

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN ARE RESTRICTED AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES OF AMERICA (THE "UNITED STATES" OR THE "US"), AUSTRALIA, CANADA, NEW ZEALAND, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

6 June 2025

Rosebank Industries plc

Acquisition of ECI and Capital Raise

Rosebank is very pleased to announce the acquisition of Electrical Components International (ECI), a private US-based market leader in critical electrical distribution systems, financed through debt facilities and a fully underwritten Institutional Capital Raise of approximately £1.14 billion at an issue price of £3.00 per share. This will be Rosebank's first acquisition under management's successful "Buy, Improve, Sell" model of shareholder value creation via the transformation of industrial businesses in the US and Europe, and has the following highlights:

- ECI is an electrical components business focused on North America, which accounts for approximately 80% of its c. \$1.3 billion 2024 revenues at adjusted operating margin of c. 13%, and where it has market leading positions principally producing wire harnesses and controls, often for large blue-chip customers in the industrial, electrification, HVAC and appliance end markets
- ECI will be acquired for cash for an enterprise value of less than \$1.9 billion on a debt and cash free basis representing approximately 9x expected 2025 Adjusted EBITDA (9.8x 2024 Pro forma Adjusted EBITDA)
- Rosebank is targeting 5 percentage points of operating margin improvement through untapped cost saving and restructuring initiatives, which would take adjusted operating margin to at least 18% and Adjusted EBITDA margin to at least 20%, unlocking the additional potential of the business
- ECI has performed creditably in the first four months of 2025 with Adjusted EBITDA and adjusted operating margin increasing by approximately 2% and has fully recovered all tariffs
- We intend to significantly improve ECI's cash generation through profit improvement, working capital optimisation and reducing leverage to 2.5x to 3x EBITDA range, more than halving the current debt service costs
- Through the execution of these performance improvement measures, we intend to double shareholders' investment in a 3-5 year time period
- In addition, we intend to continue ECI's acquisition strategy of buying smaller, complementary, high margin businesses with attractive exposure to high growth end markets funded through ongoing cash flows, creating opportunities for substantial synergies and multiple arbitrage. Any such acquisitions, together with any possible larger adjacent acquisitions, would provide further upside to the intended doubling of shareholder value
- The acquisition is being funded through a fully underwritten Institutional Capital Raise of approximately £1.14 billion at an issue price of £3.00 per share, which comprises an institutional placing in the UK and elsewhere and a private placement to a limited number of institutional investors in the US, plus \$900 million of New Debt Facilities split across a \$400 million term loan and a \$500 million revolving credit facility. Rosebank also intends to raise up to approximately €8 million through the Open Offer to allow Rosebank's shareholders who have not been invited to participate in the Institutional Capital Raise to subscribe for New Ordinary Shares at the Issue Price

- The completion of the acquisition is subject to the satisfaction of certain customary regulatory conditions, as well as approval of Rosebank shareholders, which will be sought at a general meeting on 1 July 2025

This acquisition represents the first step in Rosebank's journey and management has identified numerous further acquisition targets for its "Buy, Improve, Sell" model. M&A opportunities generally, and for ECI, are enhanced by the turbulence of recent months. Subject to the successful implementation of its improvement strategy for ECI, Rosebank hopes to be able to return to shareholders in the near future with the next step in the journey.

Simon Peckham, Rosebank CEO, said: "We are grateful for the strong support from shareholders. This is the first step on the journey and we are very confident that we can help ECI to fully realise its potential for the benefit of its employees, customers and our shareholders."

The preceding summary should be read in conjunction with the full text of the following announcement and its appendices.

Enquiries for Rosebank:

Rosebank

Simon Peckham, Matthew Richards

Via Montfort Communications

Montfort Communications

Nick Miles, Charlotte McMullen

+44 7739 701 634 / +44 7921 881 800

Barclays Bank PLC

(Financial Adviser and Joint Global Coordinator)

Yuri Shakhmin, Chris Madderson, Callum West

+44 (0) 20 7623 2323

Citigroup Global Markets Limited

(Financial Adviser, Joint Global Coordinator and Joint Corporate Broker)

Michael Lavelle, Greg Dalle, Patrick Evans

+44 (0) 20 7986 4000

Investec Bank plc

(Nominated Adviser, Financial Adviser, Joint Global Coordinator and Joint Corporate Broker)

Carlton Nelson, Christopher Baird, Duncan Smith

+44 (0) 20 7597 5970

Enquiries for Cerberus and ECI:

Rothschild & Co

(Financial Adviser)

Ravi Gupta, Sid Mehta

+ 44 (0) 20 7280 5000

Goldman Sachs

(Financial Adviser)

Dan Blank, Alexander Mielke

+44 (0) 207 774 1000

Barclays Bank PLC, Citigroup Global Markets Limited and Investec Bank plc have been appointed as Joint Global Coordinators in respect of the Placing and Investec Bank plc is acting as the Company's Nominated Adviser in connection with Admission and Readmission. BNP PARIBAS is acting as Co-Bookrunner in respect of the Placing.

The person responsible for arranging for the release of this announcement on behalf of Rosebank is Joff Crawford.

About Rosebank

Rosebank was established in 2024 to acquire businesses whose performance the Directors believe can be improved so as to create shareholder value. Rosebank's strategy is to acquire quality industrial or manufacturing businesses with strong fundamentals whose performance may be improved. Through investing in acquired businesses, changing management focus and delivering operational improvements, Rosebank seeks to increase and realise the value in such businesses, typically over a three-to-five-year investment horizon and to return the proceeds to shareholders.

About ECI

Founded in 1953, ECI is one of the world's leading suppliers of electrical distribution systems, control box assemblies, and other critical engineered components for a range of diversified end markets ranging from consumer appliances to smart industrial equipment. With approximately 20,000 employees and 39 global manufacturing locations, ECI is the trusted partner to over 450 customers with leading positions in respective end markets. ECI powers smart, connected, and electrified solutions that enable the most advanced technologies to solve the most complex challenges.

ECI provides end-to-end solutions for the design, manufacturing, assembly, and integration of wire harnesses, control boxes, and other value-added components across various industries and markets. Leveraging extensive product, technology, and systems knowledge, it aims to deliver efficient, high-quality products. Its tailored engineering solutions are aligned with the product and process innovations required for sustainability. ECI partners with customers throughout this journey to not only meet their specific needs but also to support their growth and success in the market.

ECI has continued to invest as part of its overall strategy to diversify and expand into high growth end markets through acquisitions. These acquisitions expand ECI's expertise in diversified markets and allow ECI to continue to provide the most advanced electrical solutions to customers across the globe.

Rosebank Industries plc

Acquisition of ECI and Capital Raise

1. Introduction

Rosebank has entered into an agreement with an affiliate of Cerberus Capital Management, L.P. (“Cerberus”) to acquire Electrical Components International (“ECI”), a predominantly US-based, market-leading manufacturing business providing critical electrical distribution systems to a range of diversified industrial end markets (the “Acquisition”).

With a full spectrum of engineering capabilities, ECI has over 450 customers globally. It offers a wide range of electrical and electronic solutions across industrial technology, electrification, as well as appliances and HVAC end markets. ECI has approximately 20,000 employees worldwide and 39 manufacturing locations globally, with North America representing approximately 78% of its 2024 revenue. ECI reported Pro forma Revenue of \$1,281 million, Pro forma Adjusted EBITDA of \$193 million and Pro forma Adjusted Operating Profit of \$166 million for 2024. Headquartered in St. Louis, Missouri and founded in 1953, ECI has been privately owned by funds managed and/or advised by Cerberus since 2018.

ECI will be acquired, for cash, for an enterprise value of less than \$1.9 billion (£1.5 billion) on a debt and cash free basis, subject to customary adjustments, representing approximately 9x expected 2025 Adjusted EBITDA and 9.8x 2024 Pro forma Adjusted EBITDA.

The Acquisition represents Rosebank’s first step in executing its strategy of acquiring quality industrial businesses with performance improvement potential. Drawing on management’s strong track record and experience gained when executing the same strategy at Melrose Industries PLC, the Rosebank Board believes that there is a significant opportunity to drive operational improvement at ECI to deliver its full potential. Rosebank has identified several cost and investment opportunities to unlock future profitability and growth which are expected to improve Adjusted EBITDA margin from approximately 15% in 2024 to at least 20% and Adjusted Operating Profit margin from approximately 13% in 2024 to at least 18%. Conservatively, the Rosebank Board believes that shareholders’ investment in this asset can be doubled within a similar timeframe to Rosebank management’s prior investments whilst leading Melrose.

Rosebank proposes to finance the Acquisition, together with repayment of part of the existing debt of ECI, from the net proceeds of an issue of 380 million New Ordinary Shares (i) by way of a firm placing to certain institutional investors in the United Kingdom and elsewhere (the “Placing”), and (ii) by way of a private placement by the Company to a limited number of institutional investors in the United States (the “US Private Placement”), in each case at a price of £3.00 per New Ordinary Shares (the “Issue Price”) (together, the “Institutional Capital Raise”), raising gross proceeds of approximately £1.14 billion (\$1.48 billion). The balance of the debt repayment will be funded through a partial drawdown pursuant to the Facilities Agreement.

Rosebank also intends to raise up to approximately €8 million through the Open Offer to allow Rosebank’s shareholders who have not been invited to participate in the Institutional Capital Raise to subscribe for New Ordinary Shares at the Issue Price. As part of the Capital Raise and at the same time as the Institutional Capital Raise, the Rosebank Co-Founders and the Rosebank Non-Executive Directors have agreed to subscribe for New Ordinary Shares at the Issue Price (the “Connected Persons Subscription”) with the proceeds to be used as working capital for the Enlarged Group. The Connected Persons will not be eligible to participate in the Open Offer. As a result, it is expected that the Rosebank Co-Founders and Non-Executive Directors will invest approximately £13.1 million in aggregate, equal to approximately 1.1% of the estimated aggregate gross proceeds of the Institutional Capital Raise and Open Offer.

The Placing is to be conducted by way of an accelerated bookbuild process which will commence immediately following this announcement. A further announcement confirming the closing of the Book

Build and the number of New Ordinary Shares to be issued pursuant to the Institutional Capital Raise is expected to be made in due course.

The Capital Raise is not conditional upon Acquisition Completion. In the unlikely event that the Capital Raise proceeds but Acquisition Completion does not take place, the Rosebank Board currently intends to invest the net proceeds of the Capital Raise on a short-term basis while the Rosebank Board evaluates other acquisition opportunities and, if no acquisitions can be found on acceptable terms, the Rosebank Board will consider how best to return surplus capital to Rosebank's shareholders in a timely manner. Such return could carry fiscal costs for certain of Rosebank's shareholders, would have costs for Rosebank and would be subject to applicable securities laws.

The Rosebank Board has received financial advice from Barclays, Citigroup and Investec in relation to the Acquisition. In providing advice to the Rosebank Board, Barclays, Citigroup and Investec have each relied upon the commercial assessments of the Rosebank Board.

The Rosebank Board considers that the Acquisition and Capital Raise are in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommends that all Shareholders vote in favour of the Resolutions, as the Directors and the Rosebank Co-Founders have undertaken to do, or procure to do, in respect of their own existing shareholdings, which comprise a total of 1,729,730 Existing Ordinary Shares, representing approximately 8.6% of the Existing Ordinary Shares.

2. Background to and reasons for the Acquisition

ECI is a US-based, market-leading manufacturing business providing critical electrical solutions to a range of diversified industrial end markets ranging from smart industrial equipment to specialist vehicle manufacturers, appliances and HVAC.

ECI has been privately owned by funds managed and/or advised by Cerberus since 2018. ECI has been successful at achieving growth from smaller acquisitions; recent and possible further acquisitions provide further future synergy opportunities and a tail of manufacturing facilities that can be optimised. Rosebank has identified significant opportunities for profit improvement at ECI under its ownership.

The Rosebank Board believes that the Acquisition is an excellent first transaction for Rosebank's "Buy, Improve, Sell" strategy and that it will deliver excellent returns for Rosebank's shareholders, for the following reasons:

ECI is a good industrial business with:

A. A strong position across several critical markets

- Approximately 80% of ECI's revenue is derived from markets in North America where it is an overall market leader
- ECI has established leading positions in key sectors: it holds a leading position in the Access Equipment & Machinery, Mirrors, and Agriculture & Construction markets in North America. Additionally, ECI maintains a leading presence in the energy transition market across North America, as well as being a market leader in Appliances and HVAC in North America
- ECI is deeply embedded across a diverse set of large blue-chip customers and their supply chains with its ability to provide flexible and customised solutions
- ECI has performed creditably in spite of economic volatility in 2025 with EBITDA and Operating margin increasing by approximately 2%, due to delivery of agreed pricing and operational efficiencies. ECI is gaining market share from smaller and less flexible competitors. Sales headwinds are primarily confined to certain end market for its specialty transportation segment, with other segments proving resilient.

B. End markets benefit from electrification growth trends

- ECI is well positioned to capitalise on the high-growth trends in energy transition, smart industrial applications, automation, data centres, industry AI, and the semiconductor markets. The global shift towards electrification and automation is advantageous for ECI's Electrification and Industrial division, which is well placed to benefit from significant market growth
- ECI's Electrification and Industrial division accounted for approximately 44% of 2024 revenue and approximately 55% of 2024 Adjusted EBITDA (excluding central costs), achieved through expansion into favourable end markets via M&A
- The Electrification and Industrial division is expected to benefit from higher regulatory standards tied to safety and energy transition and increased infrastructure spending
- The Electrification and Industrial division is also expected to benefit from market opportunities, such as the opportunity to capture increased share with existing customers, an increasing content per unit trend, and increasing demand for wire harness suppliers with dual capabilities
- The design of electrical systems across these end markets is becoming increasingly complex and ECI is well positioned to benefit from increasing content-per-unit trends
- Further margin improvement is already built into ECI's sales pipeline with approximately 76% of the pipeline coming from the higher margin Electrification and Industrial division. Achieving this new revenue mix will naturally lead to margin improvement

C. Well-positioned geographical footprint

- ECI is a global business, with approximately 78% of its revenues coming from North American customers. ECI operates in a region with a fast-growing economy and significant opportunities for global expansion

D. Clean balance sheet

- ECI boasts a clean balance sheet, presenting opportunities for future growth
- Reduced leverage levels paired with deleveraging under Rosebank is expected to assist further M&A and investment in product development

E. High quality and experienced management team

- ECI is led by a high-quality and experienced management team who will continue the journey of improving ECI with the support of Rosebank
- ECI's CEO, Mike Balsei, has 30+ years of experience working for global businesses in the electrical distribution systems industry, having joined ECI in 2020. ECI's CFO, Alex DeDominicis, has 30+ years of experience leading global finance in the manufacturing industries, having joined ECI in 2019

F. Strong positioning to mitigate potential tariff impact

- ECI's top 35 customers have either accepted the full pass through of any applicable tariffs or, in limited cases, agreed to the transfer of production or an alternative mechanism in order to mitigate the tariffs
- Approximately 95% of ECI's imports from Mexico are USMCA compliant and therefore tariff free. Tariffs have been fully recovered on the remaining 5%
- Tariff protection has been agreed in the Acquisition Agreement against 100% of pre-completion and 5/6th of post-completion unrecovered US-Mexican tariffs until June 2026

- Tariffs regarding rest of the world remain de-minimis and ECI are working with customers to relocate production away from China where necessary. ECI has previous experience of relocating significant production from Chinese to other facilities

Rosebank believes there are opportunities to improve ECI, including:

A. Operational restructuring

- There are a number of ongoing restructuring projects with full run-rate impact becoming visible in 2025 and further margin improvement projects in the pipeline. Currently the restructuring efforts are focused on cost savings, end market development, and operational performance improvement through enhanced inventory management, procurement savings, insourcing, pricing discipline, and improving efficiency in plants, warehouses, and logistics
- ECI is also looking to move production and manufacturing capabilities to more cost-effective regions, including continuing the expansion into Asia, and migration to the interior of Mexico and Central America, as part of its strategy to further reduce costs
- ECI is exploring opportunities for consolidation, such as combining its head offices and realising synergies from historic M&A, as well as optimisation of its geographical presence across its 39 global manufacturing locations
- Profit improvement initiatives implemented by ECI in 2024 are not yet fully visible in its financial results, but once visible, and following additional Rosebank initiatives, Rosebank targets an increase of ECI Adjusted EBITDA margin from approximately 15% in 2024 to at least 20% and Adjusted Operating Profit margin expansion from approximately 13% to at least 18%

B. Increased investment

- ECI plans to continue increasing its investment to enhance the quality and efficiency of its operations, including through select strategic acquisitions
- ECI has cultivated strong relationships with wire harness businesses both in North America and globally, is well positioned to capitalise on high-growth industrial end markets and is in a prime position to execute deals in these end markets at disciplined prices with an active M&A pipeline
- ECI will only pursue positive multiple arbitrage and transactions with extensive synergies, which will provide opportunities to expand its platform and grow shareholder value

C. Refocused product mix

- ECI intends to focus on new product launches and new sales opportunities that are weighted (approximately 76%) toward the high margin, high growth end markets served by the Electrification and Industrial division, achieving a new revenue mix that will naturally lead to group-level margin improvement

D. Cost recovery, including through appropriate pricing

- In addition to focusing on growth, ECI is also refining its approach to cost recovery, including through appropriate pricing. ECI is implementing measures to address low-margin work and inflationary pressures by reducing central costs and selling, general and administrative expenses ("SG&A"), consolidating footprint, and introducing appropriate pricing strategies, which is in line with Rosebank's standard approach
- ECI is also instituting new contracts with minimum gross margin acceptance levels and inflation-recovery clauses while exiting work with no associated profit and no potential for margin improvement, ultimately increasing its focus on its higher margin Electrification and Industrial division

E. Reduction in debt burden

- ECI's existing debt burden currently stands at approximately \$950 million
- Rosebank aims to reduce ECI's net debt to a level of approximately \$550 million and operate at no more than a 3x Adjusted EBITDA leverage ratio, which would allow for more balance sheet flexibility as a result of a reduction in interest expense from approximately \$110 million to \$40-50 million and room to invest and grow via both organic and inorganic means which could not be previously achieved in full due in part to capital structure
- After an initial restructuring period, the business is expected to be highly cash generative. Leverage will further reduce as EBITDA grows, and Rosebank's Directors expect levered free cash flow to significantly improve under Rosebank ownership
- These strategic initiatives position ECI to capitalise on both its established market leadership and emerging opportunities in high-growth sectors, positioning it with strong underlying cash flows, good visibility over margin improvement actions, and a clear path to achieve targeted returns within Rosebank's usual timetable

3. Market Overview

Industry

Rosebank will operate ECI through two business segments – (i) Electrification and Industrial; and (ii) Appliances and HVAC. The underlying markets for both segments are underpinned by secular megatrends and are expected to grow further, benefitting from overall market recovery. For example, innovation is required to address the impact of energy transition, developing new solutions that increase demand, especially for industrial, appliances and HVAC solutions, while constant technological development drives demand for new opportunities for ECI's Electrification and Industrial division.

Electrification and Industrial

Rosebank sees the Electrification and Industrial division as a key growth driver, with increasing demand for electrification and emerging industrial applications in diverse customer end markets.

The segment is expected to see significant customer spending driven by heightened regulatory standards related to safety and energy transition. The markets are also expected to benefit from increased infrastructure spending and a greater need for automation in manufacturing, warehouses and fulfilment centres. The electrification of specialty transportation fleet represents another area of emerging growth. ECI is favourably geared towards high growth and high value end market segments like data centres, AI and high-tech industrial applications.

Rosebank believes that there is significant opportunity to increase share with existing customers as the markets see a continued trend for increased complexity and content per unit, which plays well to ECI's strengths as a leading player in these markets.

The highest growing underlying markets include Energy Transition, estimated to grow at approximately 10-12% CAGR between 2024-26, Commercial LED / Smart Lighting at approximately 5%, and Automation & Data Technologies at approximately 6% in the same period. Some of these subsectors have experienced some slowdown in recent years due to the macro environment, but they are showing increasing market momentum that supports recovery.

Appliances and HVAC

Outdated appliances consume more energy compared to similar, newer units. Increased energy efficiency comes with more technologically advanced devices, increasing the amount of wire harness content and technology per device. The home appliances market volume is forecasted to see an approximately 2% CAGR between 2024-26.

HVAC solutions are relevant in both residential and commercial applications. The industry is rapidly evolving as global demand continues to grow and new use cases are developed. Industry drivers

include heightened regulatory focus on energy efficiency, but also lowering interest rates are a tailwind for increased commercial construction and new housing starts for both single and multi-families, driving spending across appliances and HVAC. Overall HVAC market volume is expected to grow at a 4% CAGR between 2024-26. Another avenue of significant growth in HVAC comes from data centre cooling, AI and high-tech industrial sectors, which have seen significant investment in recent years.

Similar to the electrification and industrial segments, there is a growing focus on the ability to handle complexity in units and support customers with high-quality engineering solutions, areas in which ECI excels.

4. Strategy of the Enlarged Group

Rosebank's strategy is to acquire quality industrial or manufacturing businesses with strong fundamentals whose performance may be improved. Through investing in acquired businesses, changing management focus and delivering operational improvements, Rosebank seeks to increase and realise the value in such businesses typically over a three-to-five-year investment horizon and to return the proceeds to shareholders.

The Acquisition is the first transaction for Rosebank's "Buy, Improve, Sell" strategy. Rosebank's strategy is to further improve ECI's existing strong platform through operational restructuring, increased investment, focused product mix, cost recovery and leverage reduction as follows:

- executing the identified restructuring projects to deliver improvements with significant further opportunities available;
- capturing the opportunities to drive the quality and efficiency of the businesses including through acquisitions;
- focusing new opportunities and designs toward high margin and high growth end markets, served by the Electrification and Industrial division;
- enhancing focus on appropriate margin targets and inflation recovery; and
- leverage is expected to further reduce as EBITDA grows, and Rosebank expects levered free cash flow to significantly improve under Rosebank ownership, opening a wider scope for driving restructuring and growth.

Since 2021, ECI has made eight strategic investments as part of its overall strategy to diversify and expand into favourable end markets through mergers and acquisitions. Through this transition, ECI has positioned itself to benefit from high-growth electrification and industrial end markets including energy transition, smart industrial applications, automation and data centres. Information regarding ECI's historical strategic investments is as follows:

1. acquisition of Flex-Tec, Inc. in June 2024, a premier supplier of high-quality electrical wire harnesses and cable assemblies to leading customers in the commercial LED, smart lighting controls and industrial technology end markets;
2. acquisition of Aerosystems International, Inc. in April 2023, a specialty manufacturer and supplier of electrical distribution and control systems primarily serving the aerospace end market;
3. acquisition of Manufacturing Resource Group Inc. in December 2022, a provider of specialised manufacturing and in-house engineering services for customers serving key industrial tech end markets;
4. acquisition of Britech in December 2022, a specialty manufacturer of wire harnesses, cable assemblies and box builds primarily serving the semiconductor industry as well as HVAC and related industrial technology end markets;
5. acquisition of BHC Cable Assemblies in January 2022, a manufacturer of wire harnesses, cable assemblies and electromechanical assemblies for the medical, aerospace, renewable energy and entertainment markets;

6. acquisition of Rochester Industrial Control in August 2021, a manufacturer of high-voltage wire harnesses, cables and electromechanical assemblies for the commercial electric vehicle, oil and gas and medical markets;
7. acquisition of Promark Electronics Inc. in July 2021, a manufacturer of wire harnesses and electromechanical assemblies utilised by commercial electronic vehicles and other technically-complex, mission-critical products; and
8. acquisition of Omni Connection International in May 2021, a manufacturer of wire harnesses and connection systems for automotive suppliers.

ECI does not have any joint ventures or material investments that are in progress. However, Rosebank plans to continue making select strategic acquisitions to expand ECI's platform and grow shareholder value. Reduced leverage after the initial restructuring period will support the pursuit of attractive opportunities and will allow Rosebank to continue increasing ECI's presence in the electrification and industrial markets. Rosebank has an extensive list of potential targets with which ECI has an existing relationship. Rosebank will only pursue acquisitions that deliver positive multiple arbitrage with extensive synergies, which will provide opportunities to expand its platform and grow shareholder value.

Rosebank intends to continue its "Buy, Improve, Sell" model and sees further significant opportunities to acquire industrial or manufacturing businesses whose full potential can be realised, with ECI being the first step of the journey.

5. Key terms of the Acquisition

On 6 June 2025, the Company entered into a share purchase agreement with the Seller (the "Acquisition Agreement") pursuant to which the Company has conditionally agreed to acquire all of the issued and outstanding shares of common stock of ECI Equity Holding Company, Inc.

ECI will be acquired, for cash, for an enterprise value of \$1.894 billion (£1.457 billion) on a debt and cash free basis, subject to customary adjustments. The consideration payable under the Acquisition Agreement is approximately \$1.0 billion, which will be satisfied on Acquisition Completion by the Company in cash, subject to certain adjustments, including locked box purchase price protections.

Acquisition Completion is conditional on, *inter alia*, the approval of the Transaction Resolutions at the General Meeting, Admission occurring and certain regulatory conditions.

If the conditions to Acquisition Completion are not satisfied by 6 March 2026 (or such later date as parties may agree) ("Longstop Date") or any fact occurs which prevents the conditions from being satisfied by that date, either party may elect to terminate the Acquisition Agreement.

The Acquisition Agreement

Key terms of the Acquisition Agreement include the following:

Consideration

The consideration payable by Rosebank to the Seller is approximately \$1.0 billion, subject to certain adjustments, including locked box purchase price protections.

In light of the imposition of tariffs on imports into the US from Canada, Mexico, and China by the Current US Administration on 4 March 2025, the ECI Group has implemented certain measures to mitigate against the potential impact of such tariffs and managed to demonstrate full recovery of all tariffs incurred to date. In addition, the Seller has agreed to certain protections under the terms of the Acquisition Agreement, which shall apply to the extent these measures do not mitigate the impact of tariffs imposed on imports into the US from Mexico.

Acquisition Conditions

Acquisition Completion is subject to several conditions precedent, including:

- certain antitrust and other regulatory clearances;

- the passing of the Transaction Resolutions at the General Meeting (or any adjournment thereof);
- Admission becoming effective; and
- certain warranties being true and accurate at Acquisition Completion, save to the extent a breach would not constitute a material adverse effect.

Rosebank has agreed to use all reasonable endeavours to procure the satisfaction of the conditions to Acquisition Completion.

Acquisition Completion

It is intended that Acquisition Completion will occur no later than ten business days after all conditions precedent (other than those which, by their nature, shall be satisfied by Acquisition Completion) have been satisfied or (if applicable) waived. Acquisition Completion will take place shortly before Readmission.

Title to the shares in ECI will pass from the Seller to Rosebank, and the consideration payable by Rosebank will pass to the Seller, at Acquisition Completion.

Pre-Acquisition Completion covenants

The Acquisition Agreement includes conduct of business covenants by the Seller in respect of the period until Acquisition Completion, including to conduct the business of ECI in the ordinary and usual course, and to consult on and obtain the consent of Rosebank for certain material matters.

Warranties, indemnities and limits of liability

The Acquisition Agreement contains customary warranties given by the Seller in relation to its capacity, solvency, and ownership of the shares in ECI and in relation to the accounts of certain members of the ECI Group.

In most cases (barring fraud), Rosebank will have no recourse to the Seller for breach of warranties and limited recourse for certain other breaches of the Acquisition Agreement. Rosebank has obtained warranty and indemnity insurance, which provides coverage for any breaches of warranty. As a result, Rosebank will direct any claims for breach of warranty to the insurer rather than the Seller. The insurance policy excludes cover for items specifically identified during, or carved out of the scope of, the due diligence process and any breach of warranty of which certain Rosebank employees have actual knowledge, as well as certain other customary exclusions, for which Rosebank will have no recourse.

Rosebank has also given customary warranties in favour of the Seller, including in relation to capacity, authority, solvency and certainty of funds in respect of the Acquisition.

Termination

The Acquisition Agreement may be terminated prior to Acquisition Completion in the following circumstances:

- by any party where any condition precedent remains outstanding and is not waived at the Longstop Date (as may be extended by agreement between the parties); or
- if a party fails to comply with its material obligations to give effect to Acquisition Completion, the other party may terminate the Acquisition Agreement.

Governing Law

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

6. Equity and Debt Financing

The Acquisition will be funded through a combination of the Institutional Capital Raise and New Debt Facilities, as further described below.

Institutional Capital Raise

The Institutional Capital Raise is expected to raise gross proceeds of approximately £1.14 billion (\$1.48 billion) through an issue of 380 million New Ordinary Shares at the Issue Price by way of:

- (i) the Placing on the terms and conditions set out in Appendix IV to this Announcement; and
- (ii) the US Private Placement conducted by the Company.

Connected Persons Subscription

As part of the Capital Raise and at the same time as the Institutional Capital Raise, the Connected Persons Shares will be issued at the Issue Price, with the proceeds to be used as working capital for the Enlarged Group. The Connected Persons will not be eligible to participate in the Open Offer.

New Debt Facilities

On 6 June 2025, the Company entered into a debt commitment letter with certain of its relationship banks ("Debt Commitment Documents") under which the relevant arranging and underwriting banks agreed to provide on a fully underwritten basis, a US dollar denominated term loan facility in an amount of \$400,000,000 (the "Facility A") and a multicurrency revolving facility in an amount of \$500,000,000 (the "Facility B" and together with Facility A, the "New Debt Facilities"). Pursuant to the terms of the debt commitment letter the New Debt Facilities will be made available under a senior term and revolving facility agreement (the "Facilities Agreement") that will be executed after the date of this announcement and will replace the debt commitment letter. The proceeds advanced under the Facility A shall be applied towards the repayment of existing indebtedness of the ECI Group and/or transaction costs and other fees, costs and/or expenses. The proceeds of the Facility B shall be applied towards repayment of ECI indebtedness, financing the ECI Group's working capital requirements and general corporate purposes. The interest cost of gross drawn down debt will be approximately 6.75%.

The New Debt Facilities shall be available for drawing for purposes of financing the Acquisition and certain Acquisition related purposes on customary European certain funds conditionality subject to Acquisition Completion.

7. Use of Proceeds

If Acquisition Completion occurs, the Acquisition, related expenses and the repayment of part of the existing debt of ECI will be funded by gross Institutional Capital Raise proceeds of approximately £1.14 billion (\$1.48 billion).

The balance of the debt repayment will be funded through a partial drawdown pursuant to the Facilities Agreement. The proceeds of the Open Offer and the Connected Persons Subscription are intended to be used as working capital for the Enlarged Group.

Prior to Acquisition Completion, and in line with the Company's treasury policy, the Rosebank Board intends to invest the net proceeds of the Capital Raise on a short-term basis in government securities and gilts, money market funds and/or cash on deposit.

8. Reverse takeover, Completion and Listing

The Acquisition constitutes a reverse takeover for the purposes of Rule 14 of the AIM Rules for Companies (the "AIM Rules") and, accordingly, is conditional upon, among other things, the approval of Rosebank's shareholders. Rosebank's shareholders will also be asked to approve certain other resolutions and authorities in connection with the allotment of New Ordinary Shares to be issued in connection with the Capital Raise (together with the resolution to approve the Acquisition, the "Transaction Resolutions") in addition to the renewal of certain standing authorities to allot shares and disapply pre-emption rights based on the issued share capital of the Company on Admission comprising

the Existing Ordinary Shares and the New Ordinary Shares (the “Enlarged Share Capital”). Accordingly, the Rosebank General Meeting (“General Meeting”) will be convened for 11:00 a.m. (London time) on 1 July 2025 at the offices of Investec Bank plc, 30 Gresham Street, London, EC2V 7QP.

Pursuant to Rule 14 of the AIM Rules, the Company's Existing Ordinary Shares will remain suspended from trading on AIM until the Admission Document is published, which is expected to be at or around 7.00 a.m. (London time) on or around 11 June 2025.

Admission of the New Ordinary Shares is expected to take place at 8.00 a.m. (London time) on 3 July 2025 (or such later date determined by the Company in consultation with the Joint Global Coordinators being no later than 14 September 2025) (the “Closing Date”) and dealings in the New Ordinary Shares are expected to commence at that time.

Subject to the satisfaction or, where appropriate, waiver of the conditions to the Acquisition, it is expected that Acquisition Completion will occur in the third quarter of 2025. On Acquisition Completion, in accordance with AIM Rule 14, the admission of the Ordinary Shares will be cancelled and application will be made for Readmission of the Enlarged Group.

As stated in the July 2024 Admission Document, it is the intention of the Directors that, at an appropriate time after completing the Acquisition, Rosebank will seek the admission of the Ordinary Shares to the Equity Shares (Commercial Companies) (ESCC) category of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange.

9. Information relating to ECI

Founded in 1953, ECI is one of the world's leading suppliers of electrical distribution systems, control box assemblies, and other critical engineered components for diversified markets. With approximately 20,000 employees and 39 global manufacturing locations, ECI is the trusted partner to blue chip companies with over 450 customers and a best-in-class customer retention rate.

ECI powers smart, connected, and electrified solutions that enable the most advanced technologies to solve the most complex challenges. ECI provides end-to-end solutions for the design, manufacturing, assembly and integration of wire harnesses and other value-added components across various industries and markets. Leveraging extensive product, technology and systems knowledge, it aims to deliver efficient, high-quality products. Its tailored engineering solutions are aligned with the product and process innovations required for sustainability.

ECI is also one of the world's leading suppliers of electrical Low Voltage (“LV”) and High Voltage (“HV”) distribution systems, control box assemblies and other critical engineered components for diversified markets. ECI holds extensive LV capabilities with newly acquired and expanding HV capabilities; it recently opened the largest dedicated HV wire harness facility for Commercial, Industrial and Recreational EVs in North America.

Moreover, ECI continues to grow through strategic partnerships and acquisitions. These partnerships expand ECI's expertise in diversified markets and allow ECI to continue to provide the most advanced electrical solutions to customers across the globe.

