

THIS DOCUMENT REQUIRES URGENT ATTENTION. THE DEADLINE FOR TAKING ACTION IN RELATION TO THE PROPOSAL SET OUT IN THIS DOCUMENT IS 5:00 PM ON FRIDAY 23 JUNE 2023

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

Servoca Plc

(Incorporated in England and Wales with company number 02641313)

Proposed return of up to £10,000,000 by way of Tender Offer at 40 pence per Ordinary Share

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

A summary of the background to the Tender Offer is set out in Part 1 of this document. The Tender Offer will close at 5:00pm on Friday 23 June 2023.

The Tender Offer is not being made directly or indirectly in or into any Restricted Jurisdiction and the Tender Offer cannot be accepted from within such states or any other Restricted Jurisdiction. Neither this Circular nor the accompanying Tender Form may be distributed or sent in or into or from any Restricted Jurisdiction and doing so may render invalid any purported tender.

This Circular has not been, and will not be, reviewed or approved by the Financial Conduct Authority, the London Stock Exchange, any securities commission or any other authority or regulatory body. This Circular cannot be relied on for any investment contract or decision.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in the Company, please send this Circular (but not the accompanying Tender Form) immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, the Circular should not be mailed, distributed, sent, forwarded to or transmitted in or into any Restricted Jurisdiction.

This Circular may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group and certain plans and objectives of the Board. These statements are based on assumptions and assessments made by the Board in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes appropriate. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this document could cause actual results or developments to differ materially from those expressed in or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Circular. The Company assumes no obligation to update or correct the information contained in this Circular, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this Circular are made as at the date of this Circular, unless some other time is specified in relation to them, and publication of this Circular shall not give rise to any implication that there has been no change in the facts set out in this Circular since such date. Nothing contained in

this Circular shall be deemed to be a forecast, projection or estimate of the future financial performance of the Group except where expressly stated.

Action to be taken

The Tender Offer will open on Friday 2 June 2023 and will close at 5:00pm on Friday 23 June 2023. The Tender Offer will only be available to Qualifying Shareholders on the register at the Record Date. The procedure for participating in the Tender Offer is set out in Part 2 of this document.

If you hold Ordinary Shares and wish to tender all or some of your Ordinary Shares to the Company for 40 pence per share, in accordance with and subject to the terms and conditions set out in this document and in the Tender Form, you should complete and sign in the presence of a witness the enclosed Tender Form, and return your completed Tender Form in accordance with the instructions printed on the Tender Form (together with the relevant share certificate(s) and/or other document(s) of title) to the address indicated on the Tender Form as soon as possible and, in any event, so as to be received by the Company, by no later than 5:00pm on Friday 23 June 2023.

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

This Circular is dated Wednesday 31 May 2023.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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

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

Date of this document	Wednesday 31 May 2023
Tender Offer opens	Friday 2 June 2023
Latest time and date for receipt of Tender Forms and share certificates in relation to the Tender Offer by the Company	5:00pm on Friday 23 June 2023
Closing Date	5:00pm on Friday 23 June 2023
Record Date	5:00pm on Friday 23 June 2023
Anticipated date from which Tender Offer Contract available for inspection	Friday 30 June 2023
Anticipated date on which a second circular and notice of General Meeting to be sent	Friday 30 June 2023
Anticipated date of General Meeting at which amongst other things a resolution to approve the share buyback is proposed	Thursday 27 July 2023
Anticipated completion date for purchase of Ordinary Shares	Friday 28 July 2023
Anticipated completion payment for Tender Offer proceeds	Week commencing 31 July 2023

