

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if you are a person outside of the United Kingdom, from a person otherwise duly qualified in your jurisdiction.**

If you have recently sold or otherwise transferred all of your Ordinary Shares, please forward this document together with the accompanying Form of Proxy immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred some of your Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors (whose names and functions appear on page 8 of this document) and the Company (whose registered office appears on page 8 of this document) accept responsibility, both collectively and individually, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 6 May 2022. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. Neither the FCA nor the London Stock Exchange has itself examined or approved the contents of this document.**

This document contains no offer of transferable securities to the public within the meaning of section 102B of FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules or approved by or filed with the FCA or any other competent authority. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List.

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# REACT GROUP PLC

*(incorporated and registered in England and Wales with company number 5454010)*

## Placing of 458,333,332 new Ordinary Shares at 1.2 pence per new Ordinary Share and Notice of General Meeting

**Nominated Adviser, Sole Bookrunner and Broker**



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This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. This document should not be copied or distributed by recipients and, in particular, should not be distributed, published, reproduced or otherwise made available by any means, including electronic transmission, in, into or from the United States of America, Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction where to do so would be in breach of any other law and/or regulation. The New Ordinary Shares have not been, and will not be, registered in the United States of America under the United States Securities Act of 1933 (as amended) (the "Securities Act") or under the securities laws of any state of the United States of America or under the securities laws of any of Australia, Canada, Japan or the Republic of South Africa and, subject to certain exemptions, may not be offered or sold, directly or indirectly, within or into the United States of America, Australia, Canada, Japan or the Republic of South Africa or to, or for the account or

benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa. Neither this document nor any copy of it may be distributed in or sent to or taken into the United States, Australia, Canada, Japan or the Republic of South Africa, nor may it be distributed to any US person (within the meaning of Regulation S under the Securities Act). In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful. Persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This document is not a disclosure document under the Australian Corporations Act 2001 (Cth) (the “Australian Corporations Act”) and does not purport to include the information required of a disclosure document or product disclosure document under the Australian Corporations Act. Neither this document nor any other disclosure document or product disclosure statement in relation to the offer of the New Ordinary Shares has been lodged with the Australian Securities and Investments Commission (“ASIC”). This document does not constitute an offer, invitation, or recommendation in Australia to Australian retail investors to subscribe for or purchase any New Ordinary Shares and neither this document nor anything contained in it shall form the basis of any such contract or commitment.

Singer Capital Markets Advisory LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company as nominated adviser for the purposes of the AIM Rules (“**SCM Advisory**”) and Singer Capital Markets Securities Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as sole broker to the Company (“**SCM**” and together with SCM Advisory, “**Singer Capital Markets**”), and Singer Capital Markets is acting exclusively for the Company in connection with the Placing and Admission. Persons receiving this document should note that Singer Capital Markets will not be responsible to anyone other than the Company for providing the protections afforded to customers of Singer Capital Markets or for advising any other person on the arrangements described in this document. No representation or warranty, expressed or implied, is made by Singer Capital Markets as to any of the contents of this document and Singer Capital Markets has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Singer Capital Markets for the accuracy of any information or opinions contained in this document or for the omission of any information. SCM Advisory owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or to any other person.

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

**Notice convening a General Meeting of the Company to be held at Friars 123, Novotel London Blackfriars, 46 Blackfriars Road, London, SE1 8NZ at 12 noon on 5 May 2022 is set out at the end of this document. The enclosed Form of Proxy for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company’s registrars, Neville Registrars at Neville House, Steelpark Road, Halesowen B62 8HD, no later than 12 noon on 3 May 2022. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish, if this is permitted under any applicable COVID-19 restrictions. Alternatively, eligible Shareholders may use the CREST Proxy Voting Service, details of which are contained in the notes to the Notice of General Meeting.**

A copy of this document will be made available on the Company’s website, <https://www.reactsc.co.uk/react-group-plc>. Neither the content of the Company’s website nor any website accessible by hyperlinks from or to the Company’s website is incorporated in, or forms part of, this document.