10. Financial information relating to ECI

The financial information set out in: (i) section A to Appendix VI to this announcement has been extracted from the audited consolidated financial statements relating to the ECI Group for FY2022, FY2023 and FY2024, prepared in accordance with US GAAP; and (ii) section B to Appendix VI to this announcement has been adjusted based on certain alternative performance measures, and includes adjusted financial information for the four months ended 30 April 2025. The financial information from which such adjusted financial information for the four months ended 30 April 2025 has been derived is extracted from the unaudited management accounts of ECI, is unaudited and is prepared on a consistent basis with the accounting policies applied to the audited consolidated financial statements presented in section A of Appendix VI of this announcement (as it relates the financial information presented).

11. Rosebank current trading and outlook

There has been no change to the Rosebank Board's expectation since the publication of its annual report and accounts for the seven month period ended 31 December 2024 (available at: <https://www.rosebankindustries.com>).

The Rosebank Board is excited about the opportunity presented by the Acquisition, which offers a number of operational improvement possibilities and is expected to benefit from growth opportunities in key markets.

12. ECI current trading and outlook

ECI performed well to improve margins since the start of the year, as operational efficiencies and agreed pricing start to flow through. Certain end markets in the Speciality Transportation segment continue to face headwinds, which are not expected to ease before the year end. End markets for the rest of the business remain resilient and ECI's strong customer relationships are enabling it to be nimble and proactive to mitigate any impact from recent volatility, including from tariffs.

13. ECI financial guidance

Rosebank has identified several investment and rationalisation opportunities to unlock future profitability and growth which are expected to improve Adjusted EBITDA margin from approximately 15% in 2024 to at least 20%, and Adjusted Operating Profit margin from approximately 13% in 2024 to at least 18%.

14. Dividend policy

Until completion of a major acquisition (being either the Acquisition or, failing that, another acquisition identified by the Directors), the Directors do not intend to pay a dividend. Following such an acquisition, the Directors will determine an appropriate dividend policy. The Directors intend to return surplus capital by dividend, but also, where appropriate, through returns of capital and share buybacks.

15. Further information

Further details in relation to the Open Offer will be provided in the Admission Document which is expected to be published on the Company's website and be posted to shareholders on or around 11 June 2025.

In addition, Rosebank intends that its presentational currency will be US\$ post Acquisition Completion, with debt facilities expected to be predominantly drawn in US\$ in line with its ongoing profit profile, limiting any foreign exchange exposure on its debt facilities.

APPENDIX I

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Suspension of the Company's Existing Ordinary Shares from trading on AIM	2 June 2025
Announcement of the Acquisition and Capital Raise	7.00 a.m. on 6 June 2025
Record Date for entitlements under the Open Offer	9 June 2025
Ex-Entitlement Date for the Open Offer	11 June 2025
Publication of the Admission Document (including Notice of General Meeting), Application Form (if applicable) and the Form of Proxy	11 June 2025
Existing Ordinary Shares recommence trading on AIM	11 June 2025
Open Offer Entitlements credited to stock accounts in CREST of CREST shareholders	12 June 2025
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 23 June 2025
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 24 June 2025
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments	11.00 a.m. on 27 June 2025
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 27 June 2025
General Meeting	11.00 a.m. on 1 July 2025
Announcement of the results of the Open Offer	1 July 2025
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 3 July 2025
Expected date for CREST accounts to be credited (where applicable), in relation to Capital Raise	3 July 2025
Despatch of definitive share certificates, in relation to the Capital Raise	by 17 July 2025
Acquisition Completion, Readmission and commencement of dealings in the Enlarged Share Capital on AIM	Expected during Q3 2025

APPENDIX II

SOURCES AND BASES OF INFORMATION

Unless otherwise stated in this announcement:

1. Currency conversion is based on USD / GBP exchange rate of 1.3 and EUR / GBP exchange rate of 1.2.
2. Expected levered free cash flow is calculated prior to restructuring, M&A and Rosebank dividends.
3. Certain financial and statistical information contained in this announcement has been rounded to the nearest whole number or the nearest decimal place.

APPENDIX III

RISK FACTORS

Any investment in the Company is subject to a number of risks. Accordingly, investors should consider carefully all of the information set out in this announcement and the risks attaching to an investment in the Company, including, in particular, the specific risks described below, before making any investment decision. The information below does not purport to be an exhaustive list and investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this announcement and their personal circumstances. Before making any final decision, prospective investors in any doubt should consult with an independent adviser authorised under the FSMA (or the corresponding legislation in the jurisdiction in which a prospective investor is resident). If any of the following risks were to materialise, the Company's business, financial position, results and/or future operations may be materially adversely affected. The market value/price of the Ordinary Shares and the income from them may go up or down and an investor may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the performance and value of the Company. An investment in the Company 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 that may arise therefrom (which may be equal to the whole amount invested). There can be no certainty that the Company will be able to implement successfully the strategy set out in this announcement. No representation is or can be made as to the performance of the Company and there can be no assurance that the Company will achieve its objectives.

A. RISKS RELATING TO THE ACQUISITION

The Acquisition is subject to a number of conditions which may not be satisfied or waived

Acquisition Completion is subject to the satisfaction (or waiver) of a number of conditions within the Acquisition Agreement, including regulatory approvals, Admission occurring and the approval of the Acquisition by Shareholders at the General Meeting.

There can be no assurances that the regulatory conditions will be satisfied, or that Shareholder approval will be forthcoming.

If the conditions to Acquisition Completion are not satisfied or, where applicable, waived by the Longstop Date (or such later date as the Company and the Seller may agree) or any condition becomes incapable of being satisfied by that date, then either the Company or the Seller may elect to terminate the Acquisition Agreement and the Acquisition will not complete.

If the Acquisition does not complete, the benefits expected to result from the Acquisition will not be achieved, the Company's reputation may be adversely impacted, and its ability to deliver value for Shareholders, or to implement its strategy, may be prejudiced. The Company will also have incurred significant transaction costs in connection with the Acquisition, the Capital Raise and the New Debt Facilities which cannot be recouped. Accordingly, the market price of the Ordinary Shares may be adversely affected.

Material facts or circumstances may not be revealed in the due diligence process

The Company has undertaken customary due diligence on ECI to a level considered reasonable and appropriate by the Company. However, these efforts may not reveal all facts or circumstances that would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Company has utilised its own resources and relied upon third parties to conduct certain aspects of the due diligence process.

Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to ECI or that previously undisclosed underperformance, liabilities or other adverse matters will not only come to light or be identified following Acquisition Completion. Any failure to reveal all material facts or circumstances relating to ECI may have a material

adverse effect on the business, financial condition, results of operations and prospects of the Enlarged Group.

Limited recourse under the Acquisition Agreement

By virtue of the Acquisition, the Company will be exposed to a variety of risks and potentiality liabilities associated with ECI and its business, including without limitation:

- a deterioration in ECI's results of operation;
- liabilities associated with ongoing litigation to which ECI is a party, or any new claims to which it may become subject; and
- other liabilities associated with ECI or its business that are not known to the Company.

Under the Acquisition Agreement, the Company is receiving warranties in relation to certain matters from the Seller and from certain members of the ECI management team. However, in most cases (barring fraud), the Company will have no recourse to the Seller or the ECI management team for breach of warranties and limited recourse for certain other breaches of the Acquisition Agreement.

Rosebank has obtained the W&I Insurance Policy, which provides the Company with the ability to claim for loss in the event of a breach of the warranties under the Acquisition Agreement or the Management Warranty Deed for certain specified periods of time following Acquisition Completion. The W&I Insurance Policy excludes cover for items specifically identified during, or carved out of the scope of, the due diligence process and any breach of warranty of which certain Rosebank employees have actual knowledge, as well as certain other customary exclusions, for which Rosebank will have no recourse.

The Enlarged Group may not realise the desired operational improvements following the Acquisition or the benefits of the Acquisition may fail to materialise or be lower than expected

The Directors are targeting operational improvements for the Enlarged Group following the Acquisition. Achieving the expected improvements from the Acquisition will depend partly on the rapid and efficient management and co-ordination of the activities of Rosebank and ECI, which in the case of ECI, are of significant size and with geographically dispersed operations.

There is a risk that the benefits of the Acquisition anticipated by the Directors, such as achieving the targeted Adjusted EBITDA margin of at least 20% and Adjusted Operating Profit margin of at least 18%, fail to materialise, that they are materially lower than have been estimated, take longer or cost more to achieve, or that ECI fails to perform as expected. If the Enlarged Group is unable to realise expected benefits, or these benefits take longer to achieve or cost more than planned, this could have a significant impact on the profitability of the Enlarged Group going forward and a material adverse effect on the Enlarged Group's business, financial condition, prospects and/or results of its operations.

In addition, the cost of funding these operational improvements may exceed expectations. Such eventualities may have a material adverse effect on the financial condition of the Enlarged Group.

B. RISKS RELATING TO THE COMPANY'S BUSINESS

The Company's strategy and its ability to complete future acquisitions could lead to potential loss on investments

The Company's strategy and future success is dependent upon its continued ability to not only identify opportunities but also to execute successful acquisitions and/or investments. There can be no assurance that the Company will be able to conclude agreements with any target business and/or shareholders in the future and failure to do so could result in the loss of an investor's investment. In addition, the Company may not be able to raise the additional funds required to acquire any additional target business and fund its working capital requirements.

The Company's strategy therefore carries inherent risks and there can be no guarantee that any appreciation in the value of ECI or other businesses acquired in the future (referred to as an "Acquired Business") will occur or that the objectives of the Company will be achieved. For example (i) an Acquired Business may experience trading difficulties after acquisition by the Company or may not be able to improve its performance to the level the Rosebank Board anticipated; (ii) the success of the Company's acquisition may depend in part on the Company's ability to implement the necessary technological, strategic, operational and financial change programmes in order to transform the Acquired Business and improve its financial performance and any inability to do so could have a material adverse impact on the Company's performance and prospects; (iii) the successful realisation of value through the sale or otherwise of the whole or part of any Acquired Business will depend on a number of factors and there can be no guarantee that these factors will allow the Company to realise such value when the Directors consider it appropriate or (iv) the Company may not be able to achieve any intended valuation or exit route from an Acquired Business.

The Company has a lack of trading history on which to base an investment

The Company has, since incorporation, carried on minimal trading activities. Accordingly, as at the date of this announcement, the Company has no meaningful historical financial data upon which prospective investors may base an evaluation of the Company. The value of any investment in the Company is, therefore, wholly dependent upon the successful implementation of the Company's 'Buy, Improve, Sell' business model as described in this announcement. As such, the Company is subject to all of the risks and uncertainties associated with any newly established business enterprise including the risk that the Company will not achieve its investment objectives and that the value of an investment in the Company could decline and may result in the loss of capital invested. The past performance of companies, assets or funds managed by the Rosebank Co-Founders, or persons affiliated with them, in other ventures in a similar sector or otherwise, is not necessarily a guide to the future business, results of operations, financial condition or prospects of the Company. Investors will be relying on the ability of the Company and the Rosebank Co-Founders to identify potential acquisition targets including following the Acquisition, evaluate the merits of such potential acquisition targets, and conduct diligence and negotiations.

The Company is exposed to risks associated with concentration of investments

The Company will continue to focus on acquisitions of businesses operating in the industrial or manufacturing sectors, which means that it will be exposed to a particular business sector and possibly specific geographical locations. The intended strategy does not envisage a spread of businesses that may mitigate risk and as a result the Company will be exposed to industry fluctuations and trends in these sectors.

The Company could incur costs for future transactions that may ultimately be unsuccessful

There is a risk that the Company may incur substantial legal, financial, advisory and other expenses arising from unsuccessful transactions which may include public offer and transaction documentation, legal, accounting and other due diligence which could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

The Company may face significant competition for future acquisition opportunities

There may be significant competition in some or all of the future acquisition opportunities that the Company may explore. Such competition may come, for example, from strategic buyers, sovereign wealth funds, special purpose acquisition companies and public and private investment funds, many of which are well established and have extensive experience in identifying and completing acquisitions. A number of these competitors may possess greater technical, financial, human and other resources than the Company. The Company cannot assure investors that it will be successful against such competition. Such competition may cause the Company to be unsuccessful in executing any future acquisitions or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case which could materially adversely impact the business, financial condition, result of operations and prospects of the Company.

The Company will be subject to risks related to acquisitions, disposals or other material transactions

In the ordinary course of business, the Company will engage in a continual review of opportunities to acquire new investments or to dispose of investments that are no longer consistent with the Company's strategy. Any such acquisition opportunity could be material to the Company. Such acquisitions and disposals or other transactions may have other transaction-specific risks associated with them, including risks related to the completion of the transaction and the assets being acquired. In relation to disposals, a transaction may be structured so that the Company receives the relevant consideration over a period of time rather than being paid all amounts due on completion. In such transactions, the Company will be subject to counterparty risk for so long as it is owed sums by the acquirer. In the event that a material adverse event occurs in relation to that counterparty which results in the Company not receiving funds owed to it when expected, or at all, its result of operations may be adversely affected.

C. RISKS RELATING TO ECI AND THE ENLARGED GROUP'S BUSINESS

In the discussion below, references to the "Enlarged Group" are to the Group following Acquisition Completion and therefore incorporate the ECI Group. However, prior to Acquisition Completion, and in the event that Acquisition Completion does not occur, the risk factors below that are expressed to be applicable to the Enlarged Group will remain applicable to the Group (excluding the ECI Group) and in this context references to the "Enlarged Group" shall instead be deemed to be references to the Group. References to "ECI" are risks that will not be applicable to the Group should Acquisition Completion not occur.

ECI is dependent upon certain levels of remodeling and new construction activity, which may be negatively impacted by economic downturn and instability of the credit markets

Critical factors affecting ECI's future performance, including its level of sales, profitability and cash flows, are the levels of residential and non-residential remodeling, replacement and construction activity as appliances and HVAC end markets represent approximately 56% of its 2024 revenues. The level of new residential and non-residential construction activity and, to a lesser extent, the level of residential remodeling and replacement activity are affected by seasonality and cyclical factors such as interest rates, inflation, consumer spending, employment levels and other macroeconomic factors, over which ECI has no control. Any decline in economic activity as a result of these or other factors typically results in a decline in new construction and, to a lesser extent, residential remodeling and replacement purchases, which would result in a decrease in ECI's sales, profitability and cash flows. Instability in the credit and financial markets, troubles in the mortgage market, the level of unemployment and the decline in home values could have a negative impact on residential new construction activity, consumer disposable income and spending on home remodeling and repair expenditures. These factors could have an adverse effect on ECI's operating results.

Wider economic environment and exposure to cyclical industries

ECI sells products to customers in cyclical industries (such as appliances, agriculture, advanced mobility, automation, construction, HVAC, transportation) that are subject to significant downturns that could materially adversely affect its business, financial condition and operating results. Notably, ECI's Electrification and Industrial division experienced reduced customer demand in 2024. ECI sells products to customers in cyclical industries that have experienced economic and industry downturns through reduced infrastructure spending, fleet replacement, automation activity and commodity prices. The markets for ECI's products have softened in the past and may again soften in the future. ECI may face reduced end-customer demand, underutilisation of its manufacturing capacity, changes in its revenue mix and other factors that could adversely affect its results.

ECI's customers may cancel their orders, change production quantities or delay production

ECI generally receives volume estimates, but not firm volume commitments from its customers, and may experience reduced or extended lead times in customer orders. Customers may cancel orders, change production quantities and delay production for a number of reasons including the use of additional suppliers (including change to a dual-source or multi-source operating model). Uncertain economic and geopolitical conditions may result in some of ECI's customers delaying the delivery of

some of the products it manufactures for them and placing purchase orders for lower volumes of products than previously anticipated. Cancellations, reductions or delays by a significant customer or by a number of customers may harm ECI's results of operations by reducing the volumes of products it manufactures and sells, as well as by causing a delay in the recovery of its expenditures for inventory in preparation for customer orders, or by reducing its asset utilisation, resulting in lower profitability.

Substantial portion of ECI's revenues is from a small number of customers

ECI depends on a small number of customers for a substantial portion of its business, and changes in the level of its customers' orders have, in the past, had a significant impact on its results of operations. If a major customer significantly delays, reduces, or cancels the level of business it does with ECI, there could be an adverse effect on its business, financial condition and operating results. Significant pricing and margin pressures exerted by a major customer could also materially adversely affect its operating results. Any decrease in orders from these customers could have an adverse effect on ECI's business, financial condition and operating results.

The impacts of inflationary pressures and market competition could adversely impact ECI's operating results

If the costs of goods continue to increase, ECI's suppliers may seek price increases. If ECI is unable to mitigate the impact of these matters through price increases, cost savings to offset cost increases, hedging arrangements, or other measures, its results of operations and financial condition could be adversely impacted. If its competitors maintain or substantially lower their prices, ECI may lose customers. Its profitability may be impacted by prices that do not offset the inflationary pressures, which may impact its margins. Even if ECI is able to raise the prices of its products, it may not be able to sustain such price increases. Temporary or sustained price increases may also lead to a decrease in demand for ECI's products as competitors may not adjust their prices which could lead to a decline in sales volume and loss of market share.

US government trade actions could have a material adverse effect on the Enlarged Group's business

Recent and anticipated changes in US trade policy have created ongoing uncertainties in international trade relations, and it is unclear what future actions governments will or will not take with respect to tariffs or other international trade agreements and policies. During the 2024 presidential campaign, the Current US Administration had expressed various intentions to impose tariffs on imports, including 60% tariffs on goods imported from China, 25% tariffs on goods imported from Mexico and between 10% and 20% tariffs on other imports. The Current US Administration has since imposed tariffs of 30% on goods imported from China, and has paused the imposition of tariffs of 25% on USMCA compliant goods and services imported from Mexico and Canada. On 26 March 2025, the Current US Administration announced universal 25% tariffs on automobiles which were intended to come into effect on 3 April 2025. Subsequently, on 2 April 2025, the Current US Administration imposed universal 10% tariffs on imports from all countries, other than Canada and Mexico which were exempted. Canada and Mexico faced no new tariffs from the US and the exemption given to most USMCA compliant goods was extended indefinitely. The 25% tariffs on automobiles were extended to automobile parts on 3 May 2025, although USMCA compliant automobile parts made in Mexico or Canada which were exempt from such extension. Many of the tariffs imposed by the Current US Administration are being challenged in US federal court. It is unclear what further action the Current US Administration or Congress will take with respect to further proposals for increased tariffs or what the outcome of various lawsuits challenging tariffs will be. Ongoing or new trade wars or other governmental action related to tariffs or international trade agreements or policies could reduce demand for the Enlarged Group's products and services, increase the Enlarged Group's costs, reduce its profitability, adversely impact the Enlarged Group's supply chain or otherwise have a material adverse effect on the Enlarged Group's business and results of operations.

ECI has significant exposure to any tariff policies imposed on imports from Mexico into the US. In 2024, ECI US imported goods from ECI Mexico worth approximately \$494 million. The ability of ECI to mitigate the impact of any such tariffs could have an adverse effect on ECI's business, financial condition and operating results.

ECI is also exposed to any tariff policies imposed on imports from Canada and China (among other countries) into the US. In response to the 2018 China tariffs, ECI relocated production away from China (transferring approximately 36% of its China revenues to Mexico and the US).

The Enlarged Group could be adversely affected by any disruption to its supply chain

ECI's success depends on its ability and future ability to secure raw materials and components (including, but not limited to, copper and copper wiring) on commercially acceptable terms; however, this ability may be impacted by numerous factors, including global demand or other factors limiting the availability, cost or quality of supply, which would impact ECI's performance. Suppliers are subject to operational risks, including, among other things, mechanical and IT system failure, work stoppages, increases in transportation costs and the impact of global shortages and supply chain issues. In addition, ECI may not be able to obtain raw materials and components from its current or alternative suppliers at reasonable prices in the future or may not be able to obtain these items on the scale and within the time frames it requires. The concentration of suppliers of raw materials (such as copper) may also expose ECI to market fluctuations in prices. Further, if ECI's suppliers are unable to meet its supply requirements, it could experience supply interruptions and/or cost increases. Such disruption could have an adverse effect on the ability of ECI to manufacture its products and meet the contractual timescales required by end customers.

Manufacturing ECI's products is dependent on the timely delivery of components by third parties. If ECI encounters problems with its supply chain or loses key suppliers, its ability to meet customer expectations, manage inventory, complete sales and achieve operating efficiencies could be adversely affected. If any of these events occur, ECI could incur significantly higher costs and longer lead times to the dissatisfaction of its customers, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Enlarged Group could be adversely impacted if the distribution of its products were affected by disruption to the global transport and logistics ecosystem

ECI's international footprint includes manufacturing facilities and suppliers in North America, Europe, the Middle East and Asia with major customers in a number of other international locations. As a result, ECI has a globally distributed supply chain, which can be affected from time to time by macro events, specifically those which affect the cost and duration of transport and logistics for ECI's products and key components, which are beyond its control.

The Enlarged Group could be adversely affected if it is unable to recover increases in input and operating costs from its customers or reduce or eliminate those costs

ECI's input and operating costs, such as commodity, energy, labour and transportation costs, can be impacted by a variety of factors outside ECI's control including, among others, changes in trade laws, tariffs, macroeconomic conditions and global political events. For example, ECI's products require copper and energy to manufacture, and so its operating results may be affected by the prices and availability of such commodities. ECI passes over 90% of the commodity price of copper through to its customers via commercial agreements and currently has a policy to hedge the remaining exposure for the next 24 months in full and the Enlarged Group may also in the future experience energy supply risks in certain geographies, which may increase its energy costs and reduce its ability to meet customer demand. Additionally, if recent dislocations in global supply chains persist or recur, such as port congestion or truck driver shortages, the Enlarged Group's transportation costs may increase. The realisation of any of these risks could have a material adverse effect on the Enlarged Group's results of operations, business and financial condition.

Input and operating costs have risen sharply over the past two years, reflecting higher rates of inflation globally. ECI continues both to work with customers to address material cost increases by way of pass-through and other measures and to take a range of measures to improve efficiency and to reduce its cost base generally. Any past success ECI has had in recovering or reducing such cost increases can provide no assurance that increases in such costs will not adversely impact the Enlarged Group's results of operations, business and financial condition in the future.

Failure to innovate and risk of technological change

To ensure its long-term success, ECI's products need to remain relevant in regard to the markets in which it operates. It is therefore imperative that ECI can innovate to produce products which adhere to the future requirements of its customers. If ECI fails to meet the changing needs of its customers, there is a risk that its revenues will suffer as a result. Products and technologies used within ECI's current marketplace are constantly evolving and improving and ECI may not possess the adequate technology or technical know-how to meet customer demand. Therefore, there is a risk that ECI's current product offering may become outdated or obsolete as improvements in products and technology are made.

Any failure of ECI to ensure that its products and other technologies remain up to date with the latest technology may have a material adverse effect on ECI's business, prospects, results of operation and financial condition. ECI's, and following Acquisition Completion, the Enlarged Group's, success will depend, in part, on its ability to develop and adapt to any technological changes and industry trends.

Contravention of environmental, safety and other laws and regulations could have an adverse impact on the Enlarged Group

ECI's, and following Acquisition Completion, the Enlarged Group's, operations, including its manufacturing facilities, are subject to environmental, safety and other laws, permits and regulations, including those governing the use of hazardous materials and the nature of ECI's operations exposes it to the risk of liabilities or claims with respect to such matters. Any breach of such requirements could result in fines or other substantial costs and/or constrain ECI's ability to operate its business, which could have a material adverse effect on its business, prospects, financial results and results of operations. In addition, irrespective of the adequacy of insurance cover, ECI could experience disruption and claims related to incidents regardless of cause which could have a material adverse effect on ECI's, and following Acquisition Completion, the Enlarged Group's, business and financial condition. Similarly, many of ECI's suppliers and customers are subject to similar laws and regulations. Contravention of these laws and regulations by any such parties, as well as the costs to be paid in order to comply with such laws and regulations, could also have an adverse impact on ECI, and following Acquisition Completion, the Enlarged Group.

A major fault occurring in a key product

ECI's, and following Acquisition Completion, the Enlarged Group's, business involves providing customers with reliable products. If a product contains undetected defects when first introduced or when upgraded or enhanced, ECI may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage ECI's reputation and financial condition. ECI endeavours to negotiate limitations on its liability in its customer contracts where possible, however, defects in its solutions could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to the management team. A successful claim by a customer to recover such losses may have a material adverse effect on ECI's, and following Acquisition Completion, the Enlarged Group's, reputation, business, prospects, results of operation and financial condition. Any damage to reputation could have a material adverse effect on ECI's, and following Acquisition Completion, the Enlarged Group's, business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

If ECI fails to identify suitable acquisition candidates or successfully integrate the businesses it has acquired or will acquire in the future, its business could be negatively impacted

Historically, ECI has engaged in a number of acquisitions, and those acquisitions have contributed to its growth in sales and operating margins. However, ECI cannot provide assurance that it will continue to locate and secure acquisition candidates on terms and conditions that are acceptable to it. If it is unable to identify attractive acquisition candidates, ECI's further growth in sales and operating margin could be impaired. Acquisitions involve numerous risks, including:

- the difficulty and expense that ECI incurs in connection with the acquisition, including those acquisitions that it pursues but does not ultimately consummate;

- the difficulty and expense that it incurs in the subsequent integration of the operations of the acquired company into ECI's operations;
- adverse accounting consequences of conforming ECI's accounting policies to the Enlarged Group's accounting policies;
- the difficulties and expense of developing, implementing and monitoring systems of internal controls at acquired companies, including disclosure controls and procedures and internal controls over financial reporting;
- the difficulty in operating acquired businesses;
- the diversion of management's attention from ECI's other business concerns;
- the potential loss of customers or key employees of acquired companies;
- the impact on ECI's financial condition due to the timing of the acquisition or the failure to meet operating expectations for the acquired business; and
- the assumption of unknown liabilities of the acquired company.

There is no assurance that any acquisition ECI has made or may make in the future will be successfully integrated into its ongoing operations or that it will achieve any expected cost savings from any acquisition. If the operations of an acquired business do not meet expectations, ECI's profitability and cash flows may be impaired, and it may be required to restructure the acquired business or write-off the value of some or all of the assets of the acquired business.

Future performance within the Enlarged Group

If ECI is unable to maintain or increase sales to existing and/or new customers, the business' results and cash flows may not be in line with the Company's expectations, which could adversely affect the Enlarged Group's business, financial condition, results or future operations. Furthermore, this could then lead to the write down of any goodwill which arises on Acquisition that, whilst not having any cash impact on the Enlarged Group, could have an adverse effect on the financial condition of the Enlarged Group and the price of its Ordinary Shares.

Reliance on expertise of Rosebank Co-Founders and loss of key management

The Enlarged Group will be highly dependent on the expertise and continued service of the Rosebank Co- Founders. However, the retention of their services cannot be guaranteed and their loss may have an adverse effect on the Enlarged Group's business. In addition, there is a risk that the Enlarged Group will not be able to retain current ECI key executives, recruit executives of sufficient expertise or experience to maximise any opportunities that present themselves, or that recruiting and retaining those executives is more costly or takes longer than expected. The failure to attract and retain those individuals may adversely affect the Enlarged Group's operations.

The Enlarged Group's success depends upon its ability to recruit and retain skilled personnel

The Enlarged Group's success depends upon its ability to attract and recruit, retain and incentivise highly skilled employees across all areas of the business. If the Enlarged Group is unable to retain or successfully attract and recruit key employees across all and any areas of the business, it could delay or prevent the implementation of its strategy, which could adversely affect the Enlarged Group's business, financial condition, results or future operations.

ECI continues to evaluate potential operational initiatives and integrations focused on improving future cash flows of the business

While the restructuring initiatives which commenced in 2024 have substantially been completed, in addition to those initiatives already in progress and planned for 2025, ECI continues to evaluate

potential restructurings, business optimisation, and integrations focused on improving future cash flows of the business. Restructurings, business optimisation and integrations involve numerous risks in their implementation including unforeseen costs, business disruption, management distraction and potential asset impairment, among others, and may be unsuccessful. In addition, restructurings of international operations may be more costly due to differing labour laws, business practices and governmental restrictions, processes and requirements.

Varying international business practices may adversely impact ECI's business and reputation

ECI currently purchases raw materials, components and finished products from various foreign suppliers. To the extent that any such foreign supplier utilises labour or other practices that vary from those commonly accepted in the United States and the UK, ECI's business and reputation could be adversely affected by any resulting litigation, negative publicity, political pressure, or otherwise.

Entering into new long-term contracts requires active, longer-term risk management by ECI

ECI enters into contracts which can include commitments relating to pricing, quality and safety and technical and customer requirements. These are complex contracts that are often long term in nature, so it is important that the contracted risk is carefully managed.

A failure to fully understand contract risks, to anticipate technical challenges and estimate costs accurately at the outset of a contract, to accurately document the parties' obligations under the contract, or to accurately and appropriately manage changes to the contract throughout its life, can lead to unexpected liabilities, increased costs and reduced profitability, which may in turn have a material adverse effect on the Enlarged Group's results of operations, business and financial condition following Acquisition Completion.

The Enlarged Group may be subject to potential legal proceedings and compliance risks

The Enlarged Group may be subject to a variety of risks in relation to potential legal proceedings, commercial disputes, legal compliance risks and environmental, health and safety compliance risks. ECI, its representatives and the industries in which it operates are subject to continuing scrutiny by regulators, other governmental authorities and private sector entities or individuals in the US, the European Union and other jurisdictions, which may, in certain circumstances, lead to enforcement actions, adverse changes to its business practices, fines and penalties, required remedial actions such as contaminated site clean-up or other environmental claims, or the assertion of private litigation claims and damages that could be material. Additional legal proceedings and other contingencies are expected to arise from time to time. Moreover, ECI sells products and services in growth markets where claims arising from alleged violations of law, product failures or other incidents involving its products and services are adjudicated within legal systems that are less developed and less reliable than those of the US or other more developed markets, and this can create additional uncertainty about the outcome of proceedings before courts or other governmental bodies in those markets.

D. RISKS RELATING TO LEGAL, TAX AND REGULATORY MATTERS

The current regulatory environment in the United States may be impacted by future legislative developments

The Current US Administration's legislative agenda may include certain regulatory measures for the US financial services industry, changes to tax policies and the imposition of further tariffs and other trade restrictions. Any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry, tax law, immigration policy, environmental protection and/or climate change policies or regulations and/or government entitlement programmes could have a material adverse impact on the Enlarged Group's business. The US has recently proposed or recommended changes to existing tax laws that could significantly increase the Company's tax obligations and adversely affect its business, financial condition, and results of operations. For example, the US House of Representatives recently passed the "One Big Beautiful Bill Act," which includes, among other provisions, new Section 899 of the Internal Revenue Code. In general, Section 899 of the Internal Revenue Code would impose retaliatory taxes on the US investments of certain non-US investors, potentially including members of the Enlarged Group.

Passage of Section 899 of the Internal Revenue Code, or similar legislation, may therefore subject the Enlarged Group to greater taxation and could make subsequent US investments less attractive. More generally, legislative acts, rulemaking, adjudicatory or other activities including in particular by the US Congress, the US Securities and Exchange Commission, the US Federal Reserve Board, the Financial Industry Regulatory Authority, Inc. or other governmental, quasi-governmental or self-regulatory bodies, agencies and regulatory organisations could make it more difficult (or less attractive) for the Enlarged Group to achieve its business objectives.

Jersey company law

The Company is incorporated and registered in Jersey. Accordingly, UK legislation regulating the operations of companies does not generally apply to the Company. In addition, the laws of Jersey apply with respect to the Company and these laws provide rights, obligations, mechanisms and procedures that do not apply to companies incorporated in the UK. The rights of Shareholders are governed by Jersey law and the articles of association ("Articles"), and these rights differ in certain respects from the rights of shareholders in the UK and other jurisdictions.

Tax status of the Enlarged Group

The Enlarged Group's effective tax rate may be affected by changes in, or the interpretation of, tax laws. The Enlarged Group's effective tax rate in any given financial year reflects a variety of factors that may not be present in the succeeding financial year or years. An increase in the Enlarged Group's effective tax rate in future periods could have a material adverse effect on the Enlarged Group's financial condition and results of operations.

Taxation of investors

Statements in this announcement in relation to taxation and concerning the taxation of investors in Ordinary Shares are based on current taxation law and practice which is subject to change. The attention of potential investors is drawn to Appendix VII of this announcement on 'Taxation'. The tax rules and their interpretation relating to an investment in the Company may change during its life. The levels of and relief from taxation may change. Any tax reliefs referred to in this announcement are those currently available and their application depends on the individual circumstances of investors. The information given in this announcement relates only to certain UK, Jersey and US tax matters and all investors should seek their own tax advice. Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Statements in this announcement concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change. Investors should consult their own tax advisers about the tax consequences of an investment in the Ordinary Shares.

The Company may be a "passive foreign investment company" for the current taxable year and for one or more future taxable years, which may result in material adverse U.S. federal income tax consequences for U.S. investors.

Generally, if for any taxable year 75% or more of the Company's gross income is passive income, or at least 50% of the Company's assets are held for the production of, or produce, passive income, the Company would be characterized as a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes. If the Company is a PFIC for any taxable year, or portion thereof, that is included in the holding period of a U.S. Holder (as defined below in Appendix VII of this announcement on 'Taxation') of Ordinary Shares, such U.S. Holder may be subject to certain adverse U.S. federal income tax consequences and additional reporting requirements. The Company does not believe it is or will become a PFIC for the current or any future taxable year. However, such determination depends on the application of complex U.S. federal income tax rules that are subject to differing interpretations and is a fact-intensive inquiry made annually after the close of each taxable year and depends, in part, upon the composition and value of the Company's income and assets, among other facts, including the timing of Acquisition Completion. In particular, depending on when Acquisition Completion occurs, it is possible that the Company will be a PFIC. Should Acquisition Completion occur in Q4 2025, it is likely the

Company would be a PFIC. Accordingly, there can be no assurance that the Company will not be treated as a PFIC for any taxable year or that the U.S. Internal Revenue Service (“IRS”) would not assert a contrary position or that such an assertion would not be sustained by a court. If the Company determines that it is a PFIC in a given year, the Company will use commercially reasonable endeavours to provide a PFIC annual information statement for such year to any shareholder or former shareholder who requests it to permit such requesting shareholder to make a “qualified electing fund” election (as described below in Appendix VII of this announcement on ‘Taxation’), but there can be no assurance that the Company will timely provide such information. For a more detailed description of the possibility of whether the Company would qualify as a PFIC, and the consequences thereof, including the consequences to a shareholder of making a “qualified electing fund” election, see Appendix VII of this announcement on ‘Taxation’. Each prospective U.S. Holder of Ordinary Shares should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the purchase, ownership and disposition of such shares.