DEFINITIONS

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

Accepting Shareholders	any Qualifying Shareholder at the Closing Date who has tendered Ordinary Shares pursuant to the Tender Offer by returning a Tender Form to the Company in the manner prescribed in this document
Adjusted Profit Before Tax	profit before tax, share based payment charges, contingent consideration and impairment of goodwill
Board	the board of directors of the Company
Business Day	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business
Buyback Terms or Terms of the Tender Offer	the terms pursuant to which the Accepting Shareholders' Ordinary Shares shall be purchased by the Company in connection with the Tender Offer, being the terms and conditions set out in this Circular and in the accompanying Tender Form
Circular	this document
Closing Date	5:00pm Friday 23 June 2023
Company	Servoca Plc a public limited company incorporated in England and Wales with company registration number 02641313 whose registered office is at Kingston House, Towers Business Park, Wilmslow Road, Manchester, England M20 2LD
Conditions	the conditions of the Tender Offer set out in paragraph 2.1 of Part 2 of this document
Directors	the directors of the Company
General Meeting	a general meeting of the Shareholders to be called after the Closing Date
Group	the Company and its subsidiary undertakings (as defined in section 1162 of the Companies Act 2006)
Latest Practicable Date	30 May 2023, being the latest practicable date prior to the publication of this Circular
Material Adverse Event	an event or occurrence which in the opinion of the Board has had or reasonably could be expected to have a material adverse effect on the condition (financial or otherwise) of the Company
Ordinary Shares	the issued ordinary shares of 1 pence each in the capital of the Company, excluding those ordinary shares held in treasury.
Overseas Shareholder	a Shareholder who is resident in, or a citizen of a jurisdiction outside the United Kingdom
pounds sterling or £	the lawful currency of the United Kingdom

Qualifying Shareholders	Shareholders entitled to participate in the Tender Offer, being those who are on the Register on the Record Date and who are not Shareholders subject to the securities laws of a Restricted Jurisdiction
Record Date	5:00pm on Friday 23 June 2023
Register	the register of members of the Company
Registrar	the Company's registrar, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Resolution	the resolution to be proposed at the General Meeting to approve the Buyback Terms
Restricted Jurisdiction(s)	jurisdictions of the United States, Canada, Australia, New Zealand, Singapore, Japan, the Republic of South Africa or any other jurisdiction which would breach any applicable law or regulations
Shareholders	the shareholders of the Company
Tender Form	the tender form accompanying this document for use by Accepting Shareholders
Tender Offer	the invitation by the Company to Qualifying Shareholders to tender Ordinary Shares for purchase by the Company on the terms and subject to the conditions set out in this document and the Tender Form
Tender Price	the tender price of 40 pence per Ordinary Share

PART 1

LETTER FROM THE NON-EXECUTIVE CHAIRMAN

Servoca Plc

(Incorporated in England and Wales with company number 02641313)

Directors:

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

Registered Office:

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

31 May 2023

Dear Shareholder

Proposed Tender Offer

1. Introduction

The Board has proposed and approved that the Company invite Qualifying Shareholders to tender all or some of their Ordinary Shares for purchase by the Company pursuant to the terms of the Tender Offer (see paragraph 3 below and Part 2) **at a price of 40 pence per Ordinary Share** (the “**Tender Price**”). The Tender Price represents an increase of 33 per cent. from the price at which the Company last purchased Ordinary Shares in 2022.

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

The purpose of this document is to set out:

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

To enable the Tender Offer to take place, the Company will seek Shareholders’ approval of the Resolution at a General Meeting, notice of which will be provided to all Shareholders following the Closing Date.

2. Background to and reasons for the Tender Offer

The Company recently published its results for the year ended 31 December 2022 which showed an Adjusted Profit Before Tax of £8.2 million with cash and cash equivalents at the year-end date of £6.3 million.

The trading performance and subsequent cash generation for the most recent financial year were ahead of expectations. The Board understands that since the Ordinary Shares of the Company are no longer traded on any public market, the liquidity and marketability of these shares is significantly reduced. As a consequence, the Board believes this Tender Offer affords another opportunity for Qualifying

Shareholders to realise all or some of their shareholding in what is recognised to be an otherwise illiquid holding.

The Board believes its growth plans can be funded through the Company's future operational cash flows leaving a cash surplus at this time. The Board believes that the Tender Offer offers the best return for the surplus cash balance for Shareholders and therefore proposes the Tender Offer on the terms and conditions contained in this document.

3. Details of the proposed Tender Offer

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

The Tender Offer will be open to all Qualifying Shareholders, being Shareholders on the Register on the Record Date, who are not subject to the securities laws of a Restricted Jurisdiction. Subject to certain conditions (including the Resolution being passed at the General Meeting), it is expected that Qualifying Shareholders who successfully tender their Ordinary Shares will be issued cheques or receive electronic bank transfer of funds in respect of payment for such shares on or about the week commencing 31 July 2023.

