THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, as amended ("FSMA") who specialises in advising on the acquisition of shares and other securities. The whole text of this document should be read. Investment in the Company is speculative and involves a high degree of risk.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire share capital, issued and to be issued pursuant to the Subscription, Placing and the Retail Offer, of Hercules Site Services plc. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of FSMA or otherwise and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the FCA or any other competent authority.

Application has been made for the ordinary shares in the Company (the "Shares") to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and that trading in the Shares will commence on AIM at 8.00 a.m. on 4 February 2022.

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 Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Company and the Directors, whose names appear on page 9 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

The whole of this document should be read. Your attention is drawn in particular to Part II of this document entitled "Risk Factors", which describes certain risks associated with an investment in the Company.

Hercules Site Services plc

(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 06607001)

Offers of 7,920,792 New Shares and 7,920,792 Sale Shares at 50.5 pence per Share

and

Admission of the Enlarged Share Capital to trading on AIM

Nominated Adviser and Broker

SP ANGEL
ADVISING GROWING COMPANIES

The Company is offering 7,920,792 new Shares (the "New Shares") under the Subscription, Placing and the Retail Offer (together the "Offers"). In addition, the Selling Shareholder is offering 7,920,792 existing Shares under the Placing for sale (the "Sale Shares"). Further information on the Offers is set out in Part I ("Information on the Company") of this document. All of the New Shares and the Sale Shares (together the "Offer Shares") issued or sold pursuant to the Subscription, Placing and Retail Offer will, following Admission, rank *pari passu* in all respects with the other issued Shares and will rank in full for all dividends and other distributions declared, paid or made in respect of the Shares after Admission.

SP Angel, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser in connection with the Offers and Admission, and will not be responsible to any other person for providing the protections afforded to customers of SP Angel or advising any other person in connection with the Offers and Admission. SP Angel's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to London Stock Exchange and not to the Company, the Directors or to any other person in respect of such person's decision to subscribe for or acquire Shares in reliance on any part of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on SP Angel by FSMA or the regulatory regime established under it, SP Angel does not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by SP Angel with respect to the accuracy or completeness of this document or any part of it.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Shares have not been and will not be registered under the US Securities Act 1933, as amended nor under the applicable securities laws of any State of the United States or any province or territory of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, the Shares may not be offered or sold directly or indirectly in or into the United States, Canada, Australia, New Zealand, South Africa, Japan or to any resident of the United States, Canada, Australia, New Zealand, South Africa or Japan. No public offering of securities is being made in the United States. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Holding Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered offices of the Company for one month from the date of this document. This document is also available on the Company's website, www.hercules-construction.co.uk.

IMPORTANT INFORMATION

General

Investors should take independent advice and should carefully consider the section of this document headed "Risk Factors" before making any decision to purchase Shares.

Investment in the Shares will involve significant risks due to gearing and the inherent illiquidity of the underlying investments and should be viewed as a long-term investment. The Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Company is suitable for you. An investment in the Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

This document should be read in its entirety before making any decision to subscribe for or purchase Shares. Prospective investors should rely only on the information contained in this document.

No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or SP Angel or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or any member of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company or SP Angel or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on SP Angel or any person affiliated with it in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Placing Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or SP Angel.

None of the Company, the Directors, SP Angel or any of their respective representatives makes any representation to any subscriber or purchaser of Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, SP Angel and any of its affiliates, acting as investors for their own accounts, may acquire Placing Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by, SP Angel or any of their respective affiliates acting as investors for their own accounts. SP Angel does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

SP Angel and any of its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to, the Company, for which they would have received customary fees. SP Angel and any of its affiliates may provide such services to the Company and any of its affiliates in the future.

The Company will update the information provided in this document by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors in the Placing occurs prior to Admission or if this document contains any material mistake or inaccuracy.

This Admission Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, SP Angel or any of their respective affiliates and representatives that any recipient of this Admission Document should purchase any of the Shares. Prior to making any decision as to whether to purchase any of the Shares, prospective investors should read the entirety of this Admission Document. Prospective investors should ensure that they read the whole of this Admission Document and not just rely on key information or information summarised within it.

A draft of this Document was approved by SP Angel for the purposes of section 21 of FSMA and the terms of such approval limited the use of that draft as so approved for the purposes of the Retail Offer only. For the avoidance of doubt, SP Angel has not approved this Document for the purposes of section 21 of FSMA.

Data protection

The information that a prospective investor provides in documents in relation to a purchase of Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom and the Company's privacy notice, a copy of which is available for consultation at the Company's website at ("Privacy Notice"). Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

(a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;

(b) carrying out the business of the Company and the administering of interests in the Company; and

(c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required).

Where necessary to fulfil the purposes set out above and in the Privacy Notice, the Company (or any third party, functionary or agent appointed by the Company) will:

(a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and

(b) transfer personal data outside of the United Kingdom to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by a member of the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data are disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Forward looking statements

Certain statements contained in this document are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Company and industry and markets in which the Company will operate, the Directors' beliefs and assumptions made by the Directors and Proposed Directors. Words such as "expects", "anticipates", "may", "should", "would", "could", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Notice to prospective investors in the EEA

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Shares have been offered or will be offered pursuant to the Offers to the public in that Relevant State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the Shares may be offered to the public in that Relevant State at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of SP Angel for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the New Shares shall require the Company or SP Angel to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to prospective investors in the United Kingdom

No Shares have been offered or will be offered pursuant to the Offers to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which has been approved by the FCA, except that Shares may be offered to the public at any time:

(1) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or

(3) in any other circumstances falling within section 86 of FSMA,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to section 85 of FSMA and each person (other than any PrimaryBid Offeree) who initially acquires any Shares or to whom any offer is made under the Offers will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2 of the UK Prospectus Regulation.

For these purposes, the expression "an offer to the public" in relation to any offer of shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares and the expression the "UK Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended), as it form part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Historical Financial Information

Unless otherwise stated, the Historical Financial Information in this document has been prepared and presented in accordance with IFRS. For full details of the basis of preparation, please refer to Note 2 (Basis of preparation) to the Company's financial information in Part III (Historical Financial Information) of this Document.

In this document, the Company presents certain financial measures and other metrics that are not recognised under IFRS and are unaudited. The Directors believe that each of these measures and other metrics provides useful information with respect to the performance of the Company's business and operations. These non-IFRS financial measure and other metrics are not measures recognised under IFRS or any other internationally accepted accounting principles, and prospective investors should not consider such measures and other metrics as an alternative to the IFRS measures included in the Company's Historical Financial Information.

The non-IFRS financial measures and other metrics, each as defined herein, may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. Even though the non-IFRS financial measures and other metrics are used by management to assess the Company's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of the Company's position or results as reported under IFRS.

Presentation of financial information

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Unless otherwise indicated, all references in this document to "sterling", "pounds sterling", "GBP", "£" or "pence" are to the lawful currency of the United Kingdom. The Company prepares its financial statements in pounds sterling.

Information not contained in this Admission Document

No person has been authorised to give any information or make any representation other than those contained in this Admission Document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Admission Document nor any subscription, sale, or purchase made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Admission Document or that the information in this Admission Document is correct as of any time subsequent to the date of this Admission Document.

Market, economic and industry data

This document contains information regarding the Company's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Interpretation

Certain terms used in this Admission Document are defined in the Definitions section of this Admission Document.

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

No incorporation of website information

The contents of the Company's website, any website mentioned in this Admission Document or any website directly or indirectly linked to these websites have not been verified and do not form part of this Admission Document, and investors should not rely on such information.

Governing law

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Information for Distributors

Solely for the purposes of the product governance requirements contained within a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (the "**Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, SP Angel will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

CONTENTS

KEY STATISTICS

Placing Price	50.5 pence
Number of Existing Shares	50,000,000
Number of New Shares to be issued by the Company in the Placing	6,990,415
Number of New Shares to be issued by the Company in the Subscription	297,029
Number of Shares to be sold by the Selling Shareholder in the Placing	7,920,792
Number of PrimaryBid Shares to be issued by the Company in the Retail Offer	633,348
Number of Fee Shares to be issued by the Company	729,414
Placing Shares as a percentage of the Enlarged Share Capital	25.4%
Subscription Shares as a percentage of the Enlarged Share Capital	0.5%
PrimaryBid Shares as a percentage of the Enlarged Share Capital	1.1%
Number of Shares in issue at Admission following the Offers	58,650,206
Number of Shares in respect of which Options and Warrants are outstanding on Admission	3,648,883
Fully diluted number of Shares immediately following Admission	62,299,089
Gross proceeds of the Offers receivable by the Company	£4.0m
Estimated net proceeds of the Offers receivable by the Company	£2.7m
Market capitalisation of the Company on Admission at the Placing Price	£29.6m
TIDM	HERC
ISIN	GB00BPVBVZ82
SEDOL	BPVBVZ8
LEI	213800P7Z6MXNSM4OQ50

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this document	31 January 2022
Admission and commencement of dealings on AIM	8.00 a.m. on 4 February 2022
CREST accounts credited (where applicable)	7 February 2022
Dispatch of definitive share certificates (where applicable)	week of 21 February 2022

All times are London, UK time. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Henry John Pitman *(Non-Executive Chairman)* Brusk Kivilcim Korkmaz *(Chief Executive Officer)* Paul David Wheatcroft *(Chief Financial Officer)* Ahmet Iplikci *(Non-Executive Director)* Richard Anthony Kilner *(Non-Executive Director)* Robin Stevens *(Non-Executive Director)*
Company Secretary	Paul Wheatcroft
Registered office	Hercules Court Lakeside Business Park South Cerney Cirencester England GL7 5XL
Company website	www.hercules-construction.co.uk
Nominated Adviser and Broker	S P Angel Corporate Finance LLP Prince Frederick House 4th Floor 35-39 Maddox Street London W1S 2PP
Legal advisers to the Company	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Legal advisers to the Nominated Adviser and Broker	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU
Auditors	Mazars LLP 90 Victoria Street Redcliffe Bristol BS1 6DP
IFRS accounting advisers	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

Registrars	Link Market Services Limited 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
PR advisers to the Company	SEC Newgate UK Sky Light City Tower 50 Basinghall Street London EC2V 5DE

DEFINITIONS

"£" or **"Sterling"**	British pounds sterling
"Act"	the Companies Act 2006 (as amended)
"Admission"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
"Admission Document" or **"Document"**	this document dated 31 January 2022
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
"AIM Rules for Nominated Advisers"	the rules setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
"Articles"	the articles of association of the Company, as at the date of Admission, a summary of which is set out in paragraph 11 of Part V of this document
"Audit Committee"	the audit committee of the Board, as constituted from time to time
"BDO"	BDO LLP, a limited liability partnership incorporated in England & Wales with registered number OC305127 whose registered office is 55 Baker Street, London, W1U 7EU
"Board"	the board of Directors of the Company from time to time, or a duly constituted committee thereof including, where the context requires, the directors of the Company on or after Admission
"Bosphorus"	Bosphorus IPO Capital Limited, a limited company incorporated in England & Wales with registered number 09772979 whose registered office is 5th Floor 1 Knightsbridge Green, London, England, SW1X 7NE
"**Bosphorus Engagement Letter**"	the engagement Letter between the Company and Bosphorus (as amended) as summarised in paragraph 11.2 of Part V of this Document
"certificated" or **"in certificated form"**	recorded on the relevant register of the share or security concerned as being held in certificated form in physical paper (that is not in CREST)
"Company" or **"Hercules"**	Hercules Site Services plc, a public limited company incorporated in England & Wales with registered number 06607701 whose registered address is Hercules Court, Lakeside Business Park, South Cerney, Cirencester, England, GL7 5XL
"CIS"	Construction Industry Scheme, a scheme whereby contractors deduct money from a subcontractor's payments and pass it to HM Revenue and Customs

"Connected Person"	connected persons (within the meaning of section 252 of the UK Companies Act 2006)
"CREST"	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland in accordance with the CREST Regulations
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including: (i) any enactment or subordinate legislation which amends those regulations; and (ii) any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force
"CSR"	Corporate social responsibility
"Directors"	the Directors of the Company (including the non-executive directors whose appointments take effect on Admission) whose names are set out on page 9 of this Document
"Enlarged Share Capital"	the share capital of the Company immediately following Admission comprising the Existing Shares and the New Shares
"Euroclear UK & Ireland"	Euroclear UK & International Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST
"Existing Shares"	the 50,000,000 Shares which are in issue as at the date of this document
"ESG"	Environmental, Social and Governance
"FCA"	the Financial Conduct Authority of the United Kingdom
"Fee Shares"	the 729,414 new Shares at the Placing Price issued to Bosphorus (or its nominee) pursuant to the Bosphorus Engagement Letter
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"HS2"	High Speed 2, a high-speed railway network under construction in the UK
"Hercules Real Estate"	Hercules Real Estate Limited, a limited company incorporated in England and Wales, with registered number 10050043 whose registered address is Hercules Court, Broadway Lane, South Cerney, Cirencester, England, GL7 5XZ
"HMRC"	HM Revenue and Customs
"IFRS"	the UK-adopted International Accounting Standards in accordance with section 474 of the Act
"Ishtar"	Ishtar Advisory Limited, a limited company incorporated in England and Wales, with registered number 08743344 whose registered address is 112 Morden Road, London, England, SW19 3BP
"Locked Shares"	the Shares subject to lock-in pursuant to the lock-in agreements entered into by the Company with Bosphorus, Mr Iplikci and Hercules Real Estate respectively that are summarised in paragraphs 11.9, 11.10 and 11.11 in Part V of this Document

"London Stock Exchange"	London Stock Exchange plc
"NMCN"	NMCN plc
"New Shares"	the 8,650,206 new Shares to be issued by the Company to Placees, Bosphorus (or its nominee) and PrimaryBid Offerees pursuant to the Offers and the Bosphorus Engagement Letter
"New Scheme" or **"LTIP"**	the share option plan adopted by the Company on 31 January 2022, details of which are set out in paragraph 11 of Part I of this Document;
"Nomination Committee"	the nomination committee of the Board, as constituted from time to time
"Offers"	the Subscription, Placing and the Retail Offer
"Official List"	the official list of the Financial Conduct Authority
"Orderly Market Period"	the period of 12 months following the initial 12 month lock-in period immediately following Admission
"Panel"	the Panel on Takeovers and Mergers
"PDMRs"	persons discharging managerial responsibility
"Placees"	the subscribers for Placing Shares or purchasers of Sale Shares pursuant to the Placing
"Placing"	the conditional placing of the Shares by SP Angel, as agent for the Company, pursuant to the terms of the Placing Agreement
"Placing Agreement"	the placing agreement dated 31 January 2022 between, *inter alia*, the Company, the Directors and SP Angel, more particulars of which are contained in paragraph 11.4 of Part V of this Document
"Placing Price"	50.5 pence per Placing Share
"Placing Shares"	the 14,911,207 New Shares and the Sale Shares to be purchased or subscribed for by Placees pursuant to the Placing
"PrimaryBid"	PrimaryBid Limited, a company incorporated in England and Wales with registered number 08092575
"PrimaryBid Offerees"	PrimaryBid's clients who are residents and physically present in the UK for tax and all other purposes
"PrimaryBid Shares"	the 633,348 New Shares to be subscribed for by PrimaryBid Offerees pursuant to the Retail Offer
"Prospectus Regulation Rules"	the Prospectus Regulation Rules made by the FCA from time to time
"QCA"	the Quoted Companies Alliance
"QCA Code"	the Corporate Governance Code 2018 published by the QCA
"Registrars"	the Company's registrars, being Link Market Services Limited, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL
"Remuneration Committee"	the remuneration committee of the Board, as constituted from time to time

"Retail Offer"	the offer of PrimaryBid Shares to be issued and/or sold to PrimaryBid Offerees at the Placing Price, further details of which are set out in paragraph 15 of Part I of this document
"RIS"	Regulatory Information Service
"Sale Shares"	the 7,920,792 Shares to be sold by the Selling Shareholder pursuant to the Placing
"Shares"	ordinary shares of £0.001 each in the capital of the Company
"Selling Shareholder"	Hercules Real Estate, which will be selling Existing Shares pursuant to the Placing
"Shareholder(s)"	holder(s) of Shares
"SP Angel"	SP Angel Corporate Finance LLP, a limited liability partnership incorporated in England and Wales with registered number OC317049
"SPA Warrant Instrument"	the warrant instrument adopted by the Company on 31 January 2022 constituting the SPA Warrants, further details of which are set out in paragraph 11.6 of Part V of this document
"SPA Warrants"	the warrants over Shares issued by the Company to SP Angel on 31 January 2022 pursuant to the SPA Warrant Instrument
"Subscription"	the Subscription for the Subscription Shares at the Placing Price by Bosphorus pursuant to the Bosphorus Engagement Letter
"Subscription Shares"	297,029 new Shares subscribed for by Bosphorus pursuant to the Bosphorus Engagement Letter
"Takeover Code"	the City Code on Takeovers and Mergers published by the Takeover Panel
"Takeover Panel"	The Panel on Takeovers and Mergers
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland
"UK GAAP"	UK Generally Accepted Accounting Practice
"uncertificated" or **"uncertificated form"**	shares or other securities recorded or the relevant register as being held in uncertified form in CREST and title to which, by virtues of the CREST Regulations, may be transferred by means of CREST
"VAT"	value added tax

PART I

INFORMATION ON THE COMPANY

1. Introduction

Hercules is a leading, profitable and dynamic provider of labour and construction services to blue-chip clients in the UK infrastructure sector. The Directors believe that the Company is well positioned to benefit from the UK Government's commitment to spending on infrastructure projects as it not only offers these projects labour supply services but also has the ability to deliver civil engineering projects and provide specialist plant hire, which comprises a fleet of suction excavators, an innovative method of safe excavation. The Company's "one stop shop" service enables it to cross sell between its divisions and its experienced management team is adept at delivering projects efficiently for clients.

In its labour supply business, the Company's proprietary digital technology is used to accelerate the recruitment and onboarding process for workers, which not only enables the Company to quickly meet the client's labour needs but also enables the Company to focus on sourcing this labour locally which often is a stipulation in government-funded projects. The Directors believe more traditional suppliers of labour struggle to do this without a local presence and are also facing difficulties replenishing their labour pool following shifts in the labour force caused by the COVID-19 pandemic and Britain's exit from the European Union. In contrast, Hercules has a low staff turnover which the Directors attribute to the Company's culture and focus on developing its people, many of whom have progressed through the business to senior management positions.

Hercules is also developing its digital solutions to provide clients with data analysis tools to help improve their ability to understand their own labour supply needs and make long-term planning decisions. It is innovation such as this that has led to the Company winning multiple awards and being recognised by both its blue chip-clients and third parties, such as Highways England, in areas such as its innovative business practices, digital connectivity and excellent client delivery.

The UK construction sector is set to benefit from a projected nearly £650 billion of public and private investment spend on infrastructure projects during the next ten years. Upcoming major infrastructure projects include HS2, the Lower Thames Crossing, Water Infrastructure Asset Management Plan 6 (AMP6) and 7 (AMP7) and Highways England's Smart Motorways and Regional Development programme, among other projects.

The Company's innovative approach has been attractive to clients, which has enabled it to establish framework agreements with large blue-chip companies, such as Balfour Beatty Highways, Costain, Kier, Skanska, Dyer & Butler and Volker Fitzpatrick, who the Directors believe value the quality and reliability of the services it provides. These framework agreements provide a basis for Hercules to collaborate with clients on multiple projects and also mean the Company has increased visibility on its clients' pipeline of projects.

Major projects the Company is currently undertaking include the supply of labour to the M4 and M3 Smart Motorway projects, numerous projects under the Highways England Regional Development Programme, AMP7 projects for Thames Water, Southern Water and Anglian Water, Crossrail in West Drayton, Hayes and Harlington and Southall, and the A30 upgrade in Cornwall. The Company's Civil Projects division is currently working with TGE Gas Engineering at Avonmouth on a new gas storage facility, the Irish Archaeological Consultancy on various sites on the HS2 Central Section and with Galliford Try and Black & Veatch on various AMP7 projects for Southern Water. The Company's fleet of suction excavators is currently deployed on various projects, including HS2 South and on Highways England Regional Development and Smart Motorway programmes.

In August 2021, the Company was selected as one of six labour supply partners for the Balfour Beatty Vinci joint venture constructing the northern section of HS2 from London to Birmingham (Phase One). The Directors believe the Company's use of digital technology in the recruitment and on-boarding of workers was a key factor in securing this business which is expected to underpin significant revenue over at least the next four years.

The Company's success in winning and retaining clients has enabled Hercules to achieve rapid growth which has seen sales increase from £9.7 million (under UK GAAP) in the year ended 30 September 2015 to £30.7 million in the year ended 30 September 2019. Although the year ended 30 September 2020 was negatively affected by the impact of the COVID-19 pandemic on the construction sector which meant projects were delayed or paused, revenues have bounced back in the six months to 31 March 2021, with the Company achieving unaudited revenue of £14.0 million and EBITDA of £1.2 million. Hercules is currently owned 100 per cent. by Hercules Real Estate, which in turn is owned 51 per cent. by Brusk Korkmaz and 49 per cent. by his wife, Nicola Korkmaz.

The Company has raised (conditional upon Admission) £4.0 million (before expenses) through the Offers, the proceeds of which will be used to fund the expansion of the suction excavator fleet, HS2 transport investment and provide working capital for the HS2 project. In addition, the Offers will, subject to Admission, raise up to £4.0 million (before expenses) for the Selling Shareholder. Further details of the Subscription, Placing and Retail Offer are set out in paragraphs 14 and 15 of this Part I.

2. History and Background

Brusk Korkmaz, the Chief Executive Officer, established the Company in 2008 after graduating with a degree in Civil Engineering from University College London and working with MJ Gleeson, Black & Veatch and Hochtief UK. The motivation for starting the Company was to address a gap he had identified in the market to provide both labour supply and civil engineering project management to blue-chip construction companies. The Company initially focussed on labour supply, securing its first client Black & Veatch in 2009, which is still a Hercules client, before establishing the Civil Projects team in 2012 and enhancing this capability in 2014 with investment in construction plant.

In 2015, the Company was awarded a sizeable contract with Balfour Beatty, to the value of approximately £3.4 million, for the provision of labour for the M3 Smart Motorway Project. This was the first step on the road to Hercules becoming a Strategic Partner with Balfour Beatty Highways. The Company also gained RISQS Link-Up accreditation, enabling it to supply labour to the rail industry. On gaining this accreditation, Hercules won its first rail client in Hochtief UK, supplying labour to the Transport for London Structures and Tunnels Investment Portfolio project. It is from this platform that the Company went on to win contracts for Crossrail and more recently being selected as a labour supplier to HS2.

In 2016, the Company moved into new offices in South Cerney, near Cirencester in Gloucestershire. The purpose-built office was selected for its location offering nationwide access and providing further room for the Company to grow. Also in 2016, the Company was awarded the Asset Management Plan 6 contract for Thames Water for the supply of labour and the delivery of Civil Projects packages for the Eight2O Joint Venture, including major contractors Costain, Atkins, Black & Veatch, Skanska, MWH and Balfour Beatty.

In 2017, Hercules was appointed as one of the members of the award-winning Integrated Labour Team ("ILT") on the £1.4 billion A14 project, working with other team members to self-deliver the supply of skilled labour. The project involved the four labour supply companies working collaboratively and transparently to supply blue collar workers to the A14 project. This was the first ILT of its kind in the UK, elevating Hercules' reputation and growing the Company's exposure in the sector.

In 2018 the Company won a £10 million contract with Costain to carry out Civil Projects package work on the Peterborough Gas Compressor Station Upgrade. This saw around 90 operatives deployed at its peak, along with the use of Hercules plant. The Company has had a long term relationship with Costain since 2013. Also in 2018, the Company began working for the Balfour Beatty Vinci joint venture on the M4 Smart Motorway project, the UK's largest infrastructure project at the time spanning the stretch of motorway between Junctions 3 and 12. To date, the contract has been worth over £16 million to Hercules and the Company has also provided a civils work package to Balfour Beatty Vinci worth over £950k.

Early in the Company's life, the team realised the importance of digitalisation and began developing its bespoke personnel management system in 2012 and in 2019 it established the Hercules Digital division, which led to the launch in October 2019 of the Company's award-winning digital recruitment app. The Hercules Construction Jobs app now has in excess of 5,300 downloads and 3,600 registered users. In 2021, the Company launched Hercules One Team, which provides a seamless digital onboarding experience for all workers joining the Company.

In 2020, in addition to extending the Head Office due to continued expansion, Hercules invested in its first nine suction excavators and began hiring out these specialist machines to construction companies to enable them to remove debris in a more efficient manner to manual excavation. The Company has continued to invest in its specialist plant hire, and in 2021 ordered a further eleven units, due for delivery from February 2022 onwards.

In August 2021, the Company was selected as a labour supply partner for the Balfour Beatty Vinci joint venture constructing the northern section of the HS2 project. Hercules is one of six companies making up the labour desk, which it is anticipated will collectively provide at least 4,000 workers during the project.

The ethos of Hercules has always been to develop its people, and this has proven successful resulting in low staff turnover. Many of those members of staff that initially started in the business have progressed to senior management positions and continue to be valuable members of the Hercules team.

As the business continues to grow, it has developed a management team with experience from the construction industry and also from other sectors to expand the range of services offered by Hercules and enhance the Company's innovative approach to providing solutions to its construction industry clients.

3. Key Strengths

The Directors believe that Hercules has a number of key strengths and advantages that are important to the success of the business:

- The Company's service offering includes the supply of blue-collar labour, end-to-end project delivery and specialist plant hire. The Directors believe that Hercules is in a strong position within the largely fragmented construction sector and the Directors are not aware of any directly comparable companies offering the same range of site services all under one roof.
- The Directors believe the Company's use of digital applications in the labour supply business differentiates Hercules from its competitors. The Company's digital applications for recruitment and onboarding improve the efficiency of the recruitment process versus traditional methods, enabling users to quickly complete their registration, upload their credentials and find appropriate work with Hercules. The Directors believe the Company's development of its digital business is a significant differentiator and is helping to transform recruitment in the construction sector.
- Hercules operates within the UK infrastructure sector which is experiencing favourable market conditions. The UK construction sector is set to benefit from nearly £650 billion of public and private spending on new infrastructure projects by the end of 2025, including HS2, improvement of strategic road connections on the A66, A303, the Lower Thames Crossing and the nationwide roll out of 4G and 5G mobile connections. This government funding, alongside private investment in the infrastructure sector, is expected to see the UK construction industry grow by an average of 2.5 per cent. through to 2025.
- The Director's believe the Company's focus on workforce consultation and inclusion sets it apart from other providers of labour in the sector. This approach means Hercules is recognised by workers as a forward-thinking employer in an industry with many traditional practices and it should help the Company attract and retain workers in a sector which is experiencing shortages of suitably qualified personnel.
- Hercules has an attractive financial profile and strong record of growth, recording revenues of £19.9 million in FY18 (PBT of £0.97 million), revenue of £30.7 million in FY19 (PBT of £1.5 million) and revenue of £22.9 million in FY20 (PBT of £0.96 million), with the FY20 numbers achieved in a challenging industry background resulting from the COVID-19 pandemic.
- The Company has framework agreements in place with a number of the UK's largest infrastructure groups, including Balfour Beatty Highways, Kier, Costain, Dyer & Butler, Volker Fitzpatrick and Skanska which the Directors believe demonstrates the quality and reliability of the services it provides. Hercules' successful track record as a preferred partner to these blue-chip organisations allows the Company greater visibility of pipelines of work, and enables it to react quickly when opportunity arises.
- The Company's management team possesses extensive experience in the UK construction sector. The current management team has been instrumental in the Company's growth and diversification to increase the range of services that Hercules provides. The Directors believe that their ability to react to market trends has been fundamental in driving the Company's growth and profitability in recent years.

- Hercules has a strong CSR focus, for example, it regularly undertakes charitable projects and community projects alongside the construction projects where its operatives are working. CSR is sometimes included within a number of the Company's strategic framework agreements, where Hercules is contractually required to have input in creating positive social value, however the Company has its own internal initiatives and programmes many of which are put in place by its working groups.