AIM shares and “Business Property Relief” from UK Inheritance Tax

The UK Government has announced that, from 6 April 2026, it will restrict the availability of “business property relief” from UK inheritance tax. Provided certain conditions are satisfied, “business property relief” is currently available against 100% of the value of certain “unquoted shares”, that is, shares that are not listed on a recognised stock exchange (which includes shares admitted to trading on AIM provided such shares are not otherwise listed on a recognised stock exchange). The Finance Act 2025, which received royal assent on 20 March 2025 (the “Finance Act”), does not detail the legislation which will give effect to such changes, though it has been announced that the rate of relief will be reduced from its current rate of 100% to a rate of 50% in all circumstances for such “unquoted shares”. The new rules will apply for lifetime transfers on or after 30 October 2024 to prevent forestalling.

The Enlarged Group will be exposed to risks in relation to compliance with regulatory obligations including anti-corruption and anti-bribery laws and regulations, export controls, etc.

Conducting business on an international basis will require the Enlarged Group to comply with the laws and regulations of various jurisdictions. In particular, the Enlarged Group’s international operations will be subject to anti-corruption laws and regulations, such as the US Foreign Corrupt Practices Act of 1977 (the “FCPA”) and the UK Bribery Act of 2010 (the “Bribery Act”). The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. The Enlarged Group may, as part of its business, deal with state-owned business enterprises, the employees of which are considered foreign officials for the purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties.

As a result of conducting business in foreign countries, the Enlarged Group will be exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where it, its partners or agents operate. Some of the international locations in which the Enlarged Group operates may lack a developed legal system and have high levels of corruption. Continued expansion and worldwide operations by the Enlarged Group, including in developing countries, development of joint venture relationships worldwide and the employment by it of local agents in the countries in which it operates increase the risk of violations of anti-corruption or similar laws. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licences, as well as criminal fines and imprisonment. In addition, any such violations could have a significant impact on the Enlarged Group’s reputation and consequently on its ability to win future business and could have a material adverse effect on its reputation, results of operations, business and financial condition.

While the Enlarged Group will have policies and procedures designed to assist in compliance with applicable laws and regulations, the Enlarged Group will seek to continuously improve its systems of internal controls, to remedy any weaknesses that are identified through appropriate corrective action depending on the circumstances, including additional training, improvement of internal controls and oversight and deployment of additional resources and to take appropriate action in case of any breach

of the Enlarged Group's rules and procedures which might include disciplinary measures, suspensions of employees and ultimately termination of such employees.

Further detecting, investigating, and resolving these matters is expensive and could consume significant time and attention of the Enlarged Group's senior management. The Enlarged Group could also face fines, sanctions and other penalties from authorities in the relevant foreign jurisdictions, including prohibition of the Enlarged Group from participating in or curtailment of business operations in those jurisdictions. Any proceedings that may result from these matters could harm relationships with existing customers, distributors and agents and the Enlarged Group's ability to obtain new customers and partners.

There can be no assurance that policies and procedures of the Enlarged Group will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of its employees, consultants, agents or partners and, as a result, the Enlarged Group could be subject to criminal and civil penalties and other remedial measures, which could have material adverse consequences for the Enlarged Group's results of operations, business and financial condition if any member of the Enlarged Group failed to prevent any such violations.

The IRS may not agree with the conclusion that Rosebank is to be treated as a non-US corporation for US federal income tax purposes following the Acquisition or may assert that Rosebank is subject to certain unfavourable US federal income tax rules

For US federal income tax purposes, a corporation organised under non-US law generally is considered to be a tax resident of the jurisdiction of its organisation or incorporation. Rosebank is organised under the laws of Jersey and accordingly, under the generally applicable US federal income tax rules, is expected to be treated as a non-US corporation (and, therefore, not a US tax resident) for US federal income tax purposes. However, Section 7874 of the US Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), provides an exception to this general rule, pursuant to which Rosebank would be treated as a US corporation for US federal income tax purposes if, following the Acquisition, at least 80% of its stock (by vote or value) is considered to be held by former shareholders of ECI by reason of holding stock of ECI (such percentage referred to as the "ownership percentage"), and Rosebank and its "expanded affiliated group" do not have "substantial business activities" in Jersey. If Rosebank was to be treated as a US corporation for US federal income tax purposes, the Enlarged Group could be subject to substantial additional US federal income tax obligations and the gross amount of any dividend payments to Non-US Holders (as defined below in Appendix VII of this announcement on 'Taxation') of Rosebank Ordinary Shares could be subject to US withholding tax.

In addition, even if Rosebank is not treated as a US corporation for US federal income tax purposes, Section 7874 of the Internal Revenue Code may cause Rosebank or the Enlarged Group to be subject to certain unfavourable US federal income tax rules in the event that the ownership percentage attributable to former shareholders of ECI exceeds 60% and Rosebank and its "expanded affiliated group" do not have "substantial business activities" in Jersey. If the Enlarged Group was to be subject to these rules, the Enlarged Group and its subsidiaries could be subject to adverse tax consequences, including restrictions on the use of ECI's tax attributes with respect to "inversion gain" recognised over a ten year period following the Acquisition, the recapture of certain deductions that ECI previously took under Section 965(c) of the Internal Revenue Code at an unfavourable tax rate, the imposition of an excise tax equal to 1% of the fair market value of stock that Rosebank repurchases, and the requirement that any of the Enlarged Group's US subsidiaries treat certain payments to Rosebank as "base erosion payments" that may be subject to a minimum US federal income tax. In addition, US Holders of Ordinary Shares could be subject to a higher rate of tax on any dividends paid by Rosebank.

Based upon the terms of the Acquisition, the rules for determining the ownership percentage under Section 7874 of the Internal Revenue Code and the US Treasury regulations promulgated thereunder, and certain factual assumptions, the Enlarged Group does not currently expect to be subject to these rules under Section 7874 of the Internal Revenue Code. However, whether the requirements for such treatment have been satisfied must be finally determined after consummation of the Acquisition, by which time there could be adverse changes to the relevant facts and circumstances. In addition, the rules for determining ownership under Section 7874 of the Internal Revenue Code are complex, unclear and subject to change. Accordingly, there can be no assurance that the IRS would not assert that the

Enlarged Group should be subject to the above rules or that such an assertion would not be sustained by a court.

Additionally, even if the Enlarged Group is not subject to the above adverse consequences under Section 7874 of the Internal Revenue Code as a result of the Acquisition, Rosebank could, in certain specific circumstances, be limited in using its equity to engage in future acquisitions of US corporations.

Shareholders are urged to consult with their tax advisers regarding the potential application of Section 7874 of the Internal Revenue Code and the US Treasury regulations promulgated thereunder to the Acquisition.

E. GENERAL RISKS

ECI financial information

The financial information from which the unaudited adjusted financial information relating to the ECI Group in this announcement for the four months ended 30 April 2025 as set out in section B of Appendix VI of this announcement has been derived is extracted from the management accounts of ECI, which are unaudited. The unaudited management accounts have been prepared on a consistent basis with the accounting policies applied to the audited consolidated financial statements presented in section A of Appendix VI of this announcement (as it relates to the financial information presented). As at the date of this announcement, this financial information has not been subject to audit or review by the Company's or ECI's auditors. It should not be seen as a substitute for audited or reviewed financial information and there can be no assurance that this financial information will not be subject to material amendments following completion of the relevant audit procedures. Investors are cautioned not to place undue reliance on this information. If any unaudited financial information is subject to amendment following the completion of audit procedures, this may have an adverse effect on the price of the Ordinary Shares.

Economic conditions and current economic weakness

The Enlarged Group's business plan may be subject to changes arising from relevant economic conditions, including, but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment and overall consumer confidence. Prevailing market conditions and macro-economic factors will continue to impact company valuations going forward and could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and cash flows.

The Company may fail to pay dividends or make other returns

There is no guarantee of a dividend on the Ordinary Shares, and the declaration, payment and growth of any such dividend will depend, among other things, on the availability of financial resources of the Company and the Directors authorising any such dividend being able to give the 12-month, forward-looking, cash flow-based solvency statement in the form required by the Companies Law. The return of value by way of share redemption, repurchase or reduction of capital, is similarly dependent on, among other things, the Directors authorising any such return giving such a solvency statement at the relevant time.

The Company's ability to pay dividends in the future depends, among other things, on the Enlarged Group's financial performance and capital requirements

There can be no guarantee that the Company will be able to pay dividends in the future. As a holding company, the Company's ability to pay dividends in the future will be affected by a number of factors, including its ability to receive sufficient dividends from subsidiaries. The ability of companies within the Enlarged Group to pay dividends and the Company's ability to receive distributions from its investments in other entities are subject to restrictions. If the performance of the companies within the Enlarged Group is below market expectations, then their capacity to pay dividends to the Company will suffer.

Fluctuations in foreign exchange rates could have a negative impact on the Enlarged Group's business

The revenues, expenses, assets and liabilities denominated in currencies other than US dollars were converted into US dollars for the purposes of compiling the historical financial statements set out in this announcement. Over 90% of ECI's EBITDA is generated by US dollar functional entities, with approximately 5% generated in Euros and less than 5% in other currencies. The translational impact of an approximate 10% strengthening of the Euro and other foreign exchange currencies against the US\$ is approximately US\$1 million. A large proportion of ECI's historical revenues are denominated in currencies other than US dollars, particularly the Mexican peso. ECI's reported results of operations will fluctuate with average exchange rates and its reported net assets will fluctuate with year-end exchange rates.

ECI currently uses and has in the past used hedging strategies to provide appropriate short and medium-term cover for foreign exchange exposures. ECI's current main currency pairing is US dollar/Mexican peso and ECI has introduced a hedging policy for its foreign exchange exposure: (i) over the next 12 months, to provide 100% cover; (ii) for the next 12 to 24 months, to provide 70-100% cover; and (iii) for the next 24 months to 36 months, to provide 40-60% cover. ECI currently has minimal risk in other currency pairing exposures relating to US dollar/Euro and Euro/Polish złoty. The Enlarged Group may in the future use, hedging strategies to manage and minimise the impact of exchange rate fluctuations on its cash flow and economic profits. There are complexities inherent in determining whether and when foreign exchange exposures will materialise, in particular given the possibility of unpredictable revenue variations arising from schedule delays and contract postponements. Furthermore, if the Enlarged Group uses hedging strategies in the future, it could be exposed to the risk of non-performance of its hedging counterparties. Additionally, the successful implementation of its hedging strategy in the future may depend on the willingness of hedging counterparties to extend credit. Accordingly, no assurances may be given that the Enlarged Group's exchange rate hedging strategy would protect it from significant changes or fluctuations in revenues, expenses, assets and liabilities denominated in a currency other than US dollars. The materialisation of any or all of these risks could have a material adverse effect on the Enlarged Group's results of operations, business and financial condition.

Overseas Shareholders may be subject to exchange rate risk

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in the Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

Borrowing and liquidity

Existing debt may adversely impact the Enlarged Group's ability to obtain new debt financing on favourable terms in the future, particularly if coupled with downgrades of its credit ratings or a deterioration of capital markets conditions more generally. There can be no assurance that the Enlarged Group will not face future credit rating downgrades as a result of factors such as the performance of its businesses or changes in rating application or methodology, and future downgrades could adversely affect its cost of funds, liquidity and competitive position. In addition, if the Enlarged Group is unable to generate cash flows in accordance with its plans or face unforeseen needs for capital, it may adopt changes to its capital allocation plans (such as plans related to the timing or amounts of investments or capital expenditures, share repurchases or dividends) or take other actions.

Factors outside the Enlarged Group's control, such as fires, floods and other natural disasters, any epidemics or pandemics, any major disruption to the Enlarged Group's information systems, or man-made problems such as computer viruses, theft of critical data, terrorism, protests or other harassment could have a material adverse effect on its results of operations, business and financial condition

The Enlarged Group's sources for components or other supplies, as well as shipments of manufactured goods, are vulnerable to damage or interruption from fires, floods, pandemics, power losses,

telecommunications failures, terrorist attacks, human errors, break-ins and similar events. A significant natural disaster, such as a fire or flood, whether at a facility owned by the Enlarged Group or at a third-party facility which holds stock belonging to the Enlarged Group, could have a material adverse effect on the Enlarged Group's results of operations, business and financial condition, and the Enlarged Group's insurance coverage may be insufficient to compensate it for losses that may occur. Any damages or contractual penalties the Enlarged Group is entitled to in the event that a supplier of the Enlarged Group does not meet its obligations with respect to timeliness and quality, may fail to mitigate the harm to the Enlarged Group's business caused by any such contractual breaches. In particular, shortages or interruptions in the supply of components or delays in the shipment of manufactured goods as a result of such an event could delay shipments of the Enlarged Group's products or increase its production costs. This in turn could have a material adverse effect on the Enlarged Group's results of operations, business and financial condition.

The Enlarged Group could be impacted negatively by information technology security threats including unauthorised access to intellectual property or other controlled information or cyber or ransomware attacks intended to disrupt the Enlarged Group's operations. Interruptions to the Enlarged Group's information systems could adversely affect its day-to-day operations. A major disruption to information systems could have a material adverse effect on the Enlarged Group's results of operations, business and financial position. The loss of confidential information, intellectual property or controlled data could result in fines, liability to customers and other counterparties and damage to the Enlarged Group's reputation, and could adversely affect its ability to win future contracts.

IT systems and cyber security threats

Should the Enlarged Group's technical and communication infrastructure systems not operate as intended or any third parties to whom the Enlarged Group outsources any of its IT services fail to deliver as expected, its ability to transact business across its international businesses would be significantly impaired. In addition, the Enlarged Group's IT systems and those it outsources are vulnerable to damage or interruption from circumstances beyond the Enlarged Group's control, including fire, natural disasters, power loss or disruptions, hacker attacks, computer systems failures, viruses, delays or disruptions due to system updates, malicious attacks, accidents, telecommunication failures, acts of terrorism or war, physical or electronic break-ins or similar events or disruptions. These information systems have been, and will likely continue to be, subject to attack. The failure of the Enlarged Group's IT systems to perform as anticipated could disrupt the Enlarged Group's business and could result in decreased sales, increased overhead costs, excess inventory and product shortages, causing the Enlarged Group's business and results of operations to suffer. In addition, unforeseen vulnerabilities in the Enlarged Group's security systems and policies could result in potential data misuse, resulting in damage to the Enlarged Group's reputation and an adverse effect on its results of operations, business or financial condition.

Information security and cyber threats are currently a priority across all industries and remain a key UK government agenda item. Cybersecurity breaches of the Enlarged Group's information technology systems could result in the misappropriation or unauthorised disclosure of confidential information belonging to it or to its customers, partners, suppliers, or employees. Any breach of data security could result in a disruption of the Enlarged Group's services or improper disclosure of personal data or confidential information, which could harm the Enlarged Group's reputation, require it to expend resources to remedy such a security breach or defend against further attacks or subject it to liability under laws that protect personal data, resulting in increased operating costs or loss of revenue. Like many businesses, the Enlarged Group may have a potential exposure in this area.

F. RISKS RELATING TO THE ORDINARY SHARES AND THE CAPITAL RAISE

References in this announcement to the "Enlarged Group" are to the Group following Acquisition Completion and therefore incorporate the ECI Group. However, prior to Acquisition Completion, and in the event that Acquisition Completion does not occur, the risk factors below that are expressed to be applicable to the Enlarged Group will remain applicable to the Group (excluding the ECI Group) and in this context references to the "Enlarged Group" shall instead be deemed to be references to the Group.

The market price of the Ordinary Shares could be negatively impacted by sales of substantial amounts of Ordinary Shares, particularly following expiry of the lock-in period

Subject to or following the expiry of any undertakings given pursuant to lock-in agreements or similar arrangements with significant Shareholders, such Shareholders could sell a substantial number of Ordinary Shares in the public market following Admission and/or Readmission. Such sales, or the perception that such sales could occur, may materially adversely affect the market price of the Ordinary Shares. This may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate and could also impede the Company's ability to issue Ordinary Shares in the future.

Although there is no present intention or arrangement to do so, the Rosebank Co-Founders may, following the expiry of the initial three-year lock-in period they agreed to as part of the July 2024 Admission, sell their Ordinary Shares without restriction. The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by the Rosebank Co-Founders following expiry of that initial three-year lock-in period (or otherwise) or the perception that such a sale could occur.

The Capital Raise is conditional on the passing of the Transaction Resolutions but not conditional upon Acquisition Completion

The Capital Raise is not conditional upon Acquisition Completion and will complete shortly following the approval of the Acquisition by Shareholders at the General Meeting and Admission. In the unlikely event that the Capital Raise proceeds but Acquisition Completion does not occur, the Directors' current intention is that the net proceeds will be invested on a short-term basis while the Directors evaluate other acquisition opportunities and, if no acquisitions can be found on acceptable terms, the Directors will consider how best to return surplus capital to Shareholders in a timely manner. Such a return could carry fiscal costs for certain Shareholders, will have costs for Rosebank and would be subject to applicable securities laws. There can be no assurance that in such circumstances surplus capital can be returned to Shareholders in a timely manner or at all.

The Enlarged Group may be unable to transfer to an appropriate listing venue

It is the intention of the Directors that, at an appropriate time after completing the Acquisition, Rosebank will seek the admission of its Ordinary Shares to the Equity Shares (Commercial Companies) (ESCC) category of the Official List and to trading on the Main Market of the London Stock Exchange. There can be no guarantee that the Company will meet the required eligibility criteria for the ESCC category of the Official List or that a transfer to the ESCC category of the Official List or other appropriate listing venue will be achieved. A failure to change listing venue may have an adverse effect on the valuation of the Ordinary Shares.

The Company may be subject to restrictions in offering its Ordinary Shares in certain jurisdictions

The Company may offer its Ordinary Shares or other equity securities as part of the consideration to fund, or in connection with, future acquisitions. However, certain jurisdictions may restrict the Company's use of its Ordinary Shares or other securities for this purpose, which could result in the requirement for the Company to use alternative sources of consideration. Such restrictions may limit the Company's available acquisition opportunities or make certain acquisitions more costly which may have an adverse effect on its operations.

The ability of overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited

The ability of an overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated and registered in Jersey. The rights of holders of the Company's Ordinary Shares are governed by Jersey law and by the Articles. Jersey law limits significantly the circumstances under which the shareholders of Jersey companies may bring derivative actions. Under Jersey law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally,

neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. Jersey law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US company, for example. In addition, it may not be possible for an overseas Shareholder to enforce any judgments in civil or commercial matters or any judgments in securities laws of countries other than the UK against some or all of the Directors or executive officers of the Company who are resident in the UK or countries other than those in which judgment is made.

Ordinary Shares traded on AIM

AIM securities are not admitted to the Official List. An investment in Ordinary Shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success, and liquidity in the market for the Ordinary Shares, cannot be guaranteed. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached compared with larger or more established companies. 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 duly authorised under the FSMA (or the corresponding legislation in the jurisdiction in which a prospective investor is resident) who specialises in advising on the acquisition of shares and other securities.

Liquidity

The Company can give no assurance that an active trading market for the Ordinary Shares will be maintained. If an active trading market is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected and Shareholders may have difficulty selling their Ordinary Shares. The market price of the Ordinary Shares may drop below the price at which a Shareholder purchased Ordinary Shares. Any investment in the Ordinary Shares should be viewed as a long-term investment. Shareholders have no right to have their Ordinary Shares repurchased by the Company at any time and therefore Shareholders wishing to realise their investment in the Company will be required to dispose of their Ordinary Shares through the stock market. Whilst the Directors retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Market liquidity in the shares of similar companies to the Company is frequently inferior to the market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will exist. Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price or at all.

The market price for the Ordinary Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control

In recent years, financial markets have experienced significant price and volume fluctuations that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Additionally, these factors, as well as other related factors, may cause decreases in asset values, which may result in impairment losses resulting in the deferral or ultimately the loss of future income. Any recessionary economic environment, and the resulting increased levels of volatility and related market turmoil, could have a material adverse effect on the Company's future investment-related income, business, operations, financial condition, share price and ability to pay a dividend or return capital to Shareholders.

Dilution of Shareholders' interest as a result of the Capital Raise or additional equity issues

If Shareholders do not or are unable to take up the offer of Ordinary Shares under the Institutional Capital Raise their proportionate ownership and voting interests in the Company will be reduced as a result of the Institutional Capital Raise and the percentage that their Ordinary Shares will represent of the Enlarged Share Capital will be reduced accordingly. Eligible Shareholders may be diluted in connection with the Open Offer.

Further, the Company may choose to issue additional Ordinary Shares in subsequent public offerings or private placements to fund acquisitions or as consideration for acquisitions. The Company is seeking renewed standing authorities to allot shares and disapply pre-emption rights based on its Enlarged

Share Capital at the General Meeting. In addition, the Company may issue additional Ordinary Shares not for cash or to satisfy entitlements of participants in the LTIP arising on crystallisation of a series of Incentive Shares. Future placings or other issues of Ordinary Shares when pre-emption rights have been disapplied would result in the dilution of the interests of existing Shareholders. The extent of such dilution will depend on the number of Ordinary Shares placed or otherwise issued on each occasion, and the price (if any) at which such Ordinary Shares are issued. The perceived risk of dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increases in the underlying value of Ordinary Shares than might otherwise be expected.

General investment risk and possible volatility of the price of Ordinary Shares

Investors should be aware that the market price of Ordinary Shares may be volatile and may go down as well as up and Shareholders may therefore be unable to recover their original investment and could even lose their entire investment. This volatility could be attributable to various factors and events, including the availability of information for determining the market value of the Ordinary Shares, any regulatory or economic changes affecting the Enlarged Group's operations, variations in the Enlarged Group's operating results, developments in the Enlarged Group's business or its competitors, or changes in market sentiment towards the Ordinary Shares. In addition, the Enlarged Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Market conditions may affect the Ordinary Shares regardless of the Enlarged Group's operating performance or the overall performance of the sector in which the Enlarged Group operates. Share market conditions are affected by many factors, including general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Enlarged Group while others of which may be outside the Enlarged Group's control. If the Enlarged Group's revenues do not grow, or grow more slowly than anticipated, or if its operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline. In addition, if the market for securities of companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Enlarged Group's business, results of operations or financial condition. Therefore, Shareholders might be unable to resell their Ordinary Shares at or above the price at which they have purchased their Ordinary Shares.

APPENDIX IV

TERMS AND CONDITIONS OF THE PLACING

THE ANNOUNCEMENT INCLUDING THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE, TRANSMISSION, DISTRIBUTION OR FORWARDING, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL (EACH A “RESTRICTED TERRITORY”).

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING (AS DEFINED BELOW). THE ANNOUNCEMENT INCLUDING THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX IS DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EEA WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(E) OF THE EU PROSPECTUS REGULATION (“QUALIFIED INVESTORS”); OR (B) IN THE UNITED KINGDOM, “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(E) OF THE UK PROSPECTUS REGULATION, WHO (I) ARE PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “ORDER”); OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC”) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”); OR (C) IN AUSTRALIA, THE FOLLOWING PERSONS TO WHOM A DISCLOSURE DOCUMENT IS NOT REQUIRED TO BE PROVIDED UNDER PART 6D.2 OF THE CORPORATIONS ACT 2001 (CTH) (“CORPORATIONS ACT”): (I) “SOPHISTICATED INVESTORS” WITHIN THE MEANING OF SECTION 708(8) OF THE CORPORATIONS ACT; OR (II) “EXPERIENCED INVESTORS” MEETING THE CRITERIA IN SECTION 708(10) OF THE CORPORATIONS ACT; OR (III) “PROFESSIONAL INVESTORS” WITHIN THE MEANING OF SECTION 708(11) OF THE CORPORATIONS ACT (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “WHOLESALE INVESTORS”). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON: (I) IN THE UNITED KINGDOM, BY PERSONS WHO ARE NOT RELEVANT PERSONS; (II) IN ANY MEMBER STATE OF THE EEA, BY PERSONS WHO ARE NOT QUALIFIED INVESTORS; AND (III) IN AUSTRALIA, BY PERSONS WHO ARE NOT WHOLESALE INVESTORS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE ANNOUNCEMENT INCLUDING THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO: (I) RELEVANT PERSONS IN THE UNITED KINGDOM AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS IN THE UNITED KINGDOM; (II) QUALIFIED INVESTORS IN MEMBER STATES OF THE EEA; AND (III) WHOLESALE INVESTORS IN AUSTRALIA.

THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF, OR A SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR OR OTHERWISE ACQUIRE, ANY SECURITIES IN THE COMPANY.

THE SECURITIES MENTIONED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION, HAVE NOT BEEN RECOMMENDED BY, OR APPROVED BY, THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY OTHER UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND MAY NOT BE OFFERED, SOLD, PLEDGED, TAKEN UP, EXERCISED, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES ABSENT REGISTRATION UNDER THE SECURITIES ACT EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE WILL BE NO PUBLIC OFFER OF THE SECURITIES MENTIONED HEREIN IN THE UNITED KINGDOM, THE UNITED STATES, ANY OTHER RESTRICTED TERRITORY OR ELSEWHERE.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS, FINANCIAL AND RELATED ASPECTS OF AN ACQUISITION OF PLACING SHARES (AS DEFINED BELOW). THE PRICE OF SHARES AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF SHARES.

The distribution of the Announcement and the Placing and/or the offer or sale of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or by the Banks or any of its or their respective affiliates or any of its or their respective agents, directors, officers or employees which would, or is intended to, permit an offer of the Placing Shares or possession or distribution of the Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required.

The Announcement is being distributed and communicated to persons in the UK only in circumstances to which section 21(1) of the FSMA does not apply.

Subject to certain exceptions, the securities referred to in the Announcement may not be offered or sold in any Restricted Territory or to, or for the account or benefit of, a citizen or resident or person located in, or a corporation, partnership or other entity created or organised in or under the laws of a Restricted Territory.

The Banks are acting exclusively for the Company and no one else in connection with the Placing and are not, and will not be, responsible to anyone (including the Placees) other than the Company for providing the protections afforded to their clients nor for providing advice in relation to the Placing and/or any other matter referred to in the Announcement.

None of the Company or the Banks or any of its or their respective affiliates or any of its or their respective agents, directors, officers or employees makes any representation or warranty, express or implied to any Placees regarding any investment in the Placing Shares under the laws applicable to such Placees.

Persons who are invited to and who choose to participate in the Placing of new ordinary shares (the "Placing Shares") in the capital of the Company, by making an oral or written offer to acquire Placing Shares, including any individuals, funds or others on whose behalf a commitment to acquire Placing Shares is given (the "Placees"), will be deemed: (i) to have read and understood the Announcement, including this Appendix, in its entirety; and (ii) to be making such offer on the terms and conditions contained in this Appendix, including being deemed to be providing (and shall only be permitted to participate in the Placing on the basis that they have provided) the representations, warranties, acknowledgements and undertakings set out herein.

Notice to Canadian Investors

The distribution of Placing Shares in Canada is to be made on a private placement basis only, exempt from the requirement that the Company prepare and file a prospectus with the relevant Canadian securities regulatory authorities and only to those who are both "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions (or section 73.3(1) of the Securities Act (Ontario), as applicable) and "permitted clients" within the meaning of National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations. In connection with any such sale made to investors in the Placing that are located in Canada, the Placee will be required to provide a signed investor qualification statement, confirming its eligibility to participate in the Placing.

The Company is not a "reporting issuer", as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada, its securities are not listed on any stock exchange in Canada and there is currently no public market for the Placing Shares in Canada. The Company currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Placing Shares to the public in any province or territory of Canada or listing its securities on any stock exchange in Canada. Therefore, there will be no public market in Canada for the Placing Shares and the resale or transfer of the Placing Shares will be subject to restrictions. Accordingly, any resale of the Placing Shares of the Company must be made in accordance

with applicable securities laws, and which may require resales to be made in accordance with exemptions from registration and prospectus requirements.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

The Announcement is not, and under no circumstances is it to be construed as, an advertisement or a public offering of the Placing Shares in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way expressed an opinion about the Placing Shares and any representation to the contrary is an offence.

In particular each such Placee represents, warrants and acknowledges that:

- (a) if it is in the United Kingdom, it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- (b) if it is a person in a member state of the EEA, it is a Qualified Investor (as defined above);
- (c) if it is in Australia, it is a Wholesale Investor (as defined above);
- (d) it is and, at the time the Placing Shares are acquired, will be outside the United States and is acquiring the Placing Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act ("Regulation S"); or
- (e) if it is a financial intermediary, as that term is used in Article 2(d) of the EU Prospectus Regulation and Article 2(d) of the UK Prospectus Regulation, that it understands the resale and transfer restrictions set out in this Appendix and that any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA to Qualified Investors or in the United Kingdom to Relevant Persons, or in circumstances in which the prior consent of the Banks has been given to each such proposed offer or resale.

The Company and the Banks will rely on the truth and accuracy of the foregoing representations, warranties and acknowledgements.

The Placing Shares are being offered and sold outside the United States in accordance with Regulation S.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action. Persons into whose possession the Announcement comes are required by the Company and the Banks to inform themselves about, and to observe, any such restrictions.

Details of the Placing Agreement and the Placing Shares

Barclays, BNPP, Citigroup and Investec have entered into a placing agreement with the Company (the "Placing Agreement") under which the Banks have severally (and not jointly or jointly and severally) agreed on the terms and subject to the conditions set out therein, to use their reasonable endeavours to procure Placees to take up the Placing Shares or to the extent that Placees are not procured or any Placee defaults in paying the Issue Price in respect of any of the Placing Shares allotted to it, the Banks have severally (and not jointly or jointly and severally) agreed to subscribe for such Placing Shares at the Issue Price.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares of no par value in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the Placing Shares, and will on issue be free of all claims, liens, charges, encumbrances and equities.

Applications for listing and admission to trading

Application will be made to the London Stock Exchange for admission to trading of the Placing Shares on AIM market operated by the London Stock Exchange ("AIM") ("Admission").

It is expected that Admission will become effective not later than 8.00 a.m. (London time) on 3 July 2025 (or such later date determined by the Company in consultation with the Joint Global Coordinators being no later than 14 September 2025) (the "Closing Date") and that dealings in the Placing Shares will commence at that time.

Book Build

The Banks will today commence the bookbuilding process in respect of the Placing (the "Book Build") to determine demand for participation in the Placing by Placees. The book will open with immediate effect. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Banks and the Company shall be entitled to effect the Placing by such alternative method to the Book Build as they may, in their sole discretion, determine.

Participation in, and principal terms of, the Placing

1. The Banks are acting as joint global coordinators and joint bookrunners in relation to the Placing severally, and not jointly, nor jointly and severally, as agents of the Company. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by any of the Banks. Each of the Banks and their respective affiliates are entitled to enter bids as principal in the Book Build.
2. The single price payable in respect of the Placing Shares will be 300 pence per Placing Share.
3. To bid in the Book Build, prospective Placees should communicate their bid by telephone or in writing to their usual sales contact at one of the Banks. Each bid should state the number of Placing Shares which the prospective Placee wishes to acquire at the Issue Price. Bids may be scaled down by the Banks on the basis referred to in paragraph 6 below.
4. A bid in the Book Build will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with the relevant Bank's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the relevant Bank, to pay it (or as it may direct) in cleared funds an amount equal to the product of the Issue Price and the number of Placing Shares that such Placee has agreed to acquire. Each Placee's obligations will be owed to the relevant Bank.
5. The Book Build is expected to close around 2.00 p.m. (London time) on 6 June 2025, but may be closed earlier or later, at the discretion of the Banks. The Banks may, in agreement with the Company, accept bids that are received after the Book Build has closed.
6. Each prospective Placee's allocation will be agreed by the Banks and the Company and will be confirmed to Placees orally by the relevant Bank following the close of the Book Build, and a trade confirmation will be dispatched as soon as possible thereafter. Subject to paragraph 4 above, the relevant Bank's oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of such Bank and the Company, under which such Placee agrees to acquire the number of Placing Shares allocated to it and to pay the relevant Issue Price for each such Placing Share on the

terms and conditions set out in this Appendix and in accordance with the Company's corporate documents. To the fullest extent permitted by law, each Placee shall have no right to rescind, terminate or otherwise withdraw from such commitment.

7. The Banks will, in effecting the Placing, agree with the Company the identity of the Placees and the basis of allocation of the Placing Shares. The Banks may choose to accept bids, either in whole or in part, on the basis of allocations determined in agreement with the Company and may scale down any bids for this purpose on such basis as it may determine. The Banks may also, notwithstanding paragraphs 3 and 6 above, in agreement with the Company: (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time; and (ii) allocate Placing Shares after the Book Build has closed to any person submitting a bid after that time. The Company reserves the right (upon agreement with the Banks) to reduce or seek to increase the amount to be raised pursuant to the Placing, at its absolute discretion. The acceptance of the bids shall be at the relevant Bank's absolute discretion, subject to agreement with the Company.
8. Except as required by law or regulation, no press release or other announcement will be made by the Banks or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
9. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
10. All obligations under the Book Build and Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
11. By participating in the Book Build, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee after confirmation (oral or otherwise) by a Bank.
12. To the fullest extent permissible by law, none of the Banks, the Company nor any of their respective affiliates, directors, officers, employees or agents of any of them nor any person acting on their respective behalf shall have any responsibility or liability (whether in contract, tort or otherwise) to any Placee (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Banks, nor the Company, nor any of their respective affiliates, directors, officers, employees or agents of any of them nor any person acting on their respective behalf shall have any responsibility or liability (whether in contract, tort or otherwise and including to the fullest extent permissible by law, any fiduciary duties) in respect of the Banks' conduct of the Book Build or of such alternative method of effecting the Placing as the Banks and the Company may agree.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The Banks' obligations under the Placing Agreement are conditional on, among others:

- (a) the Acquisition Agreement not having terminated, lapsed or ceased to be capable of completion in accordance with its terms, prior to Admission;
- (b) Admission occurring not later than 8:00 a.m. (London time) on the Closing Date;
- (c) the passing without amendment (or with such amendments as the Banks and the Company may agree in writing) of the Transaction Resolutions at the General Meeting (or such later date (not later than 14 September 2025) as determined by the Company following consultation with the Banks); and

- (d) the new Ordinary Shares having been admitted as participating securities within CREST with effect from Admission;

If: (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by the Banks by the relevant time or date specified; or (ii) the Placing Agreement is terminated in the circumstances specified below, the Placing will lapse and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by it in respect thereof.