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

The issued voting share capital of the Company at the Latest Practicable Date was 88,263,995 Ordinary Shares. If the Tender Offer is implemented in full, this will result in the purchase of up to 25,000,000 Ordinary Shares (approximately 28 per cent. of the Ordinary Shares). The Ordinary Share capital of the Company following cancellation of these shares will be 63,263,995.

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

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

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

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

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

This is not a recommendation to Shareholders to sell or tender their Ordinary Shares. Shareholders are not obliged to tender any Ordinary Shares and Shareholders who wish to retain all of their investment in the Company should not return a Tender Form. Whether or not Qualifying Shareholders tender any Ordinary Shares will depend on, among other things, their view of the Company's prospects and their

own individual circumstances, including their tax position, on which they should seek their own independent advice.

4. Majority shareholder participation in the Tender Offer

Hawk Investment Holdings Limited and related parties (through holdings in Hawk Investment Holdings Limited, Groundlinks Limited, Seraffina Holdings Limited and Retro Grand Limited) (“**Hawk**”) currently hold, in aggregate, 60,000,000 Ordinary Shares, representing approximately 68 per cent. of the issued voting Ordinary Share capital. Hawk has confirmed to the Company that it will tender 25,000,000 of its holding of Ordinary Shares pursuant to the terms and conditions of the Tender Offer.

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

In light of the number of shares held by Hawk which will not be tendered, the amount of the proposed return of up to £10 million available to Accepting Shareholders will guarantee the right to sell a minimum of 47% of their respective shareholding if all Qualifying Shareholders were to participate in the Tender Offer. A higher percentage may be available to be bought back subject to the take up of and level of participation in the Tender Offer.

5. Results to 31 December 2022 and Current Trading

Consolidated financial statements, together with the Non-Executive Chairman’s and CEO’s Report for this period are set out in the Appendix to this document and show revenue of £96.8 million, gross profit of £25.4 million and Adjusted Profit Before Tax of £8.2 million.

With regard to current trading, the Group is enjoying the benefits and resilience of increasing scale though there are clear challenges posed by inflationary pressures and the widely reported cost of living crisis. Overheads are inevitably increasing as a consequence of these pressures, both for ourselves and our clients and we have seen a reduction in demand in some of our Healthcare markets since the start of the new fiscal year. However, the Group’s markets remain characterised by a shortage of suitably qualified candidates to fulfill essential vacancies.

6. Overseas Shareholders

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

7. Action to be taken

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

If you are a Qualifying Shareholder and you wish to tender all or any part of your Ordinary Shares to the Company for 40 pence per share, in accordance with and subject to the terms and conditions set out in Part 2 of this document and in the Tender Form, you should complete and sign (in the presence of a witness) the enclosed Tender Form as soon as possible, and return your completed Tender Form to the Company at the address indicated on the Tender Form as soon as possible and, in any event, so as to be received by the Company by no later than 5:00pm on Friday 23 June 2023.

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

8. Conclusion

The Directors are making no recommendation to Shareholders in relation to participation in the Tender Offer itself.

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

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

Yours faithfully

John Foley

Non-Executive Chairman

PART 2

THE TENDER OFFER

1 Introduction

- 1.1 Qualifying Shareholders on the Register on the Record Date are hereby invited to tender their Ordinary Shares for purchase by the Company. The Tender Offer is to be effected by the purchase by the Company of Ordinary Shares from Qualifying Shareholders, on the Buyback Terms.

2 Terms and conditions of the Tender Offer

- 2.1 The Tender Offer is conditional upon:

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

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

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

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

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

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

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

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

- 2.4 All Ordinary Shares tendered by Qualifying Shareholders under the Tender Offer will be tendered at the Tender Price.

