

1 March 2024

CEPS PLC
("CEPS" or the "Company")

**Proposed Share Capital Reduction
Proposed Cancellation of the Share Premium Account
and
Notice of General Meeting**

CEPS announces that later today it will post a circular (the "Circular") to shareholders, incorporating a notice of a general meeting (the "General Meeting"), regarding a proposed capital reduction. The General Meeting will be held at 11.00 am on 20 March 2024 at 11 Laura Place, Bath BA2 4BL.

The proposed share capital reduction and cancellation of the share capital account, if approved by shareholders and subsequently by the Court, will significantly reduce the historic deficit on the profit and loss account, and help create distributable reserves, in the future, to enable the Company to pay shareholders dividends or to be used for other valid corporate purposes, such as purchases of its own shares. However, in the immediate future the Company has no plans to pay a dividend or to purchase its own shares, but the Directors believe that it is appropriate to restructure the balance sheet to permit them to do so should such plans be crystallised in the future.

The process comprises of the reduction of the entire amount standing to the credit of the Company's share capital account (the "Share Capital Reduction") and the nominal value of each ordinary share in issue will be reduced by £0.097 on each issued ordinary share of £0.10, therefore reducing the nominal value of each ordinary shares to £0.003.

Following the implementation of the Share Capital Reduction, there will be no change in the number of ordinary shares in issue.

The Share Capital Reduction is conditional upon the passing of the special resolution set out in the notice of General Meeting by the Company's shareholders, as well as approval being obtained in the Court (the "Court"). It is expected that the final hearing of the application will take place on 30 April 2024.

If the Court makes the appropriate order, the Share Capital Reduction will become effective when the order has been registered by the Registrar of Companies which is expected to take place by 2 May 2024, depending on processing times at Companies House.

It is expected that the Share Capital Reduction, if approved by shareholders and subsequently the Court, will put the Company in a position to pay dividends more quickly than it would have done had it not requested Shareholder approval to the Share Capital Reduction. This is subject to the Company continuing to generate profits in the near term and, therefore, eliminating the remaining historic deficit over time.

The Letter from the Chairman of CEPS as set out in the Circular is appended to this announcement along with the defined terms used therein.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018).

The Directors of the Company accept responsibility for the content of this announcement.
Enquiries

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Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

LETTER FROM THE CHAIRMAN OF THE COMPANY

Introduction

The purpose of the Circular is to explain the details of and reasons for the proposed share capital reduction and proposed cancellation of the share premium account (together referred to as the "Share Capital Reduction") that the Directors are

proposing to undertake. To be implemented, the Share Capital Reduction requires the approval of Shareholders in a general meeting. Accordingly, at the end of the Circular, is a notice convening a general meeting of the Company to consider, and if thought fit, to approve the Share Capital Reduction.

Background to and reasons for the Share Capital Reduction

The Board is recommending the Share Capital Reduction in order to significantly reduce the historic deficit on the profit and loss account, and to help to create distributable reserves, in the future, to enable the Company to pay Shareholders dividends or to be used for other valid corporate purposes, such as purchases of its own shares. While the Company has no immediate plans to pay a dividend or to purchase its own shares, the Directors believe that it is appropriate to restructure the balance sheet to permit them to do so should such plans be crystallised in the future. The unaudited interim results published for the six month period ended 30 June 2023, showed the Company's Group was profitable and cash generative, and as such, it hopes to be in a position to build up additional profits in the medium term for which it may not have a requirement and which can be used to eliminate the remaining historic deficit on the profit and loss account, following completion of the Share Capital Reduction.

As at the date of the Circular, the balance standing to the credit of the Share Premium Account is £7,017,042.41. It is proposed that the Share Premium Account be reduced in its entirety through the Share Capital Reduction and the nominal value of each ordinary share in issue is reduced by £0.097 on each issued ordinary share of £0.10 therefore reducing the nominal value of each ordinary shares to £0.003. Following the implementation of the Share Capital Reduction, there will be no change in the number of ordinary shares in issue.