4. Business Overview

The Directors believe that the Company's innovative digital recruitment tools, integrated project delivery and specialist plant hire will allow it to service the increased demand from its clients on their infrastructure projects.

a. ***Description by division***

Labour Supply

Labour Supply is the Company's core business, supplying skilled and qualified labour to blue-chip construction companies to deliver key infrastructure, civil engineering, utilities, groundworks, highway and railway projects. It represented 74 per cent. of the Company's revenue for the year ended 30 September 2020. Hercules' dedicated operations and resource teams, personnel management system and innovative mobile recruitment and onboarding apps ensure that it can supply the right person to the right location on time to fulfil client requirements.

Since inception, the Company has been involved in a wide variety of different types of contract, supplying many forms of labour depending on the specifics of the project undertaken. As a result, Hercules' pool of labour comprises diverse skills and experience such as ground workers, carpenters, bricklayers, security and site engineers in order to meet the requirements of its clients.

The Company recruits its labour from many sources and will also recruit people looking for a career change including those from the armed services. Hercules is also a strong supporter of apprenticeships, with 52 live apprenticeships, as at 31 August 2021 and the Directors believe a career in the construction sector is becoming more attractive as pay rates and working practices improve. The Company will arrange training for new entrants to the sector so they can obtain the relevant qualifications to allow them to be deployed to customer sites. Training or "upskilling" is also encouraged for existing workers in the sector so they can gain additional qualifications enabling them to undertake multiple roles for clients of Hercules. The Directors believe that such training is a key element to solving the current shortage of labour in the sector and that the Company's focus on training and health and safety differentiates it from its competition.

Typically, the Company will go through a tender process with a construction client in order to win the supply contract. The tender process involves numerous rounds of interviews, assessments, presentations and submissions to ensure that Hercules is the right partner to collaborate with the client to achieve a strategic partnership or win an individual project contract. The Company generates profit through the difference between the rate paid by the client and the sums it pays to its employees and contractors.

The Company fulfils its contracts through both traditional recruitment methods and through its mobile recruitment app, Hercules Construction Jobs. The app allows the recruitment team to quickly identify appropriate workers for a specific job based on a customisable selection criterion, including skills, qualifications, experience and locality.

Hercules One Team then allows for a quick, complete onboarding of new workers, utilising digital signing and online handbooks to avoid lengthy and cumbersome paper trails and ensures a new worker is ready to start before being out on site. These selected individuals are then employed directly by the Company or engaged as contractors through the Hercules One Team interface, ensuring that Hercules has all the required documentation and identification for the worker. Further information on Hercules' digital capabilities is included on page 21 of this Part I.

In the last 12 months, on average, the Company has been supplying between 400 and 500 personnel to projects each day. These projects range from only a handful of staff through to 140 operatives deployed on the M4 project with Balfour Beatty Highways. The Company's major focus for labour supply is transport projects such as road and rail projects. Currently the Company is supplying labour to major road projects such as M4 and M3 Smart Motorway projects and key regional projects such as the A30 upgrade in Cornwall in addition to numerous smaller projects under the Highways England Regional Development Programme. On the rail side, the Company is working with Hochtief on Crossrail projects in West Drayton, Hayes and Harlington and Southall. On utilities projects, the Company is supplying labour to water companies including Thames Water, Southern Water and Anglian Water.

HS2 – Balfour Beatty Vinci Joint Venture

In August 2021, the Company was selected as a partner for the Balfour Beatty Vinci joint venture to supply labour in the West-Midlands area around Birmingham on the Northern Section of HS2. Hercules is one of the six companies making up the labour desk, which it is anticipated will collectively provide at least 4,000 workers during the project. The Directors believe that the Company's experience in the rail sector and its use of digital technology in the recruitment and onboarding of workers was a key factor in securing this business, and the contract is expected to underpin significant revenue over at least the next four years.

Hercules has begun recruitment for this project and individuals have been selected to run the Company's part of the labour desk with other members of staff assigned to HS2 project-specific roles. The Company expects it will need to significantly expand its labour force for the project and plans to use its recruitment and onboarding apps in achieving this. In addition, Hercules expects to source further workers through its relationships with the Department of Work and Pensions and local job centres. The Company will also seek to attract further ex-military personnel and also anticipates recruiting from overseas to fill certain roles and is in discussions with the Home Office regarding its Immigration Sponsorship Management process.

Construction Services

Civil Projects

Hercules' Civil Projects division partners with some of the UK's top contractors to provide end to end project delivery for civil engineering contracts. This division accounted for approximately 24 per cent. of the Company's revenue for the year ended 30 September 2020. The Company is recognised for its work in the water industry and has expanded into all areas of the civil engineering sector. Hercules generally uses its own staff and self-employed contractors to complete these projects.

The team includes a number of Project Managers and Site Managers that facilitate and administer the contracts with the Principal Contractors. The package of work normally includes the provision of labour, plant and materials, as well as engineering support and site supervision. The Company usually tenders for a particular project in a competitive process having calculated a quote for the work. Hercules will require labour for each project depending on the number and scale of projects it is running and the skillset required for each part of the job.

The Civil Projects division has focused on repeat work with a number of clients and invested in additional specialist plant, equipment and tool storage to compete effectively with others in the industry.

The Company has over 12 years' experience in the water and waste water treatment sector. Hercules partnered with Costain to complete a £1.8 million redevelopment of the Redditch Sewage Treatment Works in Worcestershire. The contract involved revitalising a redundant process area and enabling the installation and testing of trial process equipment for Severn Trent Water. As part of the project, Hercules reinforced multiple concrete structures, laid 1,850m of ducting and 350m of drainage and constructed associated manholes, installed and compacted over 6,000 tonnes of structured backfill and constructed three traditional pumping stations.

Hercules' Civil Projects team also managed the £10 million package for Costain and National Grid, as part of the Peterborough Gas Compressor Upgrade in 2018/2019. Taking the project from the initial site set up, through investigation works, reinforced concrete ("RC") works, bulk excavation and demolition, all performed under a strict health and safety environment. The main works included various RC structures, deep excavations and temporary works, alongside general site attendance. The Hercules management team included five site-based personnel, overseeing up to 90 operatives on the project.

The Hercules Civil Projects team also delivered Eight2O's £295k groundworks and RC package for the Lower Thames Aeration mitigation project at Thames Waters' Mogden Sewage Treatment Works. This project saw the construction of a 23m long by 3.5m wide by 2m reinforced concrete chamber, the construction of a 10m long by 9m wide by 2m deep transformer compound alongside construction of ducting, drainage, kerbs and associated roads and footpaths.

The Company's Civil Projects team is currently working with TGE at Avonmouth on a new gas storage facility, which is expected to be worth approximately £2 million in revenue to Hercules, the Irish Archaeological Consultancy on various sites on the HS2 Central Section and with Galliford Try and Black & Veatch on various AMP7 projects.

Specialist Plant Hire

Despite the difficult conditions brought on by the Covid-19 pandemic in 2020, Hercules has invested in innovative technologies through the acquisition of a fleet of state-of-the-art suction excavators, a more efficient and safer way of removing debris for digging teams. Hercules currently owns nine suction excavators with a further eleven to be delivered from February 2022 onwards. Operated by Hercules' experienced crews, the suction excavators are vehicles that can safely remove significant quantities of materials or debris, while reducing the risk of service strikes. Utilising high powered suction fans, the air flow enables the operator to suck up materials up to 100mm in diameter through the air intake suction nozzle, operated safely by remote control. Excavated materials are deposited directly into the collection chamber on-board the vehicle, and the air deflected through the air outlet chambers to clean, dry and remove finer particles. The collection chamber can then be discharged.

These excavators have significant benefits over traditional manual excavation, including:

- Increased safety of workers as physical digging is not required and there is the opportunity to reduce the number of operatives on site at the same time;
- Significant reduction in hand arm vibration at work ("HAVS") and construction dust;
- Reduced risk of project delays as a result of utility and cable strikes. The Utility Strike Avoidance Group reported that the direct costs of strikes (excluding project overruns, traffic delays and back office time) reported in 2019 was approximately £9.3 million, with the average overall cost of each utility strike in the region of £100,000;
- A more cost-effective approach, being a quicker and more efficient use of resources and requiring 1-2 skilled operators rather than a team with multiple trades using slower traditional plant and equipment;
- Less damage to the local environment; and
- Fewer vehicle movements on a project, reducing carbon emissions and further increasing site safety.

On average, manual excavation under normal soil conditions with the presence of buried pipes and cables can remove 1m^3 per six hours. By comparison, suction excavation in heavy soil with pipes and cables can remove 10m^3 per six hours, increasing up to 60m^3 per six hours in sandy soil conditions.

Since their acquisition, the fleet of excavators have had an average utilisation rate of over 85 per cent. and Hercules continues to invest in this division with the hiring of Suction Excavator and Business Development Managers.

Hercules is currently utilising suction excavators as part of the ongoing work on HS2 South and Regional Development Programme sites with Balfour Beatty, and at the M4 Smart Motorway Scheme, alongside significant utilisation through Hercules' Civil Projects division.

Piling application

In 2020, Hercules was approached by the HS2 Skanska Costain STRABAG (SCS) joint venture working on the southern section of the HS2 project near Euston Station, to partner with them in an innovative trial to revolutionise the pile cropping process. Hercules provided facilities and expertise for the trials, contributing to the newly developed 'Zero-Trim' piles method, which involves sucking out excess concrete whilst still wet using a suction excavator. This technique has been successfully rolled out onto the HS2 project and received industry acclaim and media coverage.

The Zero-Trim technique has been deployed on various piling operations on the HS2 S1/S2 contract. Area East comprises of 1,700 contiguous and tension piles in the Euston Approaches of the HS2 terminal. Through the successful implementation of Zero-Trim, there are clear benefits highlighted below by SCS:

- *Health & Safety* – it is expected that over 60,000 working hours will be saved through eliminating damaging health impacts, such as HAVS, noise and dust to the workforce. The amount of re-work of pile reinforcement is also minimised, avoiding operatives entering confirmed spaces to trim down piles.
- *Environmental* – over 800,000 kg of CO_2 from the reduced over-pour, roughly equivalent to the carbon footprint of 2 million vehicle miles has been saved.
- *Project performance* – financial savings of over £370,000 have been recognised, alongside a shortening of the piling programme by 36 weeks.
- *Supply chain collaboration* – through the "One Team Approach", Hercules has enhanced its relationship and collaboration with its supply chain partners.
- *Engineering quality* – through this technique, almost 100% of the constructed piles met their cut-off level within tolerance set out by the relevant standards and specification.

Hercules has now been approached by the other HS2 section joint ventures to see how 'Zero-Trim' can be adopted on their own sites, thereby enhancing the Company's relationship with these major construction companies.

Hercules Digital

Introduction

In 2017 the Company realised that in order to keep driving the business forward it would have to make better use of technology. Recruitment in the construction industry was still overwhelmingly through traditional recruitment methods, however Hercules identified that technology could be used to disrupt, streamline and improve the supply of skilled and qualified labour.

In 2019 Hercules invested in its technology team to drive the Company's digital strategy with an initial focus on recruitment followed by HR and onboarding processes. This culminated in the release of two mobile apps, Hercules Construction Jobs and Hercules One Team. In addition, the Company has developed a web-based management portal to oversee the recruitment and onboarding process.

The digital division helps Hercules to improve business processes in its labour supply business, provide a better service to its workers and expand its offering to clients. The recruitment app, Hercules Construction Jobs, launched in October 2019 and has more than 5,300 downloads and more than 3,600 new, registered users.

The HR and onboarding app, Hercules One Team, launched in March 2021 and is already saving the Company considerable time within its HR processes.

Recruitment app – "Hercules Construction Jobs"

Hercules Construction Jobs has been developed for construction workers as a quick, simple tool to find local construction jobs matching their qualifications. The app allows workers to sign up, input their roles, experience, availability and qualifications, along with identification. Alerts can then be set, and users will receive a notification when job opportunities with Hercules aligned to their requirements are posted.

The in-app messaging platform enables users to be contacted directly when they may not be able to make calls on their phones, such as during traditional working hours, thereby enabling more flexible direct communication between users and recruitment teams.

The usability of the app, and specific criteria input by users reduces the time taken to recruit suitable candidates to projects, and ensures that the recruitment team are talking to appropriately qualified and experienced users for each role Hercules is recruiting for. As such, Hercules Construction Jobs allows for quicker deployment of workforces to clients, thereby enabling those clients to achieve efficient and effective results.

A core benefit of the app is that it facilitates the recruitment of locally based workers, a factor which is becoming increasingly important to clients of the Company as CSR and ESG agendas rise. A current Hercules project based on the A30 in Cornwall had 100 per cent. of staff located within 40 miles of the site. The use of local workers has the benefits of reducing fatigue, time spent travelling, carbon emissions and cost. Hercules Construction Jobs has helped the Company to achieve approximately 72 per cent. of its workforce to work on sites within a 40-mile radius of their home. Targeted local recruitment using the app on specific projects, such as the A30 in Cornwall, has resulted in up to 95 per cent. of workers living within a 40-mile radius of the project.

Hercules Construction Jobs also provides valuable data about the Company's pool of labour and can help Hercules make better, more informed recruitment decisions in the future. The data can identify skill gaps in the database, both locally and nationally, thereby facilitating targeted recruitment campaigns or upskilling accordingly.

HR and onboarding app – "Hercules One Team"

Hercules One Team is the Company's human resources and onboarding app. Complimenting Hercules Construction Jobs, Hercules One Team delivers a seamless onboarding experience for all workers joining the Company. Utilising the data collected during the registration and recruitment phase, the app allows users to upload copies of their Right to Work documentation, training certification and other relevant documentation, allowing the recruitment team to start and complete verification checks earlier and more efficiently by avoiding completion and transfer of paper documents and reducing human error.

The integrated e-sign feature ensures every person working for Hercules has all their contractual documentation in place before starting work and avoids the need for paperwork both through contracts and digital handbooks. Hercules One Team was developed through the eyes of the worker to help tackle industry problems.

Since its launch, 95 per cent. of individuals recruited through Hercules Construction Jobs have been onboarded through Hercules One Team.

Management portal

Both Hercules One Team and Hercules Construction Jobs are administered by the Hercules recruitment team through a web-based management portal. The integrated management portal is built around usability and customisation, allowing the recruiting team to design bespoke searches to find the specific skills they are looking for in a specific role. Searches also provide location mapping to meet increasing client requirements on using local workers on projects. Checklists are built into the portal, allowing the recruitment team to review and request the appropriate documentation required for each individual, depending on their Right to Work status.

The management portal is integrated with both apps, allowing real-time updates to a user's information which can be viewed immediately by the recruitment team. The real-time nature also allows for daily reports to be run, providing an accurate update on the breakdown of the workforce by criteria such as gender, nationality, religion or Daily Workforce Reports, showing the status of a project. Whereas historically, it may take weeks or even months to run cost and hours analysis for a project, the Hercules Digital system allows this to be done daily, allowing clients to see instantaneous costs incurred and hours worked, which can be further broken down by role or trade. This tangibly benefits Hercules' clients by showing them possible overruns to enable flexibility in the delivery of a project. It also allows for further monitoring of workers working patterns for fatigue. The portal is also integrated with financial systems, and automatically produces accurate timesheets, payroll reports and invoicing.

Productivity Monitoring Solution

Hercules is developing a solution to enable it to provide clients with real-time cost information for the workforce across their projects. This Productivity Monitoring Solution will allow clients to understand how much each structure on a project is costing them and the progress being made. The solution will use GPS monitoring and geo-fencing to record how much time a worker spends on each element of a construction project. By monitoring the structure that clients are building, Hercules will be able to report anonymous data on the labour that has been working on each area, this will allow the client to understand how much each project is costing on a daily basis. This improved visibility of cost and productivity will help clients make better strategic decisions. This solution should also benefit Hercules, as data collected will allow companies to better plan for future work and integrate with BIM (building information management) technologies for more accurate modelling of future projects.

CITB integration for qualifications/tickets

The Company is working to integrate the Construction Industry Training Board (CITB) application programming interface with the Hercules Digital offerings. This should ensure that Hercules has the most up to date information on the workforce's training and qualifications and will enable the Company to work proactively with the workforce to keep qualifications up to date.

Skills, Employment and Education (SEE) portal

There is increasing demand within the construction industry to evidence the expected improvements to the wider communities as part of the delivery of large construction projects. Hercules has observed that existing processes and procedures for the collection and reporting of this data is time consuming, inefficient and missing a significant amount of key information. This means it is difficult to accurately report and actively manage the quality of these deliverables. Hercules is working in collaboration with its client, HS2 Ltd, which has received funding to deliver a solution that centralises the processes and data around SEE and allows relevant parties to monitor commitments and easily report on progress. It is hoped that the SEE portal will aggregate data, providing real time information on the progress of all SEE activities, as well as the opportunity to measure the effectiveness and quality of the data. The Directors believe there is the potential to licence this product to other projects and clients.

The Company intends to monetise Hercules Digital by licensing it to third parties to allow them to create specialist data management portals to provide and interpret data, in the same way as the SEE portal is being developed for HS2. There is potential to monetise white label digital tools for major projects in other industries and develop further digital solutions, such as productivity monitoring tools.

Future projects

Hercules Digital will provide growth opportunities for the Company as it develops new solutions for the construction industry. Planned projects include further integration of worker data into both Hercules Construction Jobs and Hercules One Team, and the potential licencing of new digital apps, along with improved mapping and searching functionality of users for the recruitment team.

The Directors believe that Hercules Digital products have the potential to be 'off the shelf' or white-label products, available for purchase and licensing for recruitment and onboarding across other industries. Using Hercules' experience and developments as a base, Hercules Digital products can be tailored specifically for individual customer requirements, depending on the key attributes they are looking for in a recruitment and onboarding process. Hercules already works with clients to understand their systems and processes and in order to facilitate the integration of Hercules' digital services. This flexibility is built into the web-based management portal and is easily integrated with external systems through APIs as it has been built with open architecture.

Mobile Health Screening Trailer

The Company owns a bespoke, fully equipped mobile health screening trailer, which can be deployed anywhere across the country and is staffed by SEQOHS-certified healthcare professionals to assist on-site works in a variety of health and wellbeing areas.

The trailer has been deployed to provide a range of medical services, including vision and hearing tests, safety critical medicals, heart and blood pressure testing and lung function testing to on-site operatives. The medical screening facility also provides mental health support, discreet monitoring of modern slavery related issues and a platform for raising awareness of health, safety and wellbeing issues to workers.

The health screening trailer provides a number of advantages to site workers, including faster turnaround for medical certificates, increased awareness of health and safety matters, reduction in downtime away from sites for General Practitioner visits and reduced carbon emissions. The trailer can also be utilised for project initiatives, such as in 2019 and 2020 where Hercules was offering flu vaccinations to the workforce. The trailer offers numerous opportunities to roll out further immunisation and testing campaigns through its mobility and flexibility.

The Directors believe there is potential to monetise their mobile health screening and wellbeing services.

One Solution

Hercules' strategy is to fill the gap in the market to provide a 'one stop shop' for infrastructure services. Through the Labour Supply, Civil Projects, Specialist Plant Hire and Digital divisions working as one, the Company can cross sell and take advantage of the efficiencies of a complete service provider.

Hercules has previously utilised its cross-division offerings at the M4 Junction 3 to 13 Smart Motorway Project for the Balfour Beatty Vinci joint venture, involving the Civil Projects team, Labour Supply division, including the use of Hercules Digital apps, plus the use of the Company's own suction excavators to deliver the project.

b. ***Top customers***

Hercules has built a strong, blue-chip customer base, and is proud to be working with many of the customers it has won since the business began trading in 2008 and also partnering with some of the UK's leading construction contractors.

The Company's top clients by revenue for each of the two years and six months ended 31 March 2021 (approximate percentages) are shown below.

Customer	*Year to 30 September 2019 %*	*Year to 30 September 2020 %*	*Six months to 31 March 2021 %*
Balfour Beatty/Vinci JV	9	26	29
Balfour Beatty Construction Services	5	6	15
Kier Integrated Services	–	2	9
Costain Limited (Eight2O)	13	18	9
Hochtief UK Construction	8	6	5
Galliford Try Infrastructure	4	8	5
Costain/Skanksa A14 JV	13	7	–
Costain Oil Gas & Process	23	3	–

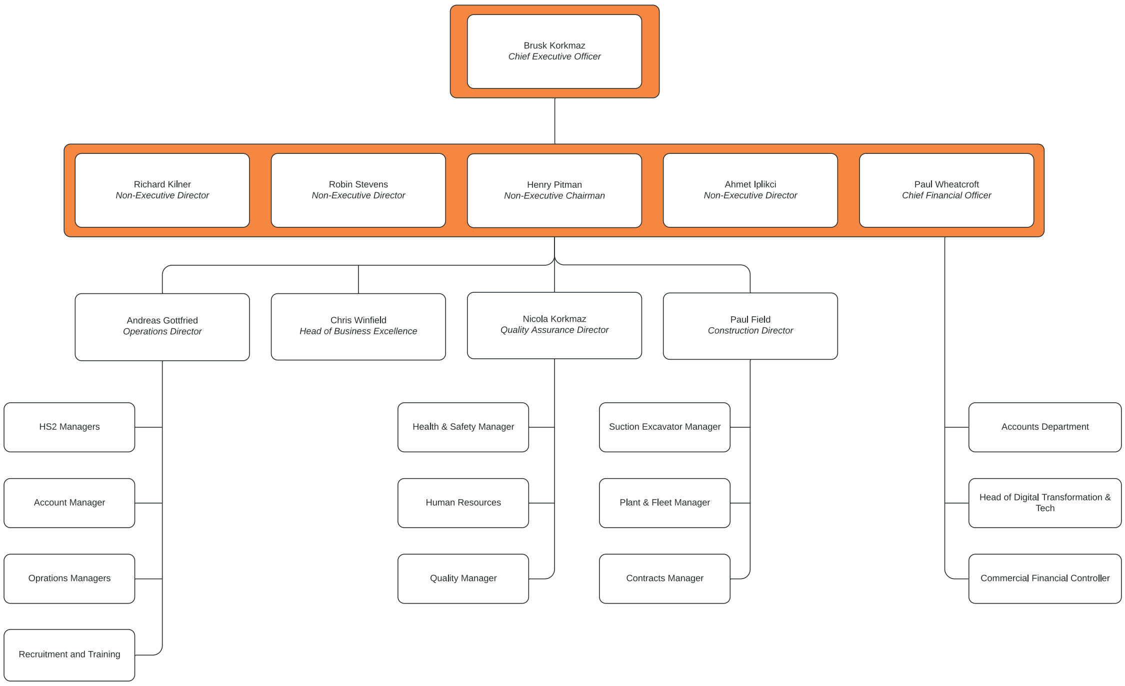
c. ***Operations***

Premises

The Company operates from modern offices in South Cerney near Cirencester in Gloucestershire, UK, fitted with LED lighting and smart technologies to minimise energy consumption. The Company also leases storage space at the nearby Sunhill Operating Centre in order to store machinery when not in use. Both sites are leased by the Company from Hercules Real Estate.

Management structure

The management of the Company is structured as below:



Employees

As at 30 September 2021, there were 585 people employed by the Company and also working on its projects. The table below sets out the monthly mix of labour supply for the Company, including Directors.

		Month	
	September 2020	*March 2021*	*September 2021*
Monthly PAYE	43	54	70
Weekly PAYE	123	99	100
Subcontractors (CIS contractors)	292	339	415
Total	458	492	585

In order to staff the projects undertaken by the Company, of which most are day works, i.e. the supply of labour to clients on a daily basis, and therefore flexible in nature, the Company utilises CIS contractors as well as their own employees in order to flex cost of sales. CIS contractors are temporary workers in the construction industry that move from project to project.

The average employee numbers for each of the years covered by the financial information are as follows:

		Year ended 30 September	
	2018	*2019*	*2020*
Total	60	172	181

d. ***Health and safety***

The Company has developed a strong culture of health and safety throughout the business. Health and safety issues are discussed regularly at operational board level as well as at regular on-site meetings. The Company holds the British Assessment Bureau ISO 45001 Occupational Health and Safety accreditation.

Hercules carried out 22 health, safety, quality and environmental internal audits in the year to 30 September 2020. External audits have been carried out by third party accreditation bodies that confirm that the Company's occupational, quality and environmental health safety management systems have met the required criteria and standards.

In 2020, the Company recorded a RIDDOR (reporting of injuries, diseases and dangerous occurrences) rate of 0 per 1,000 employees, well below the estimated UK construction industry average of 330 per 100,000 workers, based on Health and Safety Executive data.

e. ***Accreditations and awards***

Accreditations

Hercules has links and associations with a number of construction accreditation organisations, demonstrating its commitment to high standards across the Company. Hercules is accredited with the following:

- British Assessment Bureau ISO 9001:2015 Quality Management Systems
- British Assessment Bureau ISO 45001:2018 Occupational Health and Safety
- British Assessment Bureau ISO14001:2015 Environmental Management Standard
- Railway Industry Supplier Qualification Scheme (RISQS)
- Achilles UVDB Category B2
- Contractors Health and Safety Assessment Scheme (CHAS) Accredited Contractor
- Contructionline Platinum (CAS) Accreditation
- Fleet Operator Recognition Scheme (FORS) Silver for their Plant and Fleet division
- Safety Schemes in Procurement (SSIP) Member
- CIRAS Confidential Reporting for Safety Membership
- Builders Profile membership
- Cyber Essentials Scheme Certification
- Acclaim Accreditation
- BRE Global Verified ELS BES 6002: Issue 2 Accreditation

The Company is also one of the few labour suppliers in the country to have achieved the BES 6002 Ethical Labour Sourcing accreditation, demonstrating the Company's commitment to eliminating trafficking or modern slavery from the supply chain. In addition, the Company currently holds a 4.5 star rating with the Considerate Constructors Scheme, winning their Bronze National Company Award in 2020 after only one year of verification. The Considerate Constructors Scheme confirmed, for this award Hercules have "shown the highest levels of consideration towards the public, its workforce and the environment through adhering to the Scheme's Code of Considerate Practice. Hercules Site Services Ltd has played a fundamental role in raising standards in construction and is a credit to the industry."

Awards

Hercules was named winner of the Innovation Award for increased and sustained productivity and growth. The Innovation Award demonstrates an organisation's confidence, capacity and appetite for improved performance and productivity gains. The Company was recognised with the Innovation Award for its unique Mobile Recruitment app.

Hercules was also named SME of the Year at the Constructing Excellence Awards 2020, where it was recognised that "SMEs are the backbone of the industry and Hercules Site Services was recognised by Constructing Excellence for their dominance of and contribution to the supply chain."

Further, Hercules was named a Sunday Times Fast Track 100 Finalist in 2020 for private companies with the fastest growing sales over the past three years and, in 2019 the Company won the Engaging Employees with Better Digital Connectivity award at the 2019 O2 Blue Door Awards.

Hercules has also been recognised with a number of client awards, such as the "Being Leading Edge Award" by Costain in 2020. Richard Howell, Head of Supply Chain at Costain stated that "Hercules are a truly inspirational SME who have been exceptional in providing amazing support to our Highways, Water and Rail sectors… They lead by example with their recognition of people being their greatest asset and have appointed a dedicated lead for Innovation and Technology. They have digitised their recruitment app which has allowed them to address the key areas of mental health, fatigue identification, wellbeing, and upskilling. They have assisted Costain with achieving social value targets and provide better quality data to improve decision making. All this is recognised by the high number of Costain Blue standard reports achieved over the last two years". Additionally, Hercules was awarded the "Supply Chain Award for Delivery" by Balfour Beatty in 2020 and "Innovation of the Year Award" from Highways England as part of the A14 integrated labour team.

f. ***Social value***

In the last two years, Hercules has formed strategic working groups around CSR, Mental Health, Carbon Management, Fairness, Inclusion and Respect, giving the Company the capability to develop new ways of creating social value initiatives, while monitoring and measuring actions and progress through statistical analysis.

In December 2020 Hercules was presented with the "Delivery Award" for work across a number of sites in partnership with Balfour Beatty, noting the Company's contribution to social value and corporate social responsibility. On the A2 project with Balfour Beatty, Hercules has delivered over £220k of social value and over £4 million on the M4 project. The social value total includes using local labour, apprenticeships, health and wellbeing programmes carbon emission reductions and local charity work.