- 2.5 The total number of Ordinary Shares that will be purchased pursuant to the Tender Offer by the Company will not exceed 25,000,000 Ordinary Shares, equivalent to a maximum total amount payable by the Company of £10 million. If the Company receives acceptances in respect of the Tender Offer for more than 25,000,000 Ordinary Shares and the total amount payable to the Qualifying Shareholders is more than £10 million, each Qualifying Shareholder that has

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

- 2.6 Tender Forms once duly completed and submitted to the Company will become irrevocable and cannot be withdrawn. All questions as to the validity of tenders (including time of receipt) will be determined by the Company in its absolute discretion, which determination shall be final and binding (except as otherwise required under applicable law). Neither the Company nor any other person will be obliged to give notice of any defects or irregularities in any tender (or under any Tender Form) and none of them will incur any liability for failure to give any such notice.
- 2.7 The Tender Offer will close at 5:00pm on Friday 23 June 2023 and no Tender Forms received after that time will be accepted (unless otherwise determined by the Company).
- 2.8 All or any part of a Qualifying Shareholder's Ordinary Shares may be tendered. Only whole numbers of Ordinary Shares may be tendered. Any Ordinary Shares tendered and purchased by the Company will be sold by the Qualifying Shareholder to the Company fully paid and free from all liens, charges, equitable interests and encumbrances, and with all rights attaching to the same. Such Ordinary Shares will subsequently be cancelled and will not rank for any dividends, distribution or other equity related rights declared by the Company after that date.
- 2.9 It is a requirement that tenders of Ordinary Shares must be made on the accompanying Tender Form, duly completed in accordance with the instructions set out below and in the Tender Form, which constitutes part of the Terms of the Tender Offer. Such tenders will only be valid when the procedures contained in this document and in the Tender Form are complied with (save where the Company, acting in its absolute discretion, decides otherwise).
- 2.10 The Tender Offer and all tenders pursuant to the Tender Offer will be governed by and construed in accordance with English law and the delivery of a Tender Form will constitute submission to the jurisdiction of the English courts.
- 2.11 The Company anticipates that Shareholders shall be informed as to the results of the Tender Offer around 28 July 2023.
- 2.12 All documents and remittances sent by or to Shareholders will be sent or made (as the case may be) at the risk of the person entitled thereto. In the event that the Tender Offer does not become unconditional and lapses then Tender Forms will be returned by post not later than five Business Days after the date of such lapse.
- 2.13 If only part of a holding of Ordinary Shares is tendered pursuant to the Tender Offer, the relevant Qualifying Shareholder will be entitled to receive a certificate in respect of the unsold Ordinary Shares. Certificates will not be issued in respect of Ordinary Shares purchased by the Company pursuant to the Tender Offer.
- 2.14 Further copies of the Tender Form may be obtained on request from the Company by telephone on 020 3031 4759 or by email to tenderoffer@servoca.com, or at Servoca plc, Kingston House, Towers Business Park, Wilmslow Road, Manchester M20 2LD. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Company cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.
- 2.15 All questions as to the number of Ordinary Shares tendered, the price to be paid therefore and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares will be determined by the Company in its sole discretion, whose

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

- 2.16 Ordinary Shares purchased by the Company pursuant to the Tender Offer shall be purchased free of commissions and dealing charges.
- 2.17 The failure of any person to receive a copy of this document or the Tender Form shall not invalidate any aspect of the Tender Offer.
- 2.18 The Directors reserve the right to not proceed with the Tender Offer if they conclude, at any time prior to informing the Shareholders of the results of the Tender Offer, that its implementation is no longer in the interests of the Company and/or its Shareholders as a whole, or if the Directors resolve that there has occurred a Material Adverse Event.
- 2.19 The Terms of the Tender Offer shall have effect subject to such non-material modifications as the Company may make from time to time. The times and dates referred to in this Circular may be amended by the Company.
- 2.20 The provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply to agreements arising from the acceptance of the Tender Offer or any collateral agreements relating to the Tender Offer.

3 Overseas Shareholders

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

Accordingly, copies of this document, the Tender Forms and any related documents are not being and must not be mailed into any Restricted Jurisdiction, including to Shareholders with

registered addresses in any Restricted Jurisdiction or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in any Restricted Jurisdiction.

Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them into any Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and so doing may render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Tender Offer. Envelopes containing Tender Forms should not be postmarked in, or otherwise dispatched from, any Restricted Jurisdiction and all Accepting Shareholders must provide addresses outside any Restricted Jurisdiction for the remittance of cash or return of Tender Forms and/or issue of share certificates.