If approved by Shareholders, and subsequently confirmed by the Court in the terms proposed by the Board, the effect of the Share Capital Reduction will be to release all of the amount standing to the credit of the Share Premium Account following the Share Capital Reduction so that £7,017,042.41 is credited to the distributable reserves of the Company reducing the historic deficit on the profit and loss account from £9,505,173.53 (as at 31 December 2023 based on unaudited unconsolidated figures) to £2,488,131.12. The historic deficit on the profit and loss account will be further reduced by the reduction in nominal value from £0.10 per Existing Ordinary Share to £0.003 per New Ordinary Share as part of the Share Capital Reduction making a further £2,037,000 available to the Company as set out below, taking the historic deficit to £451,131.12 (based on the unaudited unconsolidated figures as at 31 December 2023). Implementation of the Share Capital Reduction is subject to a number of criteria and legal processes which are explained further below.

Share premium is treated as part of the capital of the Company and arises on the issue by the Company of shares at a premium to their nominal value. The premium element is credited to the Share Premium Account. The Company is generally precluded from the payment of any dividends or other distributions or the redemption or buyback of its issued shares in the absence of sufficient distributable reserves, and the Share Premium Account can be applied by the Company only for limited purposes.

In particular, the Share Premium Account is a non-distributable capital reserve and the Company's ability to use any amount credited to that reserve is limited by the Act. However, with the approval of its Shareholders by way of a special Resolution and subsequent confirmation by the Court, a Company may reduce or cancel its Share Premium Account and, in certain circumstances, either return all or part of the sum arising to Shareholders as a return of capital, or credit some or all of such sum arising to its profit and loss account. To the extent that the release of such a sum from a Share Premium Account creates or increases a credit on the profit and loss account, that sum represents distributable reserves of the Company.

Given that the sum standing to the Share Premium Account of the Company following the Share Capital Reduction is insufficient to eliminate the deficit on the Company's profit and loss account in its entirety, the Company will not be in a position to pay dividends immediately following the Share Capital Reduction. However, if the Company continues to generate profits in the near term, the remaining historic deficit will be eliminated over time, putting the Company in a position to pay dividends more quickly than it would, had it not requested Shareholder approval to the Share Capital Reduction.

Other than the change in nominal value, the New Ordinary Shares will have the same rights as the Existing Ordinary Shares including voting, dividend and other rights.

Given that there will be no change in the number of ordinary shares in issue post the Share Capital Reduction, it is not anticipated that the market price of the New Ordinary Shares immediately following the Share Capital Reduction will differ from the market price of the Existing Ordinary Shares immediately prior to the Share Capital Reduction.

	<i>Issued</i>	
	<i>No. of shares</i>	<i>Nominal amount</i>
At present:		
Existing Ordinary Shares	21,000,000	£2,100,000
Proposed:		
New Ordinary Shares	21,000,000	£63,000

If a special resolution to reduce the Company's share capital is passed by Shareholders, the Company will then seek the confirmation of the Court to the Share Capital Reduction. It is expected that the final hearing of the application will take place on 30 April 2024.

The Court will only sanction resolutions for the reduction of a Company's share capital if it is satisfied that this will not prejudice the interests of the creditors. The Company and the Directors will take such steps to satisfy the Court in this regard as they consider appropriate. If the Court makes the appropriate order, the Share Capital Reduction will become effective when the order has been registered by the Registrar of Companies which is expected to take place by 2 May 2024, depending on processing times at Companies House.

The Board has undertaken a thorough and extensive review of the Company's liabilities (including prospective and contingent liabilities) and considers, as at the date of the Circular, that the Company will be able to satisfy the Court that, as at the date on which the Court Order relating to the Share Capital Reduction and the statement of capital in respect of the Share Capital Reduction have both been registered by the Registrar of Companies at Companies House, the Company's creditors will not be prejudiced and/or will be sufficiently protected to the satisfaction of the Court.

The Share Capital Reduction will not involve any distribution or repayment of capital and will not reduce the underlying net assets of the Company.

assets of the Company.

The Board reserves the right to abandon or discontinue (in whole or in part) the Share Capital Reduction and the application to the Court in the event that the Board considers that the terms on which the Share Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the Shareholders as a whole.

The Board proposes that the Resolution is passed approving these steps in order to reduce the share capital of the Company.

The overall effect of the Share Capital Reduction will be to reduce the nominal value from £0.10 per Existing Ordinary Share to £0.003 per New Ordinary Share (making £2,037,000.00 available to the Company), to reduce the Share Premium Account to nil (making £7,017,042.41 available to the Company), and as a result of both of these steps shall reduce the deficit on the Company's profit and loss account from £9,505,173.53 (based on the unaudited unconsolidated figures as at 31 December 2023) to £451,131.12, while maintaining the number of ordinary shares in issue at 21 million.

Overseas Shareholders

The implications of the Share Capital Reduction on Overseas Shareholders may be affected by the laws of their respective jurisdictions. Overseas Shareholders should inform themselves about and observe all applicable legal requirements in such jurisdictions. It is the responsibility of Overseas Shareholders to satisfy themselves as to the full observance of the laws of each relevant jurisdiction in connection with the Share Capital Reduction, including the obtaining of any governmental, exchange control or other consents which may be required, compliance with other necessary formalities which are required to be observed and/or the payment of any taxes due in each jurisdiction. Overseas Shareholders who are in any doubt about their position should consult their professional advisers in the relevant territory.

Taxation

The Directors have been advised that for the purposes of UK taxation of chargeable gains, the receipt of the New Ordinary Shares arising from the Share Capital Reduction will result from a reorganisation of the share capital of the Company. Accordingly, a Shareholder should not be treated as making a disposal of all or part of his holding of Existing Ordinary Shares by reason of the Share Capital Reduction.

General Meeting

Your attention is drawn to the notice convening the General Meeting of the Company, set out at the end of the Circular, to be held at 11.00 a.m. on 20 March 2024. At the General Meeting the following Resolution will be proposed:

1. a special resolution to approve the Share Capital Reduction.

Action to be taken

You will find enclosed with the Circular a Form of Proxy in respect of the General Meeting. **Whether or not you propose to attend the General Meeting in person, you are asked to complete the Form of Proxy and return it to the Company's registrars, Share Registrars Limited, of 3 The Millenium Centre, Crosby Way, Farnham, Surrey GU9 7XX, so as to arrive as soon as possible, but in any event, so as not to be received any later than 11.00 a.m. on 18 March 2024.** Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you wish.

Recommendation

The Directors unanimously consider that the Share Capital Reduction is in the best interests of the Company and the Shareholders as a whole.

Accordingly, your Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings which, in aggregate, amount to 6,709,000 Existing Ordinary Shares, representing approximately 31.95 per cent. of the Company's existing issued ordinary share capital.

Yours faithfully,

David Horner
Chairman

DEFINITIONS

Act	the Companies Act 2006, as amended from time to time
AIM	AIM, a market of that name operated by the London Stock Exchange
AIM Rules	AIM Rules for Companies, as issued by the London Stock Exchange
Board or Directors	the directors of the Company
Circular	the document to be sent to Shareholders on 1 March 2024
Company or CEPS	CEPS PLC
Company's Group	means CEPS, any subsidiary or any holding company, from time to time, of CEPS
Court	His Majesty's High Court of Justice in England
Existing Ordinary Shares	ordinary shares of £0.10 each in the capital of the Company prior to the Share Capital Reduction

Form of Proxy	the form of proxy for use, by Shareholders, at the GM
General Meeting or GM	the general meeting of the Company convened for 11.00 a.m. on 20 March 2024, the notice of which will be sent to Shareholders today
London Stock Exchange	London Stock Exchange Group Plc
New Ordinary Shares	ordinary shares of £0.003 each in the capital of the Company resulting from the Share Capital Reduction
Overseas Shareholders	Shareholders who are citizens or nationals of, or who are resident in, jurisdictions outside of the United Kingdom
Registrars	Share Registrars Limited, the Company's registrars
Resolution	the special resolution to be proposed at the General Meeting as set out in the Notice of General Meeting
Share Capital Reduction	the proposed reduction of the nominal value of Company's issued share capital and the cancellation of the share premium account as set out in the Circular
Share Premium Account	the share premium account of the Company to be reduced to nil as set out in the Circular.
Shareholders	holders of Existing Ordinary Shares and, on the Share Capital Reduction taking effect, holders of New Ordinary Shares
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland

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