Hercules also developed and produced a podcast, *The Hercules Podcast*, which provides a mix of construction industry related news and special guest interviews that provide listeners with insights across the sector. These podcasts have also been used to promote interest in the industry to the next generation. Guest speakers have discussed topics such as the employment of ex-offenders, unemployed workers, ex-military and women into construction, as well as mental health.

g. ***Modern Slavery***

Hercules is committed to eradicating modern slavery in the construction industry and has processes in place to actively try to identify any risks of modern slavery within the Company and supply chain. Hercules' Business Partnership with the Stronger Together scheme delivers regular training to employees on the subject "Tackling Modern Slavery in the Construction Industry" and the Company's Modern Slavery Working Group meets quarterly and has defined terms of reference, a clear written scope, mission statement and key performance indicators. Each member of the working group has a specific role and set of responsibilities and together they work to increase awareness of modern slavery across the Company, carrying out inspections onsite and in the database.

5. Markets and Competition

Demand for the labour supply, civils project delivery, and suction excavator hire offered by the Company is driven by activity in the construction industry and UK infrastructure sector in particular. The level of activity in the UK infrastructure sector is closely related to national and local governmental policy and investment. Consequently, levels of UK infrastructure construction vary over time. The Directors believe that the Company's wide range of services and diverse customer base reduce the Company's exposure to short term changes in market conditions in the sector.

The impact of the UK's exit from the European Union

The UK's exit from the European Union ("Brexit") has contributed to pressures on labour supply in the construction industry through emigration of EU nationals out of the UK and greater restrictions on the movement of non-UK nationals into the UK. Prior to Brexit, non-UK nationals made up c.8 per cent. of the construction industry workforce. Following Brexit, the number of EU nationals leaving the UK has increased and this trend is reflected across the construction industry. In 2020 the number of EU-born workers declined up to four times faster than the overall decline in total employment in construction. Shortages are more acute in certain regions: in London in the period 2017-20 the proportion of EU nationals in the construction workforce fell by 54 per cent. The reduction in labour supply is compounded by the pressures created by the demand for labour driven by significant government investment in infrastructure. The Directors believe that a reduced pool of labour and increased restrictions on the movement of labour into the UK increase the need for agile labour provision and "upskilling" of workers.

The impact of COVID-19

The ongoing challenges of the COVID-19 pandemic in 2020-21 have had a significant impact on the UK construction industry. Additional health and safety concerns and supply chain difficulties generated by the pandemic contributed to a marked downturn in productivity within the construction industry in 2020. However, the industry has shown strong signs of recovery across all sectors with infrastructure proving particularly resilient. By January 2021, infrastructure was the only sector where the level of work had recovered above February 2020 pre-pandemic levels, growing by 8 per cent. The Directors anticipate continued growth alongside significant investment in infrastructure as outlined by the UK Government.

The COVID-19 pandemic has also placed unprecedented pressures on labour supply in the UK construction industry. The UK Government announced the Coronavirus Job Retention Scheme in March 2020 to support employers who cannot maintain their current workforce because their operations have been affected by coronavirus. 3.4 million jobs were on furlough through the Coronavirus Job Retention Scheme (CJRS) as at 30 April 2021, including over 160,000 construction industry staff. Labour supply is also under pressure from staff self-isolation following actual or possible close contact with a positive coronavirus case. The Directors believe that these pressures increase the need for flexible provision of skilled labour in the construction industry with quick turnaround times in order to rapidly meet unexpected and changing staff shortages.

UK Infrastructure Market – Overview

Infrastructure may be defined as the "economic arteries and veins; roads, ports, railways, airports, power lines, pipes and wires that enable people, goods, commodities, water, energy and information to move about efficiently." The Organisation for Economic Cooperation and Development's (OECD) 2015 UK Economic Survey identified UK infrastructure as an area of historic under-investment, however recent policy changes are attempting to address the shortfall. The UK Government's 2021 National Infrastructure and Construction Pipeline sets out nearly £650 billion of public and private investment in infrastructure over the next ten years, supporting 425,000 jobs annually on average over the period 2021/22 to 2024/25.

UK Infrastructure Market – Government investment

The UK Government outlined plans in Budget 2020 for a significant increase in investment in infrastructure. In November 2020, the Government published the National Infrastructure Strategy (NIS) stating the Government's plans for delivering "a radical improvement to the quality of the UK's infrastructure". This was followed by the National Infrastructure and Construction Pipeline 2021, setting out around £650 billion of planned investment in UK infrastructure, of which over £200 billion will occur by 2024/25.

Transport

The government has committed over £22 billion of investment in HS2, the flagship transport project connecting northern and southern England via high-speed rail. HS2 supports over 15,000 skilled jobs and apprenticeships through contracts with over 2,100 companies. The Department for Transport forecasts that one third of the jobs supported within construction occupations during Phases One and 2a of the HS2 project will require high levels of skills, defined as at least degree-level or equivalent (NVQ4+). Beyond HS2, the NIS also outlines investment in the existing rail network. Over the remainder of Network Rail's 5-year settlement – Control Period 6 – the government will invest £17.5 billion to renew and upgrade the railway system.

The government has also committed over £27 billion to investment in strategic roads, including the A66 between Penrith and Scotch Corner, Lower Thames Crossing, and the A303 Stonehenge, supporting up to 64,000 jobs in the construction industry.

Energy

Investment in energy infrastructure as laid out in the NIS around renewable energy generation and the UK government's pledge of net zero emissions by 2050. Key investments include up to £525 million to bring forward developments in nuclear power including the new Hinkley Point C nuclear power plant, resulting in the creation or retention of over 11,000 jobs thus far with a target of 71,000 jobs created or safeguarded in total over the lifetime of the project.

Utilities

A significant proportion of all investment in utilities is private rather than public. Private investment in utilities has been strong over the past decade: c.£6-8 billion a year for telecoms, c.£10-13 billion a year in energy generation and networks, and c.£4-5 billion a year for water. Continued strong investment will be required to meet government targets for decarbonisation.

However, the NIS identifies targets some utilities for significant public investment. The government has committed £5 billion to the roll-out of gigabit broadband, 4G and 5G mobile coverage across the UK. There is also continuing support for water supply, an area dominated by private utility companies such as Thames Water. The Environment Agency has committed in its National Framework for water resources to support water companies to increase the resilience of national water supply. At Price Review 2019, Ofwat agreed up to £469 million of funding for water companies between 2020 and 2025 to progress work on new strategic water resource and transfer infrastructure.

The Directors believe that investment across all three areas of transport, energy, and utilities show increasing innovation and modernisation in UK infrastructure that requires innovative project delivery, specialist plant and large numbers of highly skilled blue-collar labour. This presents a significant market opportunity for the Company that is compounded by demographic change and the UK's exit from the European Union. Of the recent UK construction workforce, 32 per cent. are aged over 50, with a further 58 per cent. aged between 25 and 49 while only 10 per cent. are under 25. Industry growth and an ageing workforce will increase labour market pressure as skilled construction staff reach retirement age. The UK's exit from the European Union will place further pressure on the supply of blue-collar labour through greater restrictions on the movement of workers into and out of the UK.

The Directors believe that the Company's digital recruitment and onboarding tools, integrated project delivery and specialist plant hire will allow it to identify gaps in the changing UK infrastructure market, positioning Hercules to meet the increasingly specialised requirements of clients.

The Directors believe that the Company has a compelling and growing market opportunity.

Competition

A summary of Hercules' principal competitors is set out below.

VGC Group Limited: supplies labour to UK infrastructure contractors. VGC Group Limited has supplied labour to major UK infrastructure works including projects to which Hercules also supplies labour, such as HS2 and the M4 Smart Motorway project.

The Danny Sullivan Group Limited: supplies labour to several of the UK's largest infrastructure projects, including every section of HS2. Danny Sullivan Group utilises a range of recruitment techniques, including working in partnership with charities, prisons and other organisations to provide employment opportunities to under-represented groups. The Danny Sullivan Group also utilises a mobile application in order to share information with its employees.

Fortel Services Ltd: supplies agency labour, tradespeople and professionals to the UK construction industry including major infrastructure projects. Fortel utilises staff and payroll management technology to manage and deploy labour as required.

Reliable Contractors Limited: supplies labour to UK infrastructure projects. Recent works include development on the M27 junctions, Hinkley Point C Site preparation and Thames Tideway project.

McGinley Support Services (Infrastructure) Limited: provide labour for companies in the infrastructure sector in the UK, including supplying Network Rail's CP6 Frontline labour contract.

Given the broad and highly specialised nature of the services offered by Hercules, the Directors believe that the competitive landscape is fragmented. The Directors believe that the Company's use of its apps represents a significant operational advantage through greater efficiency, specificity, and flexibility. The Company's Hercules Construction Jobs and Hercules One Team apps are bespoke products offered as an alternative to traditional methods of labour recruitment and contracting, like those used by the Company's principal competitors. The Company is not aware of any competing product that includes all aspects of the application process within a single digital platform. Furthermore, Hercules differentiates itself from competitors through the range of offerings: labour supply, civil project delivery and specialist plant hire.

6. Growth Strategy

The Directors believe the Company will achieve growth through a variety of strategies as follows:

- Hercules will continue to grow organically increasing its levels of business from existing clients and to win new clients in existing markets. The Directors believe that the Company's framework agreements with some of the UK's largest construction companies positions it well to capitalise on the expected increase in infrastructure spending in the coming years.
- The Company will also continue to seek to cross-sell and expand the variety of services it offers to its existing customer base of blue-chip construction companies.
- The Directors plan to expand their labour supply business significantly through using the Company's apps and comprehensive database of workers to enable it to win mandates to fill the anticipated 217,000 roles that will be needed to support the growth in the UK construction industry to 2025. The Company also plans to further develop its digital offering to create specialist data management portals for clients, such as the SEE Portal being developed with HS2, to provide real-time data analytics and meet specific project requirements, which will further differentiate the Company from competitors.
- The Company has ordered an additional eleven suction excavators which will take its fleet to 20. The hire-out of these units is expected to see significant growth as a result of high demand from customers adopting this method of excavation. The Company's involvement in the development of the 'Zero-Trim' piling process also provides further opportunities for the Company to participate in new and existing infrastructure projects.
- The Directors believe that Hercules Digital provides strong growth potential. Hercules plans to explore licensing opportunities and also the creation of bespoke opportunities for third parties for the digital apps in other sectors.
- In the medium term, the Company has plans to launch a training academy which will reduce expensive external training costs and ensure better control of quality across its workforce. It will also enable the Company to provide additional training to upskill workers to enable them to fulfil other roles on construction sites. In addition to providing training to the Company's pool of skilled labour, the training academy will also be able to provide specific training to clients.
- The Company will look to broaden and enhance its capabilities and accelerate its growth profile through targeted acquisitions. The Directors believe there are opportunities to pursue acquisitions that would allow the Company to broaden its capabilities, accelerate growth and enhance core offerings for further cross-selling opportunities.

7. Directors and Senior Management

Directors

The Board is comprised of two Executive Directors and four Non-Executive Directors.

Henry John Pitman (aged 59), *Non-Executive Chairman*
Henry Pitman has 30 years' experience of building businesses in the UK and Africa. He is the current Executive Chairman of OPTIMISM Health Group and co-founder of African Century Group, an African investment group. Previously, he was founder and CEO at Tribal Group plc and a Non-Executive Director at Grainger plc. Mr Pitman took Tribal Group plc from a start-up to a business with over £200 million of revenues and 2,000 staff. During this time, Tribal Group plc made over 40 acquisitions.

Brusk Kivilcim Korkmaz (aged 42), *Chief Executive Officer*
Brusk Korkmaz has worked in the construction industry for 20 years. Prior to founding Hercules in 2008, he held positions with MJ Gleeson, Black and Veatch and Hochtief UK, gaining experience across a range of civil engineering projects and labour supply for various sectors, including highways, rail, water industry and utilities. He is a member of the Institute of Civil Engineers and holds a BEng Honours Degree from University College London.

Paul David Wheatcroft (aged 62), *Chief Financial Officer*
Paul Wheatcroft has spent 25 years as a Finance Director working in a number of industry sectors including construction, building materials, energy, wholesale, manufacturing. He joined the Company in February 2020 and brings with him significant business experience in M&A, raising finance and financial management. Previously, Paul was Finance Director in three subsidiaries of Hanson PLC for over 13 years, and Group Finance Director of Ecotricity Group, a green energy company for eight years, responsible in all these roles for financial, legal, HR and IT matters. Paul is a Fellow of the Chartered Institute of Management Accountants.

Ahmet Iplikci (aged 51), *Non-Executive Director*
Ahmet Iplikci is currently a strategic board member at Banco Finantia, a Portuguese bank, and a partner at Noctua Partners Europe Limited, a multi-family office with offices in Miami, New York and London. He also sits on the advisory boards of British Chamber of Commerce in Turkey, Fuel Ventures, an early-stage venture capital firm in the UK, and Privcorp Private Equity that invests in Emerging and Frontier markets. Ahmet was a Senior Adviser to the Turkish Prime Minister's Office Investment Agency from 2010 to 2014 and Senior Adviser to the Kazakh Invest National Company JSC from 2018 to 2020.

Richard Anthony Kilner (aged 65), *Independent Non-Executive Director*
Richard Kilner is a chartered civil engineer and a member of the Institution of Civil Engineers. Educated in South Africa, he has a B.Sc. degree in civil engineering. He has held a number of senior positions in construction and private equity and also has specific experience of property development, business process outsourcing and healthcare. He was a partner at 3i Group plc where he was involved in significant investments in Asia, the USA and Europe. Richard also spent five years (including a year as acting Chairman) as a Non-Executive Director of University Hospitals of Leicester NHS Trust. Richard is currently Non-Executive Director of AIM-listed Nexus Infrastructure plc.

Robin Stevens (aged 68), *Independent Non-Executive Director*
Robin Stevens is a Chartered Accountant and is Head of Capital Markets at MHA MacIntyre Hudson LLP, the UK member firm of Baker Tilly International. He was formerly an audit and corporate finance partner, and Head of Capital Markets, of Crowe UK LLP, having held senior corporate finance and audit partner positions with Mazars LLP and MRI Moores Rowland LLP. Robin has had an extensive career in corporate finance including corporate advisory and reporting assignments, raising capital, management buyouts, capital reconstructions, and pre-flotation planning. He has also advised on acquisitions and disposals by public and private companies as well as many IPOs and secondary offerings in the UK and overseas. Robin is currently Non-Executive Chairman at AIM-listed Vector Capital plc.

Senior management team

The Company's senior management team is comprised of the two Executive Directors and the following Senior Management.

Nicola Korkmaz, *Quality Assurance Director*
Nicola Korkmaz has a broad experience of Quality Assurance and is an IRCA Certified Lead Auditor. She has been with the Company since its formation in 2008, working in and developing every department within the business. Nicola created Hercules' Business Management System, which has resulted in the Company gaining numerous accreditations. Nicola is married to Brusk Korkmaz.

Paul Field*, Construction Director*
Paul Field joined Hercules in 2014 as Construction Director, responsible for managing the Civil Projects division through a period of significant growth. He previously held senior positions with Wilmott Dixon and MJ Gleeson, gaining extensive experience across a variety of sectors. Paul is a Chartered Member of the Institute of Civil Engineers, BEng CEng MICE.

Andreas Gottfried, *Operations Director*
Andreas Gottfried has held business development and sales director roles for the past 20 years. Andreas joined Hercules and the construction industry in October 2019, having previously worked in the technology sector, focusing on digital transformation and process improvement. Since joining Hercules, Andreas has helped the Company to secure a number of new major clients and projects, as well as helped to set up the specialist plant hire division.

Howard Tingay, *Commercial Manager*
Howard joined Hercules in April 2015, and oversees all of the Company's major commercial and contractual areas, tenders and quoting for the Company's civils projects as well as being actively involved with strategic planning of the business. Howard has previously held Surveyor roles with Wilmott Dixon Construction, Benson Ltd and Moss Construction.

Chris Winfield, *Head of Business Excellence*
Chris Winfield has over 10 years' recruitment experience across digital marketing, ecommerce and construction. Chris works closely with the Company's clients and internal teams to drive recruitment strategies on major projects across the country including new framework agreements with Skanska and Balfour Beatty, while also having responsibility for creating positive social value outcomes for client projects.

Ed Horner, *Head of Digital and Technology*
Ed Horner joined Hercules in November 2019 as Digital Transformation Manager, working on the delivery of the Hercules digital applications and personnel management system. Ed has previously held digital management roles with Lloyds Banking Group, Nationwide Building Society and London & Capital.

Wayne Philips, *Suction Excavator Business Manager*
Wayne Phillips has over 15 years' experience in a variety of different businesses and roles, including technology, procurement, purchasing and accounts. Wayne joined Hercules in March 2015 as part of the accounting and technology team and oversaw the digitisation of the Company's central business systems and delivery of the Hercules mobile app.

8. Corporate Governance

The Directors recognise the importance of sound corporate governance and intend, given the Company's size and constitution of the Board, to adopt and fully comply with the principles set out in the QCA Code. The QCA Code was devised by the QCA, in conjunction with a number of significant institutional small company investors as an alternative corporate finance code applicable to AIM companies. It has become a widely recognised benchmark for corporate governance of small and medium-sized quoted companies, particularly AIM companies.

Upon Admission, and in compliance with the recommendations of the QCA Code, the Board will comprise six Directors, two of whom will be Executive Directors and four of whom are Non-Executive Directors, reflecting a blend of different experiences and backgrounds as described in paragraph 7 of Part I of this document. The Directors believe that the composition of the Board brings a desirable range of skills, diversity and experience considering the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual or small group of individuals can dominate the Board's decision making. Richard Kilner and Robin Stevens are considered to be independent.

The Board intends to meet regularly to review, formulate and approve the Company's strategy, budgets and corporate actions and oversee the Company's progress towards its goals. The Company has established an Audit Committee, a Nomination Committee and a Remuneration Committee, each with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit Committee

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee will meet not less than three times in each financial year and will have unrestricted access to the Company's external auditors. The members of the Audit Committee shall include Non-Executive Directors. The Audit Committee comprises Robin Stevens (as Chair), Richard Kilner and Henry Pitman.

Remuneration Committee

The Remuneration Committee will review the performance of the Executive Directors, chairman of the Board and senior management of the Company and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The members of the Remuneration Committee shall include two Non-Executive Directors. The Remuneration Committee comprises Richard Kilner (as Chair), Robin Stevens and Ahmet Iplikci.

Nomination Committee

The Nomination Committee will lead the process for board appointments and make recommendations to the Board. The Nomination Committee will evaluate the balance of skills, experience, independence, and knowledge on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee will meet as and when necessary, but at least once each year. The Nomination Committee comprises Ahmet Iplikci (as Chair) and Henry Pitman.

Relationship Agreement

The Company has entered into a relationship agreement dated 31 January 2022 with Hercules Real Estate pursuant to which the Company and Hercules Real Estate agree to regulate aspects of the continuing relationship between them. In particular, Hercules Real Estate has agreed to ensure that the Company is capable at all times of carrying on its business independently of it (together with any associates and/or persons with whom it is acting in concert) and that transactions between the parties are on arm's length terms and on a normal commercial basis. Further information on the relationship agreement can be found in paragraph 11.8 of Part V of this Document.

9. Summary Financial Information

Part III of this Document contains audited historical financial information of the Company for the three years ended 30 September 2020. Part IV of this Document contains unaudited historical financial information of the Company for the six-month period ended 31 March 2021.

The following financial information has been derived from the financial information contained in Part III and Part IV of this Document and should be read in conjunction with the full text of this Document. Investors should not rely solely on the summarised information.

	Six months ended March 2021	*Year ended 30 September*		
		2020	*2019*	*2018*
	£000	£000	£000	£000
Revenue	14,048	22,904	30,700	19,870
Cost of sales	(11,549)	(18,650)	(26,137)	(16,653)
Gross profit	2,499	4,254	4,563	3,217
Other operating income	156	396	34	1
Administrative expenses	(1,701)	(3,701)	(3,158)	(2,211)
Exceptional costs	(58)	–	–	–
Operating profit	896	949	1,439	1,007
Fair value (losses)/gains	(51)	79	55	(10)
Finance income	–	15	2	2
Finance costs	(102)	(81)	(30)	(30)
Profit before taxation	743	962	1,466	969
Income tax	(313)	(210)	389	(182)
Profit for the period	430	752	1,855	787

10. Current Trading and Prospects

There has been no significant change to the financial position or financial performance of the Company since 31 March 2021, being the date to which the Unaudited Interim Financial Information in Part IV of this Document has been prepared. Trading for the period from 31 March 2021 to the date of this Document has been positive and was consistent with the Directors' expectations. Unaudited management information for the year ended 30 September 2021 shows revenue of approximately £32.8 million. However, one of the Company's clients, NMCN, went into administration in early October 2021. The Company is owed £588k for work undertaken for the water supply division of NMCN between July and September 2021. This part of NMCN's business has been purchased (assets and some liabilities) by Galliford Try plc which is also a client of the Company. The Company is in contact with both the administrator and Galliford Try plc, but the degree to which some, or any, of this debt is recoverable is uncertain, and likely to remain so until the administrator's work has progressed.

11. Incentive Scheme and Share Awards

The Directors believe that the success of the Company will depend to a significant degree on the performance of the Company's senior management team. The Directors also recognise the importance of ensuring that directors and employees of the Company are appropriately and properly motivated and rewarded.

Accordingly, the Company has established a share option scheme and has granted, as at Admission, options that represent 5 per cent. of the Enlarged Issued Share Capital. Further eligible persons may be invited to participate in the New Scheme in the future at the discretion of the Remuneration Committee. The New Scheme will be limited in total to 10 per cent. of the Company's Shares from time to time, in line with market standard practices. The terms of such options shall be determined at the time of each grant, including in relation to any relevant vesting and/or performance conditions. Further details on the New Scheme are included in paragraph 4 of Part V of this Document.

12. Dividend Policy

The Board intends to adopt a progressive dividend policy for the Company from Admission, which will seek to maximise Shareholder value and reflect the Company's strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and invest in the Company's long-term growth. The Company expects to declare its first such dividend following the notification of its results for the year ended 30 September 2021. The Board intends to target an aggregate dividend of approximately 3.5 per cent. of the value of the Shares not held by Hercules Real Estate at Admission at the Placing Price. This is a target only and is not a profit forecast and there is no guarantee that the target will be met. Hercules Real Estate has waived its entitlement to both this initial dividend as well as the dividend following the notification of the Company's results for the year ended 30 September 2022. The Board may revise the dividend policy from time to time.

13. The Placing Agreement

The Placing Shares will represent approximately 25.4 per cent. of the Enlarged Share Capital upon Admission. The Selling Shareholder has agreed to sell 7,920,792 Existing Shares at the Placing Price which will be placed with investors by SP Angel. In addition, the Company will issue 6,990,415 New Shares pursuant to the Placing which will be placed with new investors by SP Angel at the Placing Price. Pursuant to the Placing Agreement, SP Angel agreed to use reasonable endeavours to procure purchasers and subscribers for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company, the Directors and the Selling Shareholder have given certain warranties and the Company has given an indemnity to SP Angel, all of which are in customary form.

14. Reasons for Admission to AIM, details of the Placing, Subscription and Use of Proceeds

The Directors believe that Admission will position the Company for its next stage of development, including further raising the profile of the Company, incentivising employees and providing the Company with a well-funded platform for future growth. Admission will also enable the Selling Shareholder to realise part of its investment in the Company and create a liquid market in the Shares for existing and future shareholders.

The Placing, which is not being underwritten, is conditional, *inter alia*, upon the Placing Agreement becoming unconditional and having not been terminated in accordance with its terms prior to Admission and Admission becoming effective not later than 4 February 2022, or such date as SP Angel and the Company may agree, being not later than 28 February 2022. The New Shares will rank *pari passu* in all respects with the Existing Shares including the right to receive all dividends and other distributions declared, paid or made after the date of issue. Further details on the Placing Agreement are set out in paragraph 11.4 of Part V of this Document.

The Company has received a direct subscription for the Subscription Shares from Bosphorus at the Placing Price pursuant to the terms of the Subscription Letter. The Subscription Shares will be issued at Admission.

The Company will receive approximately £4.0 million of the net proceeds from the Offers (after deducting commissions, other estimated offering-related fees and other related expenses incurred by the Company of approximately £1.3 million).

The Company intends to use the net proceeds from the Offers as follows:

- £2.0 million as working capital for the Company, including the labour ramp-up for HS2 and suction excavator fleet, training and upskilling costs, and enhancements and expansion of the digital division;
- £500,000 as 10 per cent. contribution towards the eleven suction excavators due to be delivered from February 2022 onwards; and
- £200,000 for transportation investment for HS2 and ancillary suction excavator vans.

The Company will not receive any of the proceeds from the sale of Existing Shares (approximately £4.0 million) by the Selling Shareholder.

15. The Retail Offer

The Retail Offer was arranged by PrimaryBid through the PrimaryBid platform (https://primarybid.com and mobile app) and the other terms and conditions of the Retail Offer were made available to PrimaryBid Offerees on the PrimaryBid platform. The maximum amount (before expenses) which could have been raised pursuant to the Retail Offer was limited to the pound sterling equivalent of €8 million.

PrimaryBid Offerees had to apply for a minimum investment of £500. Applications were only allowed to be made in pounds sterling, via the PrimaryBid platform; albeit the Company did reserves the right (at its absolute discretion) to accept applications made by other means. The latest time for submission of an application in the Retail Offer was 2.00 p.m. on 25 January 2022 (or such later time and/or date as the Company determined). PrimaryBid Offerees who applied for PrimaryBid Shares were asked to note that any such subscription or purchase by them of PrimaryBid Shares was made only on the basis of the information contained in this Document and that applications in the Retail Offer could not be withdrawn by them. No fractional entitlements to PrimaryBid Shares were allocated. Applications in the Retail Offer will be settled on or shortly after Admission. In the event that Admission has not occurred by 8.00 a.m. on 28 February 2022, all applications in the Retail Offer will automatically lapse.

As the arranger of the Retail Offer, PrimaryBid will be paid a commission by the Company on the proceeds from the Retail Offer. The principal terms of PrimaryBid's appointment are summarised in paragraph 11.5 of Part V of this document.

The Retail Offer has raised approximately £0.32 million for the Company (before commission and expenses). The PrimaryBid Shares issued under the Retail Offer will represent approximately 1.1 per cent. of the Enlarged Share Capital on Admission. The PrimaryBid Shares will be issued credited as fully paid and will, when issued, rank pari passu in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared paid or made after Admission.

16. Lock-in and Orderly Market Arrangements

In addition to the Placing Agreement, the Selling Shareholder has entered into a lock-in agreement deed whereby it has agreed with the Company and SP Angel not to dispose of any interest in its Shares for the period of 12 months commencing from the date of Admission. In addition, Hercules Real Estate has further undertaken that it will be subject to orderly market arrangements during the following twelve months after the initial one-year lock-in period.

Bosphorus and Mr Iplikci have also each entered into a lock-in agreement, pursuant to which Bosphorus and Mr Iplikci have undertaken not to sell or otherwise dispose of, 486,277 Shares of their respective holdings of Shares for a period of twelve months commencing on the date of Admission. In addition, both parties have undertaken that they will be subject to three months lock-in following Admission in respect of a further 243,138 Shares in aggregate.

Further details on the lock-in agreements deed are set out in paragraphs 11.9, 11.10 and 11.11 of Part V of this Document.

17. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all of the Shares, issued and to be issued pursuant to the Offers, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the Shares at 8.00 a.m. on 4 February 2022.

No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at their direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Company has applied for the Shares to be admitted to CREST and it is expected that the Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a "system member" (as defined in the CREST Regulations) in relation to CREST. Dealings in advance of crediting of the relevant CREST account(s) shall be at the sole risk of the persons concerned.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

18. Share Dealing Code

The Company has adopted a share dealing policy regulating trading and confidentiality of inside information for persons discharging managerial responsibility and persons closely associated with them which contains provisions appropriate for a company whose shares are admitted to trading on AIM and which complies with the Market Abuse Regulation (596/2014/EU) as it forms part of UK domestic law. The Company takes all reasonable steps to ensure compliance by PDMRs and any other employees with the terms of that share dealing policy.