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

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

4 Procedure for tendering

- 4.1 To tender your Ordinary Shares for purchase by the Company you must complete and sign (in the presence of a witness) your Tender Form.
- 4.2 Your completed, signed and witnessed Tender Form should be sent either by post or (during normal business hours only) by hand to the Company at Servoca plc, Kingston House, Towers Business Park, Wilmslow Road, Manchester M20 2LD as soon as possible and, in any event, so as to be received by not later than 5:00pm (London time) on Friday 23 June 2023. No tenders received after that time will be accepted, save in the absolute discretion of the Company. No acknowledgement of receipt of documents will be given.
- 4.3 The completed and signed Tender Form should be accompanied, where possible, by the relevant share certificate(s) and/or other document(s) of title.
- 4.4 In respect of those Ordinary Shares for which your share certificate(s) and/or other document(s) of title is/are unavailable and you have been sent a Tender Form, a letter of indemnity can be obtained by contacting the Registrar. If a separate letter of indemnity is completed, this should be returned with the Tender Form as described above. Where you have completed and returned a letter of indemnity in respect of unavailable share certificate(s) and/or other document(s) of title and you subsequently find or obtain the relevant share certificate(s) and/or

other document(s) of title, you should immediately send the certificate(s) and/or other document(s) of title by post to the Company.

4.5 Any Tender Form received in an envelope postmarked in any Restricted Jurisdiction or otherwise appearing to the Company or its agents to have been sent from any of those jurisdictions may be rejected as an invalid tender by the Company in its absolute discretion.

4.6 Shareholders are reminded that under the Terms of the Tender Offer once a tender is made, it is irrevocable.

5 Validity of tenders

5.1 Tender Forms

The Company reserves the right to treat as valid only those Tender Forms which are received entirely in order by 5:00pm on Friday 23 June 2023 and which are accompanied by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof in respect of the entire number of Ordinary Shares tendered.

5.2 General

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

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

If you are in any doubt as to how to complete the Tender Form please contact the Company by telephone on 020 3031 4759 or by email to tenderoffer@servoca.com, or at Servoca plc, Kingston House, Towers Business Park, Wilmslow Road, Manchester M20 2LD. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Company cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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

6 Settlement

Settlement of the consideration to which any Qualifying Shareholder is entitled pursuant to valid tenders is anticipated to be made on or around the week commencing 31 July 2023. The Company's obligation (subject to the Tender Offer becoming unconditional) to pay the consideration due to a Qualifying Shareholder under the Tender Offer shall be fully satisfied and discharged by the payment by or on behalf of the Company to that Qualifying Shareholder an amount of the aggregate consideration payable (being the number of Ordinary Shares purchased from that Qualifying Shareholder multiplied by the Tender Price).

If a Qualifying Shareholder wishes to receive payment due by electronic bank transfer, they should contact the Company by telephone on 020 3031 4759 or by email to tenderoffer@servoca.com to request a payment form (**Payment Form**). Those Qualifying Shareholders should return a hard copy of the completed Payment Form to the Company with their Tender Form by the Closing Date. If the Qualifying Shareholder has returned a Payment Form to the Company, the Company may elect to (in its sole discretion) instruct its bank to make payment by electronic bank transfer to the bank details in the Payment Form.

If the Company has not made payment by electronic bank transfer, payment will be made by cheque and will be despatched by the Company by first class post to the person or agent whose name and address (outside of a Restricted Jurisdiction) is set out in the Tender Form or, if none is set out, to the registered address of the tendering Qualifying Shareholder or, in the case of joint holders, the address of the first named.

All payments will be made in pounds sterling from a branch of a UK clearing bank.

The return of a Payment Form does not guarantee that payment will be made by electronic bank transfer and the Company reserves the right to settle any consideration due to a Qualifying Shareholder by cheque.

