

10 June 2025

Caledonian Holdings plc
("Caledonian Holdings" or "the Company")

Investment in AlbaCo Limited

Related party transaction

The Board of Caledonian Holdings plc (AIM:CHP), an AIM-quoted investing company focused on the financial services market, is pleased to announce that the Company has conditionally agreed to invest an aggregate of £1,000,000 in AlbaCo Limited ("**AlbaCo**"). AlbaCo aims to be Scotland's first bank solely dedicated to lending to small and medium sized businesses in Scotland and the wider UK regions.

Highlights

- £750,000 to be invested in AlbaCo in cash
- Intention to invest a further £250,000 in AlbaCo in the form of new ordinary shares in Caledonian Holdings
- Caledonian Holdings' first investment in the financial services sector following implementation of revised investing policy

The Company has entered into an agreement to invest £750,000 in AlbaCo through the purchase of 750,000 new ordinary shares in AlbaCo at a price of £1.00 per share (the "**Share Purchase**"). The Share Purchase is to be satisfied in cash from the Company's existing cash resources. Completion of the Share Purchase is expected to occur upon payment of funds to AlbaCo in the coming days. On completion of the Share Purchase the Company is expected to have an interest in 2.73% of the issued share capital of AlbaCo.

The Company also intends to acquire 250,000 existing ordinary shares in AlbaCo at a price of £1.00 per share through the issue of 5,797,101,449 new ordinary shares in the Company (the "**Consideration Shares**") at a price of 0.0043125p share (the "**Share Swap**", and together with the Share Purchase, the "**Investment**"), being a 15 per cent. premium to the Company's closing mid-market share price of 0.00375p on 9 June 2025. Before proceeding with the Share Swap, the Company is required to commission a valuation report for the purposes of Section 593 of the Companies Act 2006 as the Company's intention is to issue the Consideration Shares for non-cash consideration. Pursuant to the Share Swap, the Company would be acquiring 250,000 shares in AlbaCo that are beneficially owned by Jim McColl, Executive Director of the Company.

Jim McColl (Executive Director and substantial shareholder of the Company) is the founder, a non-executive director and major shareholder in AlbaCo.

The Investment represents Caledonian Holdings first investment into the financial services sector following the fundraising, change of investing policy and board changes which took place earlier this year.

Rationale for Investment

The independent directors of Caledonian Holdings (being Chris Cooke and Brent Fitzpatrick) have met with the full executive team at AlbaCo as well the CEO and CFO specifically for the purpose of furthering due diligence on AlbaCo as part of the Investment.

AlbaCo has a unique regional proposition and is utilising new technology, an experienced team, and are expounding a unique appeal to the under-served Scottish and provincial English and Welsh small and medium-sized enterprise ("**SME**") communities where the demand for a relationship with a customer-centric bank is high.

AlbaCo has advantages over the big, established banks due to its bespoke technology developed solely for their unique purpose. It is also differentiated, as a result of a strong local and regional appeal with a central ethos of relationship banking and customer centricity. Their investment in customer relationship directors and managers and a dedicated team of customer facing people provides the platform for this approach. Focusing initially on Scotland and the north of England, AlbaCo intends to be strong in these areas where the SME community and independent business owners have been neglected and are keen for a supportive relationship with their financing partner.

AlbaCo has the usual benefits of a challenger bank but with further differentiation through the strong regional appeal and the dedication to SMEs who are able to speak with people and not just chatbot and AI. It meets with a cross party belief in government that the access to strong financial advice and support is lacking for SMEs.

The Board of Caledonian Holdings believe that the financial prospects for AlbaCo are very encouraging and it is understood that these have been tested by the regulators as part of their licensing case. The award of a full banking licence is, we understand, imminent.

Substantial investment from successful Scottish business people, family offices, a former challenger bank founder, and a European capital investor has already been obtained by AlbaCo and the Board of Caledonian Holdings understands that discussions are under way and progressing very well for AlbaCo to raise additional funding upon, or following, receipt of a full banking licence.

The Investment is an important first step for Caledonian Holdings as a business with a new board, and a revised investing strategy focusing on financial and payment services. It forms a powerful basis for this new mission and purpose and a foundation upon which the Board of the Company will look to grow shareholder value.

Information on AlbaCo

AlbaCo aims to be a new bank with a clear vision and purpose - to support small and medium-sized businesses as they develop their aspirations, grow and realise their potential. AlbaCo aims to help SMEs grow by applying specialist expertise and insight while forming strong and lasting relationships with its customers. AlbaCo is not yet open to trade pending full regulatory banking approval.

For the period ended 30 September 2024, AlbaCo reported a loss of £1.2 million, a net asset of approximately £0.26 million. As at 30 September

For the year ended 29 February 2024, AlbaCo reported a loss after tax of approximately £8.96 million. As at 29 February 2024, AlbaCo's net assets were £6.31 million.

For further information, see albacoltd.co.uk.

Related party transaction

Jim McColl, director and substantial shareholder of the Company and therefore a related party as defined by the AIM Rules for Companies ("AIM Rule 5"), is also a director and shareholder of AlbaCo. Accordingly, the Share Purchase constitutes a related transaction party for the purposes of Rule 13 of the AIM Rules. The directors independent of the Share Purchase (being Chris Cooke and Brent Fitzpatrick) consider, having consulted with the Company's nominated adviser, that the terms of the Share Purchase are fair and reasonable insofar as the Company's shareholders are concerned.

Given Jim McColl is a related party as defined by the AIM Rules, if the Share Swap were to proceed, it would likely constitute a related party transaction for the purposes of Rule 13 of the AIM Rules.

The Company will make a further announcement regarding the Share Swap as appropriate.

Chris Cooke, Non-Executive Director of Caledonian Holdings, commented:

"The Investment marks what we hope will be the first of a number of dynamic transactions and investments aimed at building Caledonian Holdings into a successful investor in innovative financial and payment services businesses. We thank shareholders old and new for their support."

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