## **FORWARD-LOOKING STATEMENTS**

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “envisages”, “estimates”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “could”, “seeks”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company’s and Directors’ current intentions, beliefs or expectations concerning, among other things, investment strategy, financing strategy, performance, results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risks (including unknown risks) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not an assurance of future performance. The Company’s actual performance, results of operations, financial condition, liquidity and dividend policy and the development of the business sector in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Company’s performance, results of operations, financial condition, liquidity and dividend policy and the development of the business sector in which the Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may or may not occur.

Any forward-looking statement in this document reflects the Company’s current view with respect to future events and is subject to risks relating to future events and other risks, uncertainties and assumptions relating to the matters referred to above. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Other than in accordance with the Company’s obligations under the AIM Rules, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Neither the forward-looking statements nor the underlying assumptions have been verified or audited by any third party.

## **BASIS ON WHICH INFORMATION IS PRESENTED**

Various figures and percentages in the tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In this document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

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## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006
<b>“Admission”</b>	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange
<b>“Board” or “Directors”</b>	the directors of the Company for the time being, together being the board of directors
<b>“Broker”, “Bookrunner” or “SCM”</b>	Singer Capital Markets Securities Limited
<b>“certificated” or “in certificated form”</b>	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
<b>“Company” or “REACT”</b>	REACT Group PLC, a company incorporated and registered in England and Wales with company number 5454010 and having its registered office at 115 Hearthcote Road, Swadlincote DE11 9DU
<b>“CREST”</b>	the computerised settlement system to facilitate transfer of the title to an interest in securities in uncertificated form operated by Euroclear UK & International Limited
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
<b>“Enlarged Share Capital”</b>	the enlarged share capital of the Company following Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
<b>“Euroclear”</b>	Euroclear UK and International Limited
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document
<b>“FCA”</b>	the United Kingdom Financial Conduct Authority
<b>“Fidelis”</b>	Fidelis Contract Services Ltd, a company incorporated and registered in England and Wales with company number 07682858 and having its registered office at 115 Hearthcote Road, Swadlincote DE11 9DU, a member of the Group
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	the general meeting of the Company which has been convened for 12 noon on 5 May 2022, notice of which is set out in Part 2 of this document
<b>“Group”</b>	the Company and its subsidiary undertakings (and “Group Company” shall be construed accordingly)

<b>“Issue Price”</b>	1.2 pence per New Ordinary Share
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Ordinary Shares”</b>	the Placing Shares
<b>“Nominated Adviser” or “SCM Advisory”</b>	Singer Capital Markets Advisory LLP, the Company’s nominated adviser
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting set out in Part 2 of this document
<b>“Official List”</b>	the official list of the FCA
<b>“Ordinary Shares”</b>	ordinary shares in the share capital of the Company each with a par value of 0.25 pence
<b>“Placing”</b>	the conditional placing by SCM as agent of the Company of the Placing Shares at the Issue Price in accordance with the Placing Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 13 April 2022 between the Company, SCM Advisory and SCM relating to the Placing
<b>“Placing Shares”</b>	the 458,333,332 new Ordinary Shares expected to be issued pursuant to the Placing at the Issue Price
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA pursuant to section 73A of the FSMA
<b>“Registrars”</b>	Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD
<b>“Regulatory Information Service”</b>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
<b>“Resolutions”</b>	the resolutions set out in the Notice of General Meeting
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
<b>“Shareholders”</b>	holders of the Ordinary Shares from time to time
<b>“Singer Capital Markets”</b>	the Nominated Adviser and/or Broker and Bookrunner, as the context requires
<b>“Target A”</b>	a potential acquisition target for the Group, further details of which are set out in paragraph 3 of Part 1 of this document
<b>“uncertificated” or “in uncertificated form”</b>	in respect of a share or other security, where that share or other security is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “United States of America”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2022

Announcement of the Placing	7.00 a.m. on 14 April
Publication of this document	19 April
Last time and date for receipt of completed Forms of Proxy and receipt of electronic proxy appointments via the CREST system	12 noon on 3 May
General Meeting	12 noon on 5 May
Expected date of admission of the New Ordinary Shares to trading on AIM	8.00 a.m. on 6 May
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	within 10 Business Days of Admission

*Each of the times and dates in the above timetable is subject to change, and if the above times and/or dates change, the revised time and/or date will be notified by an announcement through a Regulatory Information Service. All times are London times unless otherwise stated.*