7 Tender Forms

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

- (i) the execution of the Tender Form shall constitute an offer to sell to the Company such number of Ordinary Shares as are detailed in the Tender Form, on and subject to the Buyback Terms, and that, once lodged, such tender shall be irrevocable;
- (ii) such Qualifying Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted, together with all rights attaching thereto (subject to such Ordinary Shares being issued to the Qualifying Shareholder) and, when the same are purchased by the Company, the Company will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the date of completion of the purchase of such Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after that date;
- (iii) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional and in connection with those Ordinary Shares in respect of which such offer is accepted, constitute the irrevocable appointment of any director or officer of the Company as such Qualifying Shareholder's attorney and/or agent, and an irrevocable instruction to such attorney and/or agent to complete and execute all or any instruments of transfer and/or other documents at the attorney's and/or agent's discretion in relation to such Ordinary Shares in respect of which such offer is accepted, in favour of the Company or such other person or persons as the Company may direct and to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney and/or agent, together with the share certificate(s) and/or other document(s) relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in the Company or such other person(s) as the Company may direct such Ordinary Shares;
- (iv) such Qualifying Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers;
- (v) such Qualifying Shareholder holding Ordinary Shares in certificated form will deliver to the Company his share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares subject to the Tender Offer, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such document(s) to such person(s) as soon as possible thereafter and, in any event, by no later than the Closing Date;

- (vi) the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- (vii) the delivery of a Tender Form will constitute agreement by such Qualifying Shareholder that any purchase from that Qualifying Shareholder of Ordinary Shares by the Company pursuant to the Tender Offer will be subject to laws applicable in England, including the provisions of the Companies Act 2006, together with any other applicable rules and regulations;
- (viii) such Qualifying Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents and complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdictions, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase by the Company of the Ordinary Shares tendered by him under the Tender Offer;
- (ix) such Qualifying Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (x) such Qualifying Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction;
- (xi) such Qualifying Shareholder has not received or sent copies or originals of this document, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction;
- (xii) the Tender Form has not been mailed or otherwise sent in, into or from any Restricted Jurisdiction and such Qualifying Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;
- (xiii) the despatch of a cheque to a Qualifying Shareholder or instruction to the Company's bank to transfer funds electronically to a Qualifying Shareholder in accordance with the Payment Form as referred to in paragraph 6 of this Part 2 headed "Settlement" will discharge fully any obligation of the Company to pay such Shareholder the consideration to which he is entitled under the Tender Offer;
- (xiv) the Company shall not be liable to any person for any cost or loss whatsoever caused by any act, omission, default, delay, failure, insolvency or threatened insolvency of any bank, financial institution or clearing or payment system including, but not limited to, any bank where the Company has made the payment by electronic bank transfer in accordance with the Payment Form provided to the Company pursuant to paragraph 6 of this Part 2 of the Circular;
- (xv) on execution, the Tender Form takes effect as a deed; and
- (xvi) the execution of the Tender Form constitutes such Qualifying Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form.

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

Appendix

Non-Executive Chairman and CEO Review and Strategic Report

We are pleased to report that for the year under review the Group has delivered a substantial improvement in its financial performance over the prior year. This improvement has generated record levels of revenue, gross profit and profit before tax. This reporting period is the first in the last three years to benefit from an absence of direct disruptions associated with the coronavirus pandemic. Profit before taxation* grew by 71% in the 12 month period ended 31 December 2022 compared to the 15 month period ended 31 December 2021.

All of the Group's Healthcare businesses improved profitability over prior year, with demand in nursing/care homes in particular, recovering following the prior year impacts of the pandemic. However, it was the Group's Education Recruitment business that saw the biggest improvement to its trading conditions and operating profit. The business benefitted from a year without school closures, strong demand and the retention of its organic capabilities following the disruptions of the pandemic.

The significant uplift in profitability and ongoing strength in the management of the Group's working capital means the Group continued to generate strong cash returns. A substantial cash balance was delivered at year end despite the significant return of funds to participating shareholders following the tender offer during the year.

The trading performance and subsequent cash generation were ahead of the Board's expectations and the Board has, therefore, decided to recommend a further Tender Offer at a price of 40 pence per Ordinary Share. Details of the proposed Tender Offer will be provided to shareholders on 31 May 2023.

Financial Review

Group revenue for the 12-month period ended 31 December 2022 was £96.8m compared with £96.8m for the 15-month period ended 31 December 2021.