19. The Takeover Code

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of interests in Shares were to increase the aggregate holding of the acquiror, and any persons with whom it is acting in concert, to interests in Shares carrying 30 per cent. or more of the voting rights in the Company, the acquiror and, depending on the circumstances, any persons with whom it is acting in concert, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Shares at a price not less than the highest price paid for interests in Shares by the acquiror, or any persons with whom it is acting in concert, during the previous twelve months. This requirement would also be triggered when, except with the consent of the Takeover Panel, any person (together with persons acting in concert with him) who is interested in Shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold Shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other Shares which increases the percentage of Shares carrying voting rights in which he is interested.

When a person (together with persons acting in concert with him) holds more than 50 per cent. of the voting rights in a company, no obligations under Rule 9 of the Takeover Code normally arise from acquisitions of further interests in shares. That person or persons may accordingly increase their aggregate interests in shares without incurring any obligation under Rule 9 to make a general offer (although individual members of a concert party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent). This means that, because Hercules Real Estate holds more than

50 per cent. of the Shares, it may increase its percentage shareholding in the Company without making a general offer pursuant to Rule 9 of the Takeover Code.

20. Taxation

Your attention is drawn to the taxation section contained in paragraph 12 of Part V of this Document. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

21. Risk factors

Your attention is drawn to the risk factors set out in Part II of this Document. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in this section before making a decision to invest in the Company.

22. Further Information

You should read the whole of this Document, which provides additional information on the Company and the Offers, and not just rely on the information contained in this Part I.

PART II

RISK FACTORS

Investing in and holding Shares involves a high degree of financial risk. Accordingly, before making a final decision, prospective investors in the Shares should carefully review all the information contained in this document and should pay particular attention to the following risks associated with an investment in the Shares, the Company's business and the industry in which it participates. No assurance can be given that shareholders will realise a profit or will avoid a loss on their investment.

The risks and uncertainties described in this Part II are the risks that the Board has identified, which it considers to be the most significant for potential investors in the Company, but are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Company and the industry in which it operates or an investment in the Shares. The risk factors described below are not set out in any particular order of priority and potential investors should review this document carefully and in its entirety and consult with their professional advisers before acquiring Shares. Additional risks and uncertainties relating to the Company and/or the Shares that are not currently known to the Company and the Board, or which the Company and the Board currently deem immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

If any of the following events identified below occur, the Company's business, financial condition, capital resources, results and/or future operations and prospects could be materially adversely affected. In that case, the market price of the Shares could decline and investors may lose part or all of their investment. Additional risks and uncertainties not currently known to the Board or which the Board currently deem immaterial may also have an adverse effect on the Company's business. In particular, the Company's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements. An investment in Shares described in this document is speculative. A prospective investor should consider carefully whether an investment in the Company is suitable in light of his, her or its individual circumstances and the financial resources available to him, her or it. If you are in any doubt about the action you should take, you should consult your independent financial adviser authorised under FSMA.

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE COMPANY

Attraction and retention of key management and employees

The Company's success depends on its ability to recruit, retain and motivate high-quality senior management and other personnel with extensive experience and knowledge of the construction industry. The availability of such personnel is sparse and competition to recruit them is intense. The failure to recruit, retain and motivate these key employees could adversely affect the Company's current performance, leading to the Company being unable to achieve its strategic objectives and, in turn, potentially resulting in an adverse effect on the Company's operations, financial conditions and prospects. The Company has introduced the share option scheme and has other bonus schemes to incentivise and retain key staff members. It also seeks to promote internal candidates to provide job progression within the business.

The Company's employment policies are also exposed to general market conditions, for instance, a raise in the general wage expected in the industry, an increase in costs of pensions, and health and other insurances, could adversely affect the Company due to an increased mobility of the workforce and pressure on the Company to match, or even better, the level of salaries and/or benefits expected in the market.

Shortage of labour

The Company's business depends on being able to locate suitably skilled labour for its clients. There is no guarantee that the Company will be able to continue to recruit appropriately skilled labour for the work the Company's client requires, meaning projects could become drawn out or more expensive, leading to the Company failing to generate the anticipated revenue in the anticipated timeframe. There can be no certainty that the Company will continue to be able to recruit sufficient labour to complete the Company's clients' projects. The Company has sought to mitigate this risk by upskilling existing employees and is also exploring attracting labour from overseas.

The Company could be adversely affected by the availability and pricing of materials

The Company's Civil Projects team depends on the availability of materials it requires. In recent times, there has been a shortage of building materials which has increased the cost, which has a negative effect on the Company's margins for some contracts. Shortages of materials have also led to delays to projects which can impact the Company's cashflow. The price of materials may also be affected by inflation to the UK economy. Uncertainty around the price of materials also affects the Company's ability to submit appropriate tenders at an appropriate price level. Failure to win tenders would adversely affect the Company's revenue and financial performance.

The Company seeks to spread its risk by purchasing materials from a number of external suppliers which means the Company has greater control of the availability and price of such materials. However, the Company does not have any long term agreements for the supply of materials and therefore there can be no guarantee that the Company will not be adversely affected by shortages, or increased costs, of materials which could lead to increased costs for the Company, delays in completing projects and reduced profitability.

Management of growth

The Company's contracts are recorded in the order book which show the Company's contracted future revenue. There is a risk that the order book may decrease in value as a result of reduced tendering activity in the market in general, the Company may fail to win tenders, or there may be a reduction in the size of tenders being undertaken.

Concentration of key clients

Whilst the Company's top five clients do change each year, they accounted for approximately 65 per cent. of the Company's revenue in the year ended 30 September 2020. If any of the Company's key customers cease trading with the Company, whether due to engaging other businesses or due to a change in their own strategic direction, there could be a significant negative impact on the Company's ability to generate revenues and operate profitably. Each of the Company's customers is subject to market conditions and general commercial exposures in the same way as the Company. There can be no guarantee that these companies will continue to trade or continue to conduct business with the Company. Due to the collapse of Carillion plc, the UK Government has sought to award projects to a range of contractors, many of whom are joint ventures. The Company has gained exposure to many of these parties through its prior work. These contractors are involved in numerous projects across the UK. Therefore, the Company has a wide client base to work with, even though only some of those clients are involved in a large project in any given year. The Company's relationships with many of its clients has existed over several years and the Company engages early with clients on any new scheme.

Many of Company's customers are in strong negotiating positions. Whilst the Company seeks to negotiate contracts on terms that it considers are the most beneficial to it in the circumstances, the Company often enters into contracts on the counterparty's standard contract terms which can include more onerous terms than the Company would ideally like. Such terms can include significant warranty and indemnity provisions and may include favourable termination rights for the customer.

The Company has sought to retain clients by delivering its services in different ways to its competitors and offering additional services not offered by other businesses. The Directors believe this has created goodwill with customers but there is no guarantee that this will continue in the future.

Contracts may not perform as expected and customers may dispute the execution of contracts

The Company's revenue and profit largely depends on its reputation and customer relationships. These in turn depend on the Company's ability to deliver contracts to a high standard, efficiently and on time. Unforeseen obstacles in civil engineering contract work or staff not performing their role correctly may lead to a failure to complete contracts to the standards and within the budget expected, which may in turn lead to contract losses, delays and reputational damage.

Unbudgeted expenses and delays in achieving completion of projects could impact on the margins realised by the Company, affect cashflow and potentially result in disputes with customers. Where the Company was at fault, additional expenditure which was not anticipated at the outset of the contract and any remedial work needed to be undertaken will likely lead to reduced margins for a contract, impacting on the contract's profitability. In respect of the Company's Civil Projects contracts, the Company works in a spirit of mutual trust and co-operation, often using industry standard NEC3 and 4 contracts, which recognise and support this way of working. The Company promotes collaborative workshops with the client to discuss design development and programming and raise early warnings as a mechanism through the contract to help mitigate risk. The Company then engages on a month-by-month basis until the final account is agreed. This has led to the Company having very few disputes with its customers and historically has avoided legal disputes in respect of contracts, which are common in the construction sector. Although there can be no guarantee this will continue in the future, the Director's believe the risk of a substantial dispute with a key client is low.

In respect of the Company's Labour Supply team, it adopts a similar approach to the Civil Projects team with the aim of entering into long term framework agreements. Under these arrangements, there is an agreed set of key performance indicators and ongoing quarterly reviews backed up with ongoing client liaison and support from the Company's visiting operations managers to proactively engage on issues.

The Company's suction excavators are leased out on the Company's standard terms. The Company's business development and operations managers in the business regularly visit new and existing clients to build long term relationships. The Company is also expanding its management team in this division to manage the enlarged fleet.

Existing Shareholder influence

Following Admission, the aggregate beneficial interest in the Company of Hercules Real Estate will amount to 41,902,297 Shares, being 71.4 per cent. of the Enlarged Share Capital. Accordingly, Hercules Real Estate will be in a position to have significant influence over the Company's operations and business strategy and all matters requiring shareholder approval, including the election and removal of Directors, further issues of shares, approval of dividends and share buybacks. The Company has entered into a relationship agreement with Hercules Real Estate in order to regulate the ongoing relationship between the Company and Hercules Real Estate, and which contains a number of undertakings as to how Hercules Real Estate may exercise his voting rights in relation to the Company. Further information in relation to this relationship agreement is set out in paragraph 11.8 of Part V of this document.

Competition

The Company operates in a highly competitive industry, competing with other contractors as well as many mid-size and smaller companies. The introduction of new techniques, technologies, equipment or offerings by competitors may make existing services of the Company less sought after by customers.

The Company relies on factors such as technical expertise, project management expertise, quality of management, product quality, and the availability of labour in order to continue to compete successfully. In increasingly competitive markets, it is likely that competitors will offer pricing reductions and improved commercial terms to try and win work which will contribute to increased pricing pressure. Potential pressure on profit margins may results in the Company having to be more selective with the projects it tenders for. Inability to compete effectively and/or profitably could have an adverse effect on the future prospects, financial condition and results of the operations of the Company. There are however barriers to new entrants seeking to enter the labour supply market, as most of the projects the Company is involved in are for large corporates, often involving in a public due diligence process with relatively high standards that need to be met by suppliers, and in some cases certain accreditations are required.

The cyclical nature of the construction industry could adversely affect the future prospects, financial condition and results of the Company

Demand for the Company's services is largely dependent on the level of activity within the UK construction sector which, in turn, is influenced by overall activity levels in the UK economy. Fluctuating demand cycles are common in the construction industry as it is generally negatively affected if there is a deterioration in UK economic and financial conditions. A reduction in demand is likely to have a significant impact on the degree of competition for available projects, and demand for construction services which is likely to negatively affect revenue and margin and thus the Company results. The Company's contracts, however, often relate to long term government contracts and so tend to be more stable over the economic cycle.

Adverse weather can affect the timely completion of construction projects, leading to increased costs and reduced profit margins

Weather conditions in the United Kingdom can fluctuate severely, especially between the different seasons. Rainstorms, flooding and other adverse weather conditions are becoming increasingly common and can severely disrupt the successful completion of infrastructure projects. Adverse weather can also disrupt transport in the regions where the Company operates and other logistics on which the Company is dependent.

Although it is believed that the Company's operations are set up to operate in all seasons, materially adverse weather conditions may have a significant adverse effect on the Company's business, operating results and financial condition if they affect the Company's ability to fulfil contractual obligations or projects are not completed within the anticipated timescales and result in increased and unanticipated project costs being incurred.

No guarantee of future large contracts

The Company anticipates that should it remain on the labour desk for the duration of the HS2 Northern Section Project, it will be able to generate significant revenues as a labour supplier to that project. There can be no guarantee that the Company will remain a labour supplier for this entire period. Any failure to replace this revenue could have an adverse effect on the Company's results of operations and prospects. The Company is aware of a number of large infrastructure projects that its clients are involved in, which may be potential sources of revenue, including the Lower Thames Crossing, Water Infrastructure Asset Management Plan 7 (AMP7) and Highways England's Smart Motorways and Regional Development programme.

Dependence on the public sector

A significant portion of the Company's revenues are derived from contracts indirectly funded by the UK government and its agencies. Any reduction in demand for the Company's services by principal contractors within the public sector arising from funding constraints, changing political priorities or other factors would likely have an adverse effect on the Company if that business could not be replaced from within the private sector. The Company has carried out work for a number of large water companies that is unrelated to the public sector and in the event that there is a slowdown in spending on government infrastructure projects, the Company may look to generate more revenue from the energy sector, where clients have significant property assets that continually need to be maintained and repaired.

Any failure of health and safety programmes or policies could subject the Company to potential liabilities and reputational damage

The nature of the Company's business requires the adoption and maintenance of rigorous health and safety policies and, to a lesser extent, environmental risk management programmes since the Company's business is subject to a broad range of laws, regulations and standards, including those relating to the health and safety of employees, protection of the public and protection of the environment. The Company is involved in significant and complex projects, for which a high standard of health, safety and environmental performance is critical. Any failure in health and safety performance, safe working practices or environmental risk management which results in a major or significant health and safety or environmental incident could subject the Company to investigations, prosecutions and/or civil or criminal litigation, each of which could be costly in terms of potential liabilities, settlements and management time. These liabilities may not be insurable or could exceed the Company's insurance limits and therefore could have a material adverse effect on the Company's operating results, business prospects and financial condition. Furthermore, such a failure could generate significant adverse publicity and have a negative impact on the Company's reputation and ability to win new business, which in turn could adversely affect operating and financial performance.

Damage to the Company's machinery and specialist plant

The Company has made substantial investment into its fleet of state-of-the-art suction excavators and the leasing out of these is a growing part of the business. Damage to these, causing them to be unavailable for hire, could have a significant impact on the Company's revenue and profitability and additionally require significant expenditure by the company for repairs or replacement.

Failure to deliver specialist plant on time is likely to negatively affect the Company

Growth in the Company's specialist plant hire division is dependent on timely delivery of new suction excavators. The Company has currently ordered eleven suction excavators which are being manufactured in Germany and will be delivered from February 2022 onwards. The Company has also invested in support equipment for the specialist plant hire team. The Company is planning to secure work for these suction excavators in advance of their delivery. In the event that some or all of the suction excavators are not delivered on time or at all this is likely to impact the Company's ability to fulfil its order book in its plant hire division and mean that it will have invested in support equipment and recruited labour that cannot be deployed. This is likely to have a negative effect on the Company's revenue and also its relations with customers.

Material disruption to IT and digital systems

The Company relies heavily on a reliable and efficient IT system to support its apps and retain key information on staff and customer contracts. The Company's financial, accounting, data processing, communications, recruitment and other systems and facilities may (i) fail to operate properly or become disabled as a result of events that are wholly or partially beyond the Company's control; and (ii) be vulnerable to unauthorised access and data loss (from within the organisation or by third parties), computer viruses, malicious code, cyber threats that have a security impact, and the interception or misuse of information transmitted or received by the Company. If this were to occur it is likely to hamper the Company's ability to manage its labour force and also recruit new labour.

Although the Company has put in place appropriate data security provisions, there can be no guarantee these will be effective. As the Company expands, it must make substantial expenditures and efforts to develop and maintain its operational systems and infrastructure. An inability to realise such developments and maintain the systems could negatively impact the Company's ability to complete current work efficiently and to scope and deliver tenders to appropriate specifications. The Company has, however, sought to build up its own inhouse expertise so that it is less reliant on third parties to maintain and improve its IT systems.

Failure to maintain and develop existing customer relationships

A key element of the Company's strategy is to develop long-term relationships with key clients and customers in order to win repeat business from those clients and customers and to cross-sell the Company's other products and services to those clients and customers. Whilst the Company attempts to increase client spend as a relationship matures by identifying additional services that may be needed, for example, cross-selling the services provided by the Company's other divisions into existing contractual relationships, there can be no guarantee that existing customer relationships will continue to grow or that key customers will not scale back their use of the Company or cease to contract with the Company altogether.

Exposure to a variety of risks in relation to contract pricing and estimations, cost inflation, overruns and disputes

The nature of the Company's Civil Projects division means that services are procured through contracts, secured on the basis of competitive tendering, where services may be required to be delivered over an extended period of time. If the Company is unable to assess or estimate accurately the overall risks, revenues or costs of a particular contract, then a lower than anticipated profit may be achieved, or a loss incurred on such a contract. The Company is susceptible to the pressures of cost inflation and if increases in costs are not met through corresponding increases in revenues from the Company's contracts, then the Company may suffer losses in relation to such contracts which may have a material adverse impact on the Company's cash flow and its business, financial condition and results of operations.

General volatility, economic and market cycles and global economic downturn could adversely affect the future prospects, financial condition and results of the Company

National and international economic downturns and recessionary conditions in the markets in which the Company operates have had and could continue to have an adverse effect on the Company's business. Factors such as inflation, investor sentiment, the availability and cost of credit and the liquidity of the global financial markets could significantly affect the businesses of the Company. A deterioration of these economic and financial conditions could have a material adverse effect on the financial performance and/or financial condition of the Company. The businesses may experience reductions in trading activity, asset impairments and lower profitability. A global recession or deeper recessionary conditions could result in a significant fall in expenditure in the infrastructure and construction industry which could have a material adverse effect on the business, results of operations and overall financial condition of the Company.

Contractual disputes can result in payment delays or refusal to pay on completed contracts which could adversely affect the future cash flows of the Company

Disputes in relation to services provided by the Company can arise frequently, for example where contractors allege that quality standards are not met, milestones have not been achieved or project delays have occurred. Such disputes can be prolonged and can be significant in terms of value. The Company is subject to the risk that payments due under contracts for work undertaken will not be recovered in full, or indeed at all, and that recovery of such amounts can take longer than expected under the contract. Delays in receipt of payment or failure to receive payment altogether may adversely affect the Company's cash flow and profitability.

REGULATORY, TAX AND LEGAL ISSUES

General legal and regulatory issues

The construction industry can be affected by changes in government policy which are beyond the control of the Company. Legal and regulatory changes could occur which may adversely affect the Company and its activities.

Litigation

Whilst the Company currently has no outstanding litigation, there can be no guarantee that the current or future actions of the Company will not result in litigation since the construction industry, as all industries, is subject to claims, both with and without merit. In particular there is a risk of (i) actual or alleged deficiencies in the Company's execution of construction projects (including relating to the design, installation or repair of works); (ii) defects in the building materials the Company uses; or (iii) deficiencies in the services provided by labour supplied by the Company. The Company provides services in relation to large, complex projects which involve multiple parties operating at different levels of the supply chain. There is therefore a heightened risk of potential claims and counter-claims as the number of parties involved on any given project and the inter-dependency between those parties is greater. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Owing to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of its operations.

Changes in tax legislation/rates

The attention of potential investors is drawn to paragraph 12 of Part V of this Document headed "United Kingdom Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life. Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change. Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Shares.

Data privacy breaches or failure to protect confidential information/GDPR

Hercules is subject to a number of laws relating to privacy and data protection, including the UK's Data Protection Act 1988 and the Privacy and Electronic Communications (EC Directive) Regulations 2003, as well as relevant non-EEA data protection and privacy laws and the General Data Protection Regulation of the EU. Such laws govern the Company's ability to collect, use and transfer information relating to its customers, including the use of that information for marketing purposes. Hercules relies on third party contractors and its own employees to collect data and to maintain its databases and, therefore, is exposed to the risk that such data could be wrongfully accessed, appropriated, lost, disclosed, damaged or processed in breach of data protection regulations. The Company processes employee personal data and customer personal data and, through third parties, as part of its business and therefore must comply with strict data protection and privacy laws in the European Union and certain other jurisdictions in which the Company operates. Those laws restrict Hercules' ability to collect, use and delete customer information. The Company is exposed to the risk that customer data could in the future be wrongfully accessed, appropriated, lost, retained, disclosed, damaged or processed in breach of data protection regulations.

If the Company or any of the third party service providers on which it relies fails to process and/or transfer customer information and payment details online in a secure manner, or if any unauthorised or unlawful loss, theft, retention, disclosure or destruction of customer data were otherwise to occur, the Company may be subject to claims from third parties relating to the infringement of privacy rights or data protection laws and/or investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK. This could also result in the loss of the goodwill of its customers, damage the Company's reputation and deter new customers. Each of these factors could harm the Company's business, revenue, financial condition, profitability, results, prospects and/or future operations.

Despite controls to protect the confidentiality and integrity of customer and other information, Hercules may breach restrictions or may be subject to attack from computer programs that attempt to penetrate its network security and misappropriate confidential information. Any perceived or actual failure to protect confidential data could harm the Company's reputation and credibility, reduce its sales, reduce its ability to attract and retain customers or result in litigation or other actions being brought against it or the imposition of fines and, as a result, could have a material adverse effect on the Company's business, revenue, financial condition, profitability, results, prospects and/or future operations.

RISKS RELATING TO THE OFFERS AND THE SHARES

Share price volatility and liquidity

AIM is a trading platform designed principally for growth companies, and as such, tends to experience lower levels of trading liquidity than larger companies quoted on the Official List or some other stock exchanges. Following Admission there can be no assurance that an active or liquid trading market for Shares will develop or, if developed, that it will be maintained. The Shares may therefore be subject to large fluctuations on small volumes of shares traded. As a result, an investment in shares traded on AIM carries a higher risk than those listed on the Official List.

Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Company and its operations. These factors include, without limitation, (i) the performance of the overall stock market, (ii) large purchases or sales of Shares by other investors, (iii) financial and operational results of the Company (iv) changes in analysts' recommendations and any failure by the Company to meet the expectations of the research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions, and (vi) other factors which are outside of the control of the Company.

Shareholders may sell their Shares in the future to realise their investment. Sales of substantial amounts of Shares following Admission and/or termination of the lock-in restrictions, or the perception that such sales could occur, could materially adversely affect the market price of Shares available for sale compared to the demand to buy Shares. There can be no guarantee that the price of Shares will reflect their actual or potential market value or the underlying value of the Company's net assets and the price of Shares may decline below the Placing Price. Shareholders may be unable to realise their Shares at the quoted market price or at all.

Funding

The Company is currently cash generative and benefits from sufficient working capital for the near term. However, there is a risk that the Company may need to raise funding in the future for a number of reasons, including working capital, to fund an acquisition or expansion, general corporate purposes or to restructure its balance sheet (including repay debt). At present, the Directors do not believe there is any requirement to raise any further external finance for the Company.

Investment risk

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various investment opportunities are available, potential investors should consider the risks that pertain to trading companies in general.

Dilution

If the Company were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted and pre-emptive rights may not be available to certain Shareholders. The Company may also in the future issue Shares, warrants and/or options to subscribe for new Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options may also result in dilution of the shareholdings of other investors.

Dividends may not be paid

While the Company intends to pay dividends going forward, the declaration and payment of any future dividends will be subject to the discretion of the Directors, and subject to compliance with the Companies Act and the Company's Articles of Association, will depend on the Company's earnings, financial position, cash requirements, strategic goals and availability of distributable reserves.

There can be no guarantee that the Company will maintain its quotation on AIM

The Company cannot assure investors that the Company will always retain a quotation on AIM. If the Company fails to do so, certain investors may decide to sell their Shares, which could have an adverse impact on the share price. Additionally, if in the future the Company decides to obtain a listing on another exchange, in addition to AIM or as an alternative, this may affect the liquidity of the Shares traded on AIM.

No prior trading market for Shares

Prior to Admission, there was no public market for the Shares. Admission to trading on AIM should not be taken as implying that a liquid market for the Shares will either develop or be sustained following Admission. The Company cannot predict the extent to which investor interest in the Shares will lead to the development of a trading market. The liquidity of a securities market is often a function of the volume of the underlying Shares that are publicly held by unrelated parties. If a liquid trading market for the Shares does not develop, the price of Shares may become more volatile and it may be more difficult to complete a buy or sell order for Shares.

Conditionality of the Offers

The Offers are conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, Admission (and therefore the Offers) will not occur.

Forward looking statements

All statements other than statements of historical fact included in this Document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to Shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

These forward looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory.

PART III

SECTION A
HISTORICAL FINANCIAL INFORMATION OF THE COMPANY FOR THE THREE YEARS ENDED 30 SEPTEMBER 2018, 2019 AND 2020

BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Hercules Site Services Plc
Hercules Court
Lakeside Business Park
Broadway Lane
South Cerney
Cirencester GL7 5XZ

31 January 2022

S.P. Angel Corporate Finance LLP
Prince Frederick House
4th Floor
35-39 Maddox Street
London W1S 2PP

Dear Sir or Madam

Hercules Site Services Plc (the "Company")

Introduction

We report on the financial information set out in Part III of the admission document dated 31 January 2022 of the Company (the "Admission Document").

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 30 September 2018, 2019 and 2020 and of its profits, cash flows and changes in equity for the three years ended 30 September 2018, 2019 and 2020 in accordance with International Accounting Standards as adopted by the United Kingdom.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Accounting Standards as adopted by the United Kingdom.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of

Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Company to continue as a going concern for a period of at least twelve months from the date of the Admission Document. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SECTION B
HISTORICAL STATEMENTS OF COMPREHENSIVE INCOME

Continuing operations	*Note*	*Year ended 30 September 2018* £	*Year ended 30 September 2019* £	*Year ended 30 September 2020* £
Revenue	6	19,869,987	30,699,749	22,904,156
Cost of sales		(16,652,975)	(26,136,593)	(18,649,986)
Gross profit		3,217,012	4,563,156	4,254,170
Other operating income	7	982	33,689	395,549
Administrative expenses		(2,211,148)	(3,158,022)	(3,701,231)
Profit from operations	8	1,006,846	1,438,823	948,488
Fair value (losses)/gains		(9,557)	54,792	79,331
Finance income		1,824	2,040	15,278
Finance costs	12	(30,450)	(29,258)	(80,843)
Profit before tax expense		968,663	1,466,397	962,254
Tax on profit	13	(181,595)	388,929	(210,067)
Net profit for the year		787,068	1,855,326	752,187
Total comprehensive income for the year		787,068	1,855,326	752,187
Earnings per share				
Basic	4	393,534	927,663	376,094

There is no difference between basic and diluted earnings per share

STATEMENTS OF FINANCIAL POSITION

	Note	1 October 2017 £	30 September 2018 £	30 September 2019 £	30 September 2020 £
Non-current assets					
Property, plant and equipment	15	2,304,010	2,373,944	2,529,867	6,627,834
Current assets					
Inventories		–	–	–	5,597
Trade and other receivables	17	6,259,177	5,194,213	7,284,961	8,763,446
Current tax receivable		–	–	426,916	–
Financial assets	16	185,000	175,443	230,235	309,566
Deferred tax assets	14	–	–	–	–
Cash and cash equivalents		1,121,925	1,037,296	979,372	2,015,552
Total current assets		7,566,102	6,406,952	8,921,484	11,094,161
TOTAL ASSETS		9,870,112	8,780,896	11,451,351	17,721,995
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	24	2	2	2	2
Retained earnings		5,818,330	3,711,398	5,566,724	6,318,911
Total equity		5,818,332	3,711,400	5,566,726	6,318,913
Non-current liabilities					
Deferred tax liabilities	14	98,164	88,817	163,727	341,370
Lease liabilities	21	1,314,501	1,259,930	1,373,190	5,106,387
Total non-current liabilities		1,412,665	1,348,747	1,536,917	5,447,757
Current liabilities					
Trade and other payables	18	2,274,350	3,443,268	4,031,644	4,753,620
Current tax payable		232,969	112,380	–	121,364
Provisions	19	38,143	58,585	83,805	143,312
Loans and borrowings	20	365	–	60,006	344,639
Lease liabilities	21	93,288	106,516	172,253	592,390
Total current liabilities		2,639,115	3,720,749	4,347,708	5,955,325
TOTAL LIABILITIES		4,051,781	5,069,496	5,884,625	11,403,082
TOTAL EQUITY AND LIABILITIES		9,870,112	8,780,896	11,451,351	17,721,995

STATEMENT OF CHANGES IN EQUITY

	Share capital £	*Retained earnings* £	*Total equity* £
At 1 October 2017	2	5,818,330	5,818,332
Total comprehensive income for the year	–	787,068	787,068
Dividends	–	(2,894,000)	(2,894,000)
Balance at 30 September 2018	2	3,711,398	3,711,400
Total comprehensive income for the year	–	1,855,326	1,855,326
Balance at 30 September 2019	2	5,566,724	5,566,726
Total comprehensive income for the year	–	752,187	752,187
Balance at 30 September 2020	2	6,318,911	6,318,913

STATEMENTS OF CASH FLOW

	Note	2018 £	2019 £	2020 £
		Year ended 30 September		
Cash flows from operating activities:				
Profit after taxation		787,068	1,855,326	752,187
Taxation charge/(credit)		181,595	(388,929)	210,067
Finance income		(1,824)	(2,040)	(15,278)
Finance costs		30,450	29,258	80,843
Fair value movements		9,557	(54,792)	(79,331)
Depreciation of property plant and equipment		261,302	294,470	383,363
(Profit)/loss on disposal of property, plant and equipment		(13,787)	28,485	(25,567)
Increase in inventories		–	–	(5,597)
(Increase)/decrease in trade and other receivables		(1,503,927)	(1,609,301)	681,257
Increase/(decrease) in trade and other payables and provisions		1,189,359	613,597	952,813
Cash generated from operations		939,793	766,074	2,934,757
Tax (paid)/received		(311,530)	(179,999)	515,856
Net cash generated from operating activities		628,263	586,075	3,450,613
Cash flows from investing activities:				
Purchase of tangible assets		(373,014)	(180,628)	(233,727)
Proceeds from disposal of tangible assets		125,000	22,750	26,411
Interest received		1,824	2,040	15,278
Net cash from investing activities		(246,190)	(155,838)	(192,038)
Cash flows from financing activities:				
Payment of lease liabilities	21	(141,228)	(171,261)	(339,926)
Interest paid		–	–	(7,360)
Bank loan advances		–	60,006	284,633
Payments on behalf of parent company		(378,030)	(376,906)	(2,159,742)
Repayments by parent company		52,921	–	–
Net cash from financing activities		(466,337)	(488,161)	(2,222,395)
Net increase/(decrease) in cash and cash equivalents		(84,264)	(57,924)	1,036,180
Cash and cash equivalents at start of year		1,121,560	1,037,296	979,372
Cash and cash equivalents at end of year		1,037,296	979,372	2,015,552
Cash and cash equivalents at end of year comprises:				
Cash at bank and in hand		1,037,296	979,372	2,015,552
Bank overdrafts		–	–	–
		1,037,296	979,372	2,015,552

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General Information

The Company is a private company limited by share capital incorporated and domiciled in England and Wales. The principal activity of the Company is that of general construction and civil engineering.