## PLACING STATISTICS

Issue Price	1.2 pence
Number of Existing Ordinary Shares	508,006,026
Number of Placing Shares	458,333,332
Enlarged Share Capital	966,339,358
Percentage of the Enlarged Share Capital represented by the Placing Shares	90.2%
Estimated gross proceeds of the Placing	£5.5 million
Estimated net proceeds of the Placing	£5.2 million

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	Mark Braund ( <i>Chairman</i> ) Shaun Doak ( <i>Chief Executive Officer</i> ) Andrea Pankhurst ( <i>Chief Financial Officer</i> ) Rob Gilbert ( <i>Non-executive Director</i> ) Michael Joyce ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	Andrea Pankhurst
<b>Registered Office</b>	115 Hearthcote Road Swadlincote DE11 9DU
<b>Nominated Adviser</b>	Singer Capital Markets Advisory LLP One Bartholomew Lane London EC2N 2AX
<b>Sole bookrunner and broker</b>	Singer Capital Markets Securities Limited One Bartholomew Lane London EC2N 2AX
<b>Solicitors to the Company</b>	BPE Solicitors LLP St James House St James Square Cheltenham GL50 3PR
<b>Auditors</b>	Dains Accountants 15 Colmore Row Birmingham B3 3BH
<b>Solicitors to the Nominated Adviser and Broker</b>	Gateley plc One Eleven Edmund Street Birmingham B3 2HJ
<b>Registrars</b>	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD



## PART 1

### LETTER FROM THE CHAIRMAN OF REACT GROUP PLC

*(incorporated and registered in England and Wales with company number 5454010)*

Directors:

Mark Braund *(Chairman)*  
Shaun Doak *(Chief Executive Officer)*  
Andrea Pankhurst *(Chief Financial Officer)*  
Rob Gilbert *(Non-executive Director)*  
Michael Joyce *(Non-executive Director)*

*Registered Office:*  
115 Hearthcote Road  
Swadlincote  
DE11 9DU

Dated: 19 April 2022

Dear Shareholder

#### **Proposed Placing of 458,333,332 new Ordinary Shares at 1.2 pence per new Ordinary Share and Notice of General Meeting**

##### **1. Introduction**

On 14 April 2022, the Company announced that it had successfully raised gross proceeds of £5.5 million for the Company through a conditional Placing of 458,333,332 New Ordinary Shares with certain existing and new institutional investors at an Issue Price of 1.2 pence per share.

The Placing is conditional upon, among other matters, Shareholders approving the Resolutions at the General Meeting, which will grant the Directors the authority to allot, and the power to disapply statutory pre-emption rights in respect of, the New Ordinary Shares. The Resolutions are contained in the Notice of General Meeting at the end of this document. In the event that any of the Resolutions are not passed by the requisite majority, then the Placing will not proceed. Admission is expected to occur at 8.00 a.m. on 6 May 2022 or such later time and/or date as Singer Capital Markets and the Company may agree, not being later than 8.00 a.m. on 20 May 2022. The Placing is not underwritten.

The Issue Price represents a 32.6 per cent. discount to the closing mid-market price of 1.78 pence per Ordinary Share on 13 April 2022, being the last practicable trading day prior to the announcement of the Placing.

**The purpose of this document is, among other things, to provide you with more information about the background to and reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote, or procure the vote, in favour of the Resolutions, as all of the Directors intend to do, or procure to be done, in respect of their own beneficial shareholdings in the Company.**

At the end of this document, you will find the Notice of General Meeting at which, *inter alia*, the Resolutions necessary to effect the allotment and issue of the Placing Shares will be proposed.

##### **2. Background to and reasons for the Placing**

REACT carries out specialist contract cleaning work across mainland UK 24/7, 365-days of the year, operating both regular hygiene maintenance programmes and specialist call out work. The Company operates across a diverse range of market sectors from education and the leisure industry, through to transport operators, police forces and the prison service.

In late 2019, the Board was restructured to help drive growth in the business. The Company's strategy is focused on building out the contract maintenance business, both organically and through targeted accretive, earnings enhancing acquisitions which the Board believes, given the recurring nature of the contract maintenance work, should lead to a more predictable business going forward.