The Banks may, at their discretion and upon such terms as they think fit, waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions contained in the Placing Agreement save that conditions (a), (b) and (d) above may not be waived. Any such waiver will not affect Placees' commitments as set out in the Announcement.

By participating in the Placing each Placee agrees that none of the Banks nor any of their affiliates, nor any of their respective directors, officers, employees or agents shall have any liability (whether in contract, tort or otherwise) to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Banks.

By participating in the Book Build, each Placee agrees that its rights and obligations hereunder terminate only in the circumstances described above and under "Right to terminate under the Placing Agreement" below, and will not be capable of rescission or termination by the Placee.

Right to terminate under the Placing Agreement

The Banks are entitled, at any time before Admission, to terminate the Placing Agreement in accordance with its terms in certain customary circumstances.

Upon termination of the Placing Agreement, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement, subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise or non-exercise by any Bank of any right of termination or other discretion arising under the Placing Agreement shall be within the discretion of the relevant Bank, and neither the Company nor the Banks need to make any reference to, or consultation with, Placees and neither the Company nor the Banks nor any of their respective affiliates, directors, officers, employees or agents of any of them shall have any liability to Placees whatsoever in connection with any such exercise or failure to exercise.

Lock-up

The Company has undertaken to the Banks that, between the date of the Placing Agreement and the date which is 180 days after Admission, it will not, without the prior written consent of the Banks (not to be unreasonably withheld or delayed), enter into certain transactions involving or relating to the Ordinary Shares, subject to certain carve-outs agreed between the Banks and the Company.

By participating in the Placing, Placees agree that the exercise by the Banks of any power to grant consent to the undertaking by the Company of a transaction which would otherwise be subject to the lock-up under the Placing Agreement shall be within the discretion of the Banks and that it need not make any reference to, or consultation with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise of the power to grant consent or failure to exercise such power.

No Prospectus

No offering document or prospectus has been or will be submitted to be approved by the FCA or the London Stock Exchange (or any other authority) in relation to the Placing or Admission and no such prospectus is required (in accordance with the FSMA or the UK Prospectus Regulation) to be published.

Placees' commitments will be made solely on the basis of the information contained in the Announcement (including this Appendix). Each Placee, by accepting a participation in the Placing, agrees that the content of the Announcement (including this Appendix) and all other publicly available information previously or simultaneously published by the Company by notification to a Regulatory Information Service or otherwise filed by the Company is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or the Banks or any other person and none of the Company, the Banks nor any of their respective affiliates, nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons). Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and Settlement

Settlement of transactions in the Placing Shares (ISIN: JE00BSBJ5M88) following Admission will take place in CREST, subject to certain exceptions. The Banks and the Company reserve the right to require settlement of, and delivery of, some or all of the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not practicable in CREST within the timetable set out in the Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Book Build for the Placing, each Placee allocated Placing Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with the relevant Bank stating the number of Placing Shares allocated to it at the Issue Price, the aggregate amount owed by such Placee to the Banks and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions in respect of the Placing Shares that it has in place with the relevant Bank (unless otherwise agreed).

It is expected that settlement will be no later than 3 July 2025 in accordance with the instructions set out in the trade confirmation.

In the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and the Banks may agree that the Placing Shares should be issued in certificated form. The Banks reserve the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above SONIA as determined by the Banks.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Banks may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Banks' account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or other stamp, securities, transfer, registration, execution, documentary or other similar impost, duty or tax imposed in any jurisdiction (together with any interest, fines or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares, each Placee confers on the Banks all such authorities and powers necessary to carry out any

such sale and agrees to ratify and confirm all actions which the Banks lawfully take in pursuance of such sale.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are settled in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so settled free from any liability to UK stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax (and/or any interest, fines or penalties relating thereto) is payable in respect of the allocation, allotment, issue or delivery of the Placing Shares (or for the avoidance of doubt if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer Placing Shares), none of the Banks nor the Company shall be responsible for the payment thereof.

Representations, Warranties and Further Terms

By submitting a bid and/or participating in the Placing, each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (for itself and for any such prospective Placee) with the Banks and the Company, in each case as a fundamental term of its application for Placing Shares, the following:

- 1 it has read and understood the Announcement in its entirety (including this Appendix), and that its participation in the Book Build and the Placing and its subscription for and purchase of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate the Announcement;
- 2 that it has made its investment decision based solely upon its own judgement, due diligence and analysis and not upon any view expressed or information provided by or on behalf of the Banks or any other person otherwise than as set out in the Announcement;
- 3 that no offering document, offering memorandum, admission document or prospectus has been or will be prepared in connection with the Placing or is required under the AIM Rules, FSMA, the UK Prospectus Regulation or any other applicable law and it has not received and will not receive a prospectus or other offering document in connection therewith;
- 4 that none of the Banks, the Company, nor any of their respective affiliates or any person acting on behalf of any of them has provided, nor will provide it, with any information regarding the Placing Shares, the Book Build, the Placing or the Company other than the Announcement; nor has it requested any of the Banks, the Company, any of their affiliates or any person acting on behalf of any of them to provide it with any such information;
- 5 that the Company's Ordinary Shares are listed on the AIM market of the London Stock Exchange and the Company is therefore required to publish certain business and financial information in accordance with the Market Abuse Regulation (EU) No.596/2014 (as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time) ("Market Abuse Regulation") and the rules and practices of the London Stock Exchange (including the AIM Rules) (collectively, the "Exchange Information"), which includes a description of the Company's business and the Company's financial information, including balance sheets and income statements, and similar statements for preceding financial years and that it is able to obtain or access the Exchange Information without undue difficulty and that it has reviewed such Exchange Information as it has deemed necessary;
- 6 that the content of the Announcement is exclusively the responsibility of the Company and that none of the Banks, nor any of their respective affiliates nor any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in, or omission from, the Announcement or any information previously published by or on behalf of

the Company, including, but not limited to, the Exchange Information, and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in the Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire Placing Shares is contained in the Announcement and any information previously or simultaneously published by the Company by notification to a Regulatory Information Service, such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given, or representations, warranties or statements made, by any of the Banks or the Company nor any of their respective affiliates and none of the Banks or the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

- 7 that it may not rely, and has not relied, on any investigation that the Banks, any of their respective affiliates or any person acting on behalf of any of them, may or may not have conducted with respect to the Placing Shares or the Company, and none of such persons has made any representation, express or implied, with respect to the Company, the Placing Shares or the accuracy, completeness or adequacy of the Exchange Information or any other information;
- 8 that it has conducted its own investigation with respect to the Company and the Placing Shares, received and reviewed all information that it believes is necessary or appropriate in connection with its purchase of Placing Shares and made its own assessment and has satisfied itself concerning the relevant tax, legal, regulatory, currency and other economic considerations relevant to its investment in the Placing Shares;
- 9 that none of the Banks, nor any of their respective affiliates or any person acting on behalf of any of them has or shall have any liability for any information made publicly available by or in relation to the Company or any representation, warranty or statement relating to the Company or the Group contained therein or otherwise, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- 10 that it is and, at the time the Placing Shares are acquired, will be outside the United States and is acquiring the Placing Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S;
- 11 that it: (i) has such knowledge and experience in financial, business and international investment matters as is required to be capable of evaluating the merits and risks of an investment in the Placing Shares; (ii) will not look to the Banks, any of their respective affiliates or any person acting on behalf of any of them for all or part of any such loss it may suffer; (iii) is experienced in investing in securities of this nature in this sector and is aware that it might be required to bear and is able to bear the economic risk of an investment in the Placing Shares for an indefinite period of time; (iv) is able to sustain a complete loss of an investment in the Placing Shares; and (v) has no need for liquidity with respect to its investment in the Placing Shares;
- 12 unless otherwise specifically agreed with the Banks, that they are not, and at the time the Placing Shares are acquired, neither it nor the beneficial owner of the Placing Shares will be, a resident of, or located in, a Restricted Territory or any other jurisdiction in which it would be unlawful to make or accept an offer to acquire the Placing Shares, subject to certain restrictions;
- 13 that the Placing Shares have not been and will not be registered under the Securities Act, that the Placing Shares have not been recommended by, or approved by, the SEC or any other United States federal or state securities commission or regulatory authority, and that a prospectus will not be published in respect of any of the Placing Shares under the securities laws or legislation of the United States or any state or jurisdiction thereof, and that the Placing Shares have not been and will not be registered and that a prospectus will not be published in respect of any of the Placing Shares under the securities laws or legislation of Australia, Canada, South Africa or Japan and, subject to certain exceptions, may not be offered, sold, or delivered or transferred,

directly or indirectly, in or into any of these jurisdictions or any other jurisdiction where to do so would be unlawful;

- 14 that it is not acquiring any of the Placing Shares as a result of any form of directed selling efforts (as defined in Regulation S);
- 15 that it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Company, and is not acting on behalf of an affiliate of the Company;
- 16 that the allocation, allotment, issue and delivery to it of Placing Shares or to the person specified by it as the person to whom such Placing Shares are allocated will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance service for the purposes of those sections;
- 17 that it has complied with its obligations under the Criminal Justice Act 1993 and the Market Abuse Regulation and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Anti-Terrorism Crime and Security Act 2001, the Terrorism Act 2006, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Money Laundering Sourcebook of the FCA and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof and it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- 18 that its commitment to acquire Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Banks' conduct of the Placing;
- 19 that it is acting as principal only in respect of the Placing or, if it is acting for any other person: (i) it is duly authorised to do so and has full power to make the acknowledgements, representations and agreements herein on behalf of each such person; and (ii) it is and will remain liable to the Company and/or the Banks for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
- 20 that it understands that any investment or investment activity to which the Announcement relates is available only to Relevant Persons (as defined above) in the United Kingdom, Qualified Investors (as defined above) in any member state of the EEA and Wholesale Investors (as defined above) in Australia and will be engaged in only with such persons, and further understands that the Announcement must not be acted on or relied on by persons who are not Relevant Persons in the United Kingdom, Qualified Investors in any member state of the EEA or Wholesale Investors in Australia;
- 21 if it is a person in a member state of the EEA that it is a Qualified Investor (as defined above) and, to the extent applicable, any funds on behalf of which it is acquiring the Placing Shares that are located in a member state of the EEA are each themselves such a Qualified Investor;
- 22 if in the United Kingdom, that it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;

23 if in Australia, that:

- a) the Placee is a Wholesale Investor (as defined above);
- b) no prospectus, product disclosure statement, offering memorandum or other form of disclosure document has been prepared for lodgement or will be lodged with the Australian Securities and Investments Commission in connection with the Placing or the Placing Shares;
- c) Rosebank has not taken any action and will not take any action to satisfy the criteria required under the *Corporations Act 2001* (Cth) to permit the Placee or any other person to transfer and on-sell the Placing Shares in Australia without restriction following allotment of the Placing Shares;
- d) Rosebank is not issuing or transferring (as applicable) the Placing Shares with the purpose of the Placee or any other person selling or transferring them, or granting, issuing or transferring interests in, or options or warrants over, them;
- e) the Placee is not acquiring the Placing Shares with the purpose of selling or transferring them, or granting, issuing or transferring interests in, or options or warrants over, them;
- f) the Placee is not a related party of Rosebank within the meaning of section 228 of the *Corporations Act 2001* (Cth);
- g) the Placee is in compliance with the requirements (subject to any applicable exemptions or modifications) of the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) and the *Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999* (Cth) and with the requirements (subject to any applicable exemptions or modifications) of any equivalent laws and regulations (including anti-money laundering and counter-terrorism financing laws and regulations) in the jurisdictions in which the Placee is incorporated or carries on business, in each case, to the extent that those laws and regulations apply to the Placee's participation in the Placing;
- h) the Placee is not (and is not acting for) a person that is or is owned or controlled by a person that is the subject of any sanctions administered or enforced by the Australian Government Department of Foreign Affairs and Trade or any other relevant sanctions authority; and
- i) the Placee is an "institutional investor" for the purposes of paragraph 1(A) of the class no-action letter issued by ASIC on 2 February 2024 in respect of sections 12BF(2A) and (2C) of the *Australian Securities and Investments Commission Act 2001* (Cth) and sections 912A(1)(c) and 912D(1) of the *Corporations Act 2001* (Cth) (available at <https://afma.com.au/standards/standard-documentation/unfair-contract-termsasic-class-no-action-letter>) as amended or updated from time to time, as applicable;

24 if a financial intermediary, as that term is used in Article 2(d) of the EU Prospectus Regulation and Article 2(d) of the UK Prospectus Regulation, that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA other than Qualified Investors or persons in the United Kingdom other than Relevant Persons, or in circumstances in which the prior consent of the Banks has been given to the offer or resale;

25 that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom prior to Admission, except to Relevant Persons or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or the UK Prospectus Regulation;

26 that it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA prior to Admission except to Qualified Investors or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the EEA within the meaning of the EU Prospectus Regulation;

27 that it has not offered or sold and will not offer or sell any Placing Shares to persons in Australia in circumstances which contravene Part 6D.2 of the *Corporations Act 2001* (Cth);

- 28 that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- 29 that it has complied and will comply with all applicable laws with respect to anything done by it in relation to the Placing Shares (including all relevant provisions of the FSMA in the United Kingdom);
- 30 if it is resident in Canada:
- i. it understands that the offering of the Placing Shares is being made on a private placement basis only in the provinces of Ontario, Alberta, British Columbia and Quebec (the "Canadian Private Placement Provinces") on a basis exempt from the requirement that the Company prepare and file a prospectus with the relevant securities regulatory authorities in Canada and as such, any resale of the Placing Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws;
 - ii. it is resident in one of the Canadian Private Placement Provinces;
 - iii. it is purchasing the Placing Shares as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution;
 - iv. it is not an individual;
 - v. it is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions, or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario), as applicable;
 - vi. it is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations;
 - vii. it understands the Company is not a "reporting issuer", as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada, its securities are not listed on any stock exchange in Canada and there is currently no public market for the Placing Shares in Canada. It further understands the Company currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Placing Shares to the public in any province or territory of Canada or listing its securities on any stock exchange in Canada and therefore, there will be no public market in Canada for the Placing Shares;
 - viii. it understands that any resale of the Placing Shares acquired by it in the Placing must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority and that these resale restrictions may under certain circumstances apply to resales of the Placing Shares outside of Canada;
 - ix. it understands that information regarding the Placing and the Placing Shares has not been prepared with regard to matters that may be of particular concern to Canadian Placees and accordingly, should be read with this in mind. It further understands, the Placing Shares are not denominated in Canadian dollars. Therefore, the value of the Placing Shares to a Canadian Placee will fluctuate with changes in the exchange rate between the Canadian dollar and the currency of the Placing Shares;

- x. to the best of its knowledge, none of the funds to be provided by or on behalf of it for subscription to the Company or its agents are being tendered on behalf of a person or entity who has not been identified to it; and
 - xi. it understands that for purposes of compliance with Canada's Anti-Spam Legislation, by submitting a bid and/or participating in the Placing is considered consent to receive communications from the Company and its representatives and that such communications will contain the appropriate instructions for opting out of future communications.
- 31 it understands securities legislation in the Canadian Private Placement Provinces may provide it with remedies for rescission or damages if materials regarding the Placing delivered to it contains a misrepresentation, provided that the remedies for rescission or damages are exercised by it within the time limit prescribed by the securities legislation of its province of residence. It further understands it should refer to any applicable provisions of the securities legislation of its province of residence for particulars of these rights or consult with a legal advisor.
- 32 that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) and will honour such obligations;
- 33 that it (and any person acting on its behalf) has the funds available to pay for, and will make payment in respect of the Placing Shares allocated to it, in accordance with this Appendix on the due time and date set out herein (unless otherwise agreed), failing which the relevant Placing Shares may be placed with other acquirers or sold as the Banks may in their sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the Issue Price and the number of Placing Shares allocated to it and may be required to bear any stamp duty, stamp duty reserve tax or other similar taxes (together with any interest, fines or penalties) which may arise upon the sale of such Placee's Placing Shares;
- 34 that it (and any person acting on its behalf) is entitled to purchase the Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all such governmental and other guarantees, permits, authorisations, approvals and consents which may be required thereunder and complied with all necessary formalities and that it has not taken any action or omitted to take any action which will or may result in the Banks, the Company or any of their respective affiliates, directors, officers, agents, employees or advisers of any of them acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Placing;
- 35 that none of the Banks, nor any of their respective affiliates, nor any person acting on behalf of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of any Bank or any of their respective affiliates and that the Mangers and any of their respective affiliates have no duties or responsibilities to it for providing the protections afforded to its respective clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of the Banks' rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 36 that the person whom it specifies as the person to whom the Placing Shares are allocated will be: (i) itself; (ii) its nominee, as the case may be; or (iii) a person for whom it is contracting as agent or nominee. None of the Banks, any of their respective affiliates or the Company will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes (together with any interest, fines or penalties) resulting from a failure to observe this requirement ("Indemnified Taxes"). Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company, the Banks and their respective affiliates on an after-tax basis in respect of any Indemnified Taxes;

- 37 that, if it is an existing shareholder of the Company to whom any Placing Shares are allocated, it acknowledges that it will be excluded from the Open Offer and further irrevocably agrees not to subscribe for any new Ordinary Shares of the Company as part of the Open Offer and to inform any nominee or custodian holding Ordinary Shares on its behalf that it is not permitted to participate in the Open Offer and to instruct them not to subscribe for any new Ordinary Shares as part of the Open Offer on its behalf accordingly;
- 38 that any agreements entered into by it pursuant to the terms and conditions set out in this Appendix, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non-contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either the Company or the Banks in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
- 39 to indemnify on an after tax basis and hold the Company, the Banks and their respective affiliates, directors, officers, employees or agents of any of them harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;
- 40 that if it has received any inside information about the Company in advance of the Placing, it has not: (i) dealt in the securities of the Company; (ii) encouraged another person to deal in the securities of the Company; or (iii) disclosed such information to any person except as permitted by applicable law, prior to such information being made publicly available;
- 41 that the Placing Shares are expected to be issued to it through CREST;
- 42 where it is acquiring the Placing Shares for one or more managed accounts, that it is authorised in writing by each managed account to acquire the Placing Shares for each managed account and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;
- 43 if it is a pension fund or investment company, that its purchase of Placing Shares is in full compliance with applicable laws and regulations; and
- 44 that the Company, the Banks and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to each Bank on its own behalf and on behalf of the Company and are irrevocable.

The agreement to settle a Placee's acquisition of Placing Shares (and/or the acquisition by a person for whom such Placee is contracting as agent or nominee) free of UK stamp duty and stamp duty reserve tax depends on the settlement relating only to an acquisition by it and/or such person for whom it is contacting as agent or nominee direct from the Company for the Placing Shares in question. Such agreement also assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax or other similar taxes may be payable, for which neither the Company nor the Banks nor their respective affiliates will be responsible and the Placees shall indemnify the Company, the Banks and their respective affiliates on an after-tax basis for any stamp duty or stamp duty reserve tax paid by them in respect of any such arrangements or dealings. If this is the case, each Placee should seek its own advice and notify the Banks accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

Each Placee, and any person acting on behalf of the Placee, acknowledges that the Banks and their respective affiliates do not owe any fiduciary or other duties to any Placee in respect of any acknowledgments, confirmations, representations, warranties, undertakings or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that any Banks or any of their affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with a Bank, any money held in an account with such Bank on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from such Bank's money in accordance with the client money rules and will be used by such Bank in the course of its own business and the Placee will rank only as a general creditor of such Bank.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The rights and remedies of the Banks and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

All times and dates in the Announcement may be subject to amendment. The Banks shall notify the Placees and any person acting on behalf of the Placees of any changes.

APPENDIX V

DEFINITIONS

The following definitions apply in this announcement, unless the context otherwise requires:

“2024 Credit Agreement”	credit agreement dated 10 May 2024 between certain subsidiaries of ECI and among others, Alter Domus (US) LLC as term agent and PNC Bank, National Association as revolving agent
“Acquired Business”	a company or business acquired by the Company pursuant to its strategy as described in Appendix III (<i>Risk Factors</i>) of this announcement
“Acquisition”	the proposed acquisition by the Company of ECI
“Acquisition Agreement”	the share purchase agreement between the Company and the Seller in relation to the Acquisition, dated 6 June 2025
“Acquisition Completion”	completion of the Acquisition in accordance with the Acquisition Agreement
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Admission Document”	the AIM admission document to be published by the Company in connection with the Open Offer, Admission and Readmission
“AIM”	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
“Arrangers”	has the meaning given to it in Appendix VIII (<i>Additional Information</i>) of this announcement
“Articles”	the articles of association of the Company adopted by special resolution of the Company passed on 8 July 2024 and which became effective on 11 July 2024
“Banks”	Investec, Barclays, BNPP and Citigroup, and each, a “Bank”
“Barclays”	Barclays Bank PLC
“Basic Entitlement”	entitlement to subscribe for Open Offer Shares, allocated to a Shareholder pursuant to the Open Offer and available only to Qualifying Shareholders
“BNPP”	BNP PARIBAS
“Bribery Act”	UK Bribery Act of 2010
“Book Build”	the accelerated book building process in connection with the Placing

“Capital Raise”	the Placing, the US Private Placement, the Open Offer and the Connected Persons Subscription
“Citigroup”	Citigroup Global Markets Limited
“Companies Law”	the Companies (Jersey) Law 1991 (as amended) and subordinate legislation thereunder
“Company” or “Rosebank”	Rosebank Industries plc
“Connected Persons”	the Rosebank Co-Founders and the Non-Executive Directors
“Connected Persons Shares”	the 4,359,010 Ordinary Shares to be subscribed for in connection with the Connected Persons Subscription
“Connected Persons Subscription”	the subscription by the Connected Persons for the Connected Persons Shares, conditional on Admission, at the Issue Price at the time of the Placing, the US Private Placement and the Open Offer but outside of the Placing, the US Private Placement and the Open Offer
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in those CREST Regulations)
“CREST Regulations”	as applicable, the UK Uncertificated Securities Regulations 2001 or the Companies (Uncertificated Securities) (Jersey) Order 1999, in each case as amended from time to time
“Current US Administration”	means the US administration inaugurated on 20 January 2025
“DCFX”	deal contingent foreign exchange forward(s) entered into with certain financial institution(s)
“Debt Commitment Documents”	the debt commitment letter entered into between the Company and certain of its relationship banks on 6 June 2025
“Directors”	the directors of the Company, whose names are set out in Appendix VIII (<i>Additional Information</i>) of this announcement
“EBITDA”	net income adjusted for interest, tax, depreciation and amortisation
“ECI”	Electrical Components International
“ECI Group”	ECI and its subsidiaries from time to time
“ECI Supplier”	ECI and Electrical Components International S.a.r.l.
“EEA”	European Economic Area
“Energy Holdings”	Energy Holdings (Cayman) Ltd
“Enlarged Group”	the Group including ECI following Acquisition Completion
“Enlarged Share Capital”	the issued share capital of the Company on Admission comprising the Existing Ordinary Shares and the New Ordinary Shares

“Euroclear”	Euroclear UK & Ireland Limited, the Operator (as defined in the CREST Regulations) of CREST
“EU Prospectus Regulation”	Regulation (EU) 2017/1129 (as amended)
“Ex-Entitlement Date”	the date on which the Ordinary Shares are marked ‘ex’ for entitlement by the London Stock Exchange under the Open Offer, being 11 June 2025
“Excess Entitlement”	Open Offer Shares in excess of the Basic Entitlement, but not in excess of the total number of Open Offer Shares, allocated to a Shareholder, pursuant to the Open Offer and available only to Qualifying Shareholders
“Executive Directors”	Simon Peckham and Matt Richards
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of the Admission Document
“Facilities”	Facility A and Facility B
“Facilities Agreement”	senior term and revolving credit facilities agreement to be entered into between the Original Obligors and the Lenders, among others
“Facility A”	term loan commitments in an aggregate principal amount of \$400,000,000 pursuant to the Debt Commitment Documents
“Facility B”	multi-currency revolving commitments in an aggregate principal amount of \$500,000,000 pursuant to the Debt Commitment Documents
“FCPA”	US Foreign Corrupt Practices Act of 1977
“Financial Conduct Authority” or “FCA”	the UK Financial Conduct Authority
“Flex-Tec”	Flex-Tec, Inc.
“Flex-Tec Seller”	Charles Ragnar Fitch
“Flex-Tec SPA”	stock purchase agreement dated 21 June 2024 between ECI and the Flex-Tec Seller
“Form of Proxy”	the form of proxy to accompany the Admission Document relating to the General Meeting
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“FY2022”	the year ended 31 December 2022
“FY2023”	the year ended 31 December 2023
“FY2024”	the year ended 31 December 2024
“General Meeting”	the general meeting of the Company to be held to approve the Resolutions

“Goldman Sachs”	Goldman Sachs International
“Group”	the Company and its subsidiary undertakings from time to time
“HVAC”	Heating, ventilation and air conditioning
“Incentive Shares”	the incentive shares of no par value in the capital of the Company, having the rights set out in the Articles
“Internal Revenue Code”	US Internal Revenue Code of 1986, as amended
“Institutional Capital Raise”	the Placing and the US Private Placement
“Investec”	Investec Bank plc
“IRS”	Internal Revenue Service
“Issue Price”	£3.00 per New Ordinary Share
“Jersey”	the Bailiwick of Jersey
“Joint Global Coordinators”	Investec, Barclays and Citigroup, and each, a “Joint Global Coordinator”
“July 2024 Admission”	the admission of the Company to AIM, on 11 July 2024
“July 2024 Admission Document”	the admission document published by the Company in connection with the July 2024 Admission
“July Placing”	the placing pursuant to the July Placing Agreement
“Latest Practicable Date”	means 5 June 2025, being the latest business day prior to the publication of this announcement
“Lenders”	the financial institutions named as original lenders pursuant to the Facilities Agreement
“London Stock Exchange”	the London Stock Exchange plc
“M&A”	mergers and acquisitions
“Management Warranty Deed”	the management warranty deed in respect of the Acquisition between the Company and certain members of management of ECI and dated 6 June 2025
“Melrose”	Melrose Industries PLC (or, where the context requires, its predecessor entities)
“Nominated Adviser”	Investec
“Non-Executive Directors”	Justin Dowley and Christopher Miller
“New Debt Facilities”	the debt financing to be made available pursuant to an English law senior term and revolving facilities agreement to be entered into between, amongst others, Rosebank Industries Holdings Limited as the company and certain financial institutions named therein as original lenders

“New Ordinary Shares”	the Placing Shares, the US Private Placement Shares, the Connected Persons Shares and the Open Offer Shares
“Official List”	the Official List of the Financial Conduct Authority
“Omni”	Omni Connection International, Inc.
“Omni Buyer”	Omni Buyer LLC
“Omni Earn-Out”	earn-out payable to the Omni Sellers
“Omni Sellers”	the sellers pursuant to the Omni SPA, including (amongst others) Henry Cheng
“Omni SPA”	stock purchase agreement dated 26 April 2021 between Omni Buyer, Omni Targets and the Omni Sellers
“Omni Targets”	Omni, Zima and Xiamen RH
“Open Offer”	the conditional offer to be made available by the Company to Qualifying Shareholders inviting them to apply for the Open Offer Shares at the Issue Price on the terms and subject to the conditions to be set out in the Admission Document
“Open Offer Entitlement”	entitlement to subscribe for New Ordinary Shares pursuant to the Basic Entitlement and Excess Entitlement
“Open Offer Shares”	up to 2,248,643 New Ordinary Shares to be issued pursuant to the Open Offer
“Ordinary Shares”	the ordinary shares of no par value in the capital of the Company
“Original Obligors”	Rosebank (as original parent), RIHL (as the company) and Gilchrist BidCo Corp. (as bidco)
“Overseas Shareholder”	any Shareholder whose registered address is not in the UK or Jersey
“Placee”	has the meaning given to it in Appendix IV (<i>Terms and Conditions of the Placing</i>) of this announcement
“Placing”	the proposed placing of the Placing Shares by the Company at the Issue Price
“Placing Agreement”	the placing agreement dated 6 June 2025 between Barclays, BNPP, Citigroup, Investec and the Company relating to the Placing
“Placing Shares”	the New Ordinary Shares which are the subject of the Placing
“PRA”	the Prudential Regulation Authority
“Previous Joint Bookrunners”	the joint bookrunners in relation to the July 2024 Admission
“Qualifying Shareholder”	a Shareholder with a registered address in the UK or Jersey on the Record Date and who has not been invited to participate in

	the Placing, the US Private Placement or the Connected Persons Subscription
“Readmission”	the admission of the Enlarged Group to trading on AIM becoming effective in accordance with the AIM Rules
“Record Date”	9 June 2025
“Relevant Person”	has the meaning given to it in Appendix IV (<i>Terms and Conditions of the Placing</i>) of this announcement
“Resolutions”	the resolutions to be passed at the General Meeting
“Restricted Period”	has the meaning given to it in Appendix VIII (<i>Additional Information</i>) of this announcement
“Restricted Territory”	has the meaning given to it in Appendix IV (<i>Terms and Conditions of the Placing</i>) of this announcement
“RIHL”	Rosebank Industries Holdings Limited
“Rosebank Board”	the board of directors of the Company
“Rosebank Co-Founders”	the Executive Directors and the Senior Executives
“Rothschild & Co”	N.M. Rothschild & Sons Limited
“SDRT”	Stamp Duty and Stamp Duty Reserve Tax
“Seller”	Energy Cerberus Holdings LP
“Senior Executives”	Joff Crawford, Jim Slattery and Geoff Morgan
“Series A Incentive Shares”	the Incentive Shares designated as “Series A” and having the rights set out in the Articles
“Series B Incentive Shares”	the Incentive Shares designated as “Series B” and having the rights set out in the Articles
“Series C Incentive Shares”	the Incentive Shares designated as “Series C” and having the rights set out in the Articles
“Shareholder”	a holder of Ordinary Shares
“Transaction Resolutions”	the resolutions of the Company to effect the Acquisition and the Capital Raise
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Prospectus Regulation”	the EU Prospectus Regulation as it forms part of the domestic law of the UK by virtue of the EUWA
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US GAAP”	the United States Generally Accepted Accounting Principles
“USMCA”	the United States-Mexico-Canada Agreement

“US Private Placement”	the conditional subscription by a limited number of institutional investors in the United States for the US Private Placement Shares offered by the Company at the Issue Price at the time of the Placing but outside of the Placing
“US Private Placement Shares”	the New Ordinary Shares to be subscribed for in connection with the US Private Placement
“Warrantors”	has the meaning given to that term in the MWD
“Xiamen RH”	Xiamen Rei Ho Electronics, Ltd.
“Zima”	Zima Corporation

Appendix VI

Historical Financial Information of the ECI Group

ECI, via two further holding companies in its corporate structure, is the parent company of Energy Holdings (Cayman) Ltd (“Energy Holdings”), which is the entity within the ECI Group at which level ECI’s consolidated financial statements are prepared and audited. ECI, together with Energy TopCo Ltd and Energy MidCo Ltd (the “Excluded Entities”), was incorporated in connection with the acquisition by Cerberus of the ECI Group in 2018, solely for the purpose of holding the equity interests in Energy Holdings and its subsidiaries. The Excluded Entities have not traded since their incorporation and have engaged in limited activity other than ordinary course corporate actions and filings connected with their ownership of the ECI Group. Therefore, the financial information referred to below relates to Energy Holdings and its subsidiaries rather than ECI and its subsidiaries, and therefore excludes any historical financial information in respect of the Excluded Entities.

The audited consolidated financial statements for Energy Holdings and its subsidiaries for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 are set out in section A of this Appendix. Section B of this Appendix contains adjusted consolidated financial information for Energy Holdings and its subsidiaries for the years ended 31 December 2022, 31 December 2023 and 31 December 2024, and adjusted financial information for the four months ended 30 April 2025. The financial information from which the adjusted financial information for the four months ended 30 April 2025 has been derived is extracted from the unaudited management accounts of ECI, is unaudited and is prepared on a consistent basis with the accounting policies applied to the audited consolidated financial statements presented in section A of Appendix VI of this announcement (as it relates to the financial information presented). As at the date of this announcement, this financial information has not been subject to audit or review by the Company’s or ECI’s auditors. It should not be seen as a substitute for audited or reviewed financial information and there can be no assurance that this financial information will not be subject to material amendments following completion of the relevant audit procedures. Accordingly, investors are cautioned not to place undue reliance on this information. If any unaudited financial information is subject to amendment following the completion of audit procedures, this may have an adverse effect on the price of the Ordinary Shares. For a further discussion of the risks involved please see ECI Financial Information in section E (General Risks) of Appendix III of this announcement.

Energy Holdings has historically prepared its consolidated financial statements in accordance with US generally accepted accounting principles (“US GAAP”) and, unless otherwise indicated, the financial information prepared at the Energy Holdings level set out in this Appendix has been prepared under US GAAP. As at the date of this announcement, the Directors have not had sufficient access to the accounting records of the ECI Group in order to prepare a complete reconciliation of the US GAAP accounts to IFRS. However, the Directors believe that there are limited differences between the US GAAP accounts presented in this Appendix and any conversion of this financial information under IFRS. Rosebank currently prepares its financial information under IFRS and (assuming Acquisition Completion occurs) the Enlarged Group will continue to do so immediately post Readmission.

