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12 January 2024

**RECOMMENDED CASH ACQUISITION**

of

**Velocys plc**

by

**Madison Bidco Limited**

(a newly formed company indirectly owned by (i) a fund advised by Lightrock, (ii) a fund advised by Carbon Direct Capital, (iii) GenZero and (iv) Kibo Investments, as members of the Consortium)

to be implemented by means of a scheme of arrangement  
under Part 26 of the Companies Act 2006

**Court sanction of the Scheme of Arrangement**

On 5 December 2023, the boards of directors of Madison Bidco Limited ("**Bidco**") and Velocys plc ("**Velocys**" or the "**Company**") announced that they had reached agreement on the terms and conditions of a recommended cash acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of Velocys (the "**Acquisition**"). The Acquisition is being implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**").

Unless otherwise defined, all capitalised terms in this announcement shall have the meanings given to them in the scheme document published by Velocys on 13 December 2023 in connection with the Scheme (the "**Scheme Document**").

**Scheme sanctioned by Court**

Further to the announcement made by Velocys on 8 January 2024 in relation to the passing of the resolutions required to approve and implement the Scheme at the Court Meeting and the General Meeting, Velocys is pleased to announce that at the Sanction Hearing held earlier today, the Court issued the Court Order sanctioning the Scheme.

The Scheme is conditional only upon the delivery of a copy of the Court Order to the Registrar of Companies, which is expected to occur on [17 January] 2024, such date being the Effective Date.

**Next steps and timetable**

There has been no change to the expected timetable of principal events for the implementation of the Scheme set out on page 5 of the Scheme Document.

Velocys confirms that the last day of dealings in, and for registration of transfers of, and disablement in CREST of, Velocys Shares is expected to be 16 January 2024 and the Scheme Record Time is expected to be at 6.00 p.m. on 16 January 2024. Scheme Shareholders whose names appear on Velocys' register of members at the Scheme Record Time will, upon the Scheme becoming effective in accordance with its terms, be entitled to receive consideration as provided for in the Scheme Document. It is intended that, as a result of the Scheme becoming Effective, share certificates in respect of Velocys Shares (other than any Scheme Restricted Shares, if applicable) will cease to be valid evidence of title and entitlements to Velocys Shares held in uncertificated form within the CREST system will be cancelled.

Dealings in Velocys Shares on AIM will be suspended at or around 7.30 a.m. on 17 January 2024. The suspension is made pursuant to Velocys' application to the London Stock Exchange and is being effected as part of the Scheme. It is expected that, subject to the Scheme becoming Effective on 17 January 2024, the cancellation of the admission to trading of the Velocys Shares on AIM will take effect at or around 7.00 a.m. on 18 January 2024.

Any updates to the expected timetable will be announced through a Regulatory Information Service.

A further announcement will be made when the Scheme has become Effective.

**Enquiries:**

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Cooley (UK) LLP is acting as legal adviser to Bidco.

Mayer Brown International LLP is acting as legal adviser to Velocys.

#### **Important Notices**

*Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser and Rule 3 adviser to Velocys and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Velocys for providing the protections offered to clients of Panmure Gordon or for providing advice in connection with any matter referred to in this announcement. Neither Panmure Gordon nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Panmure Gordon in connection with this announcement, any statement contained herein, the Acquisition or otherwise. No representation or warranty, express or implied, is made by Panmure Gordon as to the contents of this announcement.*

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*This announcement is for information purposes only and is not intended to, and does not, constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Velocys in any jurisdiction in contravention of applicable law. The Acquisition will be implemented solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the offer document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the offer document).*

*This announcement does not constitute a prospectus, prospectus equivalent document or exempted document.*

**If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services**

**manager, solicitor, accountant or 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 independent financial adviser.**

### **Overseas Shareholders**

The release, publication or distribution of this announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves of, and observe, any applicable legal or regulatory requirements. Any failure to comply with such requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared in accordance with and for the purpose of complying with English law, the Takeover Code and the Market Abuse Regulation and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The availability of the Acquisition to Velocys Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Velocys Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the offer document).

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including agents, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Further details in relation to Overseas Shareholders will be included in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the offer document).

### **Notice to US or United States Velocys Shareholders**

The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934 (the "U.S. Exchange Act"). Accordingly, this announcement, the Scheme and certain other documents relating to the Acquisition are subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement and the Scheme documentation has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

If, in the future, Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, which is to be made into the United States, such Takeover Offer will be made in compliance with the applicable US laws and regulations.

It may be difficult for US holders of Velocys Shares to enforce their rights and any claim arising out of the US federal laws, since Bidco and Velocys are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Velocys Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, the Consortium, certain affiliated companies or their nominees and brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Velocys Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition becomes Effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the U.S. Exchange Act, Cavendish will continue to act as exempt principal traders in Velocys shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).

US Velocys Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Velocys Shareholders

are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.

### **Forward Looking Statements**

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Velocys contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Velocys about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Velocys (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "prepares", "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "synergy", "strategy", "scheduled", "goal", "estimates", "forecasts", "cost-saving", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco's, Velocys' or any member of the Velocys Group's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco's, Velocys' or any member of the Velocys Group's business.

Although Bidco and Velocys believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Velocys can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; changes in the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Velocys operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and Velocys operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor Velocys, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements which speak only as of the date of this announcement.

Specifically, statements of estimated cost savings and synergies related to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the Velocys Group, there may be additional changes to the Velocys Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.

Other than in accordance with their legal or regulatory obligations, neither Bidco nor Velocys is under any obligation, and Bidco and Velocys expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Dealing and Opening Position Disclosure Requirements**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by

a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Publication on a website**

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement and the documents required to be published under Rule 26 of the Takeover Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Bidco's website at [www.madisonmomentum.com](http://www.madisonmomentum.com) and Velocys' website at <http://offer.velocys.com> by no later than 12 noon (London time) on the Business Day following this announcement. For the avoidance of doubt, neither the content of this website nor of any website accessible from hyperlinks is incorporated by reference or forms part of this announcement.

#### **Requesting hard copy documents**

In accordance with Rule 30.3 of the Takeover Code, Velocys Shareholders, persons with information rights and participants in Velocys Share Plans may request a hard copy of this announcement by contacting Link Group on 0371 664 0321. 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. The helpline is open between 9 am - 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information (and any information incorporated into them by reference to another source) in relation to the Acquisition be sent to them in hard copy form.

#### **Electronic communications**

Please be aware that addresses, electronic addresses and certain other information provided by Velocys Shareholders, persons with information rights and other relevant persons for the receipt of communications from Velocys may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

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