The address of its registered office and principal place of business is:

Hercules Court
Lakeside Business Park
South Cerney
Cirencester
GL7 5XL

The immediate and ultimate parent undertaking of the Company is Hercules Real Estate Limited, the financial statements of which can be obtained from the above address.

2 Summary of significant accounting policies

Statement of compliance

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards and interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the United Kingdom.

This Historical Financial Information does not constitute statutory accounts within the meaning of section 435 of Companies Act 2006. The Directors of the Company are solely responsible for the preparation of this Historical Financial Information.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies including IFRS 9, IFRS 15 and IFRS 16 have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

This Historical Financial Information presents the financial track record of the Company for the three years ended 30 September 2020 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange.

This basis of preparation describes how this Historical Financial Information has been prepared in accordance with the requirements of the AIM Rules for Companies and IFRS.

The Historical Financial Information has been prepared for the Company for the years ended 30 September 2018, 30 September 2019 and 30 September 2020 using the historical cost convention except for, where disclosed in the accounting policies, certain items shown at fair value.

The Historical Financial Information is presented in Pounds Sterling, being the functional currency of the Company.

For all periods up to and including the year ended 30 September 2020, Hercules Site Services Limited previously prepared its statutory financial statements in accordance with Financial Reporting Standard 102 ("UK GAAP"). This historical information for the years ended 30 September 2018, 30 September 2019 and 30 September 2020 is the first financial information Hercules Site Services Limited has prepared in accordance with IFRS and the date of transition was 1 October 2017. In preparing this Historical Financial Information, the Company's opening statement of financial position was prepared as at 1 October 2017. A reconciliation between UK GAAP and IFRS is included in note 26. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exceptions and exemptions in the application of particular standards to prior years in order to assist companies with the transition process.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These are disclosed in note 3.

Changes in accounting policy and disclosures

(a) *New and amended accounting standards*

None of the standards, interpretations and amendments, with the exception of IFRS 16, effective for the first time from 1 October 2017 have had a material effect on the Historical Financial Information.

(b) *Future standards*

At the date of authorisation of the Historical Financial Information, the Company has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

- Narrow scope amendments to IFRS 3, IAS 16 and IAS 37
- Annual improvements to IFRS Standards 2018-2020
- Amendments to IAS 1 : Classification of Liabilities as Current or Non-Current.

All of the above are effective for annual periods commencing on or after 1 January 2022. As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed, The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.

From 1 October 2021 the Company will apply UK-adopted IAS. At the date of application, both UK-adopted IAS and EU-adopted IFRS will be the same.

Going concern

The directors have prepared forecast information which takes into account the current COVID-19 outbreak and its potential impact on the business.

The financial information has been prepared assuming the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management has considered the Company's existing working capital and management are of the opinion that the Company has adequate resources to undertake its planned programme of activities for a period of at least 12 months from the date of its admission to the AIM.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions. As the Company's operations are all in one location within the United Kingdom, and the Company's key income streams are closely related and not separately reported internally, the Directors are of the opinion that the Company has only one reportable operating segment.

Revenue

Revenue arises from the provision of construction and civil engineering services under fixed price contracts. Contract duration can vary and can range from the supply of labour only to the provision of fully managed construction and engineering projects.

To determine whether to recognise revenue, the Company follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Contracts with customers take the form of signed agreements from customers. Further information on the policies in determining the recognition of revenue are included in note 6.

Other operating income – Government grants

Government grants relate to amounts receivable under the Construction Industry Training Board scheme. Grants are recognised in the income statement when receivable using the accruals method.

Taxation

The tax expense or credit for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge or credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom, where the Company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information and on unused tax losses or tax credits available to the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amounts of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax assets and liabilities are only offset against each other when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either (a) the same taxable entity, or (b) different taxable entities which intend to settle these on a net basis, or to realise the assets and settle the liabilities simultaneously. In the Company's accounts all taxes are levied by H M Revenue and Customs. Management review the offset of deferred tax assets and liabilities to ensure such an offset is appropriate.

Research and Development tax claims

Where the Company has made Research and Development tax claims under the Small and Medium Enterprise scheme and tax losses have been surrendered for a repayable tax credit, a current tax credit is reflected in the income statement based on the best estimate of the submission to be made in relation to that financial year.

Property, Plant and Equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in its acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Plant and machinery	10 per cent. reducing balance
Fixtures, fittings and equipment	20 per cent. reducing balance
Right-to-use assets	Over the term of the lease

Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately independent cash inflows (CGU). Those intangible assets including goodwill are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised for the amount by which the asset's or CGUs carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the underlying contractual arrangement. Financial instruments are recognised on the date when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value. Financial instruments cease to be recognised at the date when the Company ceases to be party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables or cash and cash equivalents.

(a) *Trade receivables*

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the transaction price. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company assess each receivable on a customer by customer basis for the expected lifetime credit loss, which is based on an unbiased weighted average probability of default both at initial recognition and subsequent reporting dates. Where an expected credit loss is identified a provision is made against the receivable. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation default or delinquency in payments, and the unavailability of credit insurance at commercial rates are considered indicators that the receivable may be impaired. When these factors are confirmed for a trade receivable it is considered uncollectible and a default event is triggered. At this point it is written off against the credit loss provision account. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

(b) *Borrowings*

All borrowings are initially recorded at fair value. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

(d) *Contract assets*

A contract asset is recognised within receivables where the Company has earned the right to revenue through performance under contracts.

(e) *Financial assets at fair value through profit-and-loss*

The Company owns a number of gold bars which are held for the purposes of their potential appreciation in value. These are therefore accounted for as a financial asset at fair value through profit-and-loss. Fair value is determined by reference to readily available market information, with the movement in fair value in each accounting period being accounted for through the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that have a maturity date of 3 months or less, are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that he Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

The Company as lessee

Short term leases or leases of low value are recognised as an expense on a straight-line basis over the term of the lease.

The Company recognises right-of-use assets under lease agreements in which it is the lessee. The underlying assets mainly comprise property and are used in the normal course of business. The right-of-use assets comprise the initial measurement of the corresponding lease liability payments made at or before the commencement day as well as any initial direct costs and an estimate of costs to be incurred in dismantling the asset. Lease incentives are deducted from the cost of the right-of-use asset. The corresponding lease liability is included in the statement of financial position as a lease liability.

The right-of-use asset is depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The lease liability shall initially be measured at the present value of the lease payments that are not paid at that date, discounted using the rate implicit in the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made. No lease modification or reassessment changes have been made during the reporting period from changes in any lease terms or rent charges.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the Historical Financial Information are described below.

Property, plant and equipment

Property, plant and equipment is depreciated over the economic useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The useful economic lives applied are set out in the accounting policies.

Lease discount rate

IFRS 16 requires the carrying value lease liabilities and the corresponding right of use assets to be calculated using the net present value of future lease payments. This calculation inherently requires a discount rate to be applied, which requires judgement and is a key estimate. The Directors have used the Company's incremental borrowing rate for all leases based on the interest rate applied to the bank loan disclosed in note 20.

Provision

As disclosed in note 19, a provision is included in this Historical Financial Information relating to the potential underpayment of National Insurance Contributions under the Construction Industry Scheme. There is a level of uncertainty in the quantum and timing of future payments related to this liability. Further information is included in note 19.

Revenue recognition

The nature of the Company's revenue streams requires judgement to be applied regarding the level of work performed at the balance sheet date. Further information is disclosed in note 6.

4 Earnings per share

	Year ended 30 September		
	2018	*2019*	*2020*
	£	£	£
Basic			
Earnings used in calculation of earnings per share:			
Total profits attributable to equity holders	787,068	1,855,326	752,187
Weighted average number of shares in issue	2	2	2
Shares in issue			
Ordinary shares in issue	2	2	2
Earnings/loss per share			
On total profits attributable to equity holders	393,534	927,663	376,094

There are no potentially dilutive shares and therefore there is no difference between basic and diluted earnings per share.

5 Segmental reporting

Management currently identifies one operating segment in the Company under IFRS 8 being the delivery of general construction and civil engineering services.

6 Revenue

The total turnover of the Company has been derived from its principal activity wholly undertaken in the United Kingdom, being the provision of service through supply of labour and the operation of construction and engineering contracts.

The Company derives its income from two main activities, both of which are linked to the principal activity of the delivery of construction and civil engineering services, being the provision of labour and services provided under construction and/or civil engineering contracts. These are referred to internally as 'day works' and 'price works' respectively.

The key judgements and policies in respect of the two activities are described further below.

Day works

This represents the provision of labour to customers. The amount of revenue is based on agreed contractual hourly rates with customers. The customer simultaneously receives and consumes the benefits provided by the Company's performance under these contracts and the performance obligation (being the provision of labour) is therefore satisfied over time. In the majority of cases, the Company invoices customers monthly in arrears for the hours of labour supplied during that month. Amounts invoiced but unpaid at the balance sheet date are included within trade receivables.

In some cases, the monthly invoice will not correspond with a calendar month, and the Company is therefore required to include an amount in receivables for revenue relating to periods for which labour has been provided but not yet invoiced. The balance to be included is calculated based on subsequent invoices raised after the balance sheet date and is therefore not subject to significant judgement.

Price works

This represents work performed under contracts with customers to undertake construction and/or civil engineering works. These contracts contain a number of individually identified services. However, the directors consider that the services being provided are highly interdependent and interrelated and therefore should not be considered to be separate performance obligations under IFRS 15. Furthermore, the services provided by the Company either enhance an asset that the customer controls and/or do not create an asset with alternative use to the Company and the Company and there is an enforceable right to payment for performance completed to date. The Company therefore considers the delivery under these contracts to be a single performance obligation that is satisfied over time.

Under these contracts, the Company produces a monthly ‘application’ to the customer detailing the work performed to date and requesting payment accordingly. Within a period of one to two months (in the majority of cases) the customer will confirm agreement to the ‘application’ and remit the necessary funds to the Company. Historically, the Company’s experience is that instances of customers materially disagreeing with the ‘application’ are rare and that this is therefore a reliable method by which to recognise revenue earned.

At the balance sheet date, the Company includes a balance in receivables for the amount of revenue included in ‘applications’ to that date that remains unpaid. Whilst this revenue is based on an internal judgement (being the estimate of work done by internal staff), the Company is normally able to assess the accuracy, and where necessary adjust the level, of the accrued revenue by reference to post balance sheet information. The directors consider that this ‘output’ method therefore represents the best measure of progress under price works contracts and have therefore adopted a policy of using ‘applications’ as a basis for the recognition of revenue.

Significant customers

In the year ended 30 September 2019 there were three customers that represented 22.7 per cent., 13.2 per cent. and 12.7 per cent. of revenue respectively. In the year ended 30 September 2020 there were two customers that represented 26.2 per cent., and 18.3 per cent. respectively.

7 Other operating income

Other operating income arises mainly from the receipt of government grants. Since this is not considered to be part of the main revenue generating activities, the Company presents this income separately from revenue.

	Year ended 30 September		
	2018	*2019*	*2020*
	£	£	£
Construction Industry Training Board grants	982	27,650	142,675
Coronavirus Job Retention Scheme grants	–	–	249,049
Intercompany recharges receivable	–	6,039	3,825
	982	33,689	395,549

There are no unfulfilled conditions or other contingencies attaching to these grants. The Company did not benefit directly from any other forms of government assistance.

8 Operating profit

Operating profit is stated in the income statement after charging/(crediting):

	Year ended 30 September		
	2018	*2019*	*2020*
	£	£	£
Depreciation – owned assets	137,383	124,327	122,096
Deprecation – right-to-use assets	123,919	170,144	261,268
Loss/(profit) on disposal of fixed assets	(13,787)	28,485	(25,567)
(Gain)/loss on revaluation	9,557	(54,792)	(79,331)
Research and development costs	–	–	54,555

9 Auditors' remuneration

	Year ended 30 September		
	2018	2019	2020
	£	£	£
For audit of the financial statements	12,000	18,000	19,500
Non-audit services:			
Taxation compliance	–	–	3,550
Other services relating to taxation	–	–	6,450
All other services	60,000	40,000	2,075
	60,000	40,000	12,075

10 Staff costs

The aggregate employee benefit expenses were as follows:

	Year ended 30 September		
	2018	2019	2020
	£	£	£
Wages and salaries	3,243,381	7,347,793	8,433,618
Social security costs	336,301	787,876	822,668
Pension costs	25,861	334,041	177,167
	3,605,543	8,469,710	9,433,453

The average monthly number of employees during the year was as follows:

	Year ended 30 September		
	2018	2019	2020
	No.	No.	No.
	60	172	181

11 Transactions with key management personnel

Key management of the Company are the members of the board of directors. Key management personnel remuneration includes the following expenses:

	Year ended 30 September		
	2018	2019	2020
	£	£	£
Wages and salaries	78,520	96,975	493,815
Pension costs	–	–	2,956
	78,520	96,975	496,771

During the year retirement benefits were accruing to 3 directors (2018 and 2019 : Nil) in respect of defined contribution pension schemes.

12 Finance costs

	Year ended 30 September		
	2018	2019	2020
	£	£	£
Lease finance costs	30,450	29,258	75,509
Interest on loans measure at amortised cost	–	–	5,334
	30,450	29,258	80,843

13 Income taxes

	Year ended 30 September		
	2018	2019	2020
	£	£	£
Current tax:			
UK corporation tax	190,942	–	32,424
Adjustments to prior periods	–	(463,839)	–
Total current tax charge	190,942	(463,839)	32,424
Deferred tax:			
Origination and reversal of timing differences	(9,347)	74,910	131,163
Adjustments in respect of prior periods	–	–	27,218
Effect of tax rate change on opening balance	–	–	19,262
	(9,347)	74,910	177,643
Tax on profit on ordinary activities	181,595	(388,929)	210,067

Tax on loss on ordinary activities for the year is lower than the standard rate of corporate tax in the UK of 19%, (2018: 19%, 2019: 19%).

The differences are reconciled below:

	Year ended 30 September		
	2018	2019	2020
	£	£	£
Continuing operations			
Profit on ordinary activities before taxation	968,663	1,466,397	962,254
Tax at the UK rate of 19% (2019: 19%, 2018: 19%)	184,046	278,615	182,828
Effect of:			
Expenses not deductible for tax purposes	28,360	11,597	4,251
Effect of IFRS 16 adjustments	2,411	2,194	3,726
Fixed asset temporary differences	(26,395)	–	–
Deferred tax not recognised in prior year	(9,347)	111,831	–
Adjustments in respect of prior periods	–	(47,926)	–
Research & Development tax claim	–	(742,765)	–
Remeasurement of deferred tax for change in tax rates	–	–	19,262
Other differences affecting tax charge	2,520	(6,105)	–
Group relief surrendered	–	3,630	–
Total tax charge/(credit)	181,595	(388,929)	210,067

14 Deferred tax

Deferred tax balances are analysed as follows:

	As at 1 October 2017 £	*Year ended 30 September 2018* £	*Year ended 30 September 2019* £	*Year ended 30 September 2020* £
Deferred tax balances before offset				
Deferred tax liability	(101,188)	(124,988)	(165,002)	(344,302)
Deferred tax asset	3,024	36,171	1,275	2,932
Total deferred tax asset/(liability)	(98,164)	(88,817)	(163,727)	(341,370)

	As at 1 October 2017 £	*Year ended 30 September 2018* £	*Year ended 30 September 2019* £	*Year ended 30 September 2020* £
Deferred tax balances after offset				
Deferred tax asset	–	–	–	–
Deferred tax liability	(98,164)	(88,817)	(163,727)	(341,370)
Total deferred tax asset/(liability)	(98,164)	(88,817)	(163,727)	(341,370)

The amounts reflect the differences between the carrying and tax amounts of the following balance sheet headings as at each year end.

Credits/(charges) during each year are as follows:

	Short term temporary differences £	*Fixed asset temporary differences* £	*Total* £
At 1 October 2017 – asset/(liability)	3,024	(101,188)	(98,164)
Tax credit/(charge) in respect of current year	33,147	(23,800)	9,347
At 30 September 2018 – asset/(liability)	36,171	(124,988)	(88,817)
Tax credit/(charge) in respect of current year	(34,896)	(40,014)	(74,910)
At 30 September 2019 – asset/(liability)	1,275	(165,002)	(163,727)
Tax credit/(charge) in respect of current year	1,657	(179,300)	(177,643)
At 30 September 2020 – asset/(liability)	2,932	(344,302)	(341,370)

The reduction in the UK's corporation tax rate from 19 per cent. to 17 per cent. with effect from 1 April 2020 was substantively enacted on 6 September 2016. Deferred tax has been calculated at 17 per cent. for the years ended 30 September 2018 and 30 September 2019 on the basis that it was at that point assumed that the underlying temporary differences would unwind at this rate.

It was announced in the March 2020 budget that the corporation tax rate would not fall to 17 per cent. but remain at 19 per cent. until at least April 2022. Deferred tax has been calculated at 19 per cent. for the year ended 30 September 2020 on the basis that it was at that point assumed that the underlying temporary differences would unwind at this rate.

In May 2021 an increase in the main corporation tax rate to 25 per cent. was enacted, to be applied from 1 April 2023 onwards.

15 Property, Plant and Equipment

	Plant and machinery £	*Fixtures & office equipment* £	*Right-to-use assets* £	*Total* £
Cost				
At 1 October 2017	830,256	319,831	1,446,909	2,596,996
Additions	357,475	15,539	69,435	442,449
Disposals	(163,936)	–	–	(163,936)
At 30 September 2018	1,023,795	335,370	1,516,344	2,875,509
Additions	164,028	16,600	392,901	573,529
Disposals	(168,909)	–	–	(168,909)
At 30 September 2019	1,018,914	351,970	1,909,245	3,280,129
Additions	90,375	57,689	5,534,302	5,682,366
Disposals	(37,547)	–	(1,332,549)	(1,370,096)
At 30 September 2020	1,071,742	409,659	6,110,998	7,592,399
Depreciation				
At 1 October 2017	134,423	118,842	39,721	292,986
Charge	94,077	43,306	123,919	261,302
Disposals	(52,723)	–	–	(52,723)
At 30 September 2018	175,777	162,148	163,640	501,565
Charge	88,757	35,570	170,144	294,471
Disposals	(45,774)	–	–	(45,774)
At 30 September 2019	218,760	197,718	333,784	750,262
Charge	85,354	36,742	261,268	383,364
Disposals	(8,046)	–	(161,015)	(169,061)
At 30 September 2020	296,068	234,460	434,037	964,565
Net book value				
At 30 September 2020	775,674	175,199	5,676,961	6,627,834
At 30 September 2019	800,154	154,252	1,575,461	2,529,867
At 30 September 2018	848,018	173,222	1,352,704	2,373,944
At 1 October 2017	695,833	200,989	1,407,188	2,304,010

16 Financial assets at fair value through profit and loss

	2020 £
At 1 October 2017	185,000
Change in fair value	(9,557)
At 30 September 2018	175,443
Change in fair value	54,792
At 30 September 2019	230,235
Change in fair value	79,331
At 30 September 2020	309,566

The financial asset above comprises 6kg of gold bars held by the Company. Whilst gold bars are not strictly speaking a financial asset, given their nature as an investment with high liquidity and readily ascertainable value, the directors have developed an accounting policy in accordance with the guidance in IAS 8 to treat them as a financial asset at fair value through profit and loss. The gold is physically held by a director on behalf of the Company. The director has confirmed that ownership resides with the Company.

The fair value of the gold bars is based on 'Level 1' inputs as the fair value is readily available from market sources.

17 Trade and other receivables

	As at 1 October 2017 £	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Amounts falling due within one year:				
Trade receivables	864,156	2,470,130	2,808,589	2,698,688
Amounts owed by Hercules Real Estate Limited	2,872,452	303,561	680,467	2,840,209
Amounts owed by related parties	170,950	42,612	364,278	508,714
Other receivables	–	25,000	130,291	259,757
Prepayments and accrued income	2,351,619	2,352,910	3,301,336	2,456,078
	6,259,177	5,194,213	7,284,961	8,763,446

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date. Trade and other receivables are assessed for impairment based upon the expected credit losses model. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The credit losses historically incurred have been immaterial and as such the risk profile of the trade receivables has not been presented.

Included in other receivables in 2020 was an amount owed by the director of £508,714 (2019 : £364,278, 2018 : £42,612). Interest was charged on this loan at the HMRC Official Rate.

There are no formal terms applied to the amounts owed by the Company's parent undertaking, i.e. Hercules Real Estate Limited, the amounts owed by related parties or the amount owed by director. The balances in relation to the parent undertaking and the amount owed by the director at 30 September 2020 were cleared via a dividend after the year end as disclosed in note 26.

18 Trade and other payables

	As at 1 October 2017 £	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Amounts falling due within one year:				
Trade payables	489,025	699,733	980,920	770,274
Social security and other taxes	377,950	1,306,439	1,429,100	2,643,965
Other payables	–	70,554	373,668	630,399
Amounts owed to related parties	720,940	1,063,120	–	–
Accrued expenses	686,435	303,422	1,247,956	708,982
	2,274,350	3,443,268	4,031,644	4,753,620

Trade payables are all current and any fair value difference is not material.

19 Provisions

	2018	2019	2020
	£	£	£
At 1 October	38,143	58,585	83,805
Additional provision for year	20,442	25,220	59,507
At 30 September	58,585	83,805	143,312

The Directors have identified a potential underpayment of National Insurance contributions in respect of payments made to subcontractors. Following extensive professional consultation and advice, the Directors considered the roles for all subcontractors provided by the Company. Whilst the Directors consider that many of the roles were outside the scope of the Agency legislation, there were several that were potentially considered within the scope of the rules.

The Company has recently commenced the process of voluntary disclosure to HM Revenue & Customs in this regard. The provision of £143,312, based on those roles that the Directors deemed were inside the scope of the Agency legislation, was recognised as at 30 September 2020, although the timing of any resulting payment and the quantum thereof, currently remains uncertain. The directors have not provided for a penalty which may be between 0 per cent. and 30 per cent. of any liability arising from the disclosure, on the basis that they are making a voluntary disclosure to HM Revenue & Customs. The Directors have used their best estimate based on the advice provided and their analysis of the potential underpayments.

The provision stated above is subject to uncertainty in both amount and timing of cash flows due to the fact that the Company has only recently commenced the process of voluntary disclosure to HM Revenue & Customs. It is possible that, following the voluntary disclosure exercise, HM Revenue & Customs may challenge that more of the roles should be caught by the Agency rules and therefore the final liability may be higher. The amounts stated above are, in the Directors opinion, reflective of the best estimate and are confident of having a robust position to defend their judgements to which the Company is exposed.

20 Loans and borrowings

	As at 1 October 2017	*As at 30 September 2018*	*As at 30 September 2019*	*As at 30 September 2020*
	£	£	£	£
Included within current liabilities				
Bank overdrafts	365	–	–	–
Bank loans	–	–	60,006	344,639
	365	–	60,006	344,639

The bank loan is secured by guarantees from the Company's parent undertaking, Hercules Real Estate Limited, and by a personal guarantee from a director.

21 Leases

The Company leases properties and certain items of plant and machinery. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset (Note 15) and a lease liability.

The Company had recognised three property leases in 2020 (2019 – one, 2018 – one) and three plant and machinery leases (2019 – one, 2018 – none).

All future cashflows are included. The leases are subject to rent reviews every five years. The nature of the rent reviews is such that annual rentals are adjusted to prevailing market rates, unless that would lead to a reduction. In accordance with IFRS 16, any future increases in annual rentals arising from rent reviews are not included in the calculation of the lease liabilities. Any future increases in annual rentals will result in prospective adjustments to the lease liabilities at the point of the rent review.

Amounts recognised in the Statement of Financial Position relating to leases are:

Right-of-use assets	£
Net book value	
At 1 October 2017	1,407,188
New leases recognised in the year	69,435
Depreciation charge for the year	(123,919)
At 30 September 2018	1,352,703
New leases recognised in the year	392,901
Depreciation charge for the year	(170,144)
At 30 September 2019	1,575,460
Surrender of lease	(1,171,534)
New leases recognised in the year	5,534,302
Depreciation charge for the year	(261,268)
At 30 September 2020	5,676,961

These are included within property, plant and equipment in the statement of financial position.

Maturity analysis	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Due within one year	134,909	206,315	685,902
Due within two to five years	365,480	529,229	1,876,551
Due after five years	1,150,128	1,067,976	4,350,443
Future finance charges	(284,072)	(258,078)	(1,214,119)
	1,366,446	1,545,443	5,698,777

Amounts recognised in the Statement of Comprehensive Income

The statement of comprehensive income shows the following amounts relating to leases:

	2018 £	*2019* £	*2020* £
Depreciation charge of right of use asset	123,919	170,144	261,268
Interest expenses (within finance costs)	30,450	29,258	75,509
	154,369	199,402	336,777

Amounts recognised in the Cash Flows

The statement of cash flows shows the following amounts relating to leases:

	2018 £	*2019* £	*2020* £
Cash outflows	141,228	243,161	407,591
Cash inflows	–	–	(153,330)
Net cash outflows	141,228	243,161	254,261

Low value leases and short-term leases

The Company has no leases for which the low value or short-term exemptions of IFRS 16 has been applied.