Unless otherwise specified, the financial information included in this announcement is presented in pound sterling, in respect of the Company and the Group, and US\$ in respect of the ECI Group, including Energy Holdings and its subsidiaries.

Non-US GAAP financial measures in connection with the ECI Group

This announcement contains certain non-US GAAP financial measures and ratios (“Non-GAAP Measures”), including EBITDA, Adjusted EBITDA, Adjusted Operating Profit, Pro forma Adjusted EBITDA, Pro forma Adjusted Operating Profit, Pre-acquisition EBITDA, Pre-acquisition Operating Profit, Pre-acquisition Revenue and Pro forma Revenue, that are not required by, or presented in conformity with, US GAAP.

Management uses these measures to evaluate the operating performance of the ECI Group and believe that these measures are helpful to investors as a means of evaluating the ECI Group’s performance. However, these Non-GAAP Measures are not measures of operating performance under US GAAP, or any other generally accepted accounting principles.

The Non-GAAP Measures are each defined below:

- “EBITDA” is defined as net income adjusted for interest, tax, depreciation and amortisation;
- “Adjusted EBITDA” is defined as EBITDA before the impact of the “Adjusting Items”;
- “Adjusted Operating Profit” is defined as net income adjusted for interest, tax, amortisation of intangibles and before the impact of the “Adjusting Items”;
- “Pre-acquisition EBITDA” and “Pre-acquisition Operating Profit” are defined as the pre-acquisition results of the businesses acquired;
- “Pro forma Adjusted EBITDA” is defined as Adjusted EBITDA including the Pre-acquisition EBITDA;
- “Pro forma Adjusted Operating Profit” is defined as Adjusted Operating Profit including Pre-acquisition Operating Profit;
- “Pre-acquisition Revenue” is defined as the pre-acquisition revenue of the businesses acquired; and
- “Pro forma Revenue” is defined as revenue including Pre-acquisition Revenue.

Certain of the financial measures above are calculated on an adjusted basis. “Adjusting Items” include those items presented in section B of this Appendix. The presentation of financial measures on an adjusted basis is not in conformity with US GAAP or any other generally accepted accounting principles.

Reconciliations of each of the Non-GAAP Measures to the most directly comparable measure prepared in accordance with US GAAP are presented in section B of this Appendix.

You should not consider such measurements as superior to, or substitutes for, operating profit or profit before tax (determined in accordance with US GAAP) as a measure of the ECI Group’s operating performance. Non-GAAP Measures presented in this announcement may not be comparable to other similarly titled measures used by other companies. You should use the Non-GAAP Measures to supplement, rather than replace, your evaluation of the performance of the ECI Group under US GAAP.

**Section A – Audited consolidated financial statements of Energy Holdings and its subsidiaries
for FY2022, FY2023 and FY 2024**

Energy Holdings (Cayman) Ltd.

Consolidated Financial Statements

December 31, 2023 and 2022

With Report of Independent Auditors



Electrical Components International



Energy Holdings (Cayman) Ltd.

Index

Report of Independent Auditors	1
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2023 and 2022	3
Consolidated Balance Sheets as of December 31, 2023 and 2022	4
Consolidated Statements of Stockholder's Equity for the years ended December 31, 2023 and 2022	5
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	6
Notes to Consolidated Financial Statements	7



Ernst & Young LLP
7676 Forsyth Blvd
Suite 2600
Clayton, MO 63105-3434

Tel: +1 314 290 1000
ey.com

Report of Independent Auditors

The Board of Directors and Stockholder
Energy Holdings (Cayman) Ltd.

Opinion

We have audited the consolidated financial statements of Energy Holdings (Cayman) Ltd. (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, stockholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

March 15, 2024

Energy Holdings (Cayman) Ltd.
Consolidated Statements of Operations and Comprehensive Loss

(Dollars in thousands)

	Year Ended December 31,	
	2023	2022
Net sales	\$ 1,364,692	\$ 1,256,403
Operating expenses:		
Cost of goods sold, excluding depreciation and amortization	1,094,026	1,025,545
Selling, general and administrative	124,471	103,206
Depreciation	31,691	35,442
Amortization of intangibles	55,948	52,771
Acquisition expenses	2,071	3,700
Restructuring charges	3,960	2,252
Operating income	<u>52,525</u>	<u>33,487</u>
Other expenses:		
Interest expense, net	96,233	66,133
Other expenses	<u>1,713</u>	<u>1,428</u>
Loss before income taxes	(45,421)	(34,074)
Income tax expense	<u>9,889</u>	<u>9,012</u>
Net loss	<u>\$ (55,310)</u>	<u>\$ (43,086)</u>
Other comprehensive income (loss), net of tax:		
Gain from hedging activities	35,863	19,992
Gain (loss) from foreign currency translation	3,514	(8,715)
Gain (loss) from pension plan	<u>177</u>	<u>(119)</u>
	<u>39,554</u>	<u>11,158</u>
Comprehensive loss	<u>\$ (15,756)</u>	<u>\$ (31,928)</u>

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.

Consolidated Balance Sheets

(Dollars in thousands)

	At December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 29,624	\$ 13,284
Accounts receivable, net	161,862	163,374
Inventories	258,535	242,693
Income tax receivable	998	551
Prepaid expenses and other current assets	80,536	48,523
Assets held for sale	-	307
Total current assets	531,555	468,732
Property, plant and equipment, net	74,755	83,644
Goodwill	426,502	423,236
Intangibles, net	281,190	328,127
Operating lease right of use assets	35,674	42,028
Finance lease right of use assets	387	575
Deferred tax assets	13,276	10,675
Other non-current assets	34,326	21,699
Total assets	<u>\$ 1,397,665</u>	<u>\$ 1,378,716</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	\$ 228,406	\$ 216,517
Current maturities of long-term debt	8,409	8,411
Operating lease liabilities, short-term	6,198	8,694
Finance lease liabilities, short-term	210	183
Accrued and other current liabilities	68,374	49,599
Income taxes payable	3,199	2,403
Total current liabilities	314,796	285,807
Long-term debt, less current maturities	866,473	866,414
Deferred tax liabilities	33,694	32,580
Operating lease liabilities, long-term	30,827	34,604
Finance lease liabilities, long-term	124	253
Other non-current liabilities	45,865	38,957
Total liabilities	1,291,779	1,258,615
Commitments and contingencies	-	-
Stockholder's Equity		
Common stock, \$0.01 par value, 5 million shares authorized, one share issued and outstanding	-	-
Additional paid-in capital	306,217	304,676
Accumulated deficit	(253,913)	(198,603)
Accumulated other comprehensive income	53,582	14,028
Total stockholder's equity	105,886	120,101
Total liabilities and stockholder's equity	<u>\$ 1,397,665</u>	<u>\$ 1,378,716</u>

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.
Consolidated Statements of Stockholder's Equity

(Dollars in thousands)

	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2021	\$ 305,326	\$ (155,517)	\$ 2,870	\$ 152,679
Stock-based compensation	1,790	-	-	1,790
Distribution to parent	(2,440)	-	-	(2,440)
Comprehensive income (loss):				
Net loss	-	(43,086)	-	(43,086)
Other comprehensive income	-	-	11,158	11,158
Balance at December 31, 2022	\$ 304,676	\$ (198,603)	\$ 14,028	\$ 120,101
Stock-based compensation	1,541	-	-	1,541
Comprehensive income (loss):				
Net loss	-	(55,310)	-	(55,310)
Other comprehensive income	-	-	39,554	39,554
Balance at December 31, 2023	<u>\$ 306,217</u>	<u>\$ (253,913)</u>	<u>\$ 53,582</u>	<u>\$ 105,886</u>

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.
Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (55,310)	\$ (43,086)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	87,639	88,213
Deferred taxes	(8,038)	(1,913)
Amortization of debt discounts and fees	8,678	6,390
Stock-based compensation expense	1,541	1,790
Loss on disposal of property, plant and equipment	181	28
Changes in operating assets and liabilities:		
Accounts receivable	3,266	(12,751)
Inventories	(10,833)	(11,636)
Income tax receivable	(411)	1,442
Prepaid expenses and other	(3,028)	1,151
Accounts payable	11,800	(11,038)
Accrued and other liabilities	26,132	(6,577)
Income taxes payable	796	(3,583)
Net cash provided by operating activities:	62,413	8,430
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(15,501)	(51,694)
Capital expenditures	(22,166)	(30,357)
Proceeds from disposal of fixed assets	161	19
Net cash used in investing activities:	(37,506)	(82,032)
Cash flows from financing activities:		
Proceeds from term loans, net of discount	-	56,400
Repayment of term loans	(8,180)	(6,281)
Repayments on first-lien revolving credit facility	-	(9,000)
Draws on first-lien revolving credit facility	-	9,000
Debt issuance costs	-	(2,321)
Repayment on foreign term loans	(265)	(367)
Net repayment of foreign credit facility	(20)	(2,171)
Equity distributions	-	(2,440)
Principal payments on finance leases	(203)	(208)
Net cash (used in) provided by financing activities:	(8,668)	42,612
Effect of exchange rate changes on cash and cash equivalents	101	(447)
Net change in cash and cash equivalents	16,340	(31,437)
Cash and cash equivalents, beginning of year	13,284	44,721
Cash and cash equivalents, end of year	\$ 29,624	\$ 13,284
Supplemental cash flow information:		
Cash paid for interest	\$ 87,555	\$ 59,743
Cash paid for income taxes	\$ 13,120	\$ 11,842

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements
(Dollars and euros stated in thousands, except per unit data)

1. Basis of Presentation and Summary of Significant Accounting Policies

Organization

Energy Holdings (Cayman) Ltd., a Cayman Islands company ("EHC"), was formed on June 15, 2018. EHC, together with its wholly owned subsidiaries, including Electrical Components International, Inc. ("ECI") and ECI's wholly owned subsidiaries, is herein referred to as "the Company." The authorized capital of the Company is composed of 5,000,000 shares of \$0.01 par value stock, and as of December 31, 2023 and 2022, one share of stock is issued and outstanding for the periods presented.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation.

Nature of Business

The Company is a leading designer and manufacturer of wire harnesses and control boxes, and a provider of value-added assembly services. Wire harnesses are configurations of wires, cables, connectors, terminals and plugs found in many electronic products, including residential and commercial appliances; automotive and specialty transportation vehicles; agricultural and construction equipment; heating, ventilation and air conditioning equipment; marine vehicles and equipment; and commercial electronic equipment.

As of December 31, 2023, the Company operated a global manufacturing network of 39 factories located in the United States, Mexico, Canada, Poland, Morocco, Thailand, the Philippines, Spain and the People's Republic of China. The Company's headquarters are in St. Louis, Missouri.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("U.S.") requires management to make estimates and assumptions that affect (i) the reported amounts of assets, (ii) the disclosure of contingent assets and liabilities at the date of the financial statements and (iii) the reported amounts of net sales and expenses during the reporting periods. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from those estimates.

Cash and Cash Equivalents

The Company considers short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Foreign Currency Transactions and Translation

The U.S. dollar has been designated as the functional currency for the Company's Mexico, China, Philippines, and Thailand legal entities. Exchange rate gains and losses arising from transactions denominated in a currency other than the functional currency of foreign manufacturing entities are included in cost of goods sold in the Company's consolidated statements of operations and comprehensive loss. For the years ended December 31, 2023 and 2022, cost of goods sold include net exchange rate losses of \$4,627 and \$5,419, respectively.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Assets and liabilities of subsidiaries with a functional currency other than the U.S. dollar are translated into U.S. dollars using year-end exchange rates. Income and expense items are translated at the weighted average exchange rate in effect during the period reported. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income.

Derivatives

The Company enters into derivative financial instruments to manage certain financial risks. The Company (i) enters into cash flow hedges in the form of foreign exchange forward contracts to minimize the impact of foreign currency fluctuations and (ii) enters into commodity futures contracts to reduce exposure to changing future purchase prices for copper. There can be no assurance that these activities will eliminate or reduce foreign currency or commodity price risk.

Derivative contracts are accounted for at fair value. Gains and losses on derivative contracts are reclassified from accumulated other comprehensive income to current period earnings in the line item in which the hedged item is recorded in the same period the hedged item affects earnings.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable balances represent customer trade receivables generated from the Company's operations. To reduce the potential for credit risk, the Company evaluates the credit of its customers based on a combination of factors but does not generally require significant collateral. The Company maintains an allowance for credit losses, which represents an estimate of expected losses. The allowance is determined using two methods. The amounts calculated from each of these methods are combined to determine the total amount reserved. First, a specific reserve is established for individual accounts where information indicates the customers may have an inability to meet financial obligations. Second, a reserve is determined for all customers based on certain characteristics of the class of customers, using a range of percentages applied to aging categories. These percentages are based on historical collection rates, write-off experience, and forecasts of future economic conditions. Actual write-offs are charged against the allowance when collection efforts have been unsuccessful. As of December 31, 2023 and 2022, accounts receivable, net in the Company's consolidated balance sheets include an allowance for credit losses of \$1,689 and \$2,700, respectively.

Counterparty Risk

The Company is exposed to counterparty credit risk in the event of non-performance by counterparties to various agreements, sales transactions and derivative contracts. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties and, with respect to derivative contracts, monitoring the amounts at risk with each counterparty and, where possible, dispersing risk among multiple counterparties.

Transfers of Financial Assets

From time to time, the Company will transfer its accounts receivable of certain customers at a discount to third-party financial institutions in arrangements where there is no recourse to the Company and where the Company has no continuing involvement in the collection of the receivable. These transactions are accounted for as sales of the receivables resulting in the receivables being de-recognized from the Consolidated Balance Sheets. The Company recorded selling, general and administrative expense

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

associated with discounts related to the sale of customer receivables which was \$11,532 and \$6,601 for the years ended December 31, 2023 and 2022, respectively, related to sales of accounts receivables aggregating \$561,092 and \$450,269 during those respective periods.

Supply Chain Financing Arrangements

Under a supplier finance program with a third-party vendor, the Company allows certain of its suppliers to sell their accounts receivable from the Company (which is a Company payable to the supplier) to third-party financial institutions participating in the program. The Company has no involvement in establishing the terms or conditions of the arrangements between its suppliers and the financial institutions in the program, does not participate in their transactions, and provides no secured assets or other forms of guarantees under the program. The parties may terminate the program at any time. Accounts payable includes amounts payable to suppliers participating in the supply chain program as follows:

	Amounts Payable to Participating Suppliers
December 31, 2021	\$ 44,237
Added	214,047
Settled	(208,243)
December 31, 2022	<u>\$ 50,041</u>
Added	\$ 248,427
Settled	(239,263)
December 31, 2023	<u>\$ 59,205</u>

The Company has incurred additional expenses from suppliers for payables added to the program of \$5,655 and \$3,397, for the years ended December 31, 2023 and 2022, respectively, in order to obtain extended payment terms. This additional cost has been recognized within cost of goods sold.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out ("FIFO") and average cost methods. Product cost includes raw materials, labor and manufacturing overhead. Fixed manufacturing overhead is allocated to the cost of inventory based on the normal capacity of production facilities. Unallocated overhead during periods of abnormally low production levels is recognized in cost of goods sold in the period in which it is incurred. The Company establishes inventory reserves for estimated obsolescence in an amount equal to the difference between the cost of inventory and its estimated realizable value, based upon assumptions about future demand and market conditions.

Assets Held for Sale

Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. In September 2023, the Company sold one manufacturing facility which had been closed as part of restructuring. The resulting loss on sale of \$239 is included in selling, general and administrative expense for the year ended December 31, 2023.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Property, Plant and Equipment, net

Additions to property, plant and equipment are recorded at historical cost. Repairs and maintenance that do not extend the useful life of an asset are charged to expense as incurred. The useful lives of leasehold improvements are the lesser of the remaining lease term or the useful life of the improvement. When assets are retired or otherwise disposed, their costs and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in operations for the period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	15-30 years
Leasehold improvements	4-11 years
Machinery, equipment, systems and other	2-10 years

Identifiable Intangible Assets

The Company amortizes definite-lived intangible assets over the estimated useful lives of the related assets. As of December 31, 2023 and 2022, the Company's definite lived intangible assets consisted of customer relationships, trade names and developed technology. Customer relationships, trade names and developed technology are amortized using the straight-line method over their estimated useful lives of the related assets as follows:

Customer relationships	5-10 years
Trade names	2-25 years
Developed technology	6 years

Impairment of Long-lived Assets

The Company reviews the carrying amounts of property, plant and equipment and identifiable intangible assets for potential impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. In evaluating the recoverability of assets, long-lived assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. In the event the carrying amount of an asset group is greater than the amount of undiscounted future cash flows, the Company would recognize an impairment charge to reduce the carrying amount of the long-lived asset group to its fair value. The Company identified no potential impairment indicators during the years ended December 31, 2023 and 2022.

Goodwill

Goodwill represents costs in excess of values assigned to the underlying net assets of acquired businesses. Goodwill is not amortized, but is tested for impairment annually, and at any time when events suggest an impairment more likely than not has occurred.

The Company performs its goodwill impairment assessment on October 1. To assess goodwill for impairment, the Company, depending on relevant facts and circumstances, performs either a qualitative assessment or a quantitative analysis utilizing a combination of income and market approaches. In performing a qualitative assessment, the Company first assesses relevant factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

determining whether it is necessary to perform a quantitative goodwill impairment test. The Company identifies and considers the significance of relevant key factors, events, and circumstances that could affect the fair value of each reporting unit. These factors include external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as actual and planned financial performance. The Company also considers changes in each reporting unit's fair value and carrying amount since the most recent date a fair value measurement was performed. In performing a quantitative analysis, the Company determines the fair value of a reporting unit using management's assumptions about future cash flows based on long-range strategic plans as well as assumptions of market-based multiples for select guideline companies. This approach incorporates many assumptions including discount rates, future growth rates, expected profitability, and market multiples. In the event the carrying amount of a reporting unit exceeded its fair value, an impairment loss would be recognized.

The Company performed its goodwill impairment analysis utilizing a combination of the qualitative and the quantitative approach in 2023 and 2022. No goodwill impairments were recorded during 2023 or 2022.

Deferred Financing Costs

Deferred financing costs, consisting of fees and expenses associated with debt financing, are amortized as interest expense over the term of the related debt using the effective interest method. The unamortized financing costs are presented in the consolidated balance sheets as a reduction of the carrying amount of the related debt. The Company recorded \$8,462 and \$6,318 of amortization of deferred financing costs during the years ended December 31, 2023 and 2022, respectively. Fees and expenses associated with the revolving credit facility are amortized as interest expense over the term of the revolver using the straight-line method. The unamortized financing costs are presented in the consolidated balance sheets within other non-current assets. The Company recorded \$216 and \$72 of amortization of the other non-current asset during the year ended December 31, 2023 and 2022, respectively.

Income Taxes

Deferred tax assets and liabilities reflect the Company's assessment of future taxes to be paid in the jurisdictions in which the Company operates based on enacted rates at the balance sheet date. These assessments involve temporary differences resulting from differing treatment of items for tax and accounting purposes. In addition, unrecognized tax benefits under the provisions of ASC 740, *Income Taxes*, reflect estimates of current tax exposures. Under the provisions of ASC 740, the Company elected to include interest and penalties related to the unrecognized tax benefits in its income tax provision. The Company establishes a valuation allowance to the extent it believes it is more likely than not that deferred tax assets will not be realized. Carrybacks, the scheduled reversal of deferred tax liabilities, tax planning strategies and expectations of future income are the primary factors the Company uses to evaluate whether valuation allowances are required.

Leases

The Company determines if an arrangement is a lease at inception of the contract. Lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized at the commencement date based on the present value of fixed lease payments over the lease term. The Company's lease commitments are primarily for production facilities and administrative offices, but also include vehicles and equipment assets. Leases with an initial term of 12 months or less are not recorded on the balance sheet; instead, the

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company does not account for lease components (e.g., fixed payments to use the underlying lease asset) separately from the non-lease components (e.g., fixed payments for common-area maintenance costs and other items that transfer a good or service). Some leases include variable lease payments, which primarily result from changes in consumer price and other market-based indices, which are generally updated annually, and maintenance and usage charges. These variable payments are excluded from the calculation of lease assets and liabilities, unless there is a specified minimum. The Company's lease agreements do not contain any material residual value guarantees.

Many of the Company's leases include renewal options that can extend the lease term. The execution of those renewal options is at the Company's sole discretion and is reflected in the lease term when they are reasonably certain to be exercised. Certain leases also include options to purchase the leased asset. The Company does not include options to purchase leased assets in the measurement of lease liabilities unless those options are reasonably certain of exercise. The Company uses the interest rate implicit in the lease to determine the lease liability when the interest rate can be determined. When there is no implied rate, the Company uses its incremental borrowing rate as of the lease commencement date to determine the present value of lease payments. The Company estimates the incremental borrowing rate based on the geographic region for which it would borrow, on a secured basis of the leased asset, at an amount equal to the lease payments over a similar time period as the lease term. In making its estimate of the incremental borrowing rate, the Company uses Level 2 inputs, including published industry interest rate yield curves. The Company has no additional restrictions or covenants imposed by its lease contracts.

Revenue Recognition

Revenue from the sale of the Company's products is recognized using a five-step model applied to all contracts with customers. Revenue is recognized when the Company satisfies the performance obligation and the control of promised goods is transferred to the customer in an amount that reflects the consideration expected to be received in exchange for those goods. The Company's revenue recognition arrangements generally consist of a single performance obligation to transfer promised goods. Accordingly, substantially all of the Company's revenue is recognized at a point in time when control of the goods transfers to the customer.

Shipping Costs

During the years ended December 31, 2023 and 2022, freight costs of \$16,985 and \$17,970, respectively, were incurred by the Company for shipments from its suppliers and to ship finished goods from production sites to the Company's distribution centers. These costs are included in cost of goods sold upon sale to the customer. Shipping and handling costs incurred to deliver finished goods to customers as of December 31, 2023 and 2022 were \$3,597 and \$3,817, respectively, and are included in selling, general and administrative expense.

Acquisition Expenses

The Company recognizes costs associated with potential and completed acquisitions within the statement of operations at the time they are incurred. The costs are primarily related to professional and legal fees.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Fair Value Measurements

The Company measures the fair value of assets and liabilities using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows: Level 1 – observable inputs such as quoted prices in active markets; Level 2 – inputs, other than quoted market prices in active markets, which are observable, either directly or indirectly; and Level 3 – valuations derived from valuation techniques in which one or more significant inputs are unobservable. In addition, the Company may use various valuation techniques, including (i) the market approach, using comparable market prices; (ii) the income approach, using present value of future income or cash flow; and (iii) the cost approach, using the replacement cost of assets.

Recent Accounting Standards

Income Taxes

In December 2023, the FASB issued ASU 2023-09, requiring additional income tax disclosures. The additional disclosures include prescribed items presented in the income tax rate reconciliation, and further disaggregation of income taxes paid amounts between federal, state and foreign taxes. The ASU is effective for fiscal years beginning after December 15, 2024 and early adoption is permitted. The Company is in the process of evaluating the impact of the ASU.

Supplier Finance Programs

In September 2022, the FASB issued ASU No. 2022-04, "Liabilities – Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations", which amends ASC 405 by requiring entities to provide more detailed disclosures regarding supplier finance programs used in connection with the purchase of goods and services. The intent of ASU 2022-04 is to enhance transparency of these programs by requiring entities to disclose (i) the key terms of the program(s), including the payment terms and assets pledged as security or other forms of guarantees, (ii) the amount of obligations outstanding at the end of the reporting period and a description of where those obligations are presented on the balance sheet, and (iii) annual rollforward information of the activity of such obligations during the reporting period. ASU 2022-04 is effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2022, with the exception of the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Company adopted this standard on January 1, 2023 and included additional disclosures of the Company's supplier financing programs.

Reference Rate Reform

In March 2020, the FASB issued Update 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". The amendments in Update 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. The new guidance provides the following optional expedients: simplify accounting analyses under current U.S. GAAP for contract modifications, simplify the assessment of hedge effectiveness, allow hedging relationships affected by reference rate reform to continue and allow a one-time election to sell or transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform. In January 2021, the FASB issued Update 2021-01, "Reference Rate Reform (Topic 848): Scope". The update provides additional optional guidance on the transition from LIBOR to include derivative instruments that

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

use an interest rate for margining, discounting or contract price alignment. The standard will ease, if warranted, the requirements for accounting for the future effects of the rate reform. An entity may elect to apply the amendments in Update 2020-04 prospectively through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848", which extends the temporary accounting rules under Topic 848 to December 31, 2024. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements and the timing of adoption. The Company continues to monitor the impact the discontinuance of LIBOR or another reference rate will have on its contracts, hedging relationships and other transactions.

2. Business Combinations

The MRG Mexico Acquisition

On July 12, 2023, the Company purchased the assets of Manufacturing Resources Group, Inc., a manufacturer of cable assemblies and electromechanical assemblies with operations in Mexico for cash consideration of \$2,011 (the "MRG Mexico Acquisition"). The MRG Mexico Acquisition was funded with cash from the balance sheet.

The MRG Mexico Acquisition was accounted for as a business combination. The purchase price allocation was finalized as of December 31, 2023. The Company's final estimate of the fair value of the assets acquired is \$1,779 for inventory and \$84 for fixed assets. Goodwill recognized was \$148. Goodwill is deductible for tax purposes.

During the year ended December 31, 2023, the Company incurred \$891 of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

The ASI Acquisition

On April 19, 2023, the Company acquired all issued and outstanding shares of Aerosystems International, Inc., a manufacturer of harness and cable systems and electromechanical assemblies for the aerospace industry with operations in Canada, for total consideration of \$13,227 (C\$17,704), net of cash acquired of \$72 (C\$96) (the "ASI Acquisition"). The ASI Acquisition was funded with remaining proceeds from the Tranche C Term Loan and cash from the balance sheet.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

The ASI Acquisition was accounted for as a business combination. The preliminary purchase price allocation is not finalized as of December 31, 2023. The Company is currently awaiting additional information to finalize the fair values of intangible assets as well as finalization of intangible and tangible asset useful lives. The following table summarizes the Company's preliminary estimate of the fair value of the assets acquired and liabilities assumed in the ASI Acquisition:

Tangible assets and liabilities	
Accounts receivable	\$ 1,754
Inventories	3,230
Prepaid expenses and other current assets	36
Property, plant and equipment	199
Accounts payable	(89)
Deferred tax liabilities	(2,149)
Accrued and other current liabilities	(212)
Intangible assets	
Customer relationships	7,918
Goodwill	2,540
Total purchase price allocation	<u>\$ 13,227</u>

Determining the fair value of assets acquired and liabilities assumed required judgment, and included the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items. Due to the unobservable inputs to the valuation, the fair value would be considered Level 3 in the fair value hierarchy.

Based upon the estimated fair value of the net assets acquired, the goodwill recognized in the ASI Acquisition was \$2,540 and is primarily attributable to the expansion of product offerings and into new markets. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2023, the Company incurred \$805 of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

The MRG Acquisition

On December 20, 2022, the Company acquired all issued and outstanding shares of Norwood US Holdings, Inc., parent entity of MRG US LLC ("MRG"), a manufacturer of cable assemblies and electro-mechanical assemblies with operations in the United States for cash consideration of \$30,995, net of cash acquired of \$2,998 (the "MRG Acquisition"). The MRG Acquisition was funded with an incremental term loan.

The purchase price of the MRG Acquisition was contingent upon a net working capital adjustment. During 2023, the parties to the transaction resolved this contingency and agreed to decrease the purchase price by \$67 to \$30,928. This cash payment received from the seller resulted in a decrease to goodwill.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

The MRG Acquisition was accounted for as a business combination. The following table summarizes the Company's finalized estimate of the fair value of the assets acquired and liabilities assumed in the MRG Acquisition:

Tangible assets and liabilities		
Accounts receivable	\$	3,357
Inventories		2,632
Prepaid expenses and other current assets		7
Property, plant and equipment		444
Operating right of use lease assets		1,115
Other non-current assets		2
Accounts payable		(1,735)
Operating lease liabilities, short-term		(118)
Accrued and other current liabilities		(3,644)
Deferred tax liabilities		(4,928)
Operating lease liabilities, long-term		(997)
Intangible assets		
Customer relationships		21,500
Trade names		400
Goodwill		12,893
Total purchase price allocation	\$	<u>30,928</u>

Determining the fair value of assets acquired and liabilities assumed required judgment, and included the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items. Due to the unobservable inputs to the valuation, the fair value would be considered Level 3 in the fair value hierarchy. Purchase accounting was finalized with the following measurement period adjustments in fiscal year 2023:

	<u>Preliminary</u>	<u>Final</u>
Tangible assets and liabilities		
Accrued and other current liabilities	\$ (3,581)	\$ (3,644)
Intangible assets		
Goodwill	12,830	12,893

Based upon the estimated fair value of the net assets acquired, the goodwill recognized in the MRG Acquisition was \$12,893 and is primarily attributable to the expansion of product offerings and into new markets. Goodwill is not deductible for tax purposes.

During the years ended December 31, 2023 and 2022, the Company incurred \$133 and \$1,458, respectively, of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

The Britech Acquisition

On December 8, 2022, the Company acquired all issued and outstanding shares of Britech, LLC (“Britech”), a contract manufacturer specializing in cables and harnesses, control panels, engineering services, testing, and turnkey manufacturing with operations in the United States for cash consideration of \$10,349, net of cash acquired of \$225 (the “Britech Acquisition”). The Britech Acquisition was funded with an incremental term loan.

The purchase price of the Britech Acquisition was contingent upon a net working capital adjustment. During 2023, the parties to the transaction resolved this contingency and agreed to decrease the purchase price by \$221 to \$10,128. This cash payment received from the seller resulted in a decrease to goodwill.

The Britech Acquisition was accounted for as a business combination. The following table summarizes the Company’s finalized estimate of the fair value of the assets acquired and liabilities assumed in the Britech Acquisition:

Tangible assets and liabilities		
Accounts receivable	\$	1,270
Inventories		1,835
Property, plant and equipment		221
Operating right of use lease assets		1,233
Other non-current assets		18
Accounts payable		(699)
Operating lease liabilities, short-term		(171)
Accrued and other current liabilities		(579)
Operating lease liabilities, long-term		(1,061)
Intangible assets		
Customer relationships		6,500
Goodwill		1,561
Total purchase price allocation	\$	<u>10,128</u>

Determining the fair value of assets acquired and liabilities assumed required judgment, and included the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items. Due to the unobservable inputs to the valuation, the fair value would be considered Level 3 in the fair value hierarchy.

Based upon the estimated fair value of the net assets acquired, the goodwill recognized in the Britech Acquisition was \$1,561 and is primarily attributable to the expansion of product offerings and into new markets. All goodwill is deductible for tax purposes.

During the years ended December 31, 2023 and 2022, the Company incurred \$87 and \$990, respectively, of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

The BHC Acquisition

On January 7, 2022, the Company acquired all issued and outstanding shares of BHC Cable Assemblies, Inc. ("BHC"), a manufacturer of wire harnesses, cable assemblies, and electromechanical assemblies for medical, aerospace, renewable energy, and entertainment markets with operations in Canada for cash consideration of \$11,387 (C\$14,639), net of cash acquired of \$102 (C\$130) (the "BHC Acquisition"). The BHC Acquisition was funded with cash on hand. The purchase price included a purchase price payable of \$1,550 (C\$1,960). During the years ended December 31, 2023 and 2022, the Company paid \$551 (C\$730) and \$395 (C\$500) of the purchase price payable, respectively.

The purchase price of the BHC Acquisition was contingent upon a net working capital adjustment. During 2022, the parties to the transaction resolved this contingency and agreed to decrease the purchase price by \$25 to \$11,362. This cash payment received from the seller resulted in a decrease to goodwill.

The BHC Acquisition was accounted for as a business combination. The following table summarizes the Company's finalized estimate of the fair value of the assets acquired and liabilities assumed in the BHC Acquisition:

Tangible assets and liabilities	
Accounts receivable	\$ 1,629
Inventories	1,080
Income tax receivable	29
Prepaid expenses and other current assets	15
Property, plant and equipment	207
Operating right of use lease assets	185
Accounts payable	(618)
Deferred tax liabilities	(1,950)
Operating lease liabilities, short-term	(73)
Accrued and other current liabilities	(106)
Operating lease liabilities, long-term	(112)
Intangible assets	
Customer relationships	7,299
Goodwill	3,777
Total purchase price allocation	<u>\$ 11,362</u>

Determining the fair value of assets acquired and liabilities assumed required judgment, and included the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items. Due to the unobservable inputs to the valuation, the fair value would be considered Level 3 in the fair value hierarchy.

Based upon the estimated fair value of the net assets acquired, the goodwill recognized in the BHC Acquisition was \$3,777 and is primarily attributable to the expansion of product offerings and into new markets. Goodwill is not deductible for tax purposes.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

During the year ended December 31, 2022, the Company incurred \$652 of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

3. Revenue Recognition

Performance Obligations

The Company provides manufacturing of wire harnesses and control boxes to companies in various industries and end markets. The Company derives substantially all of its revenue from production of wire harnesses which encompasses the act of producing tangible products that are built to customer specifications, which are then provided to the customer.

The Company enters into manufacturing service contracts with its customers that provide the framework under which business will be conducted and customer purchase orders will be received for specific quantities and with predominantly fixed pricing. As a result, the Company considers its contract with a customer to be the combination of the manufacturing service contract and the purchase order, or any agreements or other similar documents ("Agreement").

Revenue is recognized at a point in time when control of the goods transfers to the customer. Payments from customers are typically received within 90 days.

Certain contracts with customers include variable consideration, such as rebates, discounts, or returns. The Company recognizes estimates of this variable consideration that are not expected to result in a significant revenue reversal in the future, primarily based on the most likely level of consideration to be paid to the customer under the specific terms of the underlying programs and Agreement.