In line with the Company's strategy and as previously stated, the Board has continued to look for suitable accretive, earnings enhancing acquisitions of companies in complementary sectors to accelerate growth. The Board believes there is scope for significant expansion within the sizeable and fragmented specialist cleaning market in which it operates. The Board has identified a pipeline of potential acquisition opportunities in line with the Company's acquisition criteria and is currently at varying stages of discussions with each.

### **3. Acquisition strategy**

REACT aims to be the leading specialist and contract maintenance cleaning business in the UK, delivering class-leading margins and cash conversion.

In March 2021, the Company acquired Fidelis, a profitable commercial cleaning, hygiene and facility support services company with a wide spread of customers for a total consideration of up to £4.75 million (4.75 times EBITDA) on a cash free, debt free basis. This was REACT's maiden acquisition, which was immediately earnings enhancing, and an important step towards the Company's stated growth strategy. Fidelis operates in complementary sectors with high levels of recurring revenue giving good visibility of future revenue. In the financial year prior to acquisition, approximately 87 per cent. of revenues for Fidelis were recurring in nature with a significant proportion being from contracted maintenance cleaning.

As well as an organic revenue growth strategy, the Board is seeking to identify strategic M&A opportunities, selecting targets against a set of clearly defined criteria. Potential acquisition targets should be in complementary sectors and target EBITDA levels of approximately £1 million, with a focus on large addressable markets with customers where REACT has clear differentiation and access to higher margins. The acquisitions should provide opportunities for the Company to improve the quality of earnings and level of cash conversion, as well as to increase recurring revenue streams through incremental long-term contracts, strengthening of customer relationships and cross-selling.

The Board recognises that the market in which the Group operates is fragmented, and has identified a pipeline of potentially accretive and earnings enhancing acquisition targets in line with the acquisition criteria and long-term growth strategy of the Company.

#### ***Potential acquisitions***

The Company is currently at varying stages of discussion in relation to a number of potential opportunities which fit the stated acquisition criteria.

Of the potential opportunities, "Target A", a profitable, high margin, cash generative and well established business, is the most advanced potential acquisition. The Company has signed non-binding heads of terms with Target A and certainty of funding is a requirement of the shareholders of Target A.

Target A is an established nationwide commercial cleaning business with a track record of organic revenue growth and profitability. With highly profitable recurring revenues, a high gross margin and conversion rate, Target A offers a scalable and capital light business model with a very low working capital requirement with potential for strong organic growth which the Board believes can be achieved through an increase in sales and marketing, leveraging REACT's existing relationships with FM subcontractors and up-selling and cross-selling opportunities to existing customers. For the financial year 2021, Target A generated revenue of £3.0 million and adjusted EBITDA of £1.2 million.

Target A has a diverse client base across the commercial property, retail, hospitality and leisure and automotive sectors, and a large competitive national ecosystem of 'local' specialist subcontractors which the Board believes gives the sector a high barrier to entry. Customers are attracted to the quality performance of Target A, the rigorous safety standards applied and the suitability to multi-location and nationwide customers.

The Board believes that the acquisition of Target A is aligned with the Group's strategy, as well as being consistent with the Company's stated objectives. The Board expects the total maximum consideration payable for Target A to be £8.5 million, on a debt free cash free basis, with a normalised level of working capital, with initial consideration comprising a majority in cash (both upfront and deferred) and shares in REACT, and a performance related earn out. The Board expects Target A would be earnings enhancing in the first full year.

In connection with the potential acquisitions, the Company has identified the following risks and uncertainties:

- There is no certainty that all or any of the identified potential acquisition opportunities (including the acquisition of Target A) will complete. Aside from Target A, in respect of which the Company has entered into non-binding heads of terms, all other potential acquisitions remain in early-stage discussions and are subject to ongoing due diligence. It may be the case that, as a result of further due diligence findings, the Company decides not to proceed with one or more of the potential acquisition opportunities. Furthermore, the Company may not agree acceptable terms with the potential sellers to complete all or any of the potential acquisitions and, even where an agreement is reached between parties, that agreement may be subject to conditions that may not be satisfied.
- The Placing is not conditional upon the completion of any of the potential acquisition opportunities. If not all of the potential acquisition opportunities complete, the Directors expect to seek further potential opportunities to fulfil the Company's stated acquisition strategy, but there can be no certainty that such opportunities will present themselves and, even if they do, that the Company will be able to complete such acquisitions on acceptable terms.