Gross profit for the 12-month period ended 31 December 2022 was £25.4m compared with £22.1m for the 15-month period ended 31 December 2021.

Operating profit* for the 12-month period ended 31 December 2022 was £8.3m compared with £4.9m for the 15-month period ended 31 December 2021.

Profit before taxation* was £8.2m for the 12-month period ended 31 December 2022 compared with £4.8m for the 15-month period ended 31 December 2021.

* before share based payment charges (£0.2m), contingent consideration (£0.2m) and impairment of goodwill (£0.7m)

Cash

Our cash balance at 31 December 2022 was £6.3m, compared to £9.3m at 31 December 2021. The year-end balance was achieved after the company's outflow of £10.6m on the purchase of its ordinary shares via a tender offer during the period under report.

Operational Highlights

The period under review is the first opportunity the Group has had in three years to report on its performance without significant disruption from the coronavirus pandemic. We previously reported that the Board believed the Group had navigated the challenges posed by this disruption particularly well and the results for 2022 bear out that view.

Our Education Recruitment division benefitted from a year without school closures and strong demand that, somewhat unexpectedly, was sustained throughout the year. It had been anticipated that demand may ease as Covid related absence reduced. The business entered the year well placed to take advantage of any improvement in trading conditions and we are pleased to report that this was reflected in the results from this area of Group operations. Revenues increased by 45% over the comparable 12 month period in the prior year, gross profit was up by over 50% and this led to an 88% increase in divisional operating profit.

The scale of the Group's Education Recruitment business continued to increase during the period with headcount 20% higher at the end of the financial year than at the start. The division ended the year engaging circa two thirds of the headcount employed across the two core operating areas (Healthcare being the other) and contributes approximately the same amount of the total operating profit generated. The contingent consideration referred to in the Financial Review relates to the final payment due in respect of a bolt-on acquisition in our Education business in 2020. We are pleased to report that performance from this acquisition was strong during the year with considerable improvement to the profitability made since our ownership.

Our Healthcare businesses experienced a positive recovery in market conditions, particularly in the nursing home market. Revenues from this business were up 37% on the comparable prior year period, gross profit improved by 46% and operating profit by 59%. Good progress was also made in the NHS recruitment business as demand stabilised in the aftermath of the pandemic. Revenues and gross profit from this area were up 15% and 13% respectively. Almost two thirds of the gross profit generated from our Healthcare Recruitment activities were from the nursing home market. The Complex Care business, launched in the previous financial period, built on a good start to deliver a positive contribution to Group profitability. We continue to invest in the organic capabilities of the Healthcare businesses as we have our Education business. Headcount was increased circa 20% over the year in this area.

Outlook

The Group is enjoying the benefits and resilience of increasing scale though there are clear challenges posed by inflationary pressures and the widely reported cost of living crisis. Overheads are inevitably increasing as a consequence of these pressures, both for ourselves and our clients and we have seen a reduction in demand in some of our Healthcare markets since the start of the new fiscal year. However, the Group's markets remain characterised by a shortage of suitably qualified candidates to fulfill essential vacancies.

The Group has increased in scale in recent years through carefully selected bolt on acquisitions and by considered investment in systems and processes, as well as a structured plan to increase the geographic coverage of our branch network, which now stands at over 30 branch offices across the UK. Training and development of our staff remains a key priority and we entered the current financial year with over 250 employees. Our trading momentum is currently positive and we continue to face the future with both enthusiasm and confidence.