Sales Tax and Indirect Taxes

The Company is subject to certain indirect taxes in certain jurisdictions including but not limited to sales tax, value added tax, excise tax and other taxes collected concurrent with revenue-producing activities that are excluded from the transaction price, and therefore, excluded from revenue.

Accounts Receivable and Concentration of Credit Risk

For the years ended December 31, 2023 and 2022, one customer represented more than 10% of the Company's net sales.

As of December 31, 2023 and 2022, no single customer represented more than 10% of the Company's accounts receivable balance.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

4. Inventories

The composition of inventories is as follows:

	December 31,	
	2023	2022
Raw materials	\$ 154,021	\$ 150,278
Work in process	28,738	28,233
Finished goods	<u>75,776</u>	<u>64,182</u>
Total	<u>\$ 258,535</u>	<u>\$ 242,693</u>

5. Prepaid Expenses and Other Current Assets

The composition of prepaid expenses and other current assets is as follows:

	December 31,	
	2023	2022
Cash flow hedge contracts	\$ 51,305	\$ 23,309
Value-added tax receivable	7,947	4,335
Spare parts and tooling	6,426	6,106
Vendor rebates	3,402	2,841
Prepaid software and licenses	2,850	4,051
Deposits	2,395	1,942
Prepaid contract services	1,925	3,261
Prepaid insurance	1,812	1,334
Other	<u>2,474</u>	<u>1,344</u>
Total	<u>\$ 80,536</u>	<u>\$ 48,523</u>

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

6. Property, Plant and Equipment, net

The composition of property, plant and equipment, net is as follows:

	December 31,	
	2023	2022
Land	\$ 5,412	\$ 5,288
Buildings	12,778	13,104
Machinery and equipment	190,088	173,117
Furniture and fixtures	7,190	6,467
Computers and software	13,287	12,323
Leasehold improvements	9,651	9,815
Construction-in-progress	4,687	3,263
	243,093	223,377
Accumulated depreciation	(168,338)	(139,733)
Total property, plant and equipment, net	<u>\$ 74,755</u>	<u>\$ 83,644</u>

7. Leases

The table below presents information related to the lease expenses for the year ended December 31, 2023 and 2022:

	December 31,	
	2023	2022
Operating lease expenses	\$ 13,700	\$ 12,977
Finance lease expenses	334	162
Variable lease expenses	1,431	899
Short-term lease expenses	1,545	1,171
Total lease expenses	<u>\$ 17,010</u>	<u>\$ 15,209</u>

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Supplemental cash flow information related to leases for the year ended December 31, 2023 and 2022:

	December 31,	
	2023	2022
Operating cash flows from operating leases	\$ 13,248	\$ 12,734
Operating cash flows from finance leases	48	62
Financing cash flow from finance leases	203	208
Operating right of use assets obtained in exchange for operating lease liabilities	\$ 3,004	\$ 7,948
Finance right of use assets obtained in exchange for finance lease liabilities	29	123

Right of use assets obtained in exchange for lease liabilities arising from business combinations is disclosed in Note 2 to the Consolidated Financial Statements.

Supplemental balance sheet information related to leases was as follows:

	December 31,	
	2023	2022
Weighted average remaining lease term		
Operating leases	9.8 years	9.5 years
Finance leases	2.0 years	2.3 years
Weighted average discount rate		
Operating leases	11.82%	11.50%
Finance leases	11.65%	11.74%

The following table reconciles the undiscounted future cash flows from operating and finance leases to the operating and finance lease liabilities recorded on the consolidated balance sheet as of December 31, 2023:

Year Ended December 31,	Operating	Finance
2024	\$ 10,082	\$ 233
2025	8,547	77
2026	6,169	40
2027	4,341	17
2028	3,567	1
Thereafter	32,826	-
Total minimum lease payments	65,532	368
Less: Amount of lease payments representing interest	(28,507)	(34)
Present value of future minimum lease payments	37,025	334
Less: Lease liabilities - current	(6,198)	(210)
Lease liabilities - long-term	\$ 30,827	\$ 124

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

8. Goodwill and Intangible Assets, net

Goodwill

The changes in the amount of goodwill during the years ended December 31, 2023 and 2022, were as follows:

	Goodwill
Balance, December 31, 2021	\$ 405,934
Goodwill Acquired	18,599
Measurement period adjustments	1,005
Foreign currency translation	(2,302)
Balance, December 31, 2022	<u>\$ 423,236</u>
Goodwill Acquired	2,400
Measurement period adjustments	63
Foreign currency translation	803
Balance, December 31, 2023	<u><u>\$ 426,502</u></u>

Intangible Assets, net

The Company's identifiable intangible assets consist of customer relationships, trade names, and developed technology.

The composition of intangible assets, net is as follows:

	December 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer Relationships	\$ 498,420	\$ (231,224)	\$ 267,196	\$ 488,904	\$ (176,272)	\$ 312,632
Trade Names	16,322	(3,922)	12,400	16,374	(2,940)	13,434
Developed Technology	2,910	(1,316)	1,594	2,910	(849)	2,061
	<u>\$ 517,652</u>	<u>\$ (236,462)</u>	<u>\$ 281,190</u>	<u>\$ 508,188</u>	<u>\$ (180,061)</u>	<u>\$ 328,127</u>

During the year ended December 31, 2023, the Company recognized identifiable intangible asset amortization expense related to customer relationships, trade names and developed technology of \$54,503, \$978 and \$467, respectively. During the year ended December 31, 2022, the Company recognized identifiable intangible asset amortization expense related to customer relationships, trade names and developed technology of \$51,532, \$772 and \$467, respectively.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

As of December 31, 2023, the balance of identifiable intangible assets relates to customer relationships, trade names and developed technology. The estimated future amortization of identifiable intangible assets is expected to be:

Year Ended December 31,

2024	\$	56,202
2025		56,009
2026		54,540
2027		47,376
2028		26,834
Thereafter		40,229
Total identifiable intangible asset amortization	\$	<u>281,190</u>

As of December 31, 2023, the remaining weighted average amortization period for customer relationships, trade names and developed technology is 5.5 years, 18.3 years and 3.4 years, respectively.

9. Restructuring

As of December 31, 2023 and 2022, the reserve for restructuring charges of \$171 and \$422, respectively, related to the Company's plans to consolidate certain operations as part of its ongoing efforts to better align overhead costs and operating expenses with market demand for its products. In connection with these activities, the Company incurred \$3,960 and \$2,252 of restructuring charges during the years ended December 31, 2023 and 2022, respectively.

The following tables summarize changes in the reserve for restructuring activities for the years ended December 31, 2023 and 2022:

	Year ended December 31, 2023				
	Reserve 12/31/2022	Charges	Cash Payments	Non-cash and Other	Reserve 12/31/2023
Restructuring activities:					
Personnel severance	\$ 422	\$ 2,234	\$ (2,485)	\$ -	\$ 171
Other contractual commitments and asset write-offs	-	1,726	(1,726)	-	-
	<u>\$ 422</u>	<u>\$ 3,960</u>	<u>\$ (4,211)</u>	<u>\$ -</u>	<u>\$ 171</u>
	Year ended December 31, 2022				
	Reserve 12/31/2021	Charges	Cash Payments	Non-cash and Other	Reserve 12/31/2022
Restructuring activities:					
Personnel severance	\$ 529	\$ 1,841	\$ (1,948)	\$ -	\$ 422
Other contractual commitments and asset write-offs	-	411	(411)	-	-
	<u>\$ 529</u>	<u>\$ 2,252</u>	<u>\$ (2,359)</u>	<u>\$ -</u>	<u>\$ 422</u>

The restructuring charges were determined based on a formal plan approved by the Company's management using the best information available at the time. The amounts the Company ultimately incurs may change as the balances of the plans are executed.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

10. Accrued and Other Current Liabilities

The composition of accrued and other liabilities is as follows:

	December 31,	
	2023	2022
Accrued payroll and benefits	\$ 35,563	\$ 33,983
Accrued bonus	6,511	1,128
Accrued services	7,637	4,680
Amounts due to sellers	3,293	1,936
Accrued freight, duties and tariffs	3,202	694
Customer rebates	1,840	1,676
Accrued material suppliers	1,835	1,406
Accrued taxes	1,742	1,735
Value-added tax payables	1,404	301
Forward contract payable	799	519
Other	4,548	1,541
Total	<u>\$ 68,374</u>	<u>\$ 49,599</u>

11. Long-Term Debt

The composition of long-term debt is as follows:

	December 31,	
	2023	2022
First lien credit facilities, net of discount:		
Term loan, due June 26, 2025	\$ 543,624	\$ 548,557
Tranche B term loans, due June 26, 2025	169,678	170,846
Tranche C term loan, due June 26, 2025	57,221	56,551
Second lien credit facility, net of discount:		
Term loan, due June 26, 2026	113,064	112,439
Foreign government loans, net of discount:	459	632
Foreign commercial credit facilities, net of discount:	23	64
	<u>884,069</u>	<u>889,089</u>
Less: Unamortized issuance costs	(9,187)	(14,264)
Less: Current maturities	<u>(8,409)</u>	<u>(8,411)</u>
	<u>\$ 866,473</u>	<u>\$ 866,414</u>

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

The schedule of future principal payments for long-term debt as of December 31, 2023, is as follows:

Year Ended December 31,	
2024	\$ 8,409
2025	767,073
2026	<u>115,130</u>
	<u>\$890.612</u>

In connection with the ECI Acquisition, the Company entered into two long-term U.S. credit agreements with Barclays PLC (the "Lender"), under which loans are collateralized by liens on substantially all assets of the Company in addition to guarantees by certain consolidated subsidiaries and unconsolidated parent entities.

First and Second Lien Credit Facilities

The Company's primary credit facility (the "First Lien Credit Facility") provides for i) a term loan of \$583,000 and ii) a revolving credit facility of \$100,000, which is available in U.S. dollars and designated foreign currencies and which includes sub-limits for letters of credit and other features. The term loan matures on June 26, 2025 and requires quarterly principal payments of \$1,458 with the remaining outstanding principal balance payable upon maturity. The Lender's commitments under the revolving credit facility terminate on March 28, 2025. Outstanding revolving loan balances are classified as long-term debt in the Company's consolidated balance sheets. As of December 31, 2023, the Company had \$235 of outstanding letters of credit secured by the revolving credit facility, there were no outstanding borrowings, and \$99,765 of the line was unused and available.

The Company's supplemental credit facility (the "Second Lien Credit Facility") provides for a term loan of \$115,000, which is payable upon maturity on June 26, 2026.

The term loans were issued with original issue discounts ("OIDs"). The OID on the First Lien Credit Facility term loan was 1.00% or \$5,830, and the OID on the Second Lien Credit Facility term loan was 4.00% or \$4,600. Costs and fees incurred in connection with the issuances of the First Lien Credit Facility and the Second Lien Credit Facility were \$18,768 and \$4,034, respectively. The OIDs, together with the issuance costs, are being amortized over the life of each credit facility using the effective interest method.

Tranche B Term Loans

On April 26, 2021, the Company executed an amendment of its First Lien Credit Facility to provide for incremental term loan commitments in an aggregate principal amount of \$100,000 in connection with the Omni Acquisition ("Initial Tranche B Term Loan"). On June 12, 2021, the Company executed a supplemental increase to the aggregate principal amount of its Initial Tranche B Term Loan of \$75,000 in connection with the Promark Acquisition (collectively, "Tranche B Term Loans"). The Tranche B Term Loans mature on June 26, 2025 and require quarterly principal payments of \$438 with the remaining outstanding principal balance payable upon maturity.

The Tranche B Term Loans bear interest on the outstanding principal amount at a rate per annum of 7.50%.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

The Tranche B Term Loans were issued with original issue discounts ("OIDs"). The OID on the \$100,000 incremental term loan commitment was 2.00% or \$2,000, and the OID on the \$75,000 supplemental term loan commitment was 0.50% or \$375. Fees incurred in connection with the issuances of the Tranche B Term Loans were \$4,452. The OIDs, together with the issuance costs, are being amortized over the life of the Tranche B Term Loans using the effective interest method.

Tranche C Term Loan

On September 27, 2022, the Company executed an amendment of its First Lien Credit Facility to provide for an incremental term loan commitment in a principal amount of \$60,000 in connection with the Britech Acquisition and MRG Acquisition ("Tranche C Term Loan"). The Tranche C Term Loan matures on June 26, 2025 and requires quarterly principal payments of \$150 beginning March 31, 2023, with the remaining outstanding principal balance payable upon maturity.

The Tranche C Term Loan bears interest on the outstanding principal amount at a rate per annum of 10.00%.

The Tranche C Term Loan was issued with original issue discounts ("OIDs"). The OID on the \$60,000 incremental term loan commitment was 6.00% or \$3,600. Fees incurred in connection with the issuance of the Tranche C Term Loan was \$1,762. The OID, together with the issuance costs, are being amortized over the life of the Tranche C Term Loan using the effective interest method.

Interest rates for the First Lien Credit Facility and the Second Lien Credit Facility are variable, applying a margin spread to a Base Rate or to an Adjusted Eurodollar Rate, each such rate as defined in the respective credit agreements. During the year ended December 31, 2023, the Company elected 1 month LIBOR, 1 month SOFR and 3 month SOFR variable rates. The margin spreads for term loans are fixed, and for revolving loans are dependent on financial ratios defined in the First Lien Credit Facility agreement. The following table summarizes the applicable margin spreads under the agreements:

	Base Rate Spread	Adjusted SOFR Rate Spread
First Lien Term Loan	3.25%	4.25%
Revolving Credit Facilities	2.00%-2.50%	3.00%-3.50%
Second Lien Term Loan	7.50%	8.50%

The following table summarizes the weighted average interest rates for the year ended December 31, 2023:

	Weighted Average Interest Rate
First Lien Term Loan	9.33%
Second Lien Term Loan	13.58%
Tranche B Term Loans	7.50%
Tranche C Term Loan	10.00%

The credit agreements provide for optional prepayments of principal due on First Lien Credit Facility term loan without premium or penalty. Prepayments of the Second Lien Credit Facility term loan would have

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

been subject to a premium of 1.00% prior to June 26, 2021. No premium will be charged on prepayments after June 26, 2021.

Mandatory prepayments may be required i) if excess cash flow exceeds certain limits, as defined in the First Lien Term Loan agreements; ii) in the event that proceeds from asset sales outside the ordinary course of business are not reinvested in the business; or iii) for certain insurance recovery and condemnation events. No prepayments were required for the years ended 2023 and 2022.

Covenants included in the First Lien Credit Facility and the Second Lien Credit Facility i) require the Company to maintain leverage ratios below limits defined in the agreements, and ii) limit the incurrence of additional debt and certain other transactions. As of December 31, 2023, the Company is in compliance with all such covenants.

Foreign Government Credit Facilities

The Company's wholly owned subsidiary in Spain has three government-sponsored euro denominated loans from the Ministerio De Industria S.E.I. Such loans bear interest at nominal rates ranging from 0.00% to 3.95%. Aggregate principal outstanding on the three loans as of December 31, 2023 was €416, or approximately \$459 which is payable in annual installments, with final payment due July 31, 2026.

Foreign Commercial Credit Facilities

The Company's wholly owned subsidiary in Spain has a term loan and credit facility with Bankinter S.A. Aggregate principal balance due under this facility as of December 31, 2023 was €21, or approximately \$23, which is payable October 2024.

As of December 31, 2023, the Company's wholly owned subsidiary in Poland had no outstanding borrowings.

12. Contingencies

The Company is subject to various lawsuits and other claims with respect to such matters as product liability, product development, labor claims and other actions arising in the normal course of business. In the opinion of the Company's management, the ultimate liabilities resulting from such lawsuits and claims will not have a material effect on the Company's consolidated financial condition and results of operations or cash flows.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

13. Income Taxes

The Company's income tax provision the years ended December 31, 2023 and 2022 consists of the following:

	Year Ended December 31,	
	2023	2022
Current		
Federal	\$ 467	\$ 217
State	356	105
Foreign	17,104	10,603
Total current	17,927	10,925
Deferred		
Federal	484	4,185
State	(2,445)	(340)
Foreign	(6,077)	(5,758)
Total deferred	(8,038)	(1,913)
Income Tax Provision	\$ 9,889	\$ 9,012

Domestic and foreign (loss) income before income tax is as follows:

	December 31,	
	2023	2022
Domestic	\$ (77,059)	\$ (71,106)
Foreign	31,638	37,032
Total loss before taxes	\$ (45,421)	\$ (34,074)

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

A reconciliation between the income tax provision at the federal statutory income tax rate and at the effective tax rate is summarized below:

	Year Ended December 31,	
	2023	2022
U.S. Federal statutory rate	\$ (9,538)	\$ (7,156)
State income tax (net of federal benefit)	(2,728)	(825)
Foreign statutory taxes at other than U.S. rate	1,285	1,600
U.S. taxation of Global Intangible Low-Taxed Income	2,450	2,967
U.S. taxation of other deemed income inclusions	530	-
Valuation allowances	15,099	2,478
Uncertain tax positions	4,313	4,129
Return-to-provision adjustments	(2,164)	(1,565)
Legislative changes enacted	-	5,525
Permanent differences	642	1,859
Income tax provision	<u>\$ 9,889</u>	<u>\$ 9,012</u>
Effective income tax rate	<u>-21.77%</u>	<u>-26.45%</u>

The Company recognizes the tax on Global Intangible Low-Taxed Income (GILTI) as a period expense and recorded a provision of \$2,450 and \$2,967 for the years ended December 31, 2023 and 2022, respectively.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Deferred Taxes

The tax effects of significant temporary differences representing deferred tax assets and liabilities at December 31, 2023 and 2022, are as follows:

	December 31,	
	2023	2022
Gross Deferred Tax Assets:		
Net operating loss carryforwards	\$ 21,134	\$ 23,546
Transaction costs	2,357	2,780
Bad debt reserves	413	633
Inventory reserves	3,327	3,621
Disallowed interest	37,695	28,465
Lease liability	9,734	11,455
Property, plant, and equipment	6,209	4,785
Other	14,122	10,838
Total deferred tax assets	94,991	86,123
Valuation allowance	(31,590)	(21,971)
Total deferred tax assets, net of valuation allowance	63,401	64,152
Gross Deferred Tax Liabilities:		
Goodwill and intangibles	(54,476)	(65,256)
Operating lease right-of-use asset	(9,382)	(11,146)
Hedge activities	(18,848)	(9,102)
Other	(1,113)	(553)
Total deferred tax liabilities	(83,819)	(86,057)
Net Deferred Tax Liabilities	\$ (20,418)	\$ (21,905)

The Company records deferred tax assets and liabilities on a net basis by taxing jurisdiction. Net deferred tax assets (liabilities) included in the accompanying consolidated balance sheets are as follows:

	December 31,	
	2023	2022
Deferred Tax Assets:		
Deferred tax assets	\$ 22,672	\$ 19,899
Valuation allowance	(9,396)	(9,224)
Net deferred tax assets	13,276	10,675
Deferred Tax Liabilities:		
Deferred tax liabilities	(33,694)	(32,580)
Net Deferred Tax Liabilities	\$ (20,418)	\$ (21,905)

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

As of December 31, 2023, the Company had deferred tax assets relating to net operating losses of \$21,134, which are comprised of U.S. federal and state net operating losses of \$6,983, which generally expire between 2024 and 2043; U.S. federal net operating losses of \$4,272 which do not expire; and foreign net operating losses of \$9,879. As of December 31, 2023 and 2022, the Company had deferred tax assets relating to U.S. federal and state interest disallowance carryforwards of \$37,695 and \$28,465, respectively, which do not expire for U.S. federal purposes and have varying expiration dates for state tax purposes. In 2023, the Company utilized certain deferred tax assets for historical U.S. federal and state net operating losses to reduce current year taxable income. Taxable income was generated in the U.S. in 2023 due to the reversal of deferred tax liabilities as well as income generated from Omni, Britech, and MRG acquisitions completed in the periods ending December 31, 2022 and 2021.

Due to the Company's history of pre-tax book basis losses in the U.S. and in certain foreign jurisdictions, the Company evaluated its deferred tax assets and concluded it is more likely than not certain deferred tax assets in the U.S. and deferred tax assets in certain foreign jurisdictions may not be realized. For jurisdictions with a history of pre-tax book basis income, the Company considered carrybacks, the scheduled reversal of deferred tax liabilities, tax planning strategies, and expectations of future income. In jurisdictions with a history of pre-tax book basis losses, the Company considered only the most objective evidence, which are reversal of existing deferred tax liabilities and taxable income in prior carryback years. As a result of its conclusion, the Company recorded a valuation allowance on certain U.S. federal, U.S. state, and foreign deferred income tax assets at December 31, 2023 and 2022, respectively. The change in valuation allowance recorded through the Company's income tax provision was \$15,099 and \$2,478 in the periods ending December 31, 2023 and 2022, respectively. If the Company determines that it is able to realize its deferred tax assets in the future in excess of net recorded amounts, an adjustment to the valuation allowance will benefit income tax expense in the period such determination is made. In evaluating the realization of its deferred tax assets in future periods, the Company will evaluate the impacts of income, if generated, from U.S. federal and state jurisdictions, including the income generated from the Omni, Britech, and MRG acquisitions completed in the periods ending December 31, 2022 and 2021.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,	
	2023	2022
Balance at beginning of year	\$ 16,357	\$ 14,977
Increases as a result of tax positions taken during a prior period:	330	22
Decreases as a result of tax positions taken during a prior period:	(86)	(489)
Increases as a result of tax positions taken during the current period:	1,546	2,146
Decrease related to a lapse of applicable statute of limitations:	(669)	(299)
Balance at end of year	<u>\$ 17,478</u>	<u>\$ 16,357</u>

At December 31, 2023 and 2022, other non-current liabilities includes a reserve for uncertain tax positions of \$31,301 and \$27,200, respectively. At December 31, 2023 and 2022, certain reserves for uncertain tax positions totaling \$2,573 and \$2,606, respectively, were classified as reductions to deferred tax assets for attribute carryforwards.

The Company classifies interest and penalties associated with uncertain tax positions as a component of income tax expense. As of December 31, 2023 and 2022, the Company had accrued interest and penalties

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

of \$16,396 and \$13,449, respectively. The Company recognized interest and penalties through its income tax provision of \$3,065 and \$2,320 in the periods ending December 31, 2023 and 2022, respectively.

The total amount of unrecognized tax benefits as of December 31, 2023 that, if recognized, would affect the effective tax rate is \$33,874. The Company has not determined it to be reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the subsequent 12 months.

As of December 31, 2023, the U.S. federal statute of limitations is closed through 2019. There are currently no federal examinations in progress. In addition, the Company files tax returns in numerous U.S. states. The states' statutes of limitations are generally open for the same years as the federal statute of limitations.

In the Company's major taxing jurisdictions, the statutes of limitations are closed in Canada, Morocco, and Spain through 2018; China, Mexico, and Poland through 2017; and Hong Kong through 2016. Foreign tax examinations are currently in progress in Canada and Morocco as of December 31, 2023.

Other Tax Matters

Under agreement with the prior owners of the Company's Fargo Assembly, Omni, and RIC subsidiaries, the Company is indemnified for certain tax liabilities incurred relating to periods prior to the applicable acquisition date for each separate transaction. As of December 31, 2023 and 2022, other assets includes a receivable from such prior owners of \$2,881 and \$2,960, respectively.

The Company has a tax holiday in Tangier, Morocco, that allowed an initial five-year exemption, beginning in the year 2014, followed by a reduced rate of 8.75% for the following 20 years. The Company also has a tax holiday in the Philippines that allows a four-year exemption, beginning in the year 2020 and expiring in August 2024, followed by a return to the full statutory rate of 27.5% following that expiration.

The Company regularly analyzes its global working capital requirements and the potential tax liabilities that would be incurred if its non-U.S. subsidiaries distributed cash to the U.S., including local country withholding taxes. During the year ended December 31, 2022, the Company determined it would be appropriate to declare distributions from its Mexico subsidiary periodically. As such, the Company has determined the earnings from its Mexico subsidiary would no longer be considered to be indefinitely reinvested. The Company's position as of the year ended December 31, 2023 has not changed from the year ended December 31, 2022. The Company considers all other non-U.S. earnings to be indefinitely reinvested outside of the U.S., to the extent these earnings are not subject to U.S. income tax under an anti-deferral tax regime. No deferred taxes have been provided on the undistributed earnings of the Company's non-U.S. subsidiaries as of December 31, 2023. As the 2017 Tax Act generally eliminated U.S. federal income taxes on dividends from foreign subsidiaries, the Company does not expect to incur material income taxes if these funds are repatriated, whether from its Mexico subsidiary or from other non-U.S. subsidiaries for which earnings are considered to be indefinitely reinvested.

14. Derivative Financial Instruments and Fair Value Measurements

Foreign Currency Hedges

The Company uses foreign exchange forward contracts that are designated and qualify as cash flow hedges to manage certain of its foreign exchange rate risks. The Company's objective is to limit potential losses in earnings or cash flows from adverse foreign currency exchange rate movements. The Company's foreign

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

currency exposure arises from the transacting of business in a currency other than the U.S. Dollar, primarily the Mexican Peso.

The Company enters into foreign exchange forward contracts after considering future use of foreign currencies, desired foreign exchange rate sensitivities and the foreign exchange rate environment. Prior to entering into a hedge transaction, the Company formally documents the relationship between hedging instruments to be used and the hedged items, as well as the risk management objective for undertaking the hedge transactions. The Company generally does not hedge its exposure to the exchange rate variability of future cash flows beyond three years. The Company recognizes all such derivative contracts as either assets or liabilities in the balance sheet and measures those instruments at fair value (see Note 1) through adjustments to other comprehensive income, current earnings or both, as appropriate. Accumulated other comprehensive income as of December 31, 2023 and 2022, included net deferred gain on derivatives of \$64,182 (net of taxes) and \$28,319 (net of taxes), respectively, related to cash flow hedges.

The Company records deferred gains and losses related to cash flow hedges based on the fair value of open derivative contracts on the reporting date, as determined using a market approach and Level 2 inputs. As of December 31, 2023 and 2022, all of the Company's derivative contracts were in the form of foreign exchange forward contracts, which were designated and qualified as cash flow hedging instruments. Realized gains or losses from the settlement of foreign exchange forward contracts are recognized in earnings in the same period the hedged foreign currency cash flow affects earnings. For the years ended December 31, 2023 and 2022, gains of \$49,326 and \$20,155, respectively, were recorded in cost of goods sold related to foreign currency cash flow hedges. Additionally, for the years ended December 31, 2023 and 2022, gains of \$4,484 and \$1,753, respectively, were recorded in selling, general, and administrative related to foreign currency cash flow hedges.

The following table summarizes the Company's outstanding foreign currency derivative contracts:

Buy / Sell	Notional Amount (in Thousands)		Weighted Average Remaining Maturity (in Months)		Weighted Average Exchange Rate	
	December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022
Mexican pesos / U.S. dollars	11,319,084	8,126,534	14.0	15.2	20.57	23.23
Philippine pesos / U.S. dollars	585,796	290,431	9.0	9.8	56.10	53.90
Chinese yen / U.S. dollars	17,200	49,296	10.0	6.5	6.88	6.85
U.S. dollars / Chinese yen	-	4,800	-	6.5	-	0.14
U.S. dollars / Euro	14,912	8,052	6.4	6.5	0.90	0.97
Polish zloty / Euro	4,997	24,984	2.0	8.0	5.06	5.06
Polish zloty / Pound sterling	1,287	6,435	2.0	8.5	5.72	5.72

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Commodity Price Forward Contracts

The products the Company manufactures generally include components made of copper, which is a commodity subject to price fluctuations. As is common in the Company's industry, in most cases the Company's contracts with its customers allow for price adjustments based on changes in the cost of copper.

From time to time, the Company enters into commodity price forward contracts to manage the volatility associated with forecasted purchases of raw materials with significant copper content. Prior to entering into a hedge transaction, the Company formally documents the relationship between hedging instruments to be used and the hedged items, as well as the risk management objective for undertaking the hedge transactions. The Company monitors its commodity price risk exposures regularly to maximize the overall effectiveness of its commodity forward contracts which have been designated as cash flow hedging instruments.

The Company records unrecognized gains and losses in other comprehensive income (loss) and makes regular reclassifying adjustments into cost of goods sold within the consolidated statements of operations and comprehensive loss when the underlying hedged transaction is recognized in earnings. For the years ended December 31, 2023 and 2022, losses of \$2,104 and \$439, respectively, were recorded in cost of goods sold in the Company's consolidated statement of operations.

The following table summarizes the Company's outstanding commodity price forward contracts:

	December 31,	
	2023	2022
Notional amount in thousands of U.S. dollars	25,855	4,661
Weighted average remaining maturity in months	5.1	11.4
Weighted average strike price per one unit of Copper	4.0	3.6

The fair values of the derivative financial instruments recorded in the consolidated balance sheets are on a gross basis as of December 31, 2023 and 2022 are \$77,456 and \$37,430, respectively:

	December 31,	
	2023	2022
Derivatives designated as cash flow hedges		
Foreign currency hedges	77,929	\$ 37,177
Commodity price forward contracts	(473)	253
	<u>\$ 77,456</u>	<u>\$ 37,430</u>

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

15. Fair Value Measurements

Financial Instruments Measured on a Recurring Basis

The following table sets forth, as of December 31, 2023 and 2022, the hierarchy of the Company's financial asset (liability) positions for which fair value is measured on a recurring basis:

	December 31, 2023			
	Level 1	Level 2	Level 3	Balance Sheet Classification
Cash flow hedges - deferred gain contracts	\$ -	\$ 51,184	\$ -	Prepaid expense and other current assets
Commodities hedges - deferred gain contracts	\$ -	\$ 121	\$ -	Prepaid expense and other current assets
Cash flow hedges - deferred gain contracts	\$ -	\$ 27,050	\$ -	Other non-current assets
Cash flow hedges - deferred (loss) contracts	\$ -	\$ (205)	\$ -	Accrued liabilities
Commodities hedges - deferred (loss) contracts	\$ -	\$ (594)	\$ -	Accrued liabilities
Cash flow hedges - deferred (loss) contracts	\$ -	\$ (100)	\$ -	Other non-current liabilities
	<u>\$ -</u>	<u>\$ 77,456</u>	<u>\$ -</u>	

	December 31, 2022			
	Level 1	Level 2	Level 3	Balance Sheet Classification
Cash flow hedges - deferred gain contracts	\$ -	\$ 23,056	\$ -	Prepaid expense and other current assets
Commodities hedges - deferred gain contracts	\$ -	\$ 253	\$ -	Prepaid expense and other current assets
Cash flow hedges - deferred gain contracts	\$ -	\$ 14,845	\$ -	Other non-current assets
Cash flow hedges - deferred (loss) contracts	\$ -	\$ (493)	\$ -	Accrued liabilities
Cash flow hedges - deferred (loss) contracts	\$ -	\$ (231)	\$ -	Other non-current liabilities
	<u>\$ -</u>	<u>\$ 37,430</u>	<u>\$ -</u>	

The Company records deferred gains and losses related to cash flow hedges based on the fair value of active derivative contracts on the reporting date, as determined using a market approach. As quoted prices in active markets are not available for identical contracts, Level 2 inputs are used to determine fair value. These inputs include quotes for similar but not identical derivative contracts, market interest rates that are corroborated with publicly available market information and third-party credit ratings for the counterparties to our derivative contracts.

The Company did not have any transfers between levels during the years ended December 31, 2023 and 2022.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

Other Financial Instruments

In addition to cash flow hedges, the Company's financial instruments consist of cash equivalents, accounts receivable, long-term debt and other long-term obligations. For cash equivalents, accounts receivable accounts payable, and accrued liabilities, the carrying amounts approximate fair market value. The estimated fair values of the Company's debt instruments as of December 31, 2023 and 2022, are as follows:

December 31, 2023			
	Fair Value	Carrying Amount	Balance Sheet Classification
First lien term loan	\$ 539,547	\$ 543,624	Long-term debt, including current maturities
Second lien term loan	103,454	113,064	Long-term debt, including current maturities
Tranche B term loans	168,405	169,678	Long-term debt, including current maturities
Tranche C term loan	56,792	57,221	Long-term debt, including current maturities
International debt	482	482	Long-term debt, including current maturities
	<u>\$ 868,680</u>	<u>\$ 884,069</u>	

December 31, 2022			
	Fair Value	Carrying Amount	Balance Sheet Classification
First lien term loan	\$ 494,387	\$ 548,557	Long-term debt, including current maturities
Second lien term loan	104,568	112,439	Long-term debt, including current maturities
Tranche B term loans	153,975	170,846	Long-term debt, including current maturities
Tranche C term loan	50,967	56,551	Long-term debt, including current maturities
International debt	696	696	Long-term debt, including current maturities
	<u>\$ 804,593</u>	<u>\$ 889,089</u>	

The Company determined fair value of the term loans using Level 2 inputs – other significant observable inputs. The Company estimated the fair value of the credit facility and international debt using Level 3 inputs based on discounted future cash flows using a discount rate that approximates the current effective borrowing rate for comparable loans.

16. Equity Incentive Plans

Employees and directors of the Company are eligible to participate in an equity incentive plan (the "Plan") established by Energy Cerberus Holdings LP, a Cayman Islands limited partnership (the "Partnership") which is an unconsolidated indirect parent of the Company. The Plan provides for the granting of up to 3,366,664 Class B partnership interest units (the "Class B Units") which, in addition to certain other rights, provide an interest in the earnings of the Partnership from the date of grant. The Class B Units granted by the Partnership include Series 1 Units, Series 2 Units, Series 3 Units, Series 4 Units (together the "Restricted Units"). All awards vest over a five-year period based on a participant's continued employment or services with ECI through the applicable vesting dates. Based on the terms of the agreements, the cash value awards are considered liability classified awards. The vested awards are payable upon the occurrence of certain future liquidity events. Given the conditions for payout, the cash value awards are not deemed probable at this time. No compensation expense has been recognized related to these units for the years ended December 31, 2023 and 2022.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

In 2023 and 2022, the Company granted 182,361 and 84,167 Series B-4 units, respectively.