Reclassification of existing leased assets

On transition to IFRS 16, assets under existing leases that were accounted for as finance leases under UK GAAP have been reclassified as right-of-use assets. The amounts reclassified are shown below:

Plant and machinery	2018 £	2019 £	2020 £
Cost	–	287,400	1,144,050
Accumulated depreciation	–	(28,740)	(64,980)
Net book value	–	258,660	1,079,070

22 Financial instruments

	As at 1 October 2017 £	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Financial assets held at amortised cost:				
Trade receivables	864,156	2,470,130	2,808,589	2,698,688
Amounts owed by Hercules Real Estate Limited	2,872,452	303,561	680,467	2,840,209
Amounts owed by related parties	138,480	–	–	–
Amounts owed by directors	32,470	42,612	364,278	508,714
Other receivables	–	25,000	130,291	259,757
Cash and cash equivalents	1,121,925	1,037,296	979,372	2,015,552
	5,029,483	3,878,599	4,962,997	8,322,920

	As at 1 October 2017 £	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Financial assets held at fair value through profit and loss:				
Gold bars	185,000	175,443	230,235	309,566

	As at 1 October 2017 £	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Financial liabilities held at amortised cost:				
Bank borrowings	365	–	60,006	344,639
Trade payables	489,025	699,733	980,920	770,274
Other payables	–	70,554	373,668	630,399
Accrued expenses	686,435	303,422	1,247,956	708,982
Amounts owed to related parties	720,940	1,063,120	–	–
Lease liabilities	1,407,789	1,366,446	1,545,443	5,698,777
	3,304,554	3,503,275	4,207,993	8,153,071

23 Financial Risk management

The Company uses various financial instruments. These primarily include bank borrowings, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

(a) ***Market risk***

Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk. The Company is exposed to price risk on the value of its gold bars. These were purchased by the Company some years ago as a long-term investment with the expectation of future capital appreciation and are not actively managed. Exposure to interest rate risk is very limited. There is no exposure to currency risk as the Company operates entirely with the United Kingdom and all transactions are denominated in Pounds Sterling.

(b) ***Liquidity risk***

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing its cash balance.

The Company has significant levels of cash reserves available and continues to trade profitably. Liquidity risk is therefore considered to be low.

The Company's financial liabilities comprise bank borrowings, trade payables, other payables, accruals, amounts due to related parties and lease liabilities. The maturity of lease liabilities is disclosed in note 21 above. All other financial liabilities are expected to be settled within 6 months of the balance sheet date.

(c) ***Interest rate risk***

Interest rate risk is limited to interest paid on the Company's variable rate bank borrowings and interest received on cash deposits. Due to the relatively low level of borrowings and the low rates of interest on cash deposits, the impact of any changes in interest rate is not considered significant.

(d) ***Credit risk***

The Company's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The credit risk associated with trade receivables is minimal as invoices are based on contractual agreements with long-standing customers. Credit losses historically incurred by the Company have consequently been immaterial.

The Company had no material receivables past due or impaired at 30 September 2018, 30 September 2019 or 30 September 2020.

24 Share capital

Issued capital

Authorised	*As at 1 October 2017 Number*	*As at 30 September 2018 Number*	*As at 30 September 2019 Number*	*As at 30 September 2020 Number*
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

Allotted, called up and fully paid	*As at 1 October 2017 £*	*As at 30 September 2018 £*	*As at 30 September 2019 £*	*As at 30 September 2020 £*
Ordinary shares of £1 each	2	2	2	2

Share rights

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any right of redemption.

25 Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represented contributions payable by the Company to the scheme and amounted to £171,167 (2018 –

£25,861; 2019 – £334,042). Contributions totalling £9,432 October 2017 – £Nil; 2018 – £5,444; 2019 – £7,500) were payable to the scheme at the end of the year and are included in other payables.

26 Related party transactions

Ultimate controlling party

During the historical financial period, the Company was controlled by B K Korkmaz and Mrs N Korkmaz by virtue of their shareholding in the parent undertaking, Hercules Real Estate Limited.

Key management personnel compensation

Key management personnel remuneration has been set out in note 11 to the Historical Financial Information

Transactions with parent entity

The following transactions occurred with the Company's ultimate controlling party, Hercules Real Estate Limited:

	2018 £	*2019* £	*2020* £
Rent	82,152	82,152	195,896

Transactions with other related parties

The following transactions occurred with the following related parties:

	As at 30 September 2018 £	*As at 30 September 2019* £	*As at 30 September 2020* £
Excel Employment Services Limited	9,659,583	–	–

Excel Employment Services Limited was owned and controlled by the shareholders of Hercules Site Services Limited. The transactions involved the supply of labour services.

Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Current receivables	*As at 1 October 2017* £	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Hercules Real Estate Limited	2,872,452	303,561	680,467	2,840,209
Excel Employment Services Limited	138,480	–	–	–
Director	32,470	42,612	364,278	508,714
	3,043,402	346,173	1,044,745	3,348,923

During the year ended 30 September 2020, the Company provided additional funds to Hercules Real Estate Limited resulting in the increase in the receivables balance noted above. The key element of this funding was £1,110,000 for the purchase of the Sunhill site, part of which was subsequently leased back to the Company.

Current payables	*As at 1 October 2017* £	*As at 30 September 2018* £	*As at 30 September 2019* £	*As at 30 September 2020* £
Hercules Real Estate Limited	–	–	–	–
Excel Employment Services Limited	720,940	1,063,120	–	–
	720,940	1,063,120	–	–

27 Post Balance Sheet Events

On 29 March 2021 the Company distributed the directors' loan account receivable to its parent undertaking, Hercules Real Estate Limited. On the same date the Company paid a dividend to the parent undertaking sufficient to clear the existing intercompany balance and the amount relating to the directors' loan account.

28 Net debt

	At 1 October 2017	*Cash flow*	*Non-cash movement*	*At 30 September 2018*	*Cash flow*	*Non-cash movement*	*At 30 September 2019*	*Cash flow*	*Non-cash movement*	*At 30 September 2020*
Cash and cash equivalents										
Cash	1,121,925	(84,629)	–	1,037,296	(57,924)	–	979,372	1,036,180	–	2,015,552
Bank overdrafts	(365)	365	–	–	–	–	–	–	–	–
	1,121,560	(84,264)	–	1,037,296	(57,924)	–	979,372	1,036,180	–	2,015,552
Debt										
Bank loans	–	–	–	–	(60,006)	–	(60,006)	(284,633)	–	(344,639)
Lease liabilities	(1,407,789)	141,228	(99,885)	(1,366,446)	243,161	(422,158)	(1,545,443)	254,261	(4,407,595)	(5,698,777)
	(1,407,789)	141,228	(99,885)	(1,366,446)	183,155	(422,158)	(1,605,449)	(30,372)	(4,407,595)	(6,043,416)
Net debt	(286,229)	(56,964)	(99,885)	(329,150)	(241,079)	(422,158)	(626,077)	1,005,808	(4,407,595)	(4,027,864)

Non-cash movements represent new liabilities recognised under IFRS 16 in respect of leases.

29 First-time adoption of IFRS

This historical information for the years ended 30 September 2018, 30 September 2019 and 30 September 2020 is the first financial information Hercules Site Services Limited has prepared in accordance with IFRS and the date of transition was 1 October 2017. In preparing this Historical Financial Information, the Company's opening statement of financial position was prepared as at 1 October 2017.

In addition to adjustments required for the transition to IFRS, a number of adjustments have been made to the information previously reported under UK GAAP. These, and the adjustments arising on transition to IFRS, are detailed further below.

Reconciliations of equity and net income from UK GAAP to IFRS

Balance sheet at 1 October 2017

	Note	*UK GAAP previously reported* £	*IFRS transition* £	*Other adjustments* £	*IFRS as adjusted* £
Non-current assets					
Property, plant and equipment	15	896,822	1,407,188	–	2,304,010
Current assets					
Inventories		199,629	–	(199,629)	–
Trade and other receivables	17	5,054,153	–	1,205,024	6,259,177
Current tax receivable	–	–	–	–	
Financial assets	16	185,000	–	–	185,000
Deferred tax assets	14	–	–	–	–
Cash and cash equivalents		1,121,925	–	–	1,121,925
Total current assets		6,560,707	–	1,005,395	7,566,102
TOTAL ASSETS		7,457,529	1,407,188	1,005,395	9,870,112
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	24	2	–	–	2
Retained earnings		5,029,189	(601)	789,742	5,818,330
Total equity		5,029,191	(601)	789,742	5,818,332
Non-current liabilities					
Deferred tax liabilities	14	98,164	–	–	98,164
Lease liabilities	21	–	1,314,501	–	1,314,501
Total non-current liabilities		98,164	1,314,501	–	1,412,665
Current liabilities					
Trade and other payables	18	2,288,279	–	(13,929)	2,274,350
Current tax payable		41,530	–	191,439	232,969
Provisions	19	–	–	38,143	38,143
Loans and borrowings	20	365	–	–	365
Lease liabilities	21	–	93,288	–	93,288
Total current liabilities		2,330,174	93,288	215,653	2,639,115
TOTAL LIABILITIES		2,428,338	1,407,789	215,653	4,051,780
TOTAL EQUITY AND LIABILITIES		7,457,529	1,407,188	1,005,395	9,870,112

Balance sheet at 30 September 2018

	Note	*UK GAAP previously reported* £	*IFRS transition* £	*Other adjustments* £	*IFRS as adjusted* £
Non-current assets					
Property, plant and equipment	15	1,021,240	1,352,704	–	2,373,944
Current assets					
Inventories		281,719	–	(281,719)	–
Trade and other receivables	17	5,040,162	–	154,051	5,194,213
Current tax receivable	–	–	–	–	
Financial assets	16	175,443	–	–	175,443
Deferred tax assets	14	–	–	–	–
Cash and cash equivalents		1,037,296	–	–	1,037,296
Total current assets		6,534,620	–	(127,668)	6,406,952
TOTAL ASSETS		7,555,860	1,352,704	(127,668)	8,780,896
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	24	2	–	–	2
Retained earnings		3,878,286	(13,742)	(153,146)	3,711,398
Total equity		3,878,288	(13,742)	(153,146)	3,711,400
Non-current liabilities					
Deferred tax liabilities	14	88,817	–	–	88,817
Lease liabilities	21	–	1,259,930	–	1,259,930
Total non-current liabilities		88,817	1,259,930	–	1,348,747
Current liabilities					
Trade and other payables	18	3,449,647	–	(6,379)	3,443,268
Current tax payable		139,108	–	(26,728)	112,380
Provisions	19	–	–	58,585	58,585
Loans and borrowings	20	–	–	–	–
Lease liabilities	21	–	106,516	–	106,516
Total current liabilities		3,588,755	106,516	25,478	3,720,749
TOTAL LIABILITIES		3,677,572	1,366,446	25,478	5,069,496
TOTAL EQUITY AND LIABILITIES		7,555,860	1,352,704	(127,668)	8,780,896

Balance sheet at 30 September 2019

	Note	*UK GAAP previously reported* £	*IFRS transition* £	*Other adjustments* £	*IFRS as adjusted* £
Non-current assets					
Property, plant and equipment	15	1,197,392	1,316,801	15,674	2,529,867
Current assets					
Inventories		–	–	–	–
Trade and other receivables	17	7,079,497	–	205,464	7,284,961
Current tax receivable		542,639	–	(115,723)	426,916
Financial assets	16	230,235	–	–	230,235
Deferred tax assets	14	–	–	–	–
Cash and cash equivalents		979,372	–	–	979,372
Total current assets		8,831,743	–	89,741	8,921,484
TOTAL ASSETS		10,029,135	1,316,801	105,415	11,451,351
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	24	2	–	–	2
Retained earnings		5,671,658	(25,289)	(79,645)	5,566,724
Total equity		5,671,660	(25,289)	(79,645)	5,566,726
Non-current liabilities					
Deferred tax liabilities	14	62,805	–	100,922	163,727
Lease liabilities	21	155,140	1,218,050	–	1,373,190
Total non-current liabilities		217,945	1,218,050	100,922	1,536,917
Current liabilities					
Trade and other payables	18	4,031,311	–	333	4,031,644
Current tax payable		–	–	–	–
Provisions	19	–	–	83,805	83,805
Loans and borrowings	20	60,006	–	–	60,006
Lease liabilities	21	48,213	124,040	–	172,253
Total current liabilities		4,139,530	124,040	84,138	4,347,708
TOTAL LIABILITIES		4,357,475	1,342,090	185,060	5,853,526
TOTAL EQUITY AND LIABILITIES		10,029,135	1,316,801	105,415	11,451,351

Balance sheet at 30 September 2020

	Note	*UK GAAP previously reported* £	*IFRS transition* £	*Other adjustments* £	*IFRS as adjusted* £
Non-current assets					
Property, plant and equipment	15	2,015,835	4,597,893	14,106	6,627,834
Current assets					
Inventories		5,597	–	–	5,597
Trade and other receivables	17	8,604,583	–	158,863	8,763,446
Current tax receivable		26,783	–	(26,783)	–
Financial assets	16	309,566	–	–	309,566
Deferred tax assets	14	124,133	–	(124,133)	–
Cash and cash equivalents		2,015,552	–	–	2,015,552
Total current assets		11,086,214	–	7,947	11,094,161
TOTAL ASSETS		13,102,049	4,597,893	22,053	17,721,995
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	24	2	–	–	2
Retained earnings		6,948,138	(44,901)	(584,326)	6,318,911
Total equity		6,948,140	(44,901)	(584,326)	6,318,913
Non-current liabilities					
Deferred tax liabilities	14	–	–	341,370	341,370
Lease liabilities	21	716,868	4,389,519	–	5,106,387
Total non-current liabilities		716,868	4,389,519	341,370	5,447,757
Current liabilities					
Trade and other payables	18	4,753,287	–	333	4,753,620
Current tax payable		–	–	121,364	121,364
Provisions	19	–	–	143,312	143,312
Loans and borrowings	20	344,639	–	–	344,639
Lease liabilities	21	339,115	253,275	–	592,390
Total current liabilities		5,437,041	253,275	265,009	5,955,325
TOTAL LIABILITIES		6,153,909	4,642,794	606,379	11,403,082
TOTAL EQUITY AND LIABILITIES		13,102,049	4,597,893	22,053	17,721,995

Income statement for the year ended 30 September 2018

	UK GAAP previously reported £	*IFRS transition* £	*Other adjustments* £	*IFRS as adjusted* £
Revenue	21,018,042	–	(1,148,055)	19,869,987
Cost of sales	(16,642,978)	–	(9,997)	(16,652,975)
Gross profit	4,375,064	–	(1,158,052)	3,217,012
Other operating income	982	–	–	982
Administrative expenses	(2,235,012)	17,309	6,555	(2,211,148)
Profit from operations	2,141,034	17,309	(1,151,497)	1,006,846
Fair value gains/losses	–	–	(9,557)	(9,557)
Finance income	1,824	–	–	1,824
Finance costs	–	(30,450)	–	(30,450)
Profit before tax expense	2,142,858	(13,141)	(1,161,054)	968,663
Taxation	(399,761)	–	218,166	(181,595)
Total comprehensive income	1,743,097	(13,141)	(942,888)	787,068

Income statement for the year ended 30 September 2019

	UK GAAP previously reported £	*IFRS transition* £	*Other adjustments* £	*IFRS as adjusted* £
Revenue	30,496,558	–	203,191	30,699,749
Cost of sales	(26,104,660)	–	(31,933)	(26,136,593)
Gross profit	4,391,898	–	171,258	4,563,156
Other operating income	33,689	–	–	33,689
Administrative expenses	(3,149,205)	17,711	(26,528)	(3,158,022)
Profit from operations	1,276,382	17,711	144,730	1,438,823
Fair value gains/losses	–	–	54,792	54,792
Finance income	2,040	–	–	2,040
Finance costs	–	(29,258)	–	(29,258)
Profit before tax expense	1,278,422	(11,547)	199,522	1,466,397
Taxation	527,760	–	(138,831)	388,929
Total comprehensive income	1,806,182	(11,547)	60,691	1,855,326

Income statement for the year ended 30 September 2020

	UK GAAP previously reported £	*IFRS transition* £	*Other adjustments* £	*IFRS as adjusted* £
Revenue	22,950,757	–	(46,601)	22,904,156
Cost of sales	(18,590,479)	–	(59,507)	(18,649,986)
Gross profit	4,360,278	–	(106,108)	4,254,170
Other operating income	395,549	–	–	395,549
Administrative expenses	(3,674,203)	53,871	(80,899)	(3,701,231)
Profit from operations	1,081,624	53,871	(187,007)	948,488
Fair value gains/losses	–	–	79,331	79,331
Finance income	15,278	–	–	15,278
Finance costs	(7,360)	(73,483)	–	(80,843)
Profit before tax expense	1,089,542	(19,612)	(107,676)	962,254
Taxation	186,938	–	(397,005)	(210,067)
Total comprehensive income	1,276,480	(19,612)	(504,681)	752,187

The IFRS adjustments noted above relate to the capitalisation of leases under IFRS 16, and the subsequent impact on depreciation, profits on disposal of assets and interest payable, together with the removal of the rental cost previously recognised under FRS 102.

The other adjustments noted above relate to various corrections made to historical accounting identified during preparation of this Historical Financial Information as follows:

(i) Removal of provisions made against accrued income at 1 October 2017 and 30 September 2018;

(ii) Inclusion of a provision for the underpayment of taxes under the Construction Industry Scheme;

(iii) Adjustments to accrued income due to historical cut-off errors;

(iv) Adjustments to various expenses due to historical errors, together with the reallocation of certain expenses to directors' loan account or property, plant and equipment;

(v) Restatement of tax charges and balances relating to the above and following a reappraisal of Research and Development tax credit claims;

(vi) Reclassification of fair value movements previously shown within administrative expenses; and

(vii) Reclassification of accrued income balances previously shown as inventories.

PART IV

UNAUDITED INTERIM FINANCIAL INFORMATION

Condensed Statement of Comprehensive Income for the 6 Months Ended 31 March 2021

	6 months ended 31 March 2021 (unaudited) £ 000	*6 months ended 31 March 2020 (unaudited) £ 000*
Continuing operations		
Revenue	14,048	10,755
Cost of sales	(11,549)	(9,295)
Gross profit	2,499	1,460
Other operating income	156	65
Administrative expenses	(1,701)	(1,402)
Other non-recurring administrative costs	(58)	–
Profit from operations	896	123
Fair value movements	(51)	40
Finance costs	(102)	(35)
Profit before tax expense	743	128
Income tax credit/(charge)	(313)	(22)
Net profit for the period	430	106
Total comprehensive income for the period	430	106
Earnings per share		
On total profits attributable to equity holders of parent	215	53

Condensed Statement of Financial Position as at 31 March 2021

	Note	As at 31 March 2021 (unaudited) £ 000	As at 30 September 2020 (audited) £ 000
Non-current assets			
Tangible assets	4	9,429	6,628
Current assets			
Inventories		4	6
Financial assets		259	310
Trade and other receivables	5	6,393	8,762
Cash and cash equivalents		973	2,016
Total current assets		7,629	11,094
TOTAL ASSETS		17,058	17,722
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	8	–	–
Retained earnings		3,455	6,319
Total equity		3,455	6,319
Liabilities			
Non-current liabilities			
Deferred tax liabilities		665	341
Lease liabilities	7	7,080	5,106
Total non-current liabilities		7,745	5,447
Current liabilities			
Trade and other payables	6	4,329	4,754
Current tax payable		59	121
Provisions		199	143
Borrowings		173	345
Lease liabilities	7	1,098	593
Total current liabilities		5,858	5,956
Total liabilities		13,603	11,403
TOTAL EQUITY AND LIABILITIES		17,058	17,722

Condensed Statement of Changes in Equity for the 6 Months Ended 31 March 2021

	Share capital (Unaudited) £ 000	*Retained earnings (Unaudited) £ 000*	*Total equity (Unaudited) £ 000*
At 1 October 2019	–	5,566	5,566
Total comprehensive income for the period	–	106	106
Balance at 31 March 2020	–	5,672	5,672

	Share capital (Unaudited) £ 000	*Retained earnings (Unaudited) £ 000*	*Total equity (Unaudited) £ 000*
At 1 October 2020	–	6,319	6,319
Dividend paid	–	(3,294)	(3,294)
Total comprehensive income for the period	–	430	430
Balance at 31 March 2021	–	3,455	3,455

Condensed Statement of Cash Flows for the 6 Months Ended 31 March 2021

	6 months ended 31 March 2021 (unaudited) £000	6 months ended 31 March 2020 (unaudited) £000
Cash flows from operating activities:		
Profit for the period	430	106
Taxation charge	313	22
Finance costs	102	35
Fair value movements	51	(40)
Depreciation expense	332	160
Profit on disposal of property, plant and equipment	–	(29)
(Increase)/decrease in trade and other receivables	(458)	1,727
Decrease in trade and other payables	(368)	(1,474)
Decrease in inventories	2	–
Cash generated from operations	404	507
Tax (paid)/received	(52)	543
Net cash generated from operating activities	352	1,050
Cash flows from investing activities:		
Purchase of property, plant and equipment	(254)	(93)
Proceeds on disposal of property, plant and equipment	31	38
Net cash flows from investing activities	(223)	(55)
Cash flows from financing activities:		
Interest paid	(48)	(10)
Dividends paid	(3,294)	–
Payment of lease liabilities	(486)	(149)
Net (repayments)/receipts on bank borrowings	(172)	284
Amounts advanced on parent company loan	2,828	(1,032)
Net cash outflow from financing activities	(1,172)	(907)
Net (decrease)/increase in cash and cash equivalents	(1,043)	88
Cash and cash equivalents at start of period	2,016	979
Cash and cash equivalents at end of period	973	1,067
Cash and cash equivalents at end of period comprises:		
Cash at bank and in hand	973	1,067

Notes to the Interim Report for the 6 Months Ended 31 March 2021

1. Accounting policies

Basis of preparation

The historical financial information covers Hercules Site Services Limited for the half year ended 31 March 2021 (referred to as 'the Company'). The last set of financial statements were reported under FRS 102, refer to the Historical Financial Information note 29, 'First-time adoption of IFRS'.

The Interim Condensed Financial Information has been prepared in accordance with applicable International Financial Reporting Standards as adopted by the United Kingdom (IFRS). This interim financial information has been prepared using the measurement bases specified by IFRS for each type of asset, liability or expense. The detailed measurement bases and principal accounting policies of the Company are set out in the Historical Financial Information within this Admission Document. There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the interim financial statements of the Hercules Site Services. The presentational and functional currency of the Hercules Site Services is Sterling, and this Interim Condensed Financial Information is rounded to the nearest thousand pounds.

Use of estimates and judgements

The preparation of the interim condensed financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the interim condensed financial information, there have been no significant changes to the use of estimates and judgments to those set out in Historical Financial Information within this Admission Document.

Going concern basis of accounting

Refer to the going concern statement included in the Historical Financial Information.

Significant accounting policies

This set of Condensed Interim Financial Information applies the same accounting policies as within the Historical Financial Information. Refer note 2 of the Historical Financial Information.

2. Profit and Loss information

Costs in relation to the initial public offering on the AIM market of the London Stock Exchange have been analysed as exceptional as they are not in the ordinary operating costs of Hercules Site Services Limited.

3. Segmental information

During the period, the Company began earning revenues from a new activity, being the hire of suction excavators. The Company's management has identified this activity as a separate operating segment from the core activities described in its financial statements for the year ended 30 September 2020, which are treated as a single operating segment. The segments are monitored by the Company's chief operating decision maker and strategic decisions are made based on the segments' operating results.

These interims are therefore the first time that the Company has prepared and provided segmental information.

Segment information for the six months ended 31 March 2021 is as follows:

	Construction services *£ 000*	*Suction excavator hire* *£ 000*	*Total* *£ 000*
Revenue (all from external customers)	13,391	657	14,048
Cost of sales	(11,342)	(207)	(11,549)
Gross profit	2,049	450	2,499
Administrative expenses	(1,518)	(183)	(1,701)
Other operating income	156	–	156
Operating profit from segments	687	267	954
Non-recurring expenses			(58)
Operating profit			896

Segmental information is not presented for the comparative period as there was only considered to be a single operating segment for that period, being that of construction services.

4. Property, Plant and Equipment

	Plant and machinery (Unaudited) *£ 000*	*Fixtures, fittings and equipment (Unaudited)* *£ 000*	*Right-of-use assets (Unaudited)* *£ 000*	*Total (Unaudited)* *£ 000*
Cost				
At 1 October 2020	1,072	410	6,111	7,592
Additions	237	8	2,920	3,165
Disposals	(49)	–	–	(49)
At 31 March 2021	1,259	418	9,031	10,708
Depreciation				
At 1 October 2020	296	234	434	965
Charge	24	17	291	332
Disposals	(18)	–	–	(18)
At 31 March 2021	302	251	725	1,279
Net book value				
At 31 March 2021	957	166	8,306	9,429
At 1 October 2020	776	175	5,677	6,628

5. Trade and other receivables

	As at 31 March 2021 (unaudited) £	As at 30 September 2020 (unaudited) £
Trade receivables	4,208	2,698
Amounts owed by group undertakings	12	2,840
Amounts owed by director	43	509
Other receivables	195	260
Prepayments	1,936	2,455
	6,394	8,762

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date. Trade and other receivables are assessed for impairment based upon the expected credit losses model. The credit losses historically incurred have been negligible and as such the risk profile of the trade receivables has not been presented.

6. Trade and other payables

	As at 31 March 2021 (unaudited) £	As at 30 September 2020 (unaudited) £
Trade payables	659	770
Other payables	921	630
Accrued expenses	117	709
Social security and other taxes	2,632	2,645
	4,329	4,754

Trade payables are all current and any fair value difference is not material.

7. Leases

The Company leases properties and certain items of plant and machinery. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset (Note 15) and a lease liability.

All future cashflows are included. The leases are subject to rent reviews every five years. The nature of the rent reviews is such that annual rentals are adjusted to prevailing market rates, unless that would lead to a reduction. In accordance with IFRS 16, any future increases in annual rentals arising from rent reviews are not included in the calculation of the lease liabilities. Any future increases in annual rentals will result in prospective adjustments to the lease liabilities at the point of the rent review.

Amounts recognised in the Condensed Statement of Financial Position relating to leases are:

Right-of-use assets

	£ 000
Net book value	
At 30 September 2020	5,677
New leases recognised during the period	2,920
Depreciation charge for the period	(291)
At 30 September 2020	8,306

Lease liabilities

	As at 31 March 2021 £	*As at 30 September 2020 £*
Due within one year	1,098	593
Due within two to five years	2,716	1,364
Due after five years	4,364	3,742
	8,178	5,699

Amounts recognised in the Condensed Statement of Comprehensive Income

The condensed statement of comprehensive income shows the following amounts relating to leases:

	6 months ended 31 March 2021 £	*6 months ended 31 March 2020 £*
Depreciation charge of right of use asset	291	96
Interest expenses (within finance costs)	90	38
	381	134

Amounts recognised in the Condensed Cash Flows

The condensed statement of cash flows shows the following amounts relating to leases:

	6 months ended 31 March 2021 £	*6 months ended 31 March 2020 £*
Cash outflows	486	149

8. Share capital

Issued capital

	31 March 2021 (Unaudited)	*30 September 2020 (Unaudited)*
Number		
Ordinary shares of £1 each	2	2
Amount		
Ordinary shares of £1 each	£2	£2

Share rights

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any right of redemption.

9. Related parties

Ultimate controlling party

The Company is controlled by B K Korkmaz and Mrs N Korkmaz by virtue of their shareholding in the parent company, Hercules Real Estate Limited.

Key management personnel compensation

Key management are the directors of the Company.

Transactions with parent entity

The following transactions occurred with the Company's parent undertaking, Hercules Real Estate Limited:

	6 months ended 31 March 2021 (unaudited)	*6 months ended 31 March 2020 (unaudited)*
	£	£
Rent	97	66
Other expenses	–	–
	97	66

Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 March 2021 (Unaudited)	*30 September 2020 (Unaudited)*
	£	£
Hercules Real Estate Limited	12	2,828
Director	43	509

The amounts due from Hercules Real Estate Limited shown above have no fixed repayment terms and no interest is charged. During the period a dividend was paid by the Company to Hercules Real Estate Limited of £3,294,000 (Period ended 31 March 2020 : £Nil).

