 23 years. Excluding directors, the Systems Assurance Group employs a total of 11 staff. The two owner directors will remain with the company for a period after the Acquisition to ensure successful handover and integration into CloudCoCo. There is considerable scope to expand the team at Systems Assurance's Sheffield premises that can hold up to 60 staff.

Systems Assurance attracts new customers through direct marketing and online marketing campaigns via LinkedIn and Twitter. The company has a prospect database of over 11,000 potential new clients across a wide range of sectors and targets its campaigns based on market trends.

The company receives referrals and marketing funds as a Microsoft Gold partner with additional opportunities available to exploit this further and will also tender for business with existing customers. Accreditations include IBM Preferred Reseller, HPE Authorised Reseller and Cisco Certified Partner, which will increase the CloudCoCo ecosystem and accreditations.

More Computers

More Computers is an online retailer selling computer equipment and consumer electronics throughout the UK via its own websites using the "More" branding such as MoreFrom.com, MoreLaptops.co.uk, MorePhones.co.uk and MoreGaming.co.uk, as well as selling on Amazon, eBay and other marketplaces. More Computers utilises Google Shopping, organic search, price comparison websites and marketplace referrals to attract new customers, whilst maintaining in-house technology to monitor competitor prices and direct targeted advertising.

The More Computers business prides itself on the level of its customer service and lack of hidden charges (e.g. credit card surcharges, delivery fees, cancellation fees and standard rate telephone numbers) and transparency of its terms and conditions. This fits with the CloudCoCo business ethos. The VAR business accounted for c.£2.6 million of revenue for the financial year ended 31 December 2020.

More Computers utilises an in-house developed eCommerce platform to manage sales, logistics, pricing intelligence and marketing, thereby reducing supplier costs and maintaining control over ordering.

5. Financial Information on the Systems Assurance Group

For the year to 31 December 2019, the Systems Assurance Group generated revenue of £5,561,000 and an Adjusted EBITDA of £184,000. For the year to 31 December 2020, the unaudited results showed that the Systems Assurance Group generated revenue of £6,093,000 and an Adjusted EBITDA of £209,000. The unaudited net assets of the Systems Assurance Group at 31 December 2020 were £920,000.

The net cash consideration for the Acquisition of £836,000 represents four times Adjusted EBITDA for the year to 31 December 2020, and the Warrants are also being granted. The Acquisition is being completed on a cash-free debt-free basis adjusted for actual working capital.

6. Strategy for the Enlarged Group

The B2B Managed IT Services division of Systems Assurance complements CloudCoCo's own Managed IT service operations. CloudCoCo plans to scale and further integrate the Systems Assurance e-commerce platform with additional recurring IT managed service providers, such as Microsoft and Trend Micro, to offer customers the ability to securely manage their IT estate remotely. The acquisition of the e-commerce platform will allow CloudCoCo to lower costs, and improve speed, accuracy, and business efficiency. This will benefit both CloudCoCo's existing business as well as any future acquisitions.

The More Computers business and the EDI platform will better enable CloudCoCo to challenge the incumbent IT providers by delivering enterprise grade on-demand IT products and services

to its customers. CloudCoCo will also expand the EDI platform to cover software licensing and potentially telephony where CloudCoCo already has a presence.

7. Principal terms of the Acquisition

The Acquisition will be made pursuant to the Acquisition Agreement. Under this, CloudCoCo Holdings has agreed to acquire Systems Assurance for gross consideration of £1,581,600 in cash, subject to adjustment (if any) following preparation of a completion balance sheet, and the grant of the Warrants. The cash consideration is payable within three Business Days of Completion. The Sellers, Christopher Wheeler and Simon Lewington, are directors of the Systems Assurance Group.

The Warrants to be granted on Completion will be exercisable at a price of 1.5 pence per share and can be exercised in the period of time commencing six months after the date of Completion up to and including the date being the tenth anniversary of the date of Completion. The Warrants will be granted as to 2,000,000 Warrants to Simon Lewington and 2,000,000 Warrants to Christopher Wheeler. The Warrants are only transferable to a permitted transferee (which includes a holder's privileged relations (for example, spouse, civil partner, parent, children and grandchild), family trust or trustees of such family trust). The exercise of the Warrants is conditional upon (a) as at the date of the relevant notice of exercise, the Current Market Price (being the average of the closing price published by the London Stock Exchange for the Ordinary Shares for the five consecutive Business Days ending on the Business Day immediately preceding such date) being not less than 2 pence; and (b) the prior six months' revenue from New Customers or Qualifying Customers of the company (as such terms are defined in the Warrant Instrument) being at least £3,200,000, calculated on the last day of the calendar month starting 50 days before the date of the relevant notice of exercise.

Under the Acquisition Agreement, the Acquisition is conditional, *inter alia*, on the passing of the Resolutions (without amendment) by the Shareholders at the General Meeting and Admission. The Acquisition Agreement contains the usual warranties given by the Sellers in favour of CloudCoCo Holdings in relation to the Systems Assurance Group. The Sellers have also, amongst other things, given non-competition undertakings for a period of 24 months following Completion, given non-solicitation undertakings for a period of 30 months following Completion and agreed at any time after Completion not to use the names "Systems Assurance", "MoreFrom", "More Computers" or any similar names intended to be confused or capable of confusion therewith.

In addition, the Company has also agreed to award certain Systems Assurance Group employees EMI Options over two million new Ordinary Shares exercisable at a price of 1.5 pence per share. These EMI Options will be exercisable after the second anniversary of Completion. These EMI options will be awarded after Completion.

8. Details of the Placing

The Company is proposing to raise up to £2.1 million (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of approximately 13 per cent. to the closing mid-market price of 1.15 pence per Ordinary Share on 16 August 2021, being the Last Practicable Date. The Placing Shares will represent approximately 29.74 per cent. of the Enlarged Issued Share Capital.

Allenby has entered into the Placing Agreement with the Company whereby Allenby has agreed, as agent for and on behalf of the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price conditionally upon, *inter alia*:

- the Placing Agreement becoming unconditional and not being terminated by Allenby in accordance with its terms;
- in respect of the Placing, the Acquisition Agreement having become unconditional in all respects;
- in respect of the Placing, the Resolutions having been passed without amendment; and

- Admission of the Placing Shares becoming effective by not later than 8.00 a.m. on 3 September 2021 (or such later time and/or date as Allenby and the Company may agree, but not later than 8.00 a.m. on 17 September 2021).

Allenby may in its absolute discretion waive the conditions referred to above, other than that relating to Admission.

Under the Placing Agreement, certain warranties have been given by the Company to Allenby concerning, *inter alia*, the accuracy of this document and the presentation to potential investors (together, the "**Placing Documents**"), the affairs of the Company and certain taxation and other matters, and certain indemnities have been given by the Company in relation to Allenby's involvement in the Placing and Admission.

Allenby has agreed to a percentage of its commission being settled via the allotment and issue to it of the Fee Shares.

The Placing Agreement will be capable of being terminated by Allenby at its absolute discretion at any time before Admission if, *inter alia*, (i) any statement in the Placing Documents has become untrue, inaccurate or, incomplete in any material respect or misleading or matters have arisen which would, if the Placing Documents were issued at that time, constitute an omission from them; or (ii) any warranty in the Placing Agreement would, if repeated at Admission, be untrue, inaccurate or misleading in any respect; or (iii) there have occurred certain force majeure events which in the sole judgement of Allenby prejudice the success of the Placing, or which makes it, in the sole judgement of Allenby, impractical to proceed with the Placing and/or Admission and/or to market Ordinary Shares on the terms and in the manner set out in the Placing Documents.

For the avoidance of doubt, Allenby is not underwriting the Placing.

9. **Use of Placing Proceeds**

The proceeds from the Placing will be used as follows:

- £0.84 million for the Acquisition net cash consideration;
- £0.93 million for working capital; and
- £0.33 million for Acquisition and fundraising fees.

Subject to the availability of free cash, the Board may determine to use a portion of the Placing proceeds to repay part of the outstanding MXC Loan Notes.

10. **Settlement and dealings**

Application will be made to the London Stock Exchange for the Placing Shares and the Fee Shares to be admitted to trading on AIM. It is expected that Admission will occur at 8.00 a.m. on 3 September 2021.

The Placing Shares and the Fee Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares on or after Admission. Following the issue of the Placing Shares and the Fee Shares, the total number of issued Ordinary Shares in the Company will be 706,215,686.

11. **Director participation in the Placing and substantial shareholder**

Simon Duckworth, Non-Executive Chairman, has subscribed for Placing Shares in the Placing at the Placing Price, as set out below:

<i>Director</i>	<i>Current shareholding</i>	<i>No. Placing Shares acquired</i>	<i>Total shareholding on Admission</i>	<i>Percentage held on Admission</i>
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Simon Duckworth	9,500,000	12,000,000*	21,500,000*	3.04*
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*includes shares held by his wife following completion of the Placing

In addition, 110,000,000 Placing Shares have been subscribed by Mark Ward, former CEO and founder of IT Managed Services business Hunter Macdonald, who will become a new shareholder in the Company upon Admission and will then hold 15.58 per cent. of the Enlarged Issued Share Capital.

12. Current trading of the Company

The recent financial performance of CloudCoCo was set out in the Company's unaudited interim results announcement released on 09 June 2021. The success of management's actions is reflected in the Company's financial results. In its interims to March 2021, Trading EBITDA increased 435% to £364,000 (H1 FY20: £68,000; H2 FY20: £193,000) with H1 FY21 revenue and total contract value increasing over H2 FY20 in spite of the continued effects of the Covid-19 pandemic on its end markets. CloudCoCo's cash position also improved with cash at bank increasing c.£300,000 to c.£600,000 at 31 March 2021 (H1 FY20: c.£300,000; H1 FY21: c.£600,000). Commenting on the outlook for the second half in the interim results announcement, CloudCoCo said it continued to see demand for its services and further progress in developing its partnership ecosystem. It commented at the time that with an increasing pipeline of opportunities despite the ongoing impact of Covid-19, it remained confident in its prospects for the second half of FY21, facilitated by the easing of restrictions.

13. The General Meeting

The Directors do not currently have sufficient authority to allot all the Placing Shares, the Fee Shares or grant the Warrants. Accordingly, the Directors are seeking the approval of Shareholders at the General Meeting to allot the Placing Shares, the Fee Shares and grant the Warrants. You will find set out at the end of this document a Notice of General Meeting to be held at the offices of DAC Beachcroft LLP, The Walbrook Building, 25 Walbrook, London EC4N 8AF on 2 September 2021 at 10.00 a.m. at which the Resolutions will be proposed.

Resolution 1, which will be proposed as an ordinary resolution, is to authorise the Directors to allot the Placing Shares and Fee Shares in connection with the Placing, to grant the Warrants in connection with the Acquisition and otherwise to allot relevant securities up to an aggregate nominal amount of £2,354,052 (representing approximately one third of the Enlarged Issued Share Capital) provided that such authority shall expire on the date being fifteen months from the date of the passing of the resolution or, if earlier, the conclusion of the next annual general meeting of the Company.

Resolution 2, which will be proposed as a special resolution and which is conditional upon the passing of Resolution 1, dis-applies Shareholders' statutory pre-emption rights (which require a company to offer new shares for cash first to Existing Shareholders in proportion to their holdings) in relation to the allotment of the Placing Shares and the Fee Shares in connection with the Placing, the grant of the Warrants in connection with the Acquisition and grants further authority for any future allotment of equity securities for cash on a non-pre-emptive basis up to an aggregate nominal amount of £706,216 (representing approximately 10 per cent. of the Enlarged Issued Share Capital) provided that such authority shall expire on the date being fifteen months from the date of the passing of the resolution or, if earlier, the conclusion of the next annual general meeting of the Company.

The majority required to pass Resolution 2 above is not less than 75 per cent. of the votes cast. Resolution 1 above requires a simple majority in order to be passed.

Shareholders should read the Notice of General Meeting at the end of this document for the full text of the Resolutions and for further details about the General Meeting.

The attention of Shareholders is also drawn to the voting intentions of the Directors and connected parties as set out in the paragraph entitled "Recommendation" below.

Shareholders will find accompanying this document a Form of Proxy for use in connection with the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions thereon so as to be received by Computershare Investor Services PLC, as soon as possible and in any event not later than 48 hours (excluding non-Business Days) before the time of the General Meeting.

The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his proxy will have on the poll.

Covid-19

Notwithstanding the lifting of the Covid-19 restrictions on 19 July 2021, the Board strongly recommends that, due to the ongoing Covid-19 pandemic, continued uncertainty and risk of infection, shareholders do not attend the General Meeting but instead appoint the chairman of the meeting to exercise their right to vote. This approach is being taken to protect the health and well-being of the Company's shareholders, directors, advisers and other team members. The minimum number of directors or employees of the Company will attend to ensure that the General Meeting is quorate.

Please note we may have to limit numbers at the General Meeting in order to maintain social distancing and if you do attend in person, you may be requested to wear a mask. The Company is closely monitoring developments relating to Covid-19 and if it becomes necessary to alter the arrangements of the General Meeting shareholders will be notified via our website and, where appropriate, announced via a Regulatory Information Service. Please do not attend the General Meeting in person if you have symptoms that may be caused by Covid-19, or if you are waiting for a test, if you have received a positive Covid-19 test result, or live with someone with Covid-19 symptoms, or with someone who has tested positive for Covid-19.

If you would like to vote on the resolutions, you can appoint a proxy to exercise your right to vote at the General Meeting. As such, you are strongly encouraged to appoint the chairman of the General Meeting to act as your proxy as any other named person is also strongly recommended not to attend in person.

You are requested to register your proxy votes as soon as possible but in any event by no later than 10.00 a.m. on 31 August 2021.

At the General Meeting itself, voting on all resolutions will be conducted by way of a poll.

14. Irrevocable Undertakings

Insofar as they are interested in Ordinary Shares, the Directors (save for Jill Collighan) have given irrevocable undertakings to the Company to vote in favour of the Resolutions (and, where relevant, to procure that such action is taken by the relevant registered holders if that is not them), in respect of their entire beneficial holdings totalling, in aggregate, 183,702,210 Ordinary Shares, representing approximately 37.09 per cent. of the Company's issued share capital.

In addition, MXC Guernsey Limited has given an irrevocable undertaking to the Company to vote in favour of the Resolutions to be proposed at the General Meeting (and, where relevant, to procure that such action is taken by the relevant registered holders if that is not them) in respect of its beneficial holding totalling, in aggregate, 75,066,275 Ordinary Shares, representing approximately 15.16 per cent. of the Company's existing issued share capital.

In total, therefore, the Company has received irrevocable undertakings to vote in favour of the Resolutions in respect of holdings totalling in aggregate 258,768,485 Ordinary Shares, representing approximately 52.25 per cent. of the Company's existing issued share capital.

15. Action to be taken by Existing Shareholders

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to

the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 31 August 2021 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for the adjourned meeting).

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your broker, bank manager, solicitor, accountant, or other independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

16. **Recommendation**

The Directors consider that the Proposals and the Resolutions are in the best interests of the Company and would promote the success of the Company for the benefit of its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they and their immediate families and connected persons (within the meaning of section 252 of the Act) intend to do in respect of their aggregate holdings of 185,883,816 Ordinary Shares representing approximately 37.53 per cent. of the Existing Issued Share Capital.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>2021</i>
Announcement of the Proposals	17 August
Publication and posting of this document and Form of Proxy	17 August
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 31 August
General Meeting	10.00 a.m. on 2 September
Announcement of the result of the General Meeting	2 September
Expected completion date of the Acquisition	3 September
Admission of the Placing Shares and the Fee Shares to trading on AIM	8.00 a.m. on 3 September
CREST accounts credited (where applicable)	3 September
Despatch of definitive share certificates (where applicable)	within 10 days of Admission

Notes:

References to times in this document are to London time (unless otherwise stated).

Each of the above times and/or dates is subject to change at the absolute discretion of the Company and Allenby. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.

STATISTICS

Placing Price (per share)	£0.01
Number of Existing Ordinary Shares at the Last Practicable Date	495,225,686
Number of Placing Shares	210,000,000
Number of Fee Shares	990,000
Number of Warrants	4,000,000
Enlarged Issued Share Capital	706,215,686
Placing Shares as a percentage of the Enlarged Issued Share Capital	29.74 per cent.
Gross proceeds of the Placing	£2.1 million
Estimated net proceeds of the Placing	£1.77 million
Market capitalisation of the Company at the Placing Price following the issue of the Placing Shares and the Fee Shares	£7,062,156

DEFINITIONS

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

"Acquisition"	the proposed acquisition by CloudCoCo Holdings of Systems Assurance pursuant to the terms of the Acquisition Agreement;
"Acquisition Agreement"	the share purchase agreement dated 16 August 2021 between the Sellers and CloudCoCo Holdings relating to the Acquisition;
"Act"	the Companies Act 2006 (as amended);
"Adjusted EBITDA"	Trading EBITDA adjusted to exclude Director's remuneration costs and audit and accounting fees;
"Admission"	admission of the Placing Shares and the Fee Shares to trading on AIM, which is expected to occur at 8.00 a.m. on 3 September 2021;
"AIM"	the AIM market operated by the London Stock Exchange;
"AIM Rules"	the rules and guidance notes for AIM companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
"Allenby"	Allenby Capital Limited, a limited liability company incorporated and registered in England and Wales with registered number

	06706681, authorised and regulated by the FCA, and the Company's nominated adviser and broker;
"Business Day"	a day on which dealings in domestic securities may take place on the London Stock Exchange;
"Certificated form" or "in Certificated form"	an ordinary share recorded on a company's share register as being held in certificated form (namely, not in CREST);
"Company" or "CloudCoCo"	CloudCoCo Group plc, a company incorporated and registered in England and Wales with registered number 05259846;
"Completion"	completion of the Acquisition in accordance with the Acquisition Agreement;
"CloudCoCo Holdings"	CloudCoCo Holdings Limited, a company incorporated and registered in England and Wales with registered number SC102302, a wholly owned subsidiary of the Company;
"CloudCoCo Limited"	CloudCoCo Limited, a company incorporated and registered in England and Wales with registered number 10989039, a wholly owned subsidiary of the Company;
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
"Directors" or "Board"	the directors of the Company whose names are set out on page 6 of this document, or any duly authorised committee thereof;
"EMI Options"	options over Ordinary Shares in the Company granted pursuant to the Company's EMI share option scheme;
"Enlarged Group"	the Group, as enlarged by the Acquisition;
"Enlarged Issued Share Capital"	the entire issued ordinary share capital of the Company following completion of the Placing;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Existing Group"	the Company and its subsidiary undertakings as at the date of this document;
"Existing Ordinary Shares"	the 495,225,686 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM;
"Existing Shareholders"	the holders of Ordinary Shares as at the date of this document;
"Fee Shares"	990,000 Ordinary Shares to be allotted and issued to Allenby on Admission, further details of which are set out in paragraph 8 of this document;

"FCA "	the Financial Conduct Authority;
"Form of Proxy"	the form of proxy for use in connection with the General Meeting which accompanies this document;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"FY20"	the financial year ended 30 September 2020 of the Company;
"FY21"	the financial year ending 30 September 2021 of the Company;
"General Meeting"	a duly convened general meeting (or any adjournment thereof) of the Shareholders at which the Resolutions will be proposed to be held at the offices of DAC Beachcroft LLP, The Walbrook Building, 25 Walbrook, London EC4N 8AF at 10.00 a.m. on 2 September 2021, notice of which is set out in the Notice of General Meeting;
"Group"	the Company and its subsidiaries;
"Last Practicable Date"	16 August 2021;
"London Stock Exchange"	London Stock Exchange plc;
"More Computers"	More Computers Limited, a company incorporated and registered in England and Wales with registered number 04666684;
"MXC Loan Notes"	the £3.5 million of unsecured fixed rate loan notes issued to MXC Guernsey Limited, repayable on 21 October 2024;
"Notice of General Meeting"	the notice convening the General Meeting which is set out at the end of this document;
"Ordinary Shares"	the ordinary shares of 1 penny each in the capital of the Company;
"Placees"	persons who have conditionally agreed to subscribe for the Placing Shares;
"Placing"	the conditional placing of the Placing Shares by Allenby, as agent on behalf of the Company, with the Placees pursuant to the terms of the Placing Agreement, further details of which are set out in this document;
"Placing Agreement"	the conditional agreement dated 17 August 2021 between the Company and Allenby in relation to the Placing, further details of which are set out in this document;
"Placing Price"	£0.01;
"Placing Shares"	210,000,000 new Ordinary Shares to be issued pursuant to the Placing;
"Proposals"	the Acquisition and the Placing;
"Prospectus Regulation Rules"	the prospectus regulation rules made by the FCA pursuant to section 73A of FSMA;

"Register"	the register of members of the Company maintained by Computershare Investor Services PLC, a company incorporated and registered in England and Wales with registered number 03498808;
"Resolutions"	the resolutions set out in the Notice of General Meeting;
"Restricted Jurisdiction"	Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States;
"Sellers"	Christopher Wheater and Simon Lewington;
"Shareholders"	holders of Ordinary Shares;
"Systems Assurance"	Systems Assurance Limited, a company incorporated and registered in England and Wales with registered number 02691103;
"Systems Assurance Group"	Systems Assurance and its subsidiary More Computers;
"Trading EBITDA"	earnings before net finance costs, tax, depreciation, amortisation, plc costs, dividends, exceptional items and share based-payments;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or "in uncertificated form"	an Ordinary Share recorded on a company's share register 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;
"US Person(s)"	has the meaning given in the United States Securities Act 1933 (as amended);
"VAR"	Value Added Reseller;
"Voting Record Time"	6.30 p.m. on 31 August 2021;
"Warrant Instrument"	the warrant instrument to be executed by the Company on Completion creating the Warrants; and
"Warrants"	warrants over, in aggregate, four million Ordinary Shares to be granted to the Sellers on Completion, further details of which are set out in paragraph 7 of this document.

Notice to Distributors

Solely for the purposes of the product governance requirement contained in Chapter 3 of the FCA Product Intervention and Product Governance Sourcebook (together, the "UK **Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet

the criteria of professional clients and eligible counterparties, as defined under the FCA Handbook Conduct of Business Sourcebook, and ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing offer no guaranteed income and no capital protection; and an investment in the Placing is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Allenby Capital Limited will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the FCA Handbook Conduct of Business Sourcebook COBS 9A and 10A respectively; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

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