The following tables summarize Restricted Unit award activity for the years ended December 31, 2023 and 2022:

	2023									
	Series B-1		Series B-2		Series B-3		Series B-4		Total	
	Restricted	Weighted Average Grant Date	Restricted	Weighted Average Grant Date	Restricted	Weighted Average Grant Date	Restricted	Weighted Average Grant Date	Restricted	
	Units	Fair Value	Units	Fair Value	Units	Fair Value	Units	Fair Value	Units	
Nonvested, beginning of year	398,068	\$ 5.24	733,116	\$ 4.10	540,069	\$ 5.61	84,167	\$ 5.52	1,755,420	
Granted	-	-	-	-	-	-	182,361	5.52	182,361	
Vested	(255,955)	3.22	(245,486)	4.02	(77,153)	5.52	(10,521)	5.52	(589,115)	
Forfeited	-	-	-	-	(63,125)	5.52	-	-	(63,125)	
Nonvested, end of year	142,113	\$ 8.65	487,630	\$ 4.08	399,791	\$ 5.60	256,007	\$ 5.52	1,285,541	

	2022									
	Series B-1		Series B-2		Series B-3		Series B-4		Total	
	Restricted	Weighted Average Grant Date	Restricted	Weighted Average Grant Date	Restricted	Weighted Average Grant Date	Restricted	Weighted Average Grant Date	Restricted	
	Units	Fair Value	Units	Fair Value	Units	Fair Value	Units	Fair Value	Units	
Nonvested, beginning of year	759,283	\$ 4.14	855,859	\$ 4.10	617,222	\$ 5.61	-	\$ -	2,232,364	
Granted	-	-	-	-	-	-	84,167	5.52	84,167	
Vested	(248,993)	3.09	(122,743)	4.02	(77,153)	5.52	-	-	(448,889)	
Forfeited	(112,222)	3.07	-	-	-	-	-	-	(112,222)	
Nonvested, end of year	398,068	\$ 5.24	733,116	\$ 4.10	540,069	\$ 5.61	84,167	\$ 5.52	1,755,420	

As of December 31, 2023, 98,194 Restricted Units were available for future grants.

The Company recognizes expense from Restricted Units ratably over the service period based on their grant date fair value which is determined by a third-party valuation of the Partnership as of the grant date determined using a discounted cash flow method and Level 2 inputs, including peer company data, and Level 3 inputs, including management forecasts.

The discount rate used is the value-weighted average of the Company's estimated cost of equity and of debt ("cost of capital") derived using both known and estimated customary market metrics. The Company's weighted average cost of capital is adjusted to reflect a risk factor. Other significant assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management's application of these assumptions to this analysis, the Company believes that the income approach provides a reasonable estimate of the fair value of the Restricted Units.

The Company recognizes the impact of award forfeitures as they occur. The Company recognized \$1,541 and \$1,790 of compensation expense in selling, general and administrative expenses during the years ended December 31, 2023 and 2022, respectively, related to Restricted Units.

As of December 31, 2023, there was unrecognized compensation cost related to outstanding Restricted Units of \$4,067 which is expected to be recognized over a period of approximately 2.8 years.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

17. Accumulated Other Comprehensive Income

The Company's total other comprehensive income (loss) consists of three components: (i) foreign currency translation adjustments, (ii) gains and losses from designated cash flow hedge contracts and (iii) pension gains and losses not recognized as components of net periodic benefit costs.

Accumulated other comprehensive income (loss), net of tax and by component, was as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain on Derivatives	Unrealized Pension Plan Loss	Accumulated Other Comprehensive Income
Balances as of December 31, 2021	\$ (4,056)	\$ 8,327	\$ (1,401)	\$ 2,870
Other comprehensive gain (loss)	(8,715)	19,992	(119)	11,158
Balances as of December 31, 2022	(12,771)	28,319	(1,520)	14,028
Other comprehensive gain	3,514	35,863	177	39,554
Balances as of December 31, 2023	<u>\$ (9,257)</u>	<u>\$ 64,182</u>	<u>\$ (1,343)</u>	<u>\$ 53,582</u>

The before-tax amount, tax (expense) benefit and net-of-tax amount included in other comprehensive income (loss) on the consolidated statements of operations and comprehensive income (loss), by component, for the years ended December 31, 2023 and 2022, are as follows:

	Year ended December 31, 2023			
	Before-Tax Amount	Tax (Expense) or Benefit	PTU Expense*	Net-of-Tax Amount
Foreign currency translation adjustments	\$ 3,514	\$ -	\$ -	\$ 3,514
Unrealized gains (losses) on currency hedging activities:				
Unrealized holding gains arising during period	94,571	(9,855)	-	84,716
Less: reclassification adjustment for gain realized in net income	(53,812)	5,609	-	(48,203)
Net unrealized gain	40,759	(4,246)	-	36,513
Unrealized gains (losses) on Copper hedging activities:				
Unrealized holding losses arising during period	(2,830)	295	-	(2,535)
Less: reclassification adjustment for loss realized in net income	2,104	(219)	-	1,885
Net unrealized loss	(726)	76	-	(650)
Seniority premium plan (Mexico Plan):				
Unrecognized net gains	276	(74)	(25)	177
Other comprehensive income	<u>\$ 43,823</u>	<u>\$ (4,244)</u>	<u>\$ (25)</u>	<u>\$ 39,554</u>

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

	Year ended December 31, 2022			
	Before-Tax Amount	Tax (Expense) or Benefit	PTU Expense*	Net-of-Tax Amount
Foreign currency translation adjustments	\$ (8,715)	\$ —	\$ —	\$ (8,715)
Unrealized gains (losses) on currency hedging activities:				
Unrealized holding gains arising during period	45,724	(11,121)	—	34,603
Less: reclassification adjustment for gain realized in net income	(21,908)	5,326	—	(16,582)
Other	—	737	1,390	2,127
Net unrealized gain	23,816	(5,058)	1,390	20,148
Unrealized gains (losses) on Copper hedging activities:				
Unrealized holding losses arising during period	(684)	248	—	(436)
Less: reclassification adjustment for loss realized in net income	439	(159)	—	280
Net unrealized loss	(245)	89	—	(156)
Seniority premium plan (Mexico Plan):				
Unrecognized net losses	(184)	49	16	(119)
Other comprehensive income	<u>\$ 14,672</u>	<u>\$ (4,920)</u>	<u>\$ 1,406</u>	<u>\$ 11,158</u>

*Mexican employees are currently entitled under Mexican law to receive statutory profit sharing (Participación a los Trabajadores de las Utilidades or "PTU") payments. The required cash payment to employees is equal to 10% of their employer's profit subject to PTU as prescribed by Mexican law.

18. Retirement Plans

U.S. Plan

The Company has a defined contribution retirement savings plan (the "Retirement Plan") covering substantially all employees working in the U.S. who meet certain eligibility requirements as to age and length of service. The Retirement Plan incorporates the salary deferral provision of Section 401(k) of the Internal Revenue Code, and employees may defer up to the applicable annual maximum limits prescribed by the Internal Revenue Code. The Company has the option to match a percentage of the employees' deferrals. The Company may also elect to contribute an additional profit-sharing contribution to the Retirement Plan at the end of each year. The Company's contributions, and expense, for the years ended December 31, 2023 and 2022 were \$1,123 and \$1,142, respectively.

German Plan

The Company has nine pension benefit agreements for its German employees who meet certain eligibility requirements (the "German Plan"). The German Plan is an unfunded plan and for the years ended December 31, 2023 and 2022, the projected benefit liability was \$1,499 and \$1,428, respectively, and is included in other long-term liabilities in the consolidated balance sheets. Expense related to the German Plan was not material for all periods presented.

Mexico Plans

The Company provides mandated postemployment benefits for severance indemnity and seniority premium for its Mexican employees who meet certain eligibility requirements provided by national labor laws. For

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

severance indemnity-related obligations, the Company determines the liability based on actuarial assumptions. As of December 31, 2023 and 2022, the projected severance indemnity obligation was \$2,490 and \$1,871, respectively.

As of December 31, 2023 and 2022, the Seniority Premium Plan projected benefit liability and unfunded status was \$9,971 and \$7,747, respectively.

The reconciliation of the non-U.S. defined benefit pension obligations for the years ended December 31, 2023 and 2022 is as follows:

	Year Ended December 31,	
	2023	2022
Benefit obligation at beginning of year	\$ 9,618	\$ 7,811
Service cost	1,310	957
Interest cost	885	562
Actuarial loss/(gain)	(161)	310
Benefits paid	(661)	(460)
Exchange rate loss	1,470	438
Benefit obligation at end of year	\$ 12,461	\$ 9,618
Change in plan assets		
Fair value of plan assets at beginning of year	\$ -	\$ -
Actual return on plan assets	-	-
Company contributions	661	460
Benefits paid	(661)	(460)
Exchange rate gain	-	-
Fair value of plan assets at end of year	\$ -	\$ -
Unfunded status	\$ (12,461)	\$ (9,618)
Amounts recognized in the consolidated balance sheets		
Non-current assets	-	-
Current liabilities	(2,647)	(2,025)
Non-current liabilities	(9,814)	(7,593)
Total	\$ (12,461)	\$ (9,618)

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

The benefit costs of the non-U.S. defined benefit pension obligation for the years ended December 31, 2023 and 2022 are as follows:

	Year Ended December 31,	
	2023	2022
Service cost	\$ 1,310	\$ 957
Interest cost ⁽¹⁾	885	562
Amortization of net actuarial gain ⁽¹⁾	85	150
Net periodic benefit cost	<u>\$ 2,280</u>	<u>\$ 1,669</u>

- (1) In accordance with the adoption of ASU 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Cost", these costs are recorded within Nonoperating expenses in the Consolidated Statements of Operations on the line item "Other expenses".

The assumptions used to determine the non-U.S. defined benefit pension obligation and pension expense for the years ended December 31, 2023 and 2022 are as follows:

	Year Ended December 31,	
	2023	2022
Assumptions used to determine benefit obligations		
Weighted-average discount rate	9.50%	9.30%
Weighted-average rate of increase in compensation levels	5.50%	5.50%
Assumptions used to determine benefit cost		
Weighted-average discount rate	9.30%	7.80%
Weighted-average rate of increase in compensation levels	5.50%	5.50%

The expected benefit payments to be paid for the non-U.S. defined benefit pension obligation as of December 31, 2023 are as follows:

	Projected Pension Benefit Payments
2024	\$ 2,647
2025	2,316
2026	2,096
2027	2,118
2028	2,083
2029 - 2033	9,598

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros in thousands, except per unit data)

19. Related-Party Transactions

The Company receives consulting and advisory services from affiliates of an unconsolidated parent company, Cerberus Operations and Advisory Company and Cerberus Technology Solutions (together the “Cerberus Affiliates”). It is at the sole discretion of the Company to determine the extent of consulting or advisory services to be provided by Cerberus Affiliates. The agreement terminates upon a change in control. For the years ended December 31, 2023 and 2022, selling, general and administrative expenses include \$2,784 and \$1,603, respectively, of costs relating to transactions with Cerberus Affiliates. As of December 31, 2023 and 2022, payables of \$508 and \$297, respectively, were accrued by the Company to Cerberus Affiliates for services received.

20. Subsequent Events

The Company has evaluated subsequent events through the report issuance date of March 15, 2024, and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements.

Energy Holdings (Cayman) Ltd.

**Consolidated Financial Statements
December 31, 2024 and 2023
With Report of Independent Auditors**



**Electrical Components
International**



Energy Holdings (Cayman) Ltd.

Index

Report of Independent Auditors	1
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2024 and 2023	3
Consolidated Balance Sheets as of December 31, 2024 and 2023	4
Consolidated Statements of Stockholder's Equity (Deficit) for the years ended December 31, 2024 and 2023	5
Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023	6
Notes to Consolidated Financial Statements.....	7



Ernst & Young LLP
7878 Forsyth Blvd
Suite 2800
Clayton, MO 63105-3434

Tel: +1 314 290 1000
ey.com

Report of Independent Auditors

The Board of Directors and Stockholder
Energy Holdings (Cayman) Ltd.

Opinion

We have audited the consolidated financial statements of Energy Holdings (Cayman) Ltd., which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, stockholder's equity (deficit) and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement

when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

March 28, 2025

Energy Holdings (Cayman) Ltd.
Consolidated Statements of Operations and Comprehensive Loss

(Dollars in thousands)

	Year Ended December 31,	
	2024	2023
Net sales	\$ 1,264,474	\$ 1,364,692
Operating expenses:		
Cost of goods sold, exclusive of items shown separately below	977,539	1,094,026
Selling, general and administrative	130,211	124,471
Depreciation	27,030	31,691
Amortization of intangibles	57,567	55,948
Acquisition expenses	3,900	2,071
Restructuring charges	<u>5,649</u>	<u>3,960</u>
Operating income	<u>62,578</u>	<u>52,525</u>
Other expenses:		
Interest expense, net	111,741	96,233
Loss on early extinguishment of debt	12,740	-
Other expenses	<u>2,574</u>	<u>1,713</u>
Loss before income taxes	(64,477)	(45,421)
Income tax expense	<u>1,733</u>	<u>9,889</u>
Net loss	<u>\$ (66,210)</u>	<u>\$ (55,310)</u>
Other comprehensive (loss) income, net of tax:		
(Loss) gain from hedging activities	(116,439)	35,863
(Loss) gain from foreign currency translation	(10,484)	3,514
Gain from pension plan	<u>590</u>	<u>177</u>
	<u>(126,333)</u>	<u>39,554</u>
Comprehensive loss	<u>\$ (192,543)</u>	<u>\$ (15,756)</u>

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.

Consolidated Balance Sheets

(Dollars in thousands)

	At December 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 44,441	\$ 29,624
Restricted Cash	301	-
Accounts receivable, net	158,369	161,862
Inventories	230,311	258,535
Income tax receivable	4,637	998
Prepaid expenses and other current assets	37,661	80,536
Total current assets	475,720	531,555
Property, plant and equipment, net	65,789	74,755
Goodwill	435,745	426,502
Intangibles, net	250,350	281,190
Operating lease right of use assets	49,385	35,674
Finance lease right of use assets	71	387
Deferred tax assets	12,749	13,276
Other non-current assets	11,147	34,326
Total assets	<u>\$ 1,300,956</u>	<u>\$ 1,397,665</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	\$ 182,283	\$ 228,406
Current maturities of long-term debt	9,516	8,409
Operating lease liabilities, short-term	8,499	6,198
Finance lease liabilities, short-term	37	210
Accrued and other current liabilities	113,431	68,374
Income taxes payable	2,506	3,199
Total current liabilities	316,272	314,796
Long-term debt, less current maturities	934,327	866,473
Deferred tax liabilities	9,129	33,694
Operating lease liabilities, long-term	43,659	30,827
Finance lease liabilities, long-term	40	124
Other non-current liabilities	82,480	45,865
Total liabilities	1,385,907	1,291,779
Commitments and contingencies	-	-
Stockholder's Equity		
Common stock, \$0.01 par value, 5 million shares authorized, one share issued and outstanding	-	-
Additional paid-in capital	307,923	306,217
Accumulated deficit	(320,123)	(253,913)
Accumulated other comprehensive (loss) income	(72,751)	53,582
Total stockholder's equity (deficit)	(84,951)	105,886
Total liabilities and stockholder's equity (deficit)	<u>\$ 1,300,956</u>	<u>\$ 1,397,665</u>

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.
Consolidated Statements of Stockholder's Equity

(Dollars in thousands)

	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Balance at December 31, 2022	\$ 304,676	\$ (198,603)	\$ 14,028	\$ 120,101
Stock-based compensation	1,541	-	-	1,541
Comprehensive income (loss):				
Net loss	-	(55,310)	-	(55,310)
Other comprehensive income	-	-	39,554	39,554
Balance at December 31, 2023	\$ 306,217	\$ (253,913)	\$ 53,582	\$ 105,886
Stock-based compensation	1,706	-	-	1,706
Comprehensive income (loss):				
Net loss	-	(66,210)	-	(66,210)
Other comprehensive loss	-	-	(126,333)	(126,333)
Balance at December 31, 2024	<u>\$ 307,923</u>	<u>\$ (320,123)</u>	<u>\$ (72,751)</u>	<u>\$ (84,951)</u>

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (66,210)	\$ (55,310)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	84,597	87,639
Deferred taxes	(6,637)	(8,038)
Amortization of debt discounts and fees	8,481	8,678
Loss on early extinguishment of debt	12,740	—
Stock-based compensation expense	1,706	1,541
Loss on disposal of property, plant and equipment	409	181
Changes in operating assets and liabilities:		
Accounts receivable	8,369	3,266
Inventories	32,182	(10,833)
Income tax receivable	(3,639)	(411)
Prepaid expenses and other	(8,515)	(3,028)
Accounts payable	(48,805)	11,800
Accrued and other liabilities	21,527	26,132
Income taxes payable	(757)	796
Net cash provided by operating activities:	35,448	62,413
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(41,448)	(15,501)
Capital expenditures	(17,116)	(22,166)
Proceeds from disposal of fixed assets	—	161
Net cash used in investing activities:	(58,564)	(37,506)
Cash flows from financing activities:		
Proceeds from term loans, net of discount	929,040	—
Repayment of term loans	(894,870)	(8,180)
Borrowings on revolving credit facility, net of discount	23,000	—
Debt issuance costs	(18,562)	—
Repayment on foreign term loans	(120)	(285)
Principal payments on finance leases	(119)	(203)
Net cash provided by (used in) financing activities:	38,369	(8,668)
Effect of exchange rate changes on cash and cash equivalents	(135)	101
Net change in cash and cash equivalents	15,118	16,340
Cash, restricted cash, and cash equivalents, beginning of year	29,624	13,284
Cash, restricted cash, and cash equivalents, end of year	<u>\$ 44,742</u>	<u>\$ 29,624</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 90,595</u>	<u>\$ 87,555</u>
Cash paid for income taxes	<u>\$ 13,772</u>	<u>\$ 13,120</u>

See accompanying notes to consolidated financial statements.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements
(Dollars and euros stated in thousands, except share and per unit data)

1. Basis of Presentation and Summary of Significant Accounting Policies

Organization

Energy Holdings (Cayman) Ltd., a Cayman Islands company (“EHC”), was formed on June 15, 2018. EHC, together with its wholly owned subsidiaries, including Electrical Components International, Inc. (“ECI”) and ECI’s wholly owned subsidiaries, is herein referred to as “the Company.” The authorized capital of the Company is composed of 5,000,000 shares of \$0.01 par value stock, and as of December 31, 2024 and 2023, one share of stock is issued and outstanding for the periods presented.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation.

Nature of Business

The Company is a leading designer and manufacturer of wire harnesses and control boxes, and a provider of value-added assembly services. Wire harnesses are configurations of wires, cables, connectors, terminals and plugs found in many electronic products, including residential and commercial appliances; automotive and specialty transportation vehicles; agricultural and construction equipment; heating, ventilation and air conditioning equipment; marine vehicles and equipment; and commercial electronic equipment.

As of December 31, 2024, the Company operated a global manufacturing network of 35 factories located in the United States, Mexico, Canada, Poland, Morocco, Thailand, the Philippines, Spain and the People’s Republic of China. The Company is headquartered in St. Louis, Missouri.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (“U.S.”) requires management to make estimates and assumptions that affect (i) the reported amounts of assets, (ii) the disclosure of contingent assets and liabilities at the date of the financial statements and (iii) the reported amounts of net sales and expenses during the reporting periods. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from those estimates.

Cash and Cash Equivalents

The Company considers short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2024, the Company had restricted cash of \$301 which included cash held in accordance with arrangements with legally restricted cash collateral provisions.

Foreign Currency Transactions and Translation

The U.S. dollar has been designated as the functional currency for the Company’s Mexico, China, Philippines, and Thailand legal entities. Exchange rate gains and losses arising from transactions

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

denominated in a currency other than the functional currency of foreign manufacturing entities are included in cost of goods sold in the Company's consolidated statements of operations and comprehensive loss. For the years ended December 31, 2024 and 2023, cost of goods sold included net exchange rate gains and losses of \$7,050 and \$4,627, respectively.

Assets and liabilities of subsidiaries with a functional currency other than the U.S. dollar are translated into U.S. dollars using year-end exchange rates. Income and expense items are translated at the weighted average exchange rate in effect during the period reported. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income.

Derivatives

The Company enters into derivative financial instruments to manage certain financial risks. The Company (i) enters into cash flow hedges in the form of foreign exchange forward contracts to minimize the impact of foreign currency fluctuations and (ii) enters into commodity futures contracts to reduce exposure to changing future purchase prices for copper. There can be no assurance that these activities will eliminate or reduce foreign currency or commodity price risk.

Derivative contracts are accounted for at fair value. Gains and losses on derivative contracts are reclassified from accumulated other comprehensive income to current period earnings in the line item in which the hedged item is recorded in the same period the hedged item affects earnings.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable balances represent customer trade receivables generated from the Company's operations. To reduce the potential for credit risk, the Company evaluates the credit of its customers based on a combination of factors but does not generally require significant collateral. The Company maintains an allowance for credit losses, which represents an estimate of expected losses. The allowance is determined using two methods. The amounts calculated from each of these methods are combined to determine the total amount reserved. First, a specific reserve is established for individual accounts where information indicates the customers may have an inability to meet financial obligations. Second, a reserve is determined for all customers based on certain characteristics of the class of customers, using a range of percentages applied to aging categories. These percentages are based on historical collection rates, write-off experience, and forecasts of future economic conditions. Actual write-offs are charged against the allowance when collection efforts have been unsuccessful. As of December 31, 2024 and 2023, accounts receivable, net in the Company's consolidated balance sheets included an allowance for credit losses of \$1,122 and \$1,689, respectively.

Counterparty Risk

The Company is exposed to counterparty credit risk in the event of non-performance by counterparties to various agreements, sales transactions and derivative contracts. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties and, with respect to derivative contracts, monitoring the amounts at risk with each counterparty and, where possible, dispersing risk among multiple counterparties.

Transfers of Financial Assets

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

From time to time, the Company will transfer its accounts receivable of certain customers at a discount to third-party financial institutions in arrangements where there is no recourse to the Company and where the Company has no continuing involvement in the collection of the receivable. These transactions are accounted for as sales of the receivables resulting in the receivables being de-recognized from the Consolidated Balance Sheets. The Company recorded selling, general and administrative expense associated with discounts related to the sale of customer receivables of \$9,862 and \$11,532 for the years ended December 31, 2024 and 2023, respectively. The Company had sales of accounts receivables aggregating \$511,049 and \$561,092 for the years ended December 31, 2024 and 2023, respectively.

Supply Chain Financing Arrangements

Under a supplier finance program with a third-party vendor, the Company allows certain of its suppliers to sell their accounts receivable from the Company (which is a Company payable to the supplier) to third-party financial institutions participating in the program. The Company has no involvement in establishing the terms or conditions of the arrangements between its suppliers and the financial institutions in the program, does not participate in their transactions, and provides no secured assets or other forms of guarantees under the program. The parties may terminate the program at any time. Accounts payable includes amounts payable to suppliers participating in the supply chain program as follows:

	Amounts Payable to Participating Suppliers
December 31, 2022	\$ 50,041
Added	248,427
Settled	(239,263)
December 31, 2023	<u>\$ 59,205</u>
Added	\$ 188,370
Settled	(205,479)
December 31, 2024	<u>\$ 42,096</u>

The Company incurred additional expenses from suppliers for payables added to the program of \$1,955 and \$2,591 for the years ended December 31, 2024 and 2023, respectively, in order to obtain extended payment terms. This additional cost has been recognized within cost of goods sold.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out ("FIFO") and average cost methods. Product cost includes raw materials, labor and manufacturing overhead. Fixed manufacturing overhead is allocated to the cost of inventory based on the normal capacity of production facilities. Unallocated overhead during periods of abnormally low production levels is recognized in cost of goods sold in the period in which it is incurred. The Company establishes inventory reserves for estimated obsolescence in an amount equal to the difference between the cost of inventory and its estimated realizable value, based upon assumptions about future demand and market conditions.

Property, Plant and Equipment, net

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

Additions to property, plant and equipment are recorded at historical cost. Repairs and maintenance that do not extend the useful life of an asset are charged to expense as incurred. The useful lives of leasehold improvements are the lesser of the remaining lease term or the useful life of the improvement. When assets are retired or otherwise disposed, their costs and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in operations for the period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	10-30 years
Leasehold improvements	4-11 years
Machinery, equipment, systems and other	3-10 years

Identifiable Intangible Assets

The Company amortizes definite-lived intangible assets over the estimated useful lives of the related assets. As of December 31, 2024 and 2023, the Company's definite lived intangible assets consisted of customer relationships, trade names and developed technology. Customer relationships, trade names and developed technology are amortized using the straight-line method over their estimated useful lives of the related assets as follows:

Customer relationships	5-10 years
Trade names	2-25 years
Developed technology	6 years

Impairment of Long-lived Assets

The Company reviews the carrying amounts of property, plant and equipment and identifiable intangible assets for potential impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. In evaluating the recoverability of assets, long-lived assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. In the event the carrying amount of an asset group is greater than the amount of undiscounted future cash flows, the Company would recognize an impairment charge to reduce the carrying amount of the long-lived asset group to its fair value. The Company did not recognize any impairment charges during the years ended December 31, 2024 and 2023.

Goodwill

Goodwill represents costs in excess of values assigned to the underlying net assets of acquired businesses. Goodwill is not amortized, but is tested for impairment annually, and at any time when events suggest an impairment more likely than not has occurred.

The Company performs its goodwill impairment assessment on October 1. To assess goodwill for impairment, the Company, depending on relevant facts and circumstances, performs either a qualitative assessment or a quantitative analysis utilizing a combination of income and market approaches. In performing a qualitative assessment, the Company first assesses relevant factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test. The Company identifies and considers the significance of relevant key factors, events, and circumstances that could affect

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

the fair value of each reporting unit. These factors include external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as actual and planned financial performance. The Company also considers changes in each reporting unit's fair value and carrying amount since the most recent date a fair value measurement was performed. In performing a quantitative analysis, the Company determines the fair value of a reporting unit using management's assumptions about future cash flows based on long-range strategic plans as well as assumptions of market-based multiples for select guideline companies. This approach incorporates many assumptions including discount rates, future growth rates, expected profitability, and market multiples. In the event the carrying amount of a reporting unit exceeded its fair value, an impairment loss would be recognized.

The Company performed its goodwill impairment analysis utilizing a combination of the qualitative and the quantitative approach in 2024 and 2023. No goodwill impairments were recorded during 2024 or 2023.

Deferred Financing Costs

Deferred financing costs, consisting of fees and expenses associated with debt financing, are amortized as interest expense over the term of the related debt using the effective interest method. The unamortized financing costs are presented in the consolidated balance sheets as a reduction of the carrying amount of the related debt. On May 10, 2024, the company entered into a new Term Loan and revolving credit facility and repaid the remaining amounts under the First and Second Lien Credit Facilities. In connection with the refinancing, the Company incurred a loss on debt extinguishment costs of \$12,547 and \$193 to write-off the deferred financing fees associated with the First and Second Lien Credit Facilities and the revolving credit facility, respectively. The Company also capitalized \$18,562 of deferred financing fees associated with the Term Loan and revolving credit facility. The Company recorded \$4,130 and \$5,087 of amortization of deferred financing costs during the years ended December 31, 2024 and 2023, respectively. Fees and expenses associated with the revolving credit facility are amortized as interest expense over the term of the revolver using the straight-line method. The unamortized financing costs for the revolving credit facility are presented in the consolidated balance sheets within other non-current assets. The Company recorded \$296 and \$216 of amortization of the other non-current asset during the years ended December 31, 2024 and 2023, respectively.

Income Taxes

Deferred tax assets and liabilities reflect the Company's assessment of future taxes to be paid in the jurisdictions in which the Company operates based on enacted rates at the balance sheet date. These assessments involve temporary differences resulting from differing treatment of items for tax and accounting purposes. In addition, unrecognized tax benefits under the provisions of ASC 740, *Income Taxes*, reflect estimates of current tax exposures. Under the provisions of ASC 740, the Company elected to include interest and penalties related to the unrecognized tax benefits in its income tax provision. The Company establishes a valuation allowance to the extent it believes it is more likely than not that deferred tax assets will not be realized. Carrybacks, the scheduled reversal of deferred tax liabilities, tax planning strategies and expectations of future income are the primary factors the Company uses to evaluate whether valuation allowances are required.

Leases

The Company determines if an arrangement is a lease at inception of the contract. Lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

lease payments arising from the lease. Lease assets and liabilities are recognized at the commencement date based on the present value of fixed lease payments over the lease term. The Company's lease commitments are primarily for production facilities and administrative offices but also include vehicles and equipment assets. Leases with an initial term of 12 months or less are not recorded on the balance sheet; instead, the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company does not account for lease components (e.g., fixed payments to use the underlying lease asset) separately from the non-lease components (e.g., fixed payments for common-area maintenance costs and other items that transfer a good or service). Some leases include variable lease payments, which primarily result from changes in consumer price and other market-based indices, which are generally updated annually, and maintenance and usage charges. These variable payments are excluded from the calculation of lease assets and liabilities, unless there is a specified minimum. The Company's lease agreements do not contain any material residual value guarantees.

Many of the Company's leases include renewal options that can extend the lease term. The execution of those renewal options is at the Company's sole discretion and is reflected in the lease term when they are reasonably certain to be exercised. Certain leases also include options to purchase the leased asset. The Company does not include options to purchase leased assets in the measurement of lease liabilities unless those options are reasonably certain of exercise. The Company uses the interest rate implicit in the lease to determine the lease liability when the interest rate can be determined. When there is no implied rate, the Company uses its incremental borrowing rate as of the lease commencement date to determine the present value of lease payments. The Company estimates the incremental borrowing rate based on the geographic region for which it would borrow, on a secured basis of the leased asset, at an amount equal to the lease payments over a similar time period as the lease term. In making its estimate of the incremental borrowing rate, the Company uses Level 2 inputs, including published industry interest rate yield curves. The Company has no additional restrictions or covenants imposed by its lease contracts.

Revenue Recognition

Revenue from the sale of the Company's products is recognized using a five-step model applied to all contracts with customers. Revenue is recognized when the Company satisfies the performance obligation and the control of promised goods is transferred to the customer in an amount that reflects the consideration expected to be received in exchange for those goods. The Company's revenue recognition arrangements generally consist of a single performance obligation to transfer promised goods. Accordingly, substantially all of the Company's revenue is recognized at a point in time when control of the goods transfers to the customer.

Shipping Costs

Shipping and handling costs incurred to deliver finished goods to customers as of December 31, 2024 and 2023 were \$3,431 and \$3,597, respectively, and are included in selling, general and administrative expense.

Acquisition Expenses

The Company recognizes costs associated with potential and completed acquisitions within the statement of operations at the time they are incurred. The costs are primarily related to professional and legal fees.

Fair Value Measurements

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

The Company measures the fair value of assets and liabilities using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows: Level 1 – observable inputs such as quoted prices in active markets; Level 2 – inputs, other than quoted market prices in active markets, which are observable, either directly or indirectly; and Level 3 – valuations derived from valuation techniques in which one or more significant inputs are unobservable. In addition, the Company may use various valuation techniques, including (i) the market approach, using comparable market prices; (ii) the income approach, using present value of future income or cash flow; and (iii) the cost approach, using the replacement cost of assets.

Recent Accounting Standards

Income Taxes

In December 2023, the FASB issued ASU 2023-09, requiring additional income tax disclosures. The additional disclosures include prescribed items presented in the income tax rate reconciliation, and further disaggregation of income taxes paid amounts between federal, state and foreign taxes. The ASU is effective for fiscal years beginning after December 15, 2024 and early adoption is permitted. The Company is in the process of evaluating the impact of the ASU.

Reference Rate Reform

In March 2020, the FASB issued Update 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". The amendments in Update 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. The new guidance provides the following optional expedients: simplify accounting analyses under current U.S. GAAP for contract modifications, simplify the assessment of hedge effectiveness, allow hedging relationships affected by reference rate reform to continue and allow a one-time election to sell or transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform. In January 2021, the FASB issued Update 2021-01, "Reference Rate Reform (Topic 848): Scope". The update provides additional optional guidance on the transition from LIBOR to include derivative instruments that use an interest rate for margining, discounting or contract price alignment. The standard will ease, if warranted, the requirements for accounting for the future effects of the rate reform. An entity may elect to apply the amendments in Update 2020-04 prospectively through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848", which extends the temporary accounting rules under Topic 848 to December 31, 2024. The Company continues to monitor the impact the discontinuance of LIBOR or another reference rate will have on its contracts, hedging relationships and other transactions.

2. Business Combinations

The Flex-Tec Acquisition

On June 21 2024, the Company, acquired all issued and outstanding shares of Flex-Tec, Inc., a premier supplier of high-quality electrical wire harnesses and cable assemblies to leading customers in the commercial lighting and industrial technology industries with operations in the US and Mexico for total consideration of \$46,448, net of cash acquired of \$682 ("Flex-Tec Acquisition"). The acquisition was funded with proceeds from the Delayed Draw Term Loan and a \$5,000 note payable to the seller.

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

The Flex-Tec Acquisition was accounted for as a business combination. The Company is currently awaiting additional information to finalize the fair values of intangible assets as well as finalization of intangible and tangible asset useful lives. The following table summarizes the Company's preliminary purchase price accounting for assets acquired and liabilities assumed in the Flex-Tec Acquisition:

Tangible assets and liabilities	
Accounts receivable	\$ 4,876
Inventories	3,958
Prepaid expenses and other current assets	3,492
Property, plant and equipment	2,964
Accounts payable	(2,719)
Deferred tax liabilities	(7,194)
Accrued and other current liabilities	(1,540)
Other non-current liabilities	(220)
Intangible assets	
Customer relationships / Trade Names	28,500
Trade Names	2,200
Goodwill	12,131
Total purchase price allocation	<u>\$ 46,448</u>

Determining the fair value of assets acquired and liabilities assumed required judgment, and included the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items. Due to the unobservable inputs to the valuation, the fair value would be considered Level 3 in the fair value hierarchy.