#### **4. Use of proceeds**

The net proceeds of the Placing are expected to be approximately £5.2 million and are currently intended to fund targeted acquisition opportunities, in line with the Company's growth strategy, together with the associated transaction and acquisition costs, and to provide additional working capital.

The Board has identified Target A, a profitable, high margin, cash generative and well-established cleaning business. Certainty of funding is a requirement of the shareholders of Target A and therefore it is the intention of the Board to use the net proceeds of the placing to acquire Target A. However, should the acquisition of Target A not proceed, the Company will use the net proceeds of the Placing to pursue other strategic M&A opportunities.

#### **5. Details of the Placing and Placing Agreement**

The Company has conditionally raised gross proceeds of approximately £5.5 million through the Placing of the Placing Shares at the Issue Price to certain new and existing investors. The Placing Shares represent 90.2 per cent. of the Existing Ordinary Shares and will, when issued, rank *pari passu* with the Existing Ordinary Shares.

Pursuant to a placing agreement between the Company, SCM Advisory and SCM dated 13 April 2022, Singer Capital Markets has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing is not being underwritten by Singer Capital Markets.

The Placing is conditional, *inter alia*, on:

- the Placing Agreement not having been terminated in accordance with its terms prior to Admission;
- the Resolutions being passed which will provide shareholder authority for the issue by the Company of the Placing Shares for cash on a nonpreemptive basis; and
- Admission of the Placing Shares becoming effective by no later than 8.00 a.m. on 6 May 2022 or such later time and/or date as the Company and Singer Capital Markets may agree (being no later than 8.00 a.m. on 20 May 2022).

The Placing Agreement contains customary warranties given by the Company to Singer Capital Markets as to matters in relation to, *inter alia*, the accuracy of information in this document and the Group and its business. In addition, the Company has provided a customary indemnity to Singer Capital Markets in respect of liabilities arising out of or in connection with the Placing.

Singer Capital Markets is entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including where any of the warranties are found not to be true or accurate or were misleading in any respect, the breach by the Company of any of its obligations under the Placing Agreement which is material in the context of the Placing, the occurrence of certain force majeure events or a material adverse change affecting, among other things, the business, management, position or prospects (financial, trading or otherwise) or profits of the Company or the Group.

## **6. Related party transactions**

Octopus Investment Nominees Limited (“Octopus”) and Helium Rising Stars (“Helium”) have agreed to subscribe for 77,916,667 and 20,833,333 Placing Shares respectively. As at the date of this document, so far as the Company is aware, Octopus and Helium hold 85,428,000 and 80,496,029 Ordinary Shares respectively, representing approximately 16.82 and 15.85 per cent. respectively of the Existing Ordinary Shares. As such, Octopus and Helium are substantial shareholders of the Company and their participations in the Placing are related party transactions pursuant to Rule 13 of the AIM Rules. The Directors consider, having consulted with the Company’s Nominated Adviser, SCM Advisory, that the terms of Octopus’ and Helium’s participation in the Placing are fair and reasonable insofar as the Shareholders are concerned.

## **7. Admission, settlement, dealings and total voting rights**

The Placing Shares will be issued credited as fully paid and will rank *pari passu* with the Existing Ordinary Shares. The Placing Shares will not be made available to the public and will not be offered or sold in any jurisdiction where it would be unlawful to do so.

Application will be made for the Placing Shares to be admitted to trading on AIM and it is expected that settlement of the Placing Shares and, subject to, *inter alia*, the passing of the Resolutions at the General Meeting, Admission will occur at 8.00 a.m. on 6 May 2022.

Following Admission, the Enlarged Share Capital will comprise 966,339,358 Ordinary Shares, none of which are held in treasury. Therefore, following Admission, the total number of Ordinary Shares with voting rights in the Company will be 966,339,358, which may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA’s Disclosure Guidance and Transparency Rules.

## **8. General Meeting**

On 14 April 2022, the Company announced the calling of the General Meeting to be held at Friars 123, Novotel London Blackfriars, 46 Blackfriars Road, London, SE1 8NZ at 12 noon on 5 May 2022 at which the Resolutions will be proposed, as set out in the Notice of General Meeting at the end of this document, and as explained below.

### ***The Resolutions***

The Placing is conditional, *inter alia*, on the passing of both of the Resolutions by Shareholders at the General Meeting. If either of the Resolutions are not passed at the General Meeting, the Placing will not proceed. At the General Meeting, the following interconditional resolutions will be proposed:

#### *Resolution 1: Authority to allot Shares*

Resolution 1 is an ordinary resolution to grant a new authority and power to the Directors to permit them (i) to allot the Placing Shares pursuant to the Placing as described in this document and (ii) to allot Ordinary Shares up to an aggregate nominal value of £483,170.

#### *Resolution 2: Disapplication of statutory pre-emption rights*

Resolution 2, which is a special resolution, is to grant the Directors the authority, *inter alia*, (i) to allot the Placing Shares pursuant to the Placing on a non pre-emptive basis and (ii) to allot Ordinary Shares for cash up to an aggregate nominal value of £241,585 on a non pre-emptive basis.

### **Arrangements for the General Meeting**

There are currently no UK government restrictions on public gatherings so the Company is proposing to hold a physical General Meeting and to welcome the maximum number of Shareholders possible within safety constraints. However, given the uncertainty around whether Shareholders will be able to attend the General Meeting, whether because their circumstances change or due to a change in the situation with the COVID-19 pandemic, all Shareholders are still strongly encouraged to appoint the Chairman of the General Meeting as their proxy.

Given the constantly evolving nature of the situation, the Company may need to adapt these arrangements to respond to changes in circumstances. On this basis, should the situation change such that it is no longer considered possible for Shareholders to attend the General Meeting, the Company will make information about alternative arrangements available on its website and, where appropriate, make an announcement of the change via a Regulatory Information Service. Any updates to the position will be included on the Company's website at <https://www.reactsc.co.uk/react-group-plc>.

### **9. Further information**

Further copies of this document are available to the public free of charge from the Company's offices at 115 Hearthcote Road, Swadlincote, DE11 9DU at any time up until and including the date of the General Meeting, and can also be downloaded from the Company's website at <https://www.reactsc.co.uk/react-group-plc>. Shareholders' attention is drawn to the remainder of this document.

### **10. Action to be taken**

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting.

**It is important that Shareholders complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen B62 8HD, as soon as possible and in any event so as to arrive no later than 12 noon on 3 May 2022. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the meeting, should they wish to do so, if this is permitted under any applicable COVID-19 restrictions. Eligible Shareholders are encouraged to use the CREST Proxy Voting Service, details of which are contained in the notes to the Notice of General Meeting.**

### **11. Recommendation**

The Directors believe the Placing and the passing of the Resolutions to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote, or procure the vote, in favour of the Resolutions as all of the Directors intend to do, or procure to be done, in respect of their own beneficial shareholdings amounting to 5,978,458 Ordinary Shares, representing approximately 1.2 per cent. of the Existing Ordinary Shares.

Yours faithfully

**Mark Braund**

*Chairman*

## PART 2

### NOTICE OF GENERAL MEETING

# REACT GROUP PLC

*(incorporated and registered in England and Wales with company number 5454010)*

**NOTICE IS HEREBY GIVEN** that a general meeting (“**Meeting**”) of REACT Group plc (the “**Company**”) will be held at Friars 123, Novotel London Blackfriars, 46 Blackfriars Road, London, SE1 8NZ at 12 noon on 5 May 2022 for the purposes of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution.

Words and expressions use or defined in the circular to shareholders of the Company dated 19 April 2022 (of which this Notice forms part) shall have the same meaning in this Notice.

#### ORDINARY RESOLUTION

1. That, subject to and conditional upon the passing of resolution 2, in accordance with section 551 of the Companies Act 2006 (the “**Act**”), the directors of the Company (the “**Directors**”) be generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company, and grant rights to subscribe for or convert any securities into shares in the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being “**Relevant Securities**”) provided that such authority shall be limited to:–
  - (a) the Placing Shares; and
  - (b) Relevant Securities with an aggregate nominal amount of up to £483,170

and, unless previously renewed, varied, extended or revoked by the Company in general meeting, this authority shall expire on the earlier of first anniversary of the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company unless that such authority is renewed, varied, extended or revoked prior to such date. The Company may, before such expiry, make any offer or agreement which would or might require Relevant Securities to be allotted or granted after such expiry and the Directors may allot or grant Relevant Securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot or grant Relevant Securities but without prejudice to any allotment or grant of Relevant Securities already made, offered or agreed to be made pursuant to such authorities.

#### SPECIAL RESOLUTION

2. That, subject to and conditional upon the passing of resolution 1, in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560(1) of the Act) pursuant to the authority conferred by resolution 1 as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to:–
  - (a) the allotment of equity securities for cash in connection with a rights issue, open offer or other pre-emptive offer to holders of Ordinary Shares on the register of members on a date fixed by the Board where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on that date (subject to such exclusions or other arrangements in connection with the rights issue open offer or other pre-emptive offer as the Directors deem necessary or expedient to deal with shares held in treasury, fractional entitlements to equity securities and to deal with any legal or practical problems or issues arising in any overseas territory or under the requirements of any regulatory body or stock exchange);

- (b) the allotment of the Placing Shares; and
- (c) the allotment of equity securities (otherwise than pursuant to paragraph (a) of this resolution 2) up to an aggregate nominal amount of £241,585,

and shall, unless previously renewed, varied, extended or revoked by the Company, expire on the earlier of the first anniversary of the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company unless such authority is renewed, varied, extended or revoked prior to such date. The Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

By order of the Board

**Andrea Pankhurst**

*Company Secretary*

19 April 2022

*Registered Office:*

115 Hearthcote Road, Swadlincote DE11 9DU

## Notes:

1. A shareholder is entitled to appoint another person as his proxy to exercise all of his rights to attend, speak and vote at the General Meeting. A proxy does not need to be a shareholder of the Company but, in order to represent a shareholder, must attend the General Meeting.
2. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please photocopy the form of proxy or request additional copies of the form of proxy from Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD, tel: 0121 585 1131. Shareholders should state clearly on each form of proxy the number of shares in relation to which the proxy is appointed.
3. A form of proxy is enclosed. The appointment of a proxy (whether by completing the enclosed form of proxy, or by completing a CREST Proxy Instruction as set out below) will not prevent a shareholder from subsequently attending and voting at the meeting in person, if this is permitted under any applicable COVID-19 restrictions.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the appointed proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
5. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be:
  - completed and signed and sent or delivered to the Company's registrars, Neville Registrars Limited at Neville House, Steelpark Road, Halesowen B62 8HD, so as to arrive no later than 12 noon on 3 May 2022 or, in the event of an adjournment of the General Meeting, 48 hours before the time for holding the adjourned meeting; or
  - lodged using the CREST Proxy Voting Service – see note 8 below.
6. Holders of ordinary shares in the capital of the Company are entitled to attend, speak and vote at general meetings of the Company. The total number of issued ordinary shares in the capital of the Company on 18 April 2022, which is the last practicable trading date before the publication of this document, was 508,006,026. On a vote by show of hands every shareholder who is present has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote. On a poll vote every shareholder who is present in person or by proxy has one vote for every ordinary share of which he is the holder.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that entitlement to attend, speak and vote at the General Meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at the close of business on 3 May 2022 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual subject to the provisions of the Company's articles of association. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider(s)) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy) must in order to be valid, be transmitted so as to be received by Neville Registrars Limited (ID 7RA11) by the latest time(s) for receipt of proxy appointments specified in note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Nevilles Registrars Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated by other means.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstance set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

9. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where a shareholder has appointed a proxy using the hard copy form of proxy and would like to change the instructions using another hard copy form of proxy, please contact Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD, tel: 0121 585 1131.

If more than one valid proxy appointment is submitted, the appointment received last before the latest time for the receipt of proxies will take precedence.



10. A shareholder may terminate a proxy instruction but to do so will need to inform the Company in writing by sending a signed hard copy notice clearly stating their intention to revoke the proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited no later than 12 noon on 3 May 2022.

If a shareholder attempts to revoke a proxy appointment but the revocation is received after the time specified, the original proxy appointment will remain valid unless the shareholder attends the General Meeting and votes in person.

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