John Foley

Non-Executive Chairman

Andrew Church

Chief Executive Officer

**Servoca Plc consolidated statement of comprehensive income for the year ended 31
December 2022**

	12 month period ended 31 December 2022			15 month period ended 31 December 2021		
	Before share based payments, contingent consideration & impairment of goodwill £'000	Share based payments, contingent consideration & impairment of goodwill £'000	Total £'000	Before share based payments, contingent consideration & impairment of goodwill £'000	Share based payments, contingent consideration & impairment of goodwill £'000	Total £'000
Continuing operations						
Revenue	96,838	-	96,838	96,755	-	96,755
Cost of sales	(71,436)	-	(71,436)	(74,646)	-	(74,646)
Gross profit	25,402	-	25,402	22,109	-	22,109
Administrative expenses	(17,097)	(1,175)	(18,272)	(17,200)	(458)	(17,658)
Operating profit	8,305	(1,175)	7,130	4,909	(458)	4,451
Finance costs	(138)	-	(138)	(195)	-	(195)
Finance income	80	-	80	114	-	114
Profit before taxation	8,247	(1,175)	7,072	4,828	(458)	4,370
Tax (charge)/credit	(1,479)	58	(1,421)	(1,016)	32	(984)
Total comprehensive income for the period/year attributable to the owners of the parent	6,768	(1,117)	5,651	3,812	(426)	3,386

Servoca Plc consolidated statement of financial position at 31 December 2022

	31 December 2022 £'000	31 December 2021 £'000
Assets		
Non-current assets		
Fixed asset investment	600	600
Intangible assets	8,812	9,529
Property, plant and equipment	2,451	2,931
Total non-current assets	11,863	13,060
Current assets		
Trade and other receivables	11,336	10,056
Cash and cash equivalents	6,313	9,331
Total current assets	17,649	19,387
Total assets	29,512	32,447
Liabilities		
Non-current liabilities		
Lease liabilities	(1,600)	(1,998)
Total non-current liabilities	(1,600)	(1,998)
Current liabilities		
Trade and other payables	(9,810)	(8,078)
Corporation tax payable	(835)	(576)
Lease liabilities	(535)	(496)
Total current liabilities	(11,180)	(9,150)
Total net assets	16,732	21,299
Capital and reserves attributable to equity owners of the Company		
Called up share capital	904	1,256
Share premium account	202	202
Capital redemption reserve	352	-
Merger reserve	2,772	2,772
Reverse acquisition reserve	(12,268)	(12,268)
Retained earnings	24,770	29,337
Total equity	16,732	21,299

Servoca Plc consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 30 September 2020 attributable to equity owners of the parent	1,256	202	-	2,772	(12,268)	25,733	17,695
Profit for the period being total comprehensive income for the period	-	-	-	-	-	3,386	3,386
Deferred tax arising from share based payment expense	-	-	-	-	-	89	89
Share based payment expense	-	-	-	-	-	129	129
Balance as at 31 December 2021 attributable to equity owners of the parent	1,256	202	-	2,772	(12,268)	29,337	21,299
Profit for the period being total comprehensive income for the period	-	-	-	-	-	5,651	5,651
Shares purchased and cancelled in the year	(352)	-	352	-	-	(10,608)	(10,608)
Deferred tax arising from share based payment expense	-	-	-	-	-	159	159
Share based payment expense	-	-	-	-	-	231	231
Balance as at 31 December 2022 attributable to equity owners of the parent	904	202	352	2,772	(12,268)	24,770	16,732

**Servoca Plc consolidated statement of cash flows for the year ended
31 December 2022**

	12 months ended 31 December 2022 £'000	15 months ended 31 December 2021 £'000
Operating activities		
Profit before tax	7,072	4,370
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	702	1,068
Gain on write down of fixed assets	(5)	(21)
Impairment of goodwill	717	-
Share based payments	231	129
Finance income	(80)	(114)
Finance costs	138	195
Increase in trade and other receivables	(1,121)	(1,033)
Increase in trade and other payables	1,950	922
Cash generated from operations	9,604	5,516
Corporation tax paid	(1,350)	(993)
Cash flows from operating activities	8,254	4,523
Investing activities		
Deferred consideration paid	(219)	(250)
Interest received	44	99
Purchase of property, plant and equipment	(70)	(157)
Net cash flows used in investing activities	(245)	(308)
Financing activities		
Interest paid	(29)	(37)
Proceeds from sublease investment	-	114
Proceeds from loan receivable	225	-
Repayment of lease liabilities	(615)	(964)
Shares purchased and cancelled in the year	(10,608)	-
Net cash flows used in financing activities	(11,027)	(887)
Total (decrease)/increase in cash and cash equivalents	(3,018)	3,328
Cash and cash equivalents at beginning of the year	9,331	6,003
Cash and cash equivalents at end of the period/year	6,313	9,331