Based upon the estimated fair value of the net assets acquired, the goodwill recognized in the Flex-Tec Acquisition was \$12,131 and is primarily attributable to the expansion of product offerings and into new markets. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2024, the Company incurred \$1,562 of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

The MRG Mexico Acquisition

On July 12, 2023, the Company purchased the assets of Manufacturing Resources Group, Inc., a manufacturer of cable assemblies and electromechanical assemblies with operations in Mexico for cash consideration of \$2,011 (the "MRG Mexico Acquisition"). The MRG Mexico Acquisition was funded with cash from the balance sheet.

The MRG Mexico Acquisition was accounted for as a business combination. The purchase price allocation was finalized as of December 31, 2023. The Company's final estimate of the fair value of the assets acquired is \$1,779 for inventory and \$84 for fixed assets. Goodwill recognized was \$265. Goodwill is deductible for tax purposes.

During the year ended December 31, 2024 and December 31, 2023, respectively, the Company incurred

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

\$300 and \$891 of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

The ASI Acquisition

On April 19, 2023, the Company acquired all issued and outstanding shares of Aerosystems International, Inc., a manufacturer of harness and cable systems and electromechanical assemblies for the aerospace industry with operations in Canada, for total consideration of \$13,227 (C\$17,704), net of cash acquired of \$72 (C\$96) (the “ASI Acquisition”). The ASI Acquisition was funded with remaining proceeds from the Tranche C Term Loan and cash from the balance sheet.

The ASI Acquisition was accounted for as a business combination. The following table summarizes the Company’s finalized estimate of the fair value of the assets acquired and liabilities assumed in the ASI Acquisition:

Tangible assets and liabilities	
Accounts receivable	\$ 1,754
Inventories	3,230
Prepaid expenses and other current assets	36
Property, plant and equipment	199
Accounts payable	(89)
Deferred tax liabilities	(2,149)
Accrued and other current liabilities	(212)
Intangible assets	
Customer relationships	7,918
Goodwill	2,540
Total purchase price allocation	<u>\$ 13,227</u>

Determining the fair value of assets acquired and liabilities assumed required judgment, and included the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items. Due to the unobservable inputs to the valuation, the fair value would be considered Level 3 in the fair value hierarchy.

Based upon the estimated fair value of the net assets acquired, the goodwill recognized in the ASI Acquisition was \$2,540 and is primarily attributable to the expansion of product offerings and into new markets. Goodwill is not deductible for tax purposes.

During the year ended December 31, 2023, the Company incurred \$805 of acquisition related costs recognized within acquisition expenses on the consolidated statement of operations and comprehensive loss.

3. Revenue Recognition

Performance Obligations

The Company provides manufacturing of wire harnesses and control boxes to companies in various

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

industries and end markets. The Company derives substantially all of its revenue from production of wire harnesses which encompasses the act of producing tangible products that are built to customer specifications, which are then provided to the customer.

The Company enters into manufacturing service contracts with its customers that provide the framework under which business will be conducted and customer purchase orders will be received for specific quantities and with predominantly fixed pricing. As a result, the Company considers its contract with a customer to be the combination of the manufacturing service contract and the purchase order, or any agreements or other similar documents ("Agreement").

Revenue is recognized at a point in time when control of the goods transfers to the customer. Payments from customers are typically received within 90 days.

Certain contracts with customers include variable consideration, such as rebates, discounts, or returns. The Company recognizes estimates of this variable consideration that are not expected to result in a significant revenue reversal in the future, primarily based on the most likely level of consideration to be paid to the customer under the specific terms of the underlying programs and Agreement.

Sales Tax and Indirect Taxes

The Company is subject to certain indirect taxes in certain jurisdictions including but not limited to sales tax, value added tax, excise tax and other taxes collected concurrent with revenue-producing activities that are excluded from the transaction price, and therefore, excluded from revenue.

Accounts Receivable and Concentration of Credit Risk

For the years ended December 31, 2024 and 2023, one customer represented more than 10% of the Company's net sales.

As of December 31, 2024 and 2023, no single customer represented more than 10% of the Company's accounts receivable balance.

4. Inventories

The composition of inventories is as follows:

	December 31,	
	2024	2023
Raw materials	\$ 125,124	\$ 154,021
Work in process	27,278	28,738
Finished goods	<u>77,909</u>	<u>75,776</u>
Total	<u>\$ 230,311</u>	<u>\$ 258,535</u>

5. Prepaid Expenses and Other Current Assets

Energy Holdings (Cayman) Ltd.**Notes to Consolidated Financial Statements (Continued)***(Dollars and euros stated in thousands, except share and per unit data)*

The composition of prepaid expenses and other current assets is as follows:

	December 31,	
	2024	2023
Cash flow hedge contracts	\$ 10,093	\$ 51,305
Value-added tax receivable	5,230	7,947
Spare parts and tooling	7,635	6,426
Vendor rebates	2,012	3,402
Prepaid software and licenses	2,094	2,850
Deposits	2,809	2,395
Prepaid contract services	2,319	1,925
Prepaid insurance	1,552	1,812
Other	3,917	2,474
Total	<u>\$ 37,661</u>	<u>\$ 80,536</u>

6. Property, Plant and Equipment, net

The composition of property, plant and equipment, net is as follows:

	December 31,	
	2024	2023
Land	\$ 5,383	\$ 5,412
Buildings	13,003	12,778
Machinery and equipment	200,534	190,088
Furniture and fixtures	7,499	7,190
Computers and software	15,317	13,287
Leasehold improvements	10,253	9,651
Construction-in-progress	3,260	4,687
	255,249	243,093
Accumulated depreciation	(189,460)	(168,338)
Total property, plant and equipment, net	<u>\$ 65,789</u>	<u>\$ 74,755</u>

7. Leases

The table below presents information related to the lease expenses for the year ended December 31, 2024 and 2023:

Energy Holdings (Cayman) Ltd.**Notes to Consolidated Financial Statements (Continued)***(Dollars and euros stated in thousands, except share and per unit data)*

	December 31,	
	2024	2023
Operating lease expenses	\$ 13,851	\$ 13,700
Finance lease expenses	288	334
Variable lease expenses	1,394	1,431
Short-term lease expenses	524	1,545
Total lease expenses	<u>\$ 16,057</u>	<u>\$ 17,010</u>

Supplemental cash flow information related to leases for the year ended December 31, 2024 and 2023:

	December 31,	
	2024	2023
Operating cash flows used by operating leases	\$ 13,654	\$ 13,248
Operating cash flows used by finance leases	68	48
Financing cash flow used by finance leases	184	203
Operating right of use assets obtained in exchange for operating lease liabilities	\$ 22,491	\$ 3,004
Finance right of use assets obtained in exchange for finance lease liabilities	216	29

Supplemental balance sheet information related to leases was as follows:

	December 31,	
	2024	2023
Weighted average remaining lease term		
Operating leases	8.6 years	9.8 years
Finance leases	2.3 years	2.0 years
Weighted average discount rate		
Operating leases	13.68%	11.82%
Finance leases	11.49%	11.65%

The following table reconciles the undiscounted future cash flows from operating and finance leases to the operating and finance lease liabilities recorded on the consolidated balance sheet as of December 31, 2024:

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

Year Ended December 31,	Operating	Finance
2025	\$ 14,907	\$ 44
2026	12,214	27
2027	10,002	16
2028	8,467	1
2029	5,604	-
Thereafter	39,831	-
Total minimum lease payments	91,025	88
Less: Amount of lease payments representing interest	(38,867)	(11)
Present value of future minimum lease payments	52,158	77
Less: Lease liabilities - current	(8,499)	(37)
Lease liabilities - long-term	\$ 43,659	\$ 40

8. Goodwill and Intangible Assets, net

Goodwill

The changes in the amount of goodwill during the years ended December 31, 2024 and 2023, were as follows:

	Goodwill
Balance, December 31, 2022	\$ 423,236
Goodwill Acquired	2,400
Measurement period adjustments	63
Foreign currency translation	803
Balance, December 31, 2023	\$ 426,502
Goodwill Acquired	12,131
Foreign currency translation	(2,888)
Balance, December 31, 2024	\$ 435,745

Intangible Assets, net

The Company's identifiable intangible assets consist of customer relationships, trade names, and developed technology.

The composition of intangible assets, net is as follows:

	December 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer Relationships	\$ 520,838	\$ (285,093)	\$ 235,745	\$ 498,420	\$ (231,224)	\$ 267,196
Trade Names	18,475	(4,998)	13,477	16,322	(3,922)	12,400
Developed Technology	2,910	(1,782)	1,128	2,910	(1,316)	1,594
	<u>\$ 542,223</u>	<u>\$ (291,873)</u>	<u>\$ 250,350</u>	<u>\$ 517,652</u>	<u>\$ (236,462)</u>	<u>\$ 281,190</u>

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

During the year ended December 31, 2024, the Company recognized identifiable intangible asset amortization expense related to customer relationships, trade names and developed technology of \$56,128 and \$973, and \$466, respectively. During the year ended December 31, 2023, the Company recognized identifiable intangible asset amortization expense related to customer relationships, trade names and developed technology of \$54,503, \$978 and \$467, respectively.

The estimated future amortization of identifiable intangible assets is expected to be:

Year Ended December 31,	
2025	58,317
2026	56,963
2027	49,950
2028	29,387
2029	12,840
Thereafter	42,893
Total identifiable intangible asset amortization	<u>\$ 250,350</u>

As of December 31, 2024, the remaining weighted average amortization period for customer relationships, trade names and developed technology is 5.2 years, 16.5 years and 2.4 years, respectively.

9. Restructuring

As of December 31, 2024 and 2023, the reserve for restructuring charges of \$105 and \$171, respectively, related to the Company's plans to consolidate certain operations as part of its ongoing efforts to better align overhead costs and operating expenses with market demand for its products. In connection with these activities, the Company incurred \$5,649 and \$3,960 of restructuring charges during the years ended December 31, 2024 and 2023, respectively.

The following tables summarize changes in the reserve for restructuring activities for the years ended December 31, 2024 and December 31, 2023, respectively:

	Year ended December 31, 2024				
	Reserve 12/31/2023	Charges	Cash Payments	Non-cash and Other	Reserve 12/31/2024
Restructuring activities:					
Personnel severance	\$ 171	\$ 2,765	\$ (2,831)	\$ -	\$ 105
Other contractual commitments and asset write-offs	-	2,884	(2,884)	-	-
	<u>\$ 171</u>	<u>\$ 5,649</u>	<u>\$ (5,715)</u>	<u>\$ -</u>	<u>\$ 105</u>

	Year ended December 31, 2023				
	Reserve 12/31/2022	Charges	Cash Payments	Non-cash and Other	Reserve 12/31/2023
Restructuring activities:					
Personnel severance	\$ 422	\$ 2,234	\$ (2,485)	\$ -	\$ 171
Other contractual commitments and asset write-offs	-	1,726	(1,726)	-	-
	<u>\$ 422</u>	<u>\$ 3,960</u>	<u>\$ (4,211)</u>	<u>\$ -</u>	<u>\$ 171</u>

The restructuring charges were determined based on a formal plan approved by the Company's management using the best information available at the time. The amounts the Company ultimately incurs may change as the balances of the plans are executed.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

10. Accrued and Other Current Liabilities

The composition of accrued and other liabilities is as follows:

	December 31,	
	2024	2023
Accrued payroll and benefits	\$ 27,029	\$ 35,563
Forward contract payable	33,041	799
Accrued litigation	15,000	-
Accrued interest	14,492	488
Accrued bonus	3,209	6,511
Accrued services	6,502	7,637
Amounts due to sellers	6,691	3,293
Accrued freight, duties and tariffs	3,729	3,202
Customer rebates	1,061	1,840
Accrued material suppliers	566	1,835
Accrued taxes	864	1,742
Other	1,247	5,464
Total	<u>\$ 113,431</u>	<u>\$ 68,374</u>

11. Long Term Debt

The composition of long-term debt is as follows:

	December 31 ,	
	2024	2023
First lien credit facilities, net of discount:		
Term loan, due June 26, 2025	\$ -	\$ 543,624
Tranche B term loans, due June 26, 2025	-	169,678
Tranche C term loan, due June 26, 2025	-	57,221
Second lien credit facility, net of discount:		
Term loan, due June 26, 2026	-	113,064
Term Loan, due May 10, 2029	926,288	-
Facility Revolver	25,000	-
Note Payable	5,000	-
Foreign government loans, net of discount:	176	459
Foreign commercial credit facilities, net of discount:	-	23
	<u>956,464</u>	<u>884,069</u>
Less: Unamortized issuance costs	(12,621)	(9,187)
Less: Current maturities	<u>(9,516)</u>	<u>(8,409)</u>
	<u>\$ 934,327</u>	<u>\$ 866,473</u>

The schedule of future principal payments for long-term debt as of December 31, 2024, is as follows:

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

Year Ended December 31,	
2025	\$ 9,516
2026	\$ 9,109
2027	\$ 9,109
2028	\$ 9,050
2029	<u>\$931,652</u>
	<u>\$968,436</u>

2024 Debt Refinancing

On May 10, 2024 Energy Holdings (Cayman) Ltd. (the Company) entered into an agreement with various lenders to (i) obtain a Term Loan with an aggregate principal amount of \$905,000, (ii) obtain a \$95,000 Delayed Draw Term Loan available to be utilized until May 10, 2026, and (iii) a revolving credit facility of \$100,000, which was available in U.S. dollars and designated foreign currencies and which included sub-limits for letters of credit and other features. The Term Loan is set to mature on May 10, 2029, and requires principal payments as shown in the table above.

As of December 31, 2024, the Company had \$287 of outstanding letters of credit secured by the revolving credit facility, there was \$25,000 of outstanding borrowings, and \$75,000 of the line was unused and available.

The term loan was issued with original issue discounts ("OIDs"). The OID on the term loan and revolving credit facility was 2.00% and the OID on the Delayed Draw Term Loan was 1.00% totaling \$18,100, 2,000, and \$950, respectively. The OIDs, together with the issuance costs, are being amortized over the life of each credit facility using the effective interest method. The OID amortization after the debt refinancing was \$2,760 for the year ended December 31, 2024. The OID amortization related to the old debt prior to the 2024 refinancing was \$1,295 and \$3,375 for the years ended December 31, 2024, and December 31, 2023, respectively.

First and Second Lien Credit Facilities

The Company's primary credit facility, until the May 2024 refinancing (see above), (the "First Lien Credit Facility") provided for i) a term loan of \$583,000 and ii) a revolving credit facility of \$100,000, which was available in U.S. dollars and designated foreign currencies and which included sub-limits for letters of credit and other features. The First Lien Credit Facility was repaid on May 10, 2024, in conjunction with the debt refinancing.

Tranche B Term Loans

On April 26, 2021, the Company executed an amendment of its First Lien Credit Facility to provide for incremental term loan commitments in an aggregate principal amount of \$100,000 in connection with the Omni Acquisition ("Initial Tranche B Term Loan"). On June 12, 2021, the Company executed a supplemental increase to the aggregate principal amount of its Initial Tranche B Term Loan of \$75,000 in connection with the Promark Acquisition (collectively, "Tranche B Term Loans"). The Tranche B Term Loan was repaid on May 10, 2024 in conjunction with the debt refinancing.

Tranche C Term Loan

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

On September 27, 2022, the Company executed an amendment of its First Lien Credit Facility to provide for an incremental term loan commitment in a principal amount of \$60,000 in connection with the Britech Acquisition and MRG Acquisition ("Tranche C Term Loan"). The Tranche C Term Loan was repaid on May 10, 2024 in conjunction with the debt refinancing.

Interest Rates

The Company elected 1 month SOFR and 6 month SOFR variable rates. The margin spreads for term loans are fixed, and for revolving loans were dependent on financial ratios defined in the term loan agreement. The following table summarizes the applicable margin spreads under the agreements:

	<u>Base Rate Spread</u>	<u>Adjusted SOFR Rate Spread</u>
Term Loan	5.50%	6.50%
Revolving Credit Facilities	2.75%	3.75%

The following table summarizes the weighted average interest rates for the year ended December 31, 2024:

	<u>Weighted Average Interest Rate</u>
First Lien Term Loan	8.00%
Second Lien Term Loan	11.28%
Tranche B Term Loans	7.50%
Tranche C Term Loan	10.00%
Term Loan	11.28%

Prepayments of the term loan are subject to a premium of 2.00% if repaid prior to May 10, 2025, or a premium of 1.00% if repaid after May 10, 2025, and prior to May 10, 2026.

Mandatory prepayments may be required under the Term Loan beginning with the year ended December 31, 2025 i) if excess cash flow exceeds certain limits, as defined in the Term Loan agreement; ii) in the event that proceeds from asset sales outside the ordinary course of business are not reinvested in the business; or iii) for certain insurance recovery and condemnation events. No prepayments were required for the years ended 2024 and 2023.

Covenants included in the Term Loan i) required the Company to maintain leverage ratios below limits defined in the agreements, and ii) limit the incurrence of additional debt and certain other transactions. As of December 31, 2024, the Company was in compliance with all such covenants.

Note Payable

The Company has a promissory note payable of \$5,000, with an interest rate of 6.0%, associated with the Flex-Tec, Inc. acquisition. Accrued interest is payable quarterly in arrears. The principal amount along with any remaining unpaid interest amounts is due June 21, 2026.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

Foreign Government Credit Facilities

The Company's wholly owned subsidiary in Spain has three government-sponsored euro denominated loans from the Ministerio De Industria S.E.I. Such loans bear interest at nominal rates ranging from 0.00% to 3.95%. Aggregate principal outstanding on the three loans as of December 31, 2024, was €162, or approximately \$176 which is payable in annual installments, with final payment due July 31, 2026.

Foreign Commercial Credit Facilities

The Company's wholly owned subsidiary in Spain has a term loan and credit facility with Bankinter S.A. Aggregate principal balance due under this facility as of December 31, 2023, was €21, or approximately \$23, which was paid in October 2024.

As of December 31, 2024, the Company's wholly owned subsidiary in Poland had no outstanding borrowings.

12. Contingencies

We routinely are involved in various pending or threatened legal proceedings, claims, disputes, regulatory matters and governmental inquiries, inspections or investigations arising in the ordinary course of or incidental to our business, including those noted below in this section. We record provisions in the consolidated financial statements for pending legal matters when we determine that an unfavorable outcome is probable, and the amount of the loss can be reasonably estimated. For matters we have not provided for that are reasonably possible to result in an unfavorable outcome, management is unable to estimate the possible loss or range of loss or such amounts have been determined to be immaterial. At present we believe that the ultimate outcome of these legal proceedings and regulatory and governmental matters, individually and in the aggregate, will not materially harm our financial position, results of operations or cash flows. However, legal proceedings and regulatory and governmental matters are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial fines, civil or criminal penalties, and other expenditures. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices or requiring other equitable remedies. An unfavorable outcome might result in a material adverse impact on our business, results of operations or financial position.

The Company has entered into a settlement agreement with a customer related to a product warranty claim for certain products shipped between 2016 – 2021. The Company has accrued \$15,000 related to this matter.

13. Income Taxes

The Company's income tax provision the years ended December 31, 2024 and 2023 consists of the following:

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

	Year Ended December 31,	
	2024	2023
Current		
Federal	\$ 955	\$ 467
State	(27)	356
Foreign	7,443	17,104
Total current	8,370	17,927
Deferred		
Federal	\$ (2,096)	484
State	(1,158)	(2,445)
Foreign	(3,384)	(6,077)
Total deferred	(6,637)	(8,038)
Income Tax Provision	<u>\$ 1,733</u>	<u>\$ 9,889</u>

Domestic and foreign (loss) income before income tax is as follows:

	December 31,	
	2024	2023
Domestic	\$ (76,597)	\$ (77,059)
Foreign	12,120	31,638
Total loss before taxes	<u>\$ (64,477)</u>	<u>\$ (45,421)</u>

A reconciliation between the income tax provision at the federal statutory income tax rate and at the effective tax rate is summarized below:

	Year Ended December 31,	
	2024	2023
U.S. Federal statutory rate	\$ (13,587)	\$ (9,538)
State income tax (net of federal benefit)	763	(2,728)
Foreign statutory taxes at other than U.S. rate	14	1,285
U.S. taxation of Global Intangible Low-Taxed Income	-	2,450
U.S. taxation of other deemed income inclusions	337	530
Valuation allowances	12,704	15,099
Uncertain tax positions	(636)	4,313
Return-to-provision adjustments	61	(2,164)
Legislative changes enacted	-	-
Permanent differences	2,076	642
Income tax provision	<u>\$ 1,733</u>	<u>\$ 9,889</u>
Effective income tax rate	<u>-2.68%</u>	<u>-21.77%</u>

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

The Company recognizes the tax on Global Intangible Low-Taxed Income (GILTI) as a period expense and recorded a provision of \$0 and \$2,450 for the years ended December 31, 2024 and 2023, respectively.

Deferred Taxes

The tax effects of significant temporary differences representing deferred tax assets and liabilities as of December 31, 2024 and 2023, are as follows:

	December 31,	
	2024	2023
Gross Deferred Tax Assets:		
Net operating loss carryforwards	\$ 16,657	\$ 21,134
Transaction costs	2,459	2,357
Bad debt reserves	398	413
Inventory reserves	2,582	3,327
Disallowed interest	50,491	37,695
Lease liability	13,964	9,734
Property, plant, and equipment	4,761	6,209
Other	14,458	14,122
Hedge activities	15,309	-
Total deferred tax assets	121,079	94,991
Valuation allowance	(54,109)	(31,590)
Total deferred tax assets, net of valuation allowance	66,970	63,401
Gross Deferred Tax Liabilities:		
Goodwill and intangibles	(49,852)	(54,476)
Operating lease right-of-use asset	(13,186)	(9,382)
Hedge activities	-	(18,848)
Other	(312)	(1,113)
Total deferred tax liabilities	(63,350)	(83,819)
Net Deferred Tax Assets (Liabilities)	\$ 3,620	\$ (20,418)

The Company records deferred tax assets and liabilities on a net basis by taxing jurisdiction. Net deferred tax assets (liabilities) included in the accompanying consolidated balance sheets are as follows:

	December 31,	
	2024	2023
Deferred Tax Assets:		
Deferred tax assets	\$ 22,109	\$ 22,672
Valuation allowance	(9,360)	(9,396)
Net deferred tax assets	12,749	13,276
Deferred Tax Liabilities:		
Deferred tax liabilities	(9,129)	(33,694)
Net Deferred Tax Assets (Liabilities)	\$ 3,620	\$ (20,418)

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

As of December 31, 2024, the Company had deferred tax assets relating to net operating losses of \$16,657, which are comprised of U.S. federal and state net operating losses of \$6,798, which generally expire between 2025 and 2044; U.S. federal net operating losses of \$6 which do not expire; and foreign net operating losses of \$9,853. As of December 31, 2024 and 2023, the Company had deferred tax assets relating to U.S. federal and state interest disallowance carryforwards of \$50,491 and \$37,695, respectively, which do not expire for U.S. federal purposes and have varying expiration dates for state tax purposes. In 2024, the Company utilized certain deferred tax assets for historical U.S. federal and state net operating losses to reduce current year taxable income. Taxable income was generated in the U.S. in 2024 due to the reversal of deferred tax liabilities, the disallowance of interest, and income generated from Omni, Britech, MRG, and Flex-Tec acquisitions.

Due to the Company's history of pre-tax book basis losses in the U.S. and in certain foreign jurisdictions, the Company evaluated its deferred tax assets and concluded it is more likely than not certain deferred tax assets in the U.S. and deferred tax assets in certain foreign jurisdictions may not be realized. For jurisdictions with a history of pre-tax book basis income, the Company considered the reversal of existing deferred tax liabilities, tax planning strategies, future taxable income and taxable income in prior carryback years. In jurisdictions with a history of pre-tax book basis losses, the Company considered only the most objective evidence, which are reversal of existing deferred tax liabilities and taxable income in prior carryback years. As a result of its conclusion, the Company recorded a valuation allowance on certain U.S. federal, U.S. state, and foreign deferred income tax assets at December 31, 2024 and 2023, respectively. The change in valuation allowance recorded through the Company's income tax provision was \$12,704 and \$15,099 in the periods ending December 31, 2024 and 2023, respectively. If the Company determines that it is able to realize its deferred tax assets in the future in excess of net recorded amounts, an adjustment to the valuation allowance will benefit income tax expense in the period such determination is made. In evaluating the realization of its deferred tax assets in future periods, the Company will evaluate the impacts of income, if generated, from U.S. federal and state jurisdictions, including the income generated from the Omni, Britech, MRG, and Flex-Tec acquisitions.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,	
	2024	2023
Balance at beginning of year	\$ 17,478	\$ 16,357
Increases as a result of tax positions taken during a prior period:	256	330
Decreases as a result of tax positions taken during a prior period:	(1,567)	(86)
Increases as a result of tax positions taken during the current period:	2,079	1,546
Decreases relating to settlements with taxing authorities:	(730)	-
Decrease related to a lapse of applicable statute of limitations:	(1,372)	(669)
Balance at end of year	<u>\$ 16,145</u>	<u>\$ 17,478</u>

At December 31, 2024 and 2023, other non-current liabilities includes a reserve for uncertain tax positions of \$29,728 and \$31,301, respectively. At December 31, 2024 and 2023, certain reserves for uncertain tax positions totaling \$2,567 and \$2,573, respectively, were classified as reductions to deferred tax assets for attribute carryforwards.

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

The Company classifies interest and penalties associated with uncertain tax positions as a component of income tax expense. As of December 31, 2024 and 2023, the Company had accrued interest and penalties of \$16,150 and \$16,396, respectively. The Company recognized interest and penalties through its income tax provision of \$118, net of expirations and settlements, and \$3,065 in the periods ending December 31, 2024 and 2023, respectively.

The total amount of unrecognized tax benefits as of December 31, 2024, that, if recognized, would affect the effective tax rate is \$32,295. The Company has not determined it to be reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the subsequent 12 months.

As of December 31, 2024, the U.S. federal statute of limitations is closed through 2020. There are currently no federal examinations in progress. In addition, the Company files tax returns in numerous states. The states' statutes of limitations are generally open for the same years as the federal statute of limitations.

In the Company's major taxing jurisdictions, the statutes of limitations are closed in Canada, Morocco, and Spain through 2019; China, Mexico, and Poland through 2018; and Hong Kong through 2017. No foreign tax examinations are in progress as of December 31, 2024.

Other Tax Matters

Under agreement with the prior owners of the Company's Fargo Assembly, Omni, and RIC subsidiaries, the Company is indemnified for certain tax liabilities incurred relating to periods prior to the applicable acquisition date for each separate transaction. As of December 31, 2024 and 2023, other assets includes a receivable from such prior owners of \$2,642 and \$2,881, respectively.

The Company has a tax holiday in Tangier, Morocco, that allowed an initial five-year exemption, beginning in the year 2014, followed by a reduced rate of 8.75% for the following 20 years. The Company also has a tax holiday in the Philippines that allows an exemption, beginning in the year 2020 and expiring in August 2026, following a two-year extension approved during the year ending December 31, 2024. The tax rate in the Philippines returns to the full statutory rate of 27.5% following that expiration, barring any further extension of the tax holiday.

The Company regularly analyzes its global working capital requirements and the potential tax liabilities that would be incurred if its non-U.S. subsidiaries distributed cash to the U.S., including local country withholding taxes. During the year ended December 31, 2024, the Company determined it would be appropriate to declare distributions from one of its Canada subsidiaries periodically. As such, the Company determined the earnings from this Canada subsidiary would no longer be considered to be indefinitely reinvested. During the year ended December 31, 2022, the Company determined it would be appropriate to declare distributions from one of its Mexico subsidiaries periodically. As such, the Company determined the earnings from its Mexico subsidiary would no longer be considered to be indefinitely reinvested. The Company considers all other non-U.S. earnings to be indefinitely reinvested outside of the U.S., to the extent these earnings are not subject to U.S. income tax under an anti-deferral tax regime. No deferred taxes have been provided on the undistributed earnings of the Company's non-U.S. subsidiaries as of December 31, 2024. As the 2017 Tax Act generally eliminated U.S. federal income taxes on dividends from foreign subsidiaries, the Company does not expect to incur material income taxes if these funds are repatriated, whether from its certain Mexico and Canadian subsidiaries or from other non-U.S. subsidiaries for which earnings are considered to be indefinitely reinvested.

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

The Company is a member of a multi-national enterprise group that has consolidated revenue of more than EUR 750 million per annum and therefore is in scope of the Organization for Economic Co-operation and Development (“OECD”) Global Anti-Base Erosion Rules (more commonly referred to as the “Pillar Two Rules”) as of January 1, 2024, within certain taxing jurisdictions and as of January 1, 2025 or beyond in other taxing jurisdictions. Due to the revenue threshold being met, the Company and its subsidiaries are, in principle, subject to the Pillar Two Rules which can potentially lead to additional taxes (“Top-Up Tax”) where the effective tax rate (as defined by the Pillar Two Rules) in a jurisdiction is below 15%. The Company has assessed certain transitional safe harbors within the Pillar Two Rules for applicable jurisdictions for the period ending December 31, 2024, and determined the impacted subsidiaries meet such safe harbors. As such the Company has not accrued for any Top-Up Tax in its income tax provision for the period ending December 31, 2024. The Company will continue to assess the impacts of the Pillar Two Rules and monitor developments in legislation, regulation, and interpretive guidance.

14. Derivative Financial Instruments

Foreign Currency Hedges

The Company uses foreign exchange forward contracts that are designated and qualify as cash flow hedges to manage certain of its foreign exchange rate risks. The Company’s objective is to limit potential losses in earnings or cash flows from adverse foreign currency exchange rate movements. The Company’s foreign currency exposure arises from the transacting of business in a currency other than the U.S. Dollar, primarily the Mexican Peso.

The Company enters into foreign exchange forward contracts after considering future use of foreign currencies, desired foreign exchange rate sensitivities and the foreign exchange rate environment. Prior to entering into a hedge transaction, the Company formally documents the relationship between hedging instruments to be used and the hedged items, as well as the risk management objective for undertaking the hedge transactions. The Company generally does not hedge its exposure to the exchange rate variability of future cash flows beyond three years. The Company recognizes all such derivative contracts as either assets or liabilities in the balance sheet and measures those instruments at fair value (see Note 1) through adjustments to other comprehensive income, current earnings or both, as appropriate.

The Company records deferred gains and losses related to cash flow hedges based on the fair value of open derivative contracts on the reporting date, as determined using a market approach and Level 2 inputs. As of December 31, 2024 and 2023, Company’s derivative contracts were in the form of foreign exchange forward contracts, which were designated and qualified as cash flow hedging instruments. Realized gains or losses from the settlement of foreign exchange forward contracts are recognized in earnings in the same period the hedged foreign currency cash flow affects earnings. For the years ended December 31, 2024 and 2023, gains of \$33,583 and \$49,326, respectively, were recorded in cost of goods sold related to foreign currency cash flow hedges. Additionally, for the years ended December 31, 2024 and 2023, gains of \$3,264 and \$4,484, respectively, were recorded in selling, general, and administrative related to foreign currency cash flow hedges.

The following table summarizes the Company’s outstanding foreign currency derivative contracts, if material:

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

Buy / Sell	Notional Amount (in Thousands)		Weighted Average Remaining Maturity (in Months)		Weighted Average Exchange Rate	
	December 31,		December 31,		December 31,	
	2024	2023	2024	2023	2024	2023
Mexican pesos / U.S. dollars	15,183,550	11,319,084	14.6	14.0	20.86	20.57
Philippine pesos / U.S. dollars	339,832	585,796	6.5	9.0	51.19	56.10
Chinese yen / U.S. dollars	-	17,200	-	10.0	-	6.88
U.S. dollars / Euro	25,972	14,912	6.6	6.4	1.06	0.90
Polish zloty / Euro	35,152	4,997	6.5	2.0	4.39	5.06
Polish zloty / Pound sterling	15,542	1,287	6.5	2.0	5.18	5.72
U.S. dollars / CAD	14,089	-	6.6	-	1.44	-

Commodity Price Forward Contracts

The products the Company manufactures generally include components made of copper, which is a commodity subject to price fluctuations. As is common in the Company's industry, in most cases the Company's contracts with its customers allow for price adjustments based on changes in the cost of copper.

From time to time, the Company enters into commodity price forward contracts to manage the volatility associated with forecasted purchases of raw materials with significant copper content. Prior to entering into a hedge transaction, the Company formally documents the relationship between hedging instruments to be used and the hedged items, as well as the risk management objective for undertaking the hedge transactions. The Company monitors its commodity price risk exposures regularly to maximize the overall effectiveness of its commodity forward contracts which have been designated as cash flow hedging instruments.

The Company records unrecognized gains and losses in other comprehensive income (loss) and makes regular reclassifying adjustments into cost of goods sold within the consolidated statements of operations and comprehensive loss when the underlying hedged transaction is recognized in earnings. For the years ended December 31, 2024 and 2023, losses of \$2,830 and \$2,104, respectively, were recorded in cost of goods sold in the Company's consolidated statement of operations and comprehensive loss.

The following table summarizes the Company's outstanding commodity price forward contracts:

	December 31,	
	2024	2023
Notional amount in thousands of U.S. dollars	36,560	25,855
Weighted average remaining maturity in months	13.8	5.1
Weighted average strike price per one unit of Copper	4.3	4.0

Interest Rate Swaps

We use interest rate swaps that have indices related to the pricing of specific liabilities as part of our interest rate risk management strategy. These instruments are highly effective and qualify for hedge accounting treatment. Changes in the fair value of derivatives that are designated as a cash flow hedge, to the extent the hedge is effective, are recorded in accumulated other comprehensive income (loss), net of deferred taxes, and reclassified to earnings when the hedged item affects earