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If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately. However, these documents should not be forwarded into the United States, Canada, Australia, South Africa, Japan or transmitted in or into any jurisdiction in violation of local securities laws.

The distribution of this document in jurisdictions other than the UK may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdictions. In particular, this document should not be forwarded or transmitted in or into the United States, Canada, Australia, South Africa, Japan or any other jurisdiction where it would be illegal to do so. The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act 1933 (as amended) or under any of the relevant securities laws of any state of the United States or of Canada, Australia, South Africa or Japan. Accordingly, the Ordinary Shares may not (unless an exemption under relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia, South Africa or Japan or for the account or benefit of any such person located in the United States, Canada, Australia, South Africa or Japan.

This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for Ordinary Shares or an invitation to buy, acquire or subscribe for Ordinary Shares. This document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules of the FCA or an admission document for the purpose of the AIM Rules. The Directors (whose names and functions appear on page 5 of this document) and the Company accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Ordinary Shares are admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

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# CloudCoCo Group plc

*(incorporated and registered in England and Wales with registered number 05259846)*

## Proposed Sale of CloudCoCo Limited and Notice of General Meeting

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**This document should be read as a whole. However, 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, amongst other things, a recommendation from the Directors that you vote in favour of the Resolution to be proposed at the General Meeting.**

**Notice of the General Meeting of CloudCoCo Group plc, to be held at the offices of DAC Beachcroft LLP, The Walbrook Building, 25 Walbrook, London EC4N 8AF at 1.00 p.m. on 31 October 2024, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services plc at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by no later than 1.00 p.m. on 29 October 2024 (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).**

Allenby Capital Limited ("**Allenby**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with matters set out in this document and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Allenby or for advising any other person in respect of the matters set out in this document or any transaction, matter or arrangement referred to in this document. Allenby's responsibilities as the Company's nominated adviser are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Allenby by the FSMA or the regulatory regime established thereunder, Allenby does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the matters set out in this document. Allenby accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

## IMPORTANT NOTICE

### Cautionary note regarding forward-looking statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expect", "may", "will", "would", "could", "should", "shall", "risk", "intend", "estimate", "aim", "plan", "predict", "continue", "assume", "positioned", "anticipate", "hope" or "target" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations concerning, among other things, the future results of operations, financial condition, liquidity, prospects, growth, strategies, our dividend policy, and the industry in which we operate.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions and by their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties we face. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.

Any forward-looking statements contained in this document speak only as of the date of this document, and such forward-looking statements based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company, the Directors and the Financial Advisers and their respective affiliates expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the AIM Rules, or the Disclosure Guidance and Transparency Rules of the FCA or Regulation (EU) 596/2014, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time (the "**UK Market Abuse Regulation**").

### Presentation of financial information

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent. In this document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

No statement in this document or incorporated by reference into this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or less than those for the preceding financial periods of the Company.

### Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document and the Form of Proxy are, unless otherwise stated, references to London time.

All references to legislation in this document and the Form of Proxy are to the legislation of England unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>2024</i>
Posting of this document and Form of Proxy	15 October
Latest time and date for receipt of Forms of Proxy	1.00 p.m. on 29 October
General Meeting	1.00 p.m. on 31 October
Announcement of the result of the General Meeting	31 October
Expected completion date of the Proposed Sale	31 October

### **Notes:**

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

Each of the above times and/or dates are indicative only and are subject to change by the Company. If any of the above times and/or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.

## DIRECTORS, SECRETARY AND ADVISERS

### ***Directors***

Simon Duckworth, *Non-executive Chairman*  
Darron Giddens, *Chief Financial Officer*

all of:

5 Fleet Place  
London  
EC4M 7RD

### ***Company Secretary***

Darron Giddens

### ***Company website***

[www.cloudcoco.co.uk](http://www.cloudcoco.co.uk)

### ***Nominated Adviser and Broker***

Allenby Capital Limited  
5 St. Helen's Place  
London  
EC3A 6AB

### ***Legal Advisers to the Company***

DAC Beachcroft LLP  
The Walbrook Building  
25 Walbrook  
London  
EC4N 8AF

### ***Registrars***

Computershare Investor Services plc  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