PART V

ADDITIONAL INFORMATION

1 RESPONSIBILITY

The Company (whose registered office address appears on page 9 of this Document) and the Directors (whose names, business address and functions appear on page 9 of this Document) accept responsibility, individually and collectively, for the information contained in this Document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has 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 or which would make misleading any statement in this Document, whether of facts or of opinion.

2 THE COMPANY

2.1 The Company was incorporated as a private company limited by shares under the laws of England and Wales on 30 May 2008 with company number 06607001 and with the name Hercules Site Services Limited.

2.2 The Company was re-registered as a public company limited by shares under the laws of England and Wales and changed its name to Hercules Site Services Plc on 10 May 2021.

2.3 The principal legislation under which the Company operates and under which the Shares are issued is the Companies Act 2006.

2.4 The Company's registered office is Hercules Court Lakeside Business Park, South Cerney, Cirencester, England, GL7 5XL and its telephone number is 01793 336851.

2.5 The Company's financial year ends on 30 September.

2.6 The ISIN (International Security Identification Number) of the Company is GB00BPVBVZ82.

2.7 The LEI (Legal Entity Identifier) of the Company is 213800P7Z6MXNSM4OQ50.

2.8 The website address of the Company is www.hercules-construction.co.uk. The information on the Company's website does not form part of this Document.

2.9 Following Admission, the Company's principal activity will continue to be the provision of services within the civil engineering sector of the construction industry, including the hiring out of plant and machinery and the provision of skilled labour. The Company's activities are described in more detail in Part I of this Document.

3 SHARE CAPITAL

3.1 The issued paid up share capital of the Company prior to Admission and as it is expected to be immediately following Admission, is as follows:

Shares	*Aggregate Nominal Value*	*Number of Shares*
Prior to Admission	£50,000	50,000,000
Immediately following Admission	£58,650.21	58,650,206

3.2 The Company was incorporated on 30 May 2008 with 2 fully paid up ordinary shares, each with a nominal value of £1.00, making the aggregate nominal value of the Company £2.00.

3.3 On 29 April 2021, the Company allotted 49,998 bonus shares with a nominal value of £1.00 each, making the aggregate nominal value of the Company £50,000.

3.4 On 20 January 2022, the Company sub-divided its entire issued share capital of 50,000 ordinary shares of £1.00 each into 50,000,000 ordinary shares with a nominal value of £0.001 each, making the aggregate nominal value of the Company £50,000.

3.5 As at the date of this Document, the Company has a total of 50,000,000 issued Shares.

3.6 On Admission, the Company will issue in aggregate 8,650,206 New Shares. Immediately following Admission, the number of Shares in issue will therefore be 58,650,206.

3.7 Pursuant to the approval of the shareholder resolution described in paragraph 3.4 above of this Part V, the Directors have been duly authorised to issue and allot the Placing Shares.

3.8 The Placing Shares will, following allotment, rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions hereafter declared, paid or made on the share capital of the Company.

3.9 The Shares are in registered form and may be held in certificated or uncertificated form. Following Admission, and as permitted by the Articles, Shares may be delivered, held and settled through CREST. A register of Shares will be maintained by the Registrars.

3.10 The Shares have no redemption or conversion rights.

4 OPTIONS AND WARRANTS

Options

4.1 As at the date of this Document, the Company does not have any options in issue.

4.2 Options will be granted on Admission to the Directors and members of the Company's key management as set out in the below table that represent 5 per cent. of the Enlarged Share Capital:

No.	*Name of Option Holder*	*Number of Options to be granted on Admission*	*Exercise Price*	*Vesting Date*	*Exercise Period*
1.	Paul Wheatcroft	293,251	Placing Price	5 years from the date of Admission	2 years from the vesting date
2.	Paul Field	293,251	Placing Price	5 years from the date of Admission	2 years from the vesting date
3.	Andreas Gottfried	293,251	Placing Price	5 years from the date of Admission	2 years from the vesting date
4.	Other employees	2,052,751	Placing Price	5 years from the date of Admission	2 years from the vesting date
	Total:	2,932,504			

Option Plan

4.3 The Directors believe that the success of the Company will depend to a significant degree on the performance of the Company's senior management team. The Directors also recognise the importance of ensuring that directors and employees of the Company are appropriately and properly motivated and rewarded.

4.4 Accordingly, from Admission, the Company will establish a share option scheme in which eligible persons will be invited to participate at the discretion of the Remuneration Committee. The New Scheme will be limited in total to 10 per cent. of the Company's issued Shares from time to time, in line with market standard practices. The terms of such options shall be determined at the time of each grant, including in relation to any relevant vesting and/or performance conditions.

Warrants

4.5 As at the date of this Document, the Company does not have any warrants in issue.

4.6 Warrants in the Company will be granted on Admission to certain advisers to the Company as set out below:

Name of Warrant Holder	*Number of Warrants*	*Exercise Price*	*Exercise Period*
SP Angel	423,128	Placing Price	4 years
Henry Pitman	293,251	Placing Price	3 years
Total:	716,379		

5 ARTICLES OF ASSOCIATION

5.1 Objects of the Company

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

5.2 Voting Rights

Subject to any special terms as to voting attached to any class of shares, at any general meeting, on a show of hands, every member present in person or by proxy or (being a corporation) who is present by a duly authorised representative shall have one vote. On a poll every Member present in person or by proxy or by representative (in the case of a corporate Member) shall have one vote for each share of which he is the Holder, proxy or representative. On a poll, a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes in the same way. No member is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the Directors determined otherwise, if any calls in respect of shares held by him have not been paid.

5.3 Notices and Quorum of General Meeting

An annual general meeting of the Company shall be called on 21 clear days' notice, that is excluding the date of deemed receipt of such notice and the date of the meeting. Any general meeting of the Company shall be called on 14 clear days' notice. The Directors can call a general meeting at any time they think fit. The Company is required to send notice to members (except where the member is not entitled to such notice under the Articles or pursuant to any other restrictions imposed), the Company's Directors, and auditors. The Articles permit 'hybrid' general meetings (i.e. allowing participation at a physical general meeting by electronic facilities) to be held. In the case of an electronic or hybrid meeting, the notice must specify the date, time and electronic platform for the meeting. Notice will be sent to those registered in the register of members of the Company at such relevant time as is decided by the Directors in accordance with the Articles. The notice of annual general meeting or general meeting will include a time at which the member must be entered on such register in order to have the right to vote, being not more than 48 hours before the time fixed for the meeting. The quorum at general meetings will be two Members present in person or by proxy and entitled to vote.

5.4 **Variation of Rights**

If at any time the capital of the Company is divided into different classes of share, the rights attached to any class may be varied either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. The rights may be so varied either while the Company is a going concern or during or in contemplation of a winding up. The quorum at any such separate meeting (other than an adjourned meeting) shall be not less than two persons entitled to vote and holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

5.5 **Issue of shares**

Subject to the provisions of the Act regarding pre-emption rights and any resolution of the Company relating thereto or relating to any authority to allot any shares in the Company or grant any right to subscribe for or convert any securities into any shares of the Company, the Directors may allot (with or without conferring a right of renunciation), grant options over offer or otherwise deal with or dispose of shares of the Company to or in favour of such persons on such terms and conditions at a premium or at par and at such times as the Directors think fit.

The provisions of section 561(1) of the Act (to the extent not disapplied pursuant to sections 570 and 571 of the Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Act) which are, or are to be, paid up in cash.

5.6 **Lien and Forfeiture**

The Company has a first and paramount lien and charge upon every share (not being a fully paid share) for all amounts payable to the Company whether called or payable at a fixed time in respect of that share. The Board may sell shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days of notice requiring the holder to do so.

Subject to the Articles and the terms on which the shares are allotted, the Board may make such calls on Shareholders in respect of any money unpaid on their shares. Each Shareholder shall (subject to receipt of at least 14 days' notice) pay to the Company the amount called on his shares. If a sum called or instalment payable in respect of a share is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest on the sum and expenses. The notice should also state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

5.7 **Directors**

5.7.1 ***Share Qualification***

A Director is not required to hold any Shares by way of qualification.

5.7.2 ***Board Powers***

The Directors are responsible for the management of the Company's business and the Directors may exercise all the Company's powers and may do on its behalf anything that can be done by the Company. The Board may delegate any of its power to any committee consisting of one or more Directors or to any Director.

5.7.3 ***Directors' Conflicts of Interest***

Directors must declare to the other Directors any situation in which he has or could have a direct or indirect interest that conflicts or possibly might conflict with the interests of the Company. Save in relation to permitted causes, any Director so interested cannot count as part of a meeting of the Directors in relation to voting for quorum purposes. If a question comes up at a meeting of the Directors about whether a Director (other than the chairperson of the meeting) can vote, the question be referred to the chairperson of the meeting (or if the Director concerned is the chairperson, to the other Directors at the meeting) and his ruling (or the ruling of the majority of other Directors in relation to the chairperson) will be final and conclusive.

5.7.4 ***Borrowing Powers***

The Directors may exercise all of the powers of the Company to borrow money, and to mortgage or charge undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of applicable laws, to issue debentures, debenture stock, and other securities.

5.7.5 ***Directors' Meetings***

The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number shall be two.

5.7.6 ***Directors' Expenses and Additional Remuneration***

The Directors are entitled to be repaid all reasonable expenses properly incurred by them respectively in connection with their attendance at meetings of directors or committees of directors, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their powers in relation to the Company. A Director who by request of the Board performs special services outside his ordinary duties as a Director or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may determine.

5.7.7 ***Retirement and Appointment of Directors***

The Company may by ordinary resolution appoint any person willing to act and who is permitted by law to do so, to be a director. The Directors may also from time to time appoint directors, but any director so appointed shall retire by rotation at the next annual general meeting of the Company and stand for re-election. A Director may be removed from office if he receives written notice signed by not less than, in the case of non-executive directors, three-quarters, and in the case of executive directors, a majority or half of the Board if that includes the chairperson of the other Directors removing him from office. The office of a Director shall be vacated if such Director becomes prohibited by law of holding such office and in certain other circumstances.

5.7.8 ***Retirement by Rotation***

At every annual general meeting, any directors appointed by the Board since the last general meeting and any directors who were not appointed or re-appointed at one of the preceding two annual general meetings of the Company shall retire by rotation and stand for re-election.

5.7.9 ***Directors' indemnity and insurance***

The Directors may decide to purchase and maintain insurance at the expense of the Company for the benefit of any relevant officer in respect of any loss or liability which has been or may be incurred by that relevant officer in connection with his duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company.

5.8 **Transfers**

All transfers of shares held in certificated form may be effected by transfer in any usual form or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee. The Directors may refuse to register the transfer of a certificated share if the transfer is not lodged at the Company's registered office or such other appointed place, it is not duly stamped, it is not accompanied by the certificate or similar Documents, it is in respect of more than one class of share or if it is in favour of more than four transferees. All transfers of shares held in uncertificated form will be effected by means of the relevant system.

5.9 **Dividends**

There are no fixed dates on which a divided entitlement arises. The Company may by ordinary resolution from time to time declare dividends to be paid to Shareholders, although the amount of the dividend cannot exceed the amount recommended by the Directors. In addition, the Directors may pay interim dividends if justified by the profits of the Company available for distribution. The dividend payment to each Shareholder shall be calculated proportionately to the amounts paid up on each issued Share. All unclaimed dividends may be used for the benefit of the Company until claimed. Any dividend which remains unclaimed twelve years after the date the dividend becomes due for payment shall be forfeited and shall revert to the Company. Payments of dividends may be made by direct debit, bank transfer, cheque, dividend warrant or money order. Subject to the passing of an ordinary resolution by the Shareholders, the Board may offer Shareholders the right to elect to receive additional Shares, credited as fully paid, rather than cash. The Shares rank *pari passu* as a class in terms of preference, restriction, and all other rights. The Articles provide for a procedure for Shareholders to waive their dividend and in the event this occurs the Board have discretion as to whether to redistribute this dividend to the other Shareholders or not.

5.10 **Conversion of loans or other debt instruments**

The Articles do not restrict the Company from issuing convertible loans or other debt instruments, of any nature, which may be converted to Shares (subject to the relevant terms and conditions attaching to such convertible loans or debt instrument). Subject to the provisions of the Act regarding pre-emption rights and any resolution of the Company relating thereto and subject always to their fiduciary and other duties, the Directors are accordingly free to authorise the issue of convertible loan or other debt instruments by a resolution of Directors on such terms and at such time and to such persons as they in their sole discretion deem fit.

5.11 **Redemption or Purchase of shares by the Company**

The Company may from time to time by special resolution reduce its share capital and any capital redemption reserve and any share premium account in any manner authorised and with and subject to any incident prescribed or allowed by the Statutes and the rights attached to existing shares.

5.12 **Winding up**

If the Company is wound up, the liquidator my, with the sanction of a special resolution and any other sanction required by law, divide among the Shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. Any such division shall be in accordance with the existing rights of the Shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets of the Company in trustees on such trusts for the benefit of the Shareholders as he, with the like sanction, shall determine, but no Shareholder shall be compelled to accept any assets on which there is a liability.

6 OTHER RELEVANT LAWS AND REGULATIONS

6.1 **Disclosure Guidance and Transparency Rules**

Under Chapter 5 of the Disclosure and Transparency Rules, a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights; (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules.

6.2 **Takeovers**

As a public limited company incorporated and centrally managed and controlled in the UK, the Company is subject to the Takeover Code. Following the implementation of Part 28 of the Companies Act, the Panel has statutory powers to enforce the Takeover Code in respect of companies whose shares are admitted to trading on AIM. Since the date of incorporation of the Company, there has been no takeover offer (within the meaning of Part 28 of the Companies Act for any Shares.

6.3 **Mandatory bid**

Under Rule 9 of the Takeover Code when (i) a person acquires an interest in shares which (taken together with shares in which he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or (ii) a person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. and no more than 50 per cent. of the voting rights of a company subject to the Takeover Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to extend a general offer in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights not already held by them.

6.4 **Squeeze-out**

Under the Companies Act, an offeror which makes a takeover offer for the Company has the right to buy out minority Shareholders where it has acquired (or unconditionally contracted to acquire) not less than 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights in the Company. It would do so by sending a notice to the outstanding minority Shareholders telling them that it will compulsorily acquire their shares. Such notice must be sent within three months of the last day on which the offer can be accepted. The notice must be made in the prescribed manner. The squeeze-out of the minority Shareholders can be completed at the end of six weeks from the date the notice has been given, following which the offeror can execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding minority Shareholders. The consideration offered to the outstanding minority Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

6.5 **Sell-out**

The Companies Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer for the Company, provided that at any time before the end of the period within which the offer can be accepted, the offeror has acquired (or unconditionally contracted to acquire) not less than 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights in the Company. A minority Shareholder can exercise this right by a written communication to the offeror at any time until three months after the period within which the offer can be accepted or a later date specified in the notice given by the offeror. An offeror would be required to give the remaining Shareholders notice of their rights to be bought out within the one month from the end of the period in which the offer can be accepted. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7 DIRECTORS' INTERESTS

7.1 As at the date of this Document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors, and their immediate families and any Connected Person that would be disclosed pursuant to this paragraph if the Connected Person was a Director, in the share capital of the Company are and will be as follows:

Name	*Number of Shares held prior to Admission*	*% of Existing Share Capital*	*Number of Shares immediately following Admission*	*% of Enlarged Share Capital*	*Options and Warrants held immediately following Admission*
Brusk Korkmaz	50,000,000*	100%	41,902,297	71.4%	Nil
Paul Wheatcroft	Nil	Nil	Nil	Nil	293,251
Ahmet Iplikci	Nil	Nil	410,577	0.7%	Nil
Henry Pitman	Nil	Nil	Nil	Nil	293,251
Richard Kilner	Nil	Nil	Nil	Nil	Nil
Robin Stevens	Nil	Nil	Nil	Nil	Nil

* These Shares are held by Brusk Korkmaz indirectly through Hercules Real Estate, in which Brusk Korkmaz has a 51 per cent. interest and his wife, Nicola Korkmaz, holds the remaining 49 per cent.

7.2 Save as otherwise disclosed in this Document:

7.2.1 none of the Directors, or any of their respective Connected Persons, has any interest, whether beneficial or non-beneficial, in any share capital of the Company;

7.2.2 none of the Directors, or any of their respective Connected Persons, is interested in any related financial product (as defined in the AIM Rules for Companies) whose value in whole or in part is determined directly or indirectly be reference to the price of the Shares, including a contract for difference or a fixed odds bet;

7.2.3 there are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any outstanding loans or guarantees provided by any of the Directors for the benefit of the Company;

7.2.4 no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company; and

7.2.5 there are no contracts, existing or proposed, between any Director or parties in which they are interested and the Company.

7.3 In addition to their respective directorships in the Company, the Directors hold, and have during the five years preceding the date of this Document held, the following directorships and partnerships:

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
Brusk Korkmaz	Hercules Consultancy Limited Hercules Employment Solutions Limited Hercules Real Estate Limited	Excel Employment Solutions Limited Hercules Ground Works Limited Korkys Food Limited
Paul Wheatcroft	Cavern Consulting Ltd	Westfield Medical Limited Forest Green Rovers Football Club Limited Green Britain Centre Limited Ecotricity Group Ltd Heck Fen Wind Park Limited The Electric Highway Company Limited Ecotricity Generation Limited Cardiff Wind Park Limited Worksop Wind Farm Limited Ballymena Wind Park Limited
Paul Wheatcroft (continued)		Somerton Wind Park Limited Fen Farm Wind Park Limited

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
		Lynch Knoll Wind Park Limited
		Next Generation Wind Holdings Limited
		Bristol Port Wind Park Limited
		Merchant Wind Park (East Kilbride) Limited
		Green Park Wind Park Limited
		New Power Company Limited
		Swaffham Windpark Limited
		Ecotech Wind Park Limited
		Shooters Bottom Wind Park Ltd
		Dundee Merchant Wind Park Limited
		Bambers Extension Wind Park Ltd
		Mablethorpe Wind Park Limited
		Fen Farm Solar Park Limited
		Bambers Wind Park Limited
		Galsworthy Wind Park Limited
		Wind Holdings Nord Limited
		Ecotricity Limited
		Ecotalk Limited
		Ecotopia Limited
		Ecotricity Bonds plc
		Eco Cars Limited
		Dagenham Wind Park Limited
		Britwind Limited
		Ecotricity Wind and Sun Parks (Holding) Limited
		Ecotricity Wind and Sun Parks (Issuing) Limited
		North Harbour Wind Park Limited
		Dalby Wind Park Limited
		The Ministry of Carbon Limited
		British Green Electricity Limited
		London Wind Park Limited
		Ecotricity Juice Ltd
		Kings Lynn Wind Park Limited
		Swindon Wind Park Limited
		Microtricity Limited
		Hethel Wind Park Limited
		Urbine Limited
		Manchester City Wind Park Limited
		Windtricity Limited
		Ecotricity Doing the Right Thing Ltd
		Dale Vince Limited
		Zero Trading Limited
		Zero Limited
		Zero Food Limited
		Zero Energy Limited
		Wakefield Wind Park Limited
		The Vince Motor Company Limited
		The Vince Car Company Limited
		Swaffham II Wind Park Ltd
		Street Wind Park Limited
		Bicker Fen Energy Storage Limited
		Pollington Wind Park Limited
		One Planet Bank Limited
		Northampton Wind Park Limited
Paul Wheatcroft		Nexgen Group Limited
(continued)		Lochnet Systems Limited

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
		Ecotility Limited Ecotricity De France Limited Ecolectricity Limited Ecobank Limited Eco.Net (UK) Limited Eco Telecom Limited Dulater Hill Wind Park Limited Derix Ventures Limited Carbonade Ltd Carbon Savings Bank Limited Carbonaid Ltd Banbury Wind Park Limited Carbon Bank Limited Milton Keynes Wind Park Limited Sandy Wind Turbine Limited Lydiard Fields Wind Park Limited Dagenham 2 Wind Park Limited Ecogas Supplies Limited Ecotricity New Energy Limited Ecowater Limited Gearoid Lane Limited Zero Transport Limited British Green Power Limited Crystal Systems Limited Alveston Wind Park Limited British Green Gas Limited Inch Moor Wind Park Limited Upper Sonachan Wind Park Limited Forest Green Sun Company Limited The Sky Mining Company Limited Air Diamonds Company Limited Cardiff Wind Park Limited
Ahmet Iplikci	Noctura Partners Europe Limited Ishtar Advisory Limited	Ebiz Ventures Limited Redstrike Group Limited Tasso Food Limited Tasso Property Investments Limited
Henry Pitman	Outsideclinic Limited Surespecs Limited The Outside Clinic Limited Optimism Health Group Ltd Sheldrick Trading Limited The David Sheldrick Wildlife Trust African Century Group Limited African Century Agriculture Limited African Century Nampula Limited Lake Harvest Group Limited African Century Infrastructure Services Limited	Skretting Zambia Holding Ltd Small Island Capital Limited
Richard Kilner	PH Realisations 2020 Limited Nexus Infrastructure plc Glebe Meadows Developments Limited	SHS Integrated Services Limited Triconnex Ltd Tamdown Group Limited True Lense Holdings Limited
Richard Kilner (continued)	Deltex Consulting Limited True Lens Services Limited	

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
	True Lens Services (Holdings) Limited Great Bowery LLC	
Robin Stevens	Robin Stevens Consulting Limited Macxchange Limited Vector Capital plc Avelas Bio Holdco Inc. B Iconic Limited Avelas Biosciences Inc. Aura Renewable Acquisitions Plc	Crowe UK LLP B Iconic Group Limited

7.4 Save as disclosed in paragraph 7.5 and as at the date of this Document, no Director has:

7.4.1 any unspent convictions in relation to indictable offences;

7.4.2 had any bankruptcy order made against him or entered into any individual voluntary arrangements or has had a receiver appointed to any asset of such director;

7.4.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

7.4.4 been a partner of any partnership which has been placed into compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.4.5 been the owner of any assets which have been the subject of a receivership;

7.4.6 been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

7.4.7 been publicly criticised by a statutory or regulatory authority (including recognised professional bodies); or

7.4.8 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of any company.

7.5 The Company has been informed that:

7.5.1 in 2010, Tasso Food Limited, a company of which Ahmet Iplikci was a director at the time, was placed into a creditors' voluntary liquidation. The company was dissolved on 12 February 2013 with a deficit on liquidation of £27,383.18;

7.5.2 on 21 March 2017, SHS Integrated Services Limited, a company of which Richard Kilner was a director at the time, appointed an administrator. The company was dissolved on 3 July 2019 with an estimated deficit to secured creditors of £3,540,436;

7.5.3 on 16 September 2020, PH Realisations 2020 Limited, a company of which Richard Kilner is a director, appointed an administrator. At the date of this Document, the company remains in administration. On 8 October 2021, the administrators determined that there would be insufficient funds available to enable a dividend to be paid to unsecured creditors, and estimated that the deficit to secured creditors will be approximately £6.8m;

7.5.4 in 2010, Robin Stevens and 14 of his colleagues left Mazars LLP following a partnership dispute. Robin Stevens and his colleagues reached an agreed settlement with Mazars LLP without litigation;

7.5.5 on 22 March 2021, B Iconic Ltd, a company of which Robin Stevens is currently the sole director of, was placed into a members' voluntary solvent liquidation. On 8 August 2021, Robin Stevens made a declaration of solvency to the effect that the company will be able to pay its debts in full, together with interest, within a period of 12 months from the commencement of the winding up;

7.5.6 on 26 May 2010, the designated members of MRI Moores Rowland LLP, a partnership of which Robin Stevens was a partner, resolved to voluntarily wind up the partnership. The partnership was dissolved on 15 May 2018. The claims made by creditors to the liquidator were not agreed as there was little likelihood of sufficient funds being available to pay a divided to said creditors, and the liquidator had insufficient assets to cover its costs and expenses in full; and

7.5.7 on 26 May 2010, Zokora (No. 2) Limited, a company of which Robin Stevens was a director at the time, was placed into a creditors' voluntary liquidation. The company was dissolved on 12 May 2018. The liquidator received one claim of £2,247 (compared to one unsecured creditor of £2,246 shown in the company's statement of affairs) and there was a contingent claim of £250,000.

8 DIRECTORS' TERMS OF ENGAGEMENT

8.1 The Directors have held office with the Company as follows:

Name	*Commencement of Office*
Brusk Korkmaz	30 May 2008
Paul Wheatcroft	2 March 2020
Ahmet Iplikci	Admission
Henry Pitman	Admission
Richard Kilner	Admission
Robin Stevens	Admission

8.2 Details of the service agreements and/or letters of appointment for each Director are set out below:

8.2.1 **Letter of Appointment – Henry John Pitman – Non-Executive Chairman**

On 31 January 2022, Henry Pitman executed a letter of appointment with the Company pursuant to which he agreed to act as the Company's Non-Executive Chairman. The letter of appointment is effective from the date of the letter and shall continue unless terminated by either party giving to the other 3 months' prior written notice. Mr Pitman is expected to devote such time as is necessary for the proper performance of his duties the Company, including attendance at board meetings and at annual general meetings. The overall time commitment will increase if Mr Pitman becomes a committee member or chair, or if he is given other additional responsibilities. Under the terms of Mr Pitman's letter of appointment, Mr Pitman shall be paid £55,000 gross per annum, payable monthly in arrears. In addition to his salary, Mr Pitman shall be granted warrants to subscribe for such number of new Shares as equals 0.5 per cent. of the Enlarged Share Capital.

8.2.2 **Service Agreement – Brusk Kivilcim Korkmaz – Chief Executive Officer**

On 31 January 2022, Brusk Korkmaz entered into a service agreement with the Company under the terms of which Mr Korkmaz agreed to act as the Company's Chief Executive Officer. The service agreement is effective from the date of the agreement and shall continue unless terminated by either party on 6 months' notice in writing. Mr Korkmaz's employment with the Company, which commenced on 30 May 2008, counts towards his period of continuous employment. Mr Korkmaz shall be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement. The gross fee payable to Mr Korkmaz is £160,000 per annum, which shall accrue day-to-day and is payable in monthly arrears. In addition to his salary, Mr Korkmaz shall be eligible for a bonus scheme awarded by the Company at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. The Company will provide various other benefits, such as permanent health insurance, life assurance, private medical insurance, directors' and officers' insurance and a company car. Mr Korkmaz is entitled to 35 days' paid holiday in each holiday year, together with the usual public holidays in England and Wales or days in lieu where the Company requires him to work on a public holiday.

8.2.3 **Service Agreement – Paul David Wheatcroft – Chief Financial Officer**

On 31 January 2022, Paul Wheatcroft entered into a service agreement with the Company under the terms of which Mr Wheatcroft agreed to act as the Company's Finance Director. The service agreement is effective from the date of the agreement and shall continue unless terminated by either party on 6 months' notice in writing. Mr Wheatcroft's employment with the Company, which commenced on 10 February 2020, counts towards his period of continuous employment. Mr Wheatcroft shall be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement. The gross fee payable to Mr Wheatcroft is £135,000 per annum, which shall accrue day-to-day and is payable in monthly arrears. In addition to his salary, Mr Wheatcroft shall be eligible for options awarded by the Company in such amount and on such terms as may be determined by the Company from time to time and he shall be eligible for a bonus scheme awarded by the Company at such intervals and subject to such conditions as the Board may in its absolute discretion determine from time to time. The Company will also provide various other benefits, such as permanent health insurance, life assurance, private medical insurance, directors' and officers' insurance and a car allowance. Mr Wheatcroft is entitled to 28 days' paid holiday in each holiday year, together with the usual public holidays in England and Wales or days in lieu where the Company requires him to work on a public holiday.

8.2.4 **Letter of Appointment – Ahmet Iplikci – Non-Executive Director**

On 31 January 2022, Ahmet Iplikci executed a letter of appointment with the Company pursuant to which he agreed to act as a Non-Executive Director of the Company. The letter of appointment is effective from the date of the letter and shall continue unless terminated earlier by either party giving to the other 3 months' prior written notice. Mr Iplikci is expected to spend up to 4 days in each month on work for the Company, including attendance at board meetings and at annual general meetings. The overall time commitment will increase if Mr Iplikci becomes a committee member or chair, or if he is given other additional responsibilities. Under the terms of Mr Iplikci's letter of appointment, Mr Iplikci shall be paid £40,000 gross per annum, payable monthly in arrears.

8.2.5 **Letter of Appointment – Richard Anthony Kilner – Non-Executive Director**

On 31 January 2022, Richard Kilner executed a letter of appointment with the Company pursuant to which he agreed to act as a Non-Executive Director of the Company. The letter of appointment is effective from the date of the letter and shall continue unless terminated earlier by either party giving to the other 3 months' prior written notice. Mr Kilner is expected to spend up to 4 days in each month on work for the Company, including attendance at board meetings and at annual general meetings. The overall time commitment will increase if Mr Kilner becomes a committee member or chair, or if he is given other additional responsibilities. Under the terms of Mr Kilner's letter of appointment, Mr Kilner shall be paid £40,000 gross per annum, payable monthly in arrears.

8.2.6 **Letter of Appointment – Robin Stevens – Non-Executive Director**

On 31 January 2022, Robin Stevens executed a letter of appointment with the Company pursuant to which he agreed to act as a Non-Executive Director of the Company. The letter of appointment is effective from the date of the letter and shall continue unless terminated earlier by either party giving to the other 3 months' prior written notice. Mr Stevens is expected to spend up to 4 days in each month on work for the Company, including attendance at board meetings and at annual general meetings. The overall time commitment will increase if Mr Stevens becomes a committee member or chair, or if he is given other additional responsibilities. Under the terms of Mr Stevens' letter of appointment, Mr Stevens shall be paid £40,000 gross per annum, payable monthly in arrears.

9 SIGNIFICANT SHAREHOLDERS

9.1 As at the date of this Document and immediately following Admission, save for the interests of the Directors, which are set out in paragraph 7 above, the Company is aware of the following persons who are or will hold, directly or indirectly, voting rights representing three per cent or more of the issued share capital of the Company to which voting rights are attached.

	As at the date of this Document		*Immediately following Admission*	
Name	*Number of Shares*	*% of Existing Share Capital*	*Number of Shares*	*% of Enlarged Share Capital*
Hercules Real Estate Limited	50,000,000	100%	41,902,297*	71.4%
Premier Miton Group plc	–	–	7,722,772	13.2%
Linista Group Inc	–	–	4,950,495	8.4%

Hercules Real Estate is owned 51 per cent. by Brusk Korkmaz and 49 per cent. by Nicola Korkmaz (the spouse of Brusk Korkmaz).

* the Hercules Real Estate holding immediately following Admission is less the Sale Shares and less 176,911 Existing Shares transferred to SP Angel in lieu of fees payable under the Placing Agreement, further details in section 11.4 of Part V.

9.2 All Shareholders have the same voting rights.

9.3 Save as disclosed in paragraph 9.1 above, the Company and the Directors are not aware of (i) any person or entity who directly or indirectly, jointly or severally, exercises or could exercise control over the Company at Admission, nor (ii) any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

9.4 A relationship agreement has been entered into by the Company, SP Angel and Hercules Real Estate pursuant to which Hercules Real Estate's ownership of shares in the Company is regulated. A summary of the relationship agreement is set out in paragraph 11.8 of this Part V. Otherwise, there are no measures in place to prevent or regulate the ownership or control of the Company.

10 EMPLOYEES AND SUBCONTRACTORS

10.1 The Company engages three types of workers: monthly payroll employees, weekly payroll employees and subcontractors.

10.2 Monthly payroll employees are primarily engaged to work in various roles at the Company's head office, whereas the subcontractors and weekly payroll employees are predominantly engaged as labour supply and sold to the Company's customers for price works and day works projects.

10.3 As at 30 September 2021, there were 585 people employed by the Company and also working on its projects. The table below sets out the monthly mix of labour supply for the Company, including Directors:

		Month	
Type of engagement	*September 2020*	*March 2021*	*September 2021*
Monthly PAYE	43	54	70
Weekly PAYE	123	99	100
Subcontractors (CIS contractors)	292	339	415
Total:	458	492	585

11 MATERIAL CONTRACTS

The following contracts: (i) (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this Document by the Company and are, or may be, material to the Company or have been entered into by the Company and contain any provision under which the

Company has any obligation or entitlement which is material to it at the date of this Document; or (ii) are subsisting agreements which are included within or which relate to the assets and liabilities of the Company (notwithstanding whether such agreements are within the ordinary course or were entered into outside of the two years immediately preceding the publication of this Document) and are, or may be material to the Company.

DOCUMENTS RELATING TO ADMISSION

11.1 **Letter of Engagement with SP Angel**

An engagement letter dated 26 February 2021 was entered into between the Company and SP Angel under which SP Angel agreed to act, among other things, as the Company's nominated adviser and broker in connection with and following Admission and for the purposes of the AIM Rules. The Company has agreed to pay SP Angel an annual retainer for these services.

The agreement contains certain undertakings and indemnities given by the Company in respect of, among other things, compliance with all applicable laws and regulations. The agreement continues until terminated by either party giving the other three months' written notice expiring at any time after the date falling 12 months from the date of Admission.

11.2 **Letter of Engagement and Letter of Amendment with Bosphorus**

An engagement letter dated 27 November 2020 was entered into between the Company and Bosphorus under which Bosphorus agreed to act, among other things, as the Company's financial and transactional adviser in connection with Admission. In consideration for providing the services specified in the engagement letter, the Company agreed to pay Bosphorus the following fees ("**Original Fees**"):

11.2.1 a retainer fee of £30,000 for the initial 3 month period, which has been paid prior to Admission; and

11.2.2 a success fee of:

11.2.2.1 2.5 per cent. of the money raised pursuant to the Offers (to be a minimum of £200,000); and

11.2.2.2 shares equal to 1.25 per cent. of the Enlarged Share Capital on Admission (excluding the Subscription Shares).

The agreement shall be in force for a period of 12 months and shall thereafter automatically renew in the event that a transaction is in progress. If the agreement is terminated, for whatever reason, and the Company enters into a transaction with a third party introduced to it by Bosphorus within 3 years of termination, Bosphorus shall be entitled to the fees set out above.

The agreement is governed by the laws of England and Wales and English courts in London shall have exclusive jurisdiction over any disputes.

Since entering into the engagement letter, Bosphorus and the Company have signed a letter of addendum to the engagement letter. This addendum provides that, in addition to the Original Fees:

11.2.3 in the event that the Company and/or the Selling Shareholder decide to reduce the number of Shares issued or sold pursuant to Admission and/or the Placing, then:

11.2.3.1 if the number of New Shares issued by the Company is equal to a value of below £7,000,000 in consideration; and/or

11.2.3.2 the number of Existing Shares sold by the Selling Shareholder is equal to a value of below £7,500,000 in consideration,

then Bosphorus will still be remunerated in both/either instances as if:

11.2.3.3 an amount equal to at least £7,000,000 worth of New Shares had been issued by the Company; and

11.2.3.4 an amount equal to at least £7,500,000 worth of Existing Shares had been sold by the Selling Shareholder.

All other clauses and conditions of the engagement letter were unaffected. On 31 January 2022 Bosphorus agreed to further amend their fee arrangements so that £150,000 of the success fee will be applied to subscribe for the Subscription Shares in the Subscription. At Admission the aggregate of the Subscription Shares and Fee Shares will represent approximately 1.75 per cent. of the Enlarged Share Capital.

11.3 **Fee Sharing Agreement between Bosphorus and Ishtar Advisory Limited ("Ishtar")**

On 27 November 2020, Bosphorus and Ishtar entered into a fee sharing agreement, pursuant to which the parties agreed to share their fees such that Bosphorus would receive 60 per cent. of the aggregate fees received by the parties and Ishtar would receive 40 per cent. of the aggregate fees received. The parties also agreed that Bosphorus would deduct £5,000 from the first set of fees it received from the Company before splitting the fees in the manner described above. All fees to Ishtar would become due and payable as soon as Bosphorus received cleared funds from the Company. Ishtar has nominated Mr Iplikci to receive its Shares under this agreement.

The agreement will continue for a period of two years and it is governed by the laws of England and Wales.

11.4 **Placing Agreement**

Pursuant to the Placing Agreement between the Company, the Directors, the Selling Shareholder and SP Angel dated 31 January 2022, SP Angel has agreed, subject to certain customary conditions, to use its reasonable endeavours to procure on behalf of the Company subscribers for 6,990,415 New Shares at the Placing Price and to procure on behalf of the Selling Shareholder purchasers for the Sale Shares at the Placing Price.

The Placing Agreement is conditional on, amongst other things, Admission occurring by 8.00 a.m. on 4 February 2022 or by such later date as is agreed in writing between the Company and SP Angel (being not later than 5.00 p.m. on 28 February 2022).

The Placing Agreement contains certain customary warranties from the Company and the Directors in favour of SP Angel, including as to the accuracy of the information in this Document and certain other Placing documents, and certain other matters concerning the Company. The Selling Shareholder has given warranties in favour of SP Angel, including in relation to its capacity to enter into the Placing Agreement and title to the Sale Shares. The Placing Agreement also contains a customary indemnity from the Company to SP Angel and its associates in respect of certain claims and/or liabilities that may arise or be made against such indemnified persons in connection with the Placing Agreement, the Placing or Admission.

Conditional on Admission, (i) the Company has agreed to pay SP Angel a corporate finance fee together with a commission based on the aggregate value of the new Shares subscribed for at the Placing Price pursuant to the Placing, and to pay the Company's reasonable costs and expenses of the Placing (plus any applicable VAT); (ii) the Selling Shareholder has agreed to pay SP Angel a commission based on the aggregate value of the Sale Shares at the Placing Price; and (iii) certain other commission in respect of the Offers. The Selling Shareholder will issue SP Angel with 176,911 Existing Shares at the Placing Price as part of this commission payment. In addition, conditional on Admission, the Company has issued warrants to SP Angel as further described in 11.6 below. SP Angel may terminate the Placing Agreement prior to Admission in certain circumstances, including, amongst other things, any breach by the Company or any Director of any of their respective obligations or warranties in the Placing Agreement or in certain customary force majeure type circumstances. If the Placing Agreement is terminated, the Placing and the Admission will not proceed and no Shares will be issued or sold under the Placing.

The Placing Agreement is governed by the laws of England and Wales.

11.5 **Letter of Engagement with PrimaryBid**

Pursuant to a letter of engagement dated 19 January 2022, the Company appointed PrimaryBid to be the arranger of the Retail Offer. Pursuant to this letter of appointment, the Company has agreed to pay to PrimaryBid a commission on the Company's proceeds from the Retail Offer and to reimburse PrimaryBid for certain marketing costs.

11.6 **SPA Warrant Instrument**

Pursuant to a deed of warrant grant dated 31 January 2022, as part of the consideration for SP Angel acting as broker in relation to the Placing, the Company has agreed to grant SP Angel, conditional upon Admission, warrants to subscribe for such number of new Shares as equals 3 per cent. of the gross funds raised by SP Angel pursuant to the Placing. The warrants shall be exercisable at the Placing Price for 4 years from the date of Admission. The warrant deed is governed by the laws of England and Wales.

11.7 **Director Warrant Instrument**

Pursuant to a deed of warrant grant dated 31 January 2022, as part of Mr Pitman's fees for acting as the Company's Non-Executive Chairman, the Company has agreed to grant Mr Pitman, conditional upon Admission, warrants to subscribe for such number of new Shares as equals 0.5 per cent. of the Enlarged Share Capital. The warrants shall be exercisable at the Placing Price for 3 years from the date of Admission. The warrant deed is governed by the laws of England and Wales.

11.8 **Relationship Agreement**

On 31 January 2022, the Company, SP Angel and Hercules Real Estate entered into a relationship agreement pursuant to which Hercules Real Estate has undertaken, for so long as it holds Shares representing 25 per cent. or more of the voting capital of the Company and the Shares are admitted to trading on any market operated by the London Stock Exchange, among other things, that it will (and, in relation to its associates, will use its reasonable endeavours to procure that each of its associates will), unless it has first received the consent of SP Angel and the Independent Directors (such consent not to be unreasonably withheld or delayed):

11.8.1 keep confidential any confidential information relating to the Company;

11.8.2 exercise its voting rights and take all other reasonably necessary steps so as to procure that:

11.8.2.1 the Company and its subsidiaries are capable at all times of carrying on their business independently of Hercules Real Estate and its connected persons and in accordance with the AIM Rules;

11.8.2.2 all transactions, agreements or arrangements entered into between Hercules Real Estate or any connected persons and the Company are, and will be made, on an arm's length basis and on normal commercial terms and shall be approved and their enforcement, termination, implementation or amendment determined by the Independent Directors alone on behalf of the Company and all such transactions shall be in compliance with the applicable laws and regulations, including the AIM Rules;

11.8.2.3 no variations are made to the Articles that would be contrary to the Company's independence from the Shareholders and its connected persons;

11.8.2.4 there is and remains at all times not fewer than two non-executive directors; and

11.8.2.5 any committee of the Board (including the audit and remuneration committees) shall be comprised of a majority of non-executive directors and shall be chaired by an Independent Director, and

11.8.3 not seek the cancellation of the Company's admission to AIM for a minimum period of 24 months from Admission and, thereafter, that it shall only seek the cancellation of the Company's admission to AIM (i) with the approval of the Independent Directors, or (ii) after or at the same time as ensuring a tender offer is made to Shareholders at the 20 day VWAP proceeding publication of the offer in connection with a general offer made to the Shareholders to acquire all of the issued Shares of the Company.

Hercules Real Estate shall have the right to appoint:

11.8.4 two directors to the Board, so long as it holds more than 50 per cent. of the issued share capital of the Company; or

11.8.5 one director to the Board, so long as it holds 25 per cent. or more of the issued share capital of the Company, provided that such representative director(s) meet certain criteria set out in the relationship agreement.

In this agreement, Hercules Real Estate also agreed with the Company and SP Angel that for as long as it holds in excess of 70 per cent. of the issued share capital of the Company it will only exercise such voting rights such that the voting rights exercised represent 70 per cent. or less of aggregate of the votes it casts and the aggregate voting rights held by shareholders other than Hercules Real Estate.

The Relationship Agreement is governed by the laws of England and Wales.

11.9 **Lock-in Agreement**

On 31 January 2022, the Company, SP Angel and Hercules Real Estate entered into a lock-in agreement, pursuant to which Hercules Real Estate has undertaken, save in certain limited circumstances, not to sell or otherwise dispose of, or agree to sell or otherwise dispose of, any of its interests in the Shares held by it (the "**Locked Shares**") for a period of twelve months commencing on the date of Admission. In addition, Hercules Real Estate has further undertaken that it will be subject to orderly market arrangements during the following twelve months after the initial one year lock-in period (the "**Orderly Market Period**"). During the Orderly Market Period, Hercules Real Estate has agreed not to sell or otherwise dispose of its Shares, without the prior written consent of SP Angel and the Company (such consent not to be unreasonably withheld or delayed), except through SP Angel.

In addition, SP Angel or the Company's broker from time to time will have 4 Business Days to place the relevant Locked Shares during the Orderly Market Period, following which Hercules Real Estate may sell through another broker or agent.

Immediately following Admission, Hercules Real Estate will hold 41,902,297 Shares, representing 71.4 per cent. of the Enlarged Share Capital.

11.10 **Bosphorus Lock-in Agreement**

On 31 January 2022, the Company, SP Angel and Bosphorus entered into a lock-in agreement, pursuant to which Bosphorus has undertaken, save in certain limited circumstances, not to sell or otherwise dispose of, or agree to sell or otherwise dispose of, 291,766 Shares (being Shares that Bosphorus retains in respect of the fees outlined in paragraph 11.2.2.2 for a period of twelve months commencing on the date of Admission.

In addition, Bosphorus has further undertaken that it will be subject to three month lock-in following Admission in respect of 145,882 Shares.

Shares Bosphorus receives following Admission other than referred to in this paragraph 11.9 shall not be subject to lock-in or orderly market arrangements.

Immediately following Admission, Bosphorus will hold 615,866 Shares.

11.11 **Iplikci Lock-in Agreement**

On 31 January 2022, the Company, SP Angel and Mr Iplikci entered into a lock-in agreement, pursuant to which Mr Iplikci has undertaken, save in certain limited circumstances, not to sell or otherwise dispose of, or agree to sell or otherwise dispose of, 194,511 Shares of Mr Iplikci's holding of Shares that were issued to him as Ishtar's proportion of the fees set out in paragraph 11.2.2.2 above for a period of twelve months commencing on the date of Admission.

In addition, Ishtar has further undertaken that it will be subject to three month lock-in following Admission in respect of 97,255 Shares.

Shares Mr Iplikci receives following Admission other than referred to in this paragraph 11.10 shall not be subject to lock-in or orderly market arrangements.

Immediately following Admission, Mr Iplikci will hold 410,577 Shares.

11.12 **Registrar Agreement**

On 31 January 2022 the Company and the Registrar entered into a registrar agreement, pursuant to which the Registrar agreed to provide share registration and other ancillary services to the Company. The agreement shall continue for an initial period of 3 years, following which the agreement automatically renews for successive one year periods, unless terminated. The Registrar's fees will be invoiced monthly in arrears.

Other Material Contracts

11.13 **Lease Agreement**

On 1 February 2020, the Company entered into a lease agreement with Hercules Real Estate, pursuant to which Hercules Real Estate leased industrial units 3 and 4, located at Hercules Court, Lakeside Business Park, Broadway Lane, South Cerney GL7 5XL, to the Company for a period of 20 years commencing on 1 February 2020. The annual rent for the units is £194,000.00, payable in quarterly instalments, and interest on late payments accrues daily at 4 per cent. above Barclays' base rate. The rent is to be reviewed on the fifth anniversary of the lease agreement (being 1 February 2025).

The Company indemnifies Hercules Real Estate against all liabilities it may incur arising out of or in connection with (i) any breach by the Company of the covenants the Company provides under the terms of the lease, (ii) in respect of any act or omission of the Company, or (iii) any act or omission of any person on the premises with the Company's actual or implied authority. Hercules Real Estate may terminate the lease in various circumstances, including if the rent remains unpaid for 14 working days, or if the Company breaches any of the covenants given pursuant to the lease.

The lease agreement is governed by English law and is subject to the exclusive jurisdiction of the courts of England and Wales.

12 UNITED KINGDOM TAXATION

The following information is based on UK tax law and HM Revenue and Customs ("HMRC") practice currently in force in the UK (2021/22 UK tax year). Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person (individual or corporate) who is in any doubt about his or her position should contact their professional advisor immediately.

12.1 **Tax treatment of UK investors**

The following information, which relates only to UK taxation, is applicable to persons who are tax resident in the UK under domestic law and who beneficially own Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

(a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 5 per cent., of any of the classes of shares in the Company; or

(b) who will be required to treat the Shares as "employment related securities" for UK tax purposes; or

(c) who intend to acquire Shares as part of tax avoidance arrangements; or

(d) who are in any doubt as to their UK taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

12.2 **UK Dividends**

Where the Company pays dividends no UK withholding taxes are deducted at source, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

UK dividend income received by UK tax resident individuals will have a £2,000 per annum dividend tax allowance. UK dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers. Each of these three dividend tax rates will increase by 1.25 per cent. from 6 April 2022.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

12.3 **Disposals of Shares**

Any capital gain arising on the sale, redemption, transfer, gift, or other disposal of these Shares will be taxed at the time of such disposal under UK capital gains tax/corporation tax provisions.

The rate of capital gains tax on the disposal of Shares by individuals will depend on their marginal rate of UK tax. Capital gains falling within the basic rate band will be subject to tax at a rate of 10 per cent. with capital gains falling into the upper and additional rate subject to tax at a rate of 20 per cent. There is an Annual Exempt Amount for capital gains arising to UK individuals of £12,300 for the 2021/22 tax year.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19 per cent. In the Budget on 3 March 2021 it was announced that the rate would increase to 25 per cent. with effect from 1 April 2023. The 19 per cent. rate will continue for companies with profits of £50,000 or less and marginal relief will be available where profits are between £50,000 to £250,000 (these limits are divided between any associated companies, broadly companies under common control).

12.4 **Further information for Shareholders subject to UK income tax and capital gains tax**

Transactions in securities

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel "tax advantages" derived from certain prescribed "transactions in securities". Should these specific provisions apply the result would be to re-characterise any capital gains as income.

12.5 **Stamp Duty and Stamp Duty Reserve Tax**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or stamp duty reserve tax

or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or stamp duty reserve tax will generally be payable on the issue of Shares. Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Shares on AIM (including instruments transferring Shares and agreements to transfer Shares) based on the following assumptions:

(a) the Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and

(b) AIM continues to be accepted as a "recognised growth market" as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Shares in certain circumstances.

Any transfer of Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or stamp duty reserve tax.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

12.6 Individual Savings Accounts

Ordinary Shares traded on AIM can be qualifying investments for inclusion in an ISA. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.

12.7 Information reporting

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, an inter-governmental Agreement with the US in relation to FATCA. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such international arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

13 DIVIDEND POLICY

The Board intends to adopt a progressive dividend policy for the Company from Admission, which will seek to maximise Shareholder value and reflect the Company's strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and invest in the Company's long-term growth. The Company expects to declare its first such dividend following the notification of its results for the year ended 30 September 2021. The Board intends to target an aggregate dividend of approximately 3.5 per cent. of the value of the Shares not held by Hercules Real Estate at Admission at the Placing Price. This is a target only and is not a profit forecast and there is no guarantee that the target will be met. Hercules Real Estate has waived its entitlement to both this initial dividend as well as the dividend following the notification of its results for the year ended 30 September 2022. The Board may revise the dividend policy from time to time.

14 LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Company is aware, which may have or have had during the 12 months immediately preceding the date of this Document a significant effect on the financial position or profitability of the Company.

15 WORKING CAPITAL

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next twelve months from the date of Admission.

16 RELATED PARTY TRANSACTIONS

16.1 Save as set out in this paragraph 16, the Company has not entered into any related party transactions during the periods for which historical financial information appears in this Document.

16.2 During the period ended 31 March 2021, the Company declared a dividend of £3,283,686.51 in favour of Hercules Real Estate. This dividend was applied at the direction of Hercules Real Estate to satisfy the £459,947.43 loan from the Company to Brusk Korkmaz and the remaining £2,823,739.08 to repay a debt owed by Hercules Real Estate to the Company. On 4 November 2020, the Company entered into a lease agreement with Hercules Real Estate in respect of land at the rear of Sunhill, Cirencester, GL7 5SZ.

16.3 During the year ended 30 September 2020, £133,931 was advanced to Brusk Korkmaz, with interest being charged at the official rate. This loan has now been repaid. During the year ended 30 September 2020, the Company paid rent of £11,700 to Mrs Nicola Korkmaz (spouse of Brusk Korkmaz).

16.4 During the year ended 30 September 2019, £320,378 was advanced to Brusk Korkmaz and interest was charged at the official rate. During the year ended 30 September 2019, rent of £82,152 was paid to Hercules Real Estate in respect of the lease dated 1 October 2017 of Unit 4, Hercules Court.

16.5 During the year ended 30 September 2018, the Company engaged Excel Employment Solutions Limited to provide the Company with labour. During this period, Excel Employment Solutions Limited was wholly owned by Brusk Korkmaz and £9,659,583 was paid to Excel Employment Solutions Limited for services provided. On 1 October 2017, the Company entered into a lease of Unit 4, Hercules Court from Hercules Real Estate (which was at the time owned by Brusk Korkmaz and Nicola Korkmaz, spouse of Brusk Korkmaz) and in the year, rent of £82,152 was paid to Hercules Real Estate in respect of this property.

17 ENVIRONMENTAL

The Directors are not aware of any environmental issues or risks affecting the Company and its operations.

18 SIGNIFICANT CHANGE

Save as disclosed in section 10 of Part I of this Document, there has been no significant change in the financial position or financial performance of the Company since 31 March 2021, being the date to which the Unaudited Interim Financial Information in Part IV of this Document has been prepared.

19 CONSENTS

19.1 The nominated adviser and broker to the Company is SP Angel, which is authorised and regulated in the United Kingdom by the FCA. SP Angel has given and not withdrawn its consent to the issue of this Document with the inclusion of its name and reference to it in the form and context in which it appears.

19.2 BDO, in its capacity as reporting accountant to the Company, has given and not withdrawn its consent to the inclusion in this Document of its report set out in Part III of this Document in the form and context in which it is included, and it has accepted responsibility for its report for the purposes of Schedule Two of the AIM Rules for Companies. BDO is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

19.3 Mazars LLP has given and has not withdrawn its consent to the issue of this Document with the references to its name in the form and context in which they appear.

19.4 Hazlewoods LLP has given and has not withdrawn its consent to the issue of this Document with the references to its name in the form and context in which they appear.

19.5 Link Group has given and has not withdrawn its consent to the issue of this Document with the references to its name in the form and context in which they appear.

19.6 SEC Newgate has given and has not withdrawn its consent to the issue of this Document with the references to its name in the form and context in which they appear.

20 THIRD PARTY INFORMATION

20.1 Where information contained in this Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company and the Directors are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20.2 The sources of the third party information are indicated on the relevant pages.

21 GENERAL

21.1 The financial information relating to the Company contained in Part III of this Document has been prepared on a going concern basis.

21.2 The Company will publish its audited accounts for the year ended 30 September 2021 on or before 31 March 2022. The Company will publish its interim report for the six months ending 31 March 2022 by 30 June 2022. The accounting reference date of the Company is 30 September.

21.3 The total costs and expenses payable by the Company in connection with or incidental to the Offers and Admission, including registration and London Stock Exchange fees, corporate finance, accountancy and legal fees, commissions due to SP Angel for procuring Placees, consulting and investor relation services and the costs of printing and despatching this Document, are estimated to be approximately £1.3 million (excluding VAT), all of which will be payable by the Company. The gross proceeds of the Offers are expected to be £8.0 million and the net cash proceeds to the Company are expected to be £2.7 million.

21.4 No person (excluding professional advisers otherwise disclosed in this Document and trade suppliers) has:

(a) received, directly or indirectly, from the Company within 12 months preceding the date of this Document; or

(b) entered into contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(i) fees totalling £10,000 or more; or

(ii) securities in the Company with a value of £10,000 or more; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

21.5 Save as disclosed in this Document, no payment in excess of £10,000 has been made by or on behalf of the Company to any government or regulatory body with regard to the acquisition or maintenance of any of the Company's assets.

21.6 The financial information contained in Part III of this Document does not constitute full statutory accounts as referred to in Sections 430 to 434 of the UK Companies Act, 2006.

21.7 The auditors of the Company are Mazars LLP of 90 Victoria Street, Redcliffe, Bristol, BS1 6DP. Mazars LLP is a member firm of the Institute of Chartered Accountants in England and Wales. Mazars LLP were the Company's auditors for the financial year ending 30 September 2020, prior to this the Company's auditor was Fordhams & Co. and they audited the financial years ending 30 September 2019 and 30 September 2018.

21.8 Save as set out in this Document, the Directors are not aware of any exceptional factors that have influenced the Company's activities.

21.9 Save as set out in this Document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this Document relates or of his procuring or agreeing to procure subscriptions for such securities.

21.10 Save as disclosed in this Document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

21.11 Save as disclosed in this Document, there are no patents or intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.

21.12 Save as disclosed in this Document, there are no investments in progress or future investments on which the Directors have already made firm commitments which are significant.

21.13 The Subscription Shares, Placing Shares and the PrimaryBid Shares shall represent 27.0 per cent of the Enlarged Share Capital and voting rights of the Company immediately following Admission. Following Admission, the issued Shares and voting rights of Hercules Real Estate shall represent 71.4 per cent of the Enlarged Share Capital of the Company.

21.14 The Offers were made to investors on a non-pre-emptive basis and therefore the existing Shareholder did not have any entitlement to participate in the Offers.

22 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following Documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Document until at least 30 days after the date of Admission:

(a) Memorandum and Articles of the Company; and

(b) this Document.

23 AVAILABLE DOCUMENTS

Copies of this Document will be available free of charge from the date of this Document until the date which is one month after Admission, at the Company's business address during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted). Additionally, an electronic version of this Document will be available at the Company's website www.hercules-construction.co.uk.

Dated: 31 January 2022

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