## DEFINITIONS

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

<b>"Act"</b>	the Companies Act 2006 (as amended);
<b>"Allenby"</b>	Allenby Capital Limited, a limited liability company incorporated and registered in England and Wales with registered number 06706681, which is authorised and regulated by the FCA and is the Company's nominated adviser and broker;
<b>"AIM"</b>	the AIM market operated by the London Stock Exchange;
<b>"AIM Rule 15 Cash Shell"</b>	has the meaning given to 'AIM Rule 15 cash shell' in the AIM Rules;
<b>"AIM Rules"</b>	the AIM Rules for Companies issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
<b>"Aspire"</b>	Aspire Technology Solutions Ltd, a company incorporated and registered in England and Wales with registered number 06031628;
<b>"Business Day"</b>	a day on which dealings in domestic securities may take place on the London Stock Exchange;
<b>"CloudCoCo Limited"</b>	CloudCoCo Limited, a company incorporated and registered in England and Wales with registered number 10989039;
<b>"Connect"</b>	CloudCoCo Connect Limited, a company incorporated and registered in England and Wales with registered number 05237920;
<b>"Company"</b>	CloudCoCo Group plc, a company incorporated and registered in England and Wales with registered number 05259846;
<b>"Completion"</b>	completion of the Proposed Sale in accordance with the Share Purchase Agreement;
<b>"CREST"</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
<b>"Directors" or "Board"</b>	the directors of the Company whose names are set out on page 5 of this document, or any duly authorised committee thereof;
<b>"Euroclear"</b>	Euroclear UK & International Limited, the operator of CREST;
<b>"Existing Group"</b>	the Company and its subsidiary undertakings as at the date of this document (including, without limitation, CloudCoCo Limited);
<b>"FCA"</b>	the Financial Conduct Authority;
<b>"Form of Proxy"</b>	the form of proxy for use in connection with the General Meeting which accompanies this document;
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 (as amended);
<b>"General Meeting"</b>	a duly convened general meeting (or any adjournment thereof) of the Shareholders at which the Resolution will be proposed to be held at 1.00 p.m. on 31 October 2024, notice of which is set out in the Notice of General Meeting;
<b>"Group"</b>	the Company and its subsidiary undertakings after Completion;

<b>"Holdings"</b>	CloudCoCo Holdings Limited, a company incorporated and registered in Scotland with registered number SC102302;
<b>"London Stock Exchange"</b>	London Stock Exchange plc;
<b>"More Computers"</b>	More Computers Limited, a company incorporated and registered in England and Wales with registered number 04666684;
<b>"MXC"</b>	MXC Guernsey Limited, a subsidiary of MXC Capital (UK) Limited;
<b>"MXC Loan Notes"</b>	the unsecured loan notes held by MXC in the Company which MXC acquired from BGF Investments L.P. on 21 October 2019;
<b>"Notice of General Meeting"</b>	the notice convening the General Meeting which is set out at the end of this document;
<b>"Ordinary Shares"</b>	the ordinary shares of £0.01 each in the capital of the Company;
<b>"Proposed Sale"</b>	the proposed sale of the entire issued share capital of CloudCoCo Limited pursuant to the Share Purchase Agreement;
<b>"Re-organisation"</b>	has the meaning given to that term in paragraph 2 of Part 1 of this document;
<b>"Resolution"</b>	the ordinary resolution set out in the Notice of General Meeting seeking shareholder approval to the Proposed Sale for the purposes of Rule 15 of the AIM Rules;
<b>"Share Purchase Agreement"</b>	the conditional share sale agreement dated 15 October 2024 between the Company, Holdings and Aspire;
<b>"Shareholders"</b>	holders of Ordinary Shares;
<b>"Systems Assurance"</b>	Systems Assurance Limited, a company incorporated and registered in England and Wales with registered number 02691103;
<b>"UK" or "United Kingdom"</b>	the United Kingdom of Great Britain and Northern Ireland; and
<b>"US Person(s)"</b>	has the meaning given in the United States Securities Act 1933 (as amended).

## PART 1

### LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF CLOUDCOCO GROUP PLC

# CloudCoCo Group plc

*(Incorporated in England and Wales with registered number 05259846)*

*Directors:*

Simon Duckworth, *Non-executive Chairman*  
Darron Giddens, *Chief Financial Officer*

*Registered Office:*

5 Fleet Place  
London  
EC4M 7RD

15 October 2024

*To holders of Ordinary Shares*

Dear Shareholder,

### **Proposed Sale of CloudCoCo Limited and Notice of General Meeting**

#### **1. Introduction**

The Company is writing to inform Shareholders that one of its subsidiaries, Holdings, has entered into the Share Purchase Agreement to conditionally sell the entire issued share capital of CloudCoCo Limited (after completion of the Re-organisation) to Aspire for gross cash consideration of up to c.£9.2 million, which when adjusted on a debt free, cash free and normalised working capital basis will result in a net cash consideration payable by Aspire to Holdings of approximately £7.85 million (subject to CloudCoCo Limited having an appropriate level of working capital on Completion). Further details of the terms of the Share Purchase Agreement can be found in paragraph 5 of this letter and Part 2 of this document.

In view of the size of the Proposed Sale relative to the Company, the Proposed Sale is deemed to be a disposal resulting in a fundamental change in the business of the Company for the purposes of Rule 15 of the AIM Rules and it is therefore conditional upon the approval of the Shareholders. The Proposed Sale will not result in the Company divesting of all, or substantially all, of its existing trading business, activities or assets and therefore, for the purposes of the AIM Rules, the Company will continue to be deemed an operating company and not be deemed to become an AIM Rule 15 Cash Shell following Completion of the Proposed Sale.

Accordingly, Shareholder approval of the Proposed Sale is being sought at a General Meeting of the Company to be held at the offices of DAC Beachcroft LLP, The Walbrook Building, 25 Walbrook, London EC4N 8AF at 1.00 p.m. on 31 October 2024. The notice convening the General Meeting and setting out the Resolution to be considered at it is set out at the end of this document. A summary of the action you should take is set out in paragraph 13 of this letter and on the Form of Proxy, which accompanies this document.

Further details of the Proposed Sale and the Share Purchase Agreement are set out below and in Part 2 of this document.

The purpose of this document is to: (i) provide information on the background to, reasons for, and consequences of, the Proposed Sale; (ii) set out why the Directors unanimously consider the Proposed Sale to be in the best interests of the Company and the Shareholders as a whole; and (iii) convene the General Meeting to seek Shareholder approval for the Resolution to approve the Proposed Sale. This document also sets out the steps Shareholders should take if they wish to vote on the Resolution at the General Meeting.



The Company has received from certain Shareholders irrevocable undertakings to vote in favour of the Resolution in respect of holdings totalling, in aggregate, 340,487,264 Ordinary Shares, representing approximately 48.22 per cent. of the Company's existing issued share capital. Further details and the terms on which the undertakings are given are set out in paragraph 10 of Part 1 of this letter.

Shareholders should read the whole of this document, together with the accompanying Form of Proxy, and not rely solely on the information set out in this Part I (*Letter from the Non-Executive Chairman of CloudCoCo Group plc*).

## 2. **Background to and reasons for the Proposed Sale**

As part of the acquisition of CloudCoCo Limited by the Company on 21 October 2019, MXC agreed to acquire from BGF Investments L.P. the MXC Loan Notes, which at the time comprised loan notes with a principal amount of £3.5 million. At the same time, the terms of the MXC Loan Notes were revised by increasing the coupon to 12 per cent. per annum compound, rolled up and payable at maturity, and extending the term to 21 October 2024.

As announced on 30 April 2024, following an extensive refinancing exercise it was agreed that the repayment date for the MXC Loan Notes would be extended to 31 August 2026, in exchange for an arrangement fee of £550,000 (the "**Arrangement Fee**") payable on 21 October 2024, with all other terms remaining the same.

After securing this extension to the MXC Loan Notes, the Directors have assessed the options available to the Company for repayment of the MXC Loan Notes (which currently has a balance including accrued interest of £6.2 million) and they do not believe that there can be certainty in the long-term that the Company would be able to repay the loan and accrued interest in full upon maturity on 31 August 2026. The Company would be reliant on improved market conditions and an improvement in trading for the Directors to be confident of this. As a result, the Directors believe that a corporate transaction is the best way to secure the long-term future of the Company and to repay the MXC Loan Notes. In addition, the Board has determined a growth strategy for the Group, focussing on certain aspects of its business after the Proposed Sale, which is set out in paragraph 8 below.

Accordingly, one of the Company's subsidiaries, Holdings, has entered into the Share Purchase Agreement to conditionally sell the entire issued share capital of CloudCoCo Limited (after completion of the Re-organisation) to Aspire for gross cash consideration of up to c.£9.2 million, which when adjusted on a debt free, cash free and normalised working capital basis will result in a net cash consideration payable by Aspire to Holdings of approximately £7.85 million (subject to CloudCoCo Limited having an appropriate level of working capital on Completion).

In anticipation of the Proposed Sale, the Company has agreed to take certain steps to re-organise the Existing Group so as to transfer certain other assets of the managed services, lifecycle and cloud divisions from Connect to CloudCoCo Limited, including c.80 managed services clients contracts which have been novated to CloudCoCo Limited (the "**Re-organisation**").

In addition, it has been agreed with MXC that conditional on Completion of the Proposed Sale and repayment of the entire MXC Loan Notes, together with accrued interest, by 31 October 2024, the Arrangement Fee will be waived by MXC. Accordingly, should the Proposed Sale complete by the agreed date, the Company will not be liable for the Arrangement Fee. If the Proposed Sale is not approved by Shareholders at the General Meeting or Completion does not occur, the terms of the MXC Loan Notes will prevail and the Arrangement Fee will be added to the MXC Loan Notes.

In view of the size of the Proposed Sale relative to the Company, the Proposed Sale is deemed to be a disposal resulting in a fundamental change in the business of the Company for the purpose of Rule 15 of the AIM Rules and it is therefore conditional upon the approval of Shareholders, amongst other matters. That approval will be sought at the General Meeting to be held at the offices of DAC Beachcroft LLP, The Walbrook Building, 25 Walbrook, London EC4N 8AF at 1.00 p.m. on 31 October 2024. The notice convening that General Meeting is set out at the end of this document. The actions that you should take to vote on the Resolution and the recommendation of the Board are set out in paragraphs 13 and 14 of this letter.

Following completion of the Proposed Sale, the Company will continue to be an IT product reseller via its business-to-business operation in Sheffield and will also continue to operate its e-commerce platform, delivering enterprise grade on-demand IT products and services to customers through its wholly owned subsidiaries, Systems Assurance and More Computers, which were acquired in September 2021. Whilst the Company continues to own Connect, which, following the Re-organisation, offers co-location and data centre services to 260 data centre and network customers across its infrastructure located in 32 data centres across the UK, the Company is in advanced discussions for the sale of Connect. The Board is seeking to conclude these discussions in the near future and a further announcement will be made in due course.

**Should the Proposed Sale not take place for any reason, the Directors will need to carefully consider whether there is a future for the business going forward in view of its debt service and repayment obligations. The Company will have to proceed with the extension of the MXC Loan Notes incurring the Arrangement Fee and continuing to incur the high interest rate on the outstanding balance. The obligation to repay the MXC Loan Notes, together with accrued fees and interest, by 31 August 2026 will remain, the repayment of which will depend, *inter alia*, on the performance of the Group's business. Whilst the Directors pursued refinancing of the MXC Loan Notes during this year and last, the few proposals received came with less favourable terms and conditions.**

### 3. Information on CloudCoCo Limited

CloudCoCo Limited is a UK provider of IT managed services solutions to private and public sector organisations. Supported by a 24x7 IT support desk, the company delivers services built around four principle areas: connectivity, multi-cloud, collaboration and cyber security.

The company serves approximately 360 business customers and for the year ended 30 September 2023, reported a turnover of £7.26 million with a loss before tax of approximately £0.17 million, based on audited accounts. Following the completion of the Re-organisation, the enlarged CloudCoCo Limited business, including the managed services assets novated from Connect, would account for turnover of approximately £12.4m and profit before tax of approximately £0.7 million for the year ended 30 September 2023.

### 4. Information on Aspire

Aspire is an award-winning IT Managed Service and Cyber Security Provider, specialising in cyber security, cloud, connectivity, managed services, unified communications and IT support. Aspire is a privately owned company, incorporated in the UK and operating from offices in Gateshead, Glasgow, Stockton and London.

### 5. Principal terms of the Proposed Sale

Pursuant to the Share Purchase Agreement, Holdings is proposing to sell the entire issued share capital of CloudCoCo Limited (after completion of the Re-organisation). The gross cash consideration will be up to c.£9.2 million, which when adjusted on a debt free, cash free and normalised working capital basis will result in a net cash consideration payable by Aspire to Holdings of approximately £7.85 million (subject to CloudCoCo Limited having an appropriate level of working capital on Completion) as follows:

	<b>£'million</b>
Gross cash consideration	9.20
less debt, cash and normalised working capital adjustments in CloudCoCo Limited	(1.20)
less shared costs relating to the acquisition	<u>(0.15)</u>
<b>Net cash consideration</b>	<b>7.85</b>

The consideration is payable as to £7.5 million on Completion and £0.35 million retained, subject to a potential further working capital adjustment following Completion by reference to the cash, debt and working capital of CloudCoCo Limited at, and based on accounts drawn up as at, Completion.

Completion of the sale is conditional upon certain closing conditions, including (amongst others) the approval of the Resolution at the General Meeting. Completion of the Proposed Sale is expected to occur on 31 October 2024.

Further details of the Share Purchase Agreement are set out in Part 2 of this document.

#### 6. **Financial effects of the Proposed Sale and use of the proceeds**

The Board intends to use the cash proceeds from the Proposed Sale to pay the outstanding liabilities of the Group at Completion (expected to amount to approximately £6.9 million) including trade creditors, trade loans and fees relating to the Proposed Sale so that the Group will be debt free. This will include repayment in full of the MXC Loan Notes plus interest and fees amounting to £6.2 million in aggregate.

**Following the discharge of such liabilities and subject to no further price adjustments, it is expected that the Group will retain approximately £950,000 cash from the Proposed Sale. This amount will be allocated to the Group's general working capital requirements and to support the future development of the business as follows.**

	<b>£'million</b>
Expected proceeds from the sale of CloudCoCo Limited	7.85
	<hr/>
	7.85
Repayment of MXC Loan Notes	(6.20)
Repayment of fees relating to the Proposed Sale	(0.20)
Repayment of Group liabilities and trade creditors	(0.50)
	<hr/>
<b>Working capital and to support future growth</b>	<b>0.95</b>

#### 7. **AIM Rule 15 and related party transaction**

In accordance with Rule 15 of the AIM Rules, the Proposed Sale is deemed to be a disposal that constitutes a fundamental change of business of the Company and is accordingly subject to the approval of Shareholders. However, as the Proposed Sale will not result in the Company divesting of all, or substantially all, of its existing trading business, activities or assets, the Company will not be deemed to become an AIM Rule 15 Cash Shell following Completion of the Proposed Sale and will continue to be classified as an operating company.

As MXC holds 10.63% of the issued share capital of the Company, the waiver of the Arrangement Fee as detailed in paragraph 2 above is a related party transaction pursuant to the AIM Rules. The Directors consider, having consulted with the Company's Nominated Adviser, Allenby Capital Limited, that the terms of the waiver of the Arrangement Fee are fair and reasonable insofar as Shareholders are concerned.

#### 8. **Strategy following Completion**

Following completion of the Proposed Sale, the Company will continue as an IT value-added reseller (VAR), free of long-term debt, through its business-to-business operation in Sheffield and its e-commerce platform. The Company will deliver enterprise-grade, on-demand IT products and services to customers via its two wholly-owned subsidiaries: Systems Assurance, a business-to-business VAR, and More Computers (rebranded MoreCoCo in 2022), an IT product e-commerce platform serving both businesses and consumers. These subsidiaries were acquired through the purchase of Systems Assurance in September 2021.

The Directors intend to grow the VAR business, believing that there are strong opportunities for organic growth, particularly within the e-commerce division, in line with global trends. Since becoming part of the Group, the e-commerce division has demonstrated notable growth. Following the completion of the Proposed Sale, the Group is expected to have sufficient working capital to continue to drive organic growth and meet the ongoing demand for e-commerce.

In addition, the Company is actively engaging in discussions that may facilitate further business growth, exploring new areas of investment, and seeking opportunities to enhance shareholder value.

As noted in paragraph 2 above, the Company is in advanced discussions for the sale of Connect, the data centre and network business, which the Board is seeking to conclude in the near future.

#### 9. **Year-end trading update and Board matters**

The Company's most recent financial year ended on 30 September 2024 ("FY24") and the Directors will be seeking to publish audited financial statements for that year as soon as possible in the first quarter of 2025. Unaudited financial statements are expected to show revenues for the year of at least £27 million (2023: £25.9 million) and net debt of approximately £6.9 million.

FY24 was a challenging year. The Company encountered significant hurdles in achieving the Board's expected growth, largely due to rising costs of sales. In addition, the Directors believe that the Company's sub-scale position has limited its ability to expand quickly enough to be confident in meeting the repayment obligations of the MXC Loan Notes due in August 2026.

A considerable portion of FY24 was dedicated to exploring options to refinance the MXC Loan Notes, which were originally due for repayment on 21 October 2024. Further, the Directors believe that increased vendor costs, customer losses, and some bad debts have also added pressure to the Company's working capital.

The Directors are cognisant of the fact that following Mark Halpin, Andy Mills and Jill Collighan leaving the Board earlier this year, there is a need to add new directors and strengthen the skills and experience of the Board. Having addressed the Proposed Sale, the Directors will commence a process in order to recruit suitable replacement directors and further announcements will be made in due course.

#### 10. **Irrevocable undertakings**

Darron Giddens and Simon Duckworth have given irrevocable undertakings to the Company to vote in favour of the Resolution 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 one of them) in respect of their beneficial holdings totalling, in aggregate, 29,896,150 Ordinary Shares, representing approximately 4.24 per cent. of the issued ordinary share capital.

In addition, certain other Shareholders have given irrevocable undertakings to the Company to vote in favour of the Resolution 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 one of them) in respect of their beneficial holdings totalling, in aggregate, 310,591,114 Ordinary Shares, representing approximately 43.98 per cent. of the issued ordinary share capital.

In aggregate, the Company has received irrevocable undertakings to vote in favour of the Resolution in respect of 340,487,264 Ordinary Shares, representing approximately 48.22 per cent. of the issued ordinary share capital.

#### 11. **Taxation**

Any person who is in any doubt as to their tax position or who is subject to tax in a jurisdiction other than the United Kingdom is strongly recommended to consult their professional tax adviser immediately.

#### 12. **The General Meeting**

You will find set out at the end of this document a notice convening the General Meeting to be held at the offices of DAC Beachcroft LLP, The Walbrook Building, 25 Walbrook, London EC4N 8AF on 31 October 2024 at 1.00 p.m., at which the Resolution will be proposed.

The Resolution, which will be proposed at the General Meeting as an ordinary resolution, is to approve the Proposed Sale and to authorise the Directors to take all steps necessary or desirable to complete the Proposed Sale. In order for the Resolution to be passed, a simple majority is required.

13. **Action to be taken**

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 Investors Services plc at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event so as to be received by no later than 1.00 p.m. on 29 October 2024 (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).

Your attention is drawn to the fact that the Proposed Sale is conditional and dependent on the Resolution being passed by Shareholders at the General Meeting. **Shareholders are asked to vote in favour of the Resolution in order for the Proposed Sale to proceed. If Shareholders do not approve the Proposed Sale at the General Meeting, the Board will have to proceed with the extension of the MXC Loan Notes and the Directors will need to carefully consider whether there is a future for the business in view of its debt service and repayment obligations.**

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.

14. **Recommendation**

**The Directors believe the Proposed Sale to be the most appropriate way to provide a strategy to provide value to Shareholders and put the Company on a better financial footing. Should the Proposed Sale not take place for any reason, the Company will have to proceed with the extension of the MXC Loan Notes, continue to pay a high interest rate on the outstanding amount and incur the Arrangement Fee. The obligation to repay the MXC Loan Notes, together with accrued fees and interest, by 31 August 2026 will remain, the repayment of which will depend, *inter alia*, on the performance of the Group's business. In this situation and in the absence of alternative funding, the Directors will need to carefully consider whether there is a future for the business going forward in view of its debt service and repayment obligations.** The Directors, Darron Giddens and Simon Duckworth, intend to vote in favour of the Resolution with their holdings of, in aggregate, 29,896,150 Ordinary Shares, representing approximately 4.24 per cent. of the issued ordinary share capital.

The Directors consider the Proposed Sale to be in the best interests of the Company, its Shareholders and stakeholders as a whole and accordingly recommend Shareholders to vote, or procure the vote, in favour of the Resolution to be proposed at the General Meeting.

Yours faithfully,

**Simon Duckworth**  
*Non-executive Chairman*

## PART 2

### SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

#### 1. General

The Share Purchase Agreement was entered into on 15 October 2024 between Holdings, the Company (as guarantor) and Aspire.

Pursuant to the terms of the Share Purchase Agreement, Holdings has agreed to sell, and Aspire has agreed to buy, all of the fully paid ordinary shares in the capital of CloudCoCo Limited (the "**Shares**").

The main activity of CloudCoCo Limited is the provision of IT and communications solutions to UK businesses. Supported by a team of industry experts and harnessing a diverse ecosystem of partnerships with blue-chip technology vendors, CloudCoCo Limited makes it easy for private 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 Limited has offices in Leeds and Daresbury in the UK.

The Proposed Sale will not result in the Company divesting of all, or substantially all, of its existing trading business, activities or assets. Therefore, for the purposes of the AIM Rules, the Company will continue to be deemed an operating company and will not, following the Completion of the Proposed Sale, be deemed to become an AIM Rule 15 Cash Shell.

#### 2. Encumbrances

The Shares will be transferred free of all encumbrances.

#### 3. Purchase price

The gross consideration payable by Aspire to Holdings is up to c.£9.2 million which when adjusted to a debt free, cash free and normalised working capital basis will result in a net cash consideration of approximately £7.85 million (subject to CloudCoCo Limited having an appropriate level of working capital on Completion).

The consideration is payable as to £7.5 million on Completion and £0.35 million retained, whilst completion accounts are prepared. The actual cash, debt and working capital of CloudCoCo Limited as at Completion will be determined by completion accounts which will be prepared and agreed within the stated timeframe post-Completion following which any balancing payment will be made by the appropriate party.

#### 4. Pre-Completion obligations

Holdings has agreed to ensure that between execution of the Share Purchase Agreement and Completion, CloudCoCo Limited conducts its business in the ordinary course and subject to usual and customary pre-completion restrictions.

#### 5. Conditions to Completion

Completion is subject to certain closing conditions ("**Conditions Precedent**") being satisfied or waived being the passing of the Resolution and no material change having occurred in respect of CloudCoCo Limited during the period between signing the Share Purchase Agreement and Completion (the "**Interim Period**").

The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the conditions precedent to the proposed sale of CloudCoCo Limited, Completion will occur on 31 October 2024.

6. **Termination**

If any of the Conditions Precedent have not been satisfied or waived before 11 November 2024, the Share Purchase Agreement will automatically terminate on that date.

In addition, if (amongst other things) there is a breach of warranty during the Interim Period or Holdings has breached any other term of the Share Purchase Agreement which if capable of remedy has not been duly remedied within five Business Days and before Completion, Aspire can proceed to Completion, defer Completion to a date no more than 28 days after the date on which Completion would otherwise have taken place or terminate the Share Purchase Agreement by notice in writing to Holdings.

7. **Post-completion restrictive covenants**

The Share Purchase Agreement includes restrictive covenants on Holdings in the usual form for a period of up to three years after Completion including Holdings being prohibited from being engaged in the UK in any business that is or would be in competition with any part of the business of CloudCoCo Limited as carried on by it immediately prior to Completion. Holdings is also under an obligation to procure that no other member of the Group breaches such restrictions.

8. **Guarantor**

The Company is a party to the Share Purchase Agreement as guarantor and has agreed to guarantee the due and punctual performance, observance and discharge by Holdings of the guaranteed obligations (being all present and future obligations, liabilities, undertakings, warranties, indemnities and covenants of, or given by, Holdings under or in connection with the Share Purchase Agreement) when they become performable or due in accordance with the terms of such agreement.

9. **Warranties and Indemnities**

The Share Purchase Agreement contains:

- customary business warranties given by Holdings to Aspire as well as warranties relating to Holding's power and authority to enter into and perform its obligations as contemplated by the Share Purchase Agreement, solvency and share ownership; and
- various indemnities, mainly relating to the employees of CloudCoCo Limited.

10. **Liability**

The liability of Holdings for a breach of warranty, a claim under the indemnities and claims under the tax covenant is limited in time and amount, which the monetary limitation being the total aggregate consideration received.

11. **Governing law**

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

## NOTICE OF GENERAL MEETING

# CloudCoCo Group plc

(Incorporated and registered in England and Wales with registered number 05259846)

**NOTICE IS HEREBY GIVEN THAT** a general meeting of CloudCoCo Group plc (the "**Company**") will be held at the offices of DAC Beachcroft LLP, The Walbrook Building, 25 Walbrook, London EC4N 8AF at 1.00 p.m. on 31 October 2024 to consider and, if thought fit, to pass the following Resolution. The Resolution will be proposed as an ordinary resolution.

### Ordinary Resolution

1. **THAT**, for the purposes of Rule 15 of the AIM Rules for Companies published by the London Stock Exchange plc and otherwise, the proposed sale (the "**Proposed Sale**") by CloudCoCo Holdings Limited ("**Holdings**") of the entire issued share capital of CloudCoCo Limited (after completion of the Re-organisation as defined in the Company's circular to shareholders dated 15 October 2024 of which this notice forms part), on the terms and subject to the conditions set out in the share purchase agreement dated 15 October 2024 (the "**Share Purchase Agreement**") between Holdings, the Company and Aspire Technology Solutions Ltd and related documentation to be entered into pursuant to the Share Purchase Agreement, be and is hereby approved with such amendments, waivers, variations or extensions as the directors and the directors of Holdings (together the "**Directors**") may in their absolute discretion approve, and the Directors or any duly authorised committee of the Directors be and are hereby authorised to execute all deeds and documents and take all steps as they may consider to be necessary or desirable to complete or give effect to or otherwise in connection with the Proposed Sale and any matter incidental to the Proposed Sale.

Dated: 15 October 2024

*Registered Office:*  
5 Fleet Place  
London  
EC4M 7RD

*By order of the Board*  
**Darron Giddens**  
Company Secretary



## **Explanatory Notes:**

### **Entitlement to attend and vote**

1. Only those members registered on the Company's register of members at:
  - 6.30 p.m. on 29 October 2024; or,
  - if this meeting is adjourned, 6.30 p.m. on the day which is two days before the day of the meeting (excluding any part of a day that is not a Business Day),

shall be entitled to attend and vote at the meeting in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### **Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to more than one share. To appoint more than one proxy please refer to the notes on the proxy form.

### **Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy to vote on each Resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; and
  - received by Computershare Investor Services plc by no later than 1.00 p.m. on 29 October 2024.
6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxy by joint members**

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
10. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointment**

12. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
13. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
14. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
15. The revocation notice must be received by Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 1.00 p.m. on 29 October 2024.

16. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

**Corporate representative**

17. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

**Other matters**

18. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this notice or in any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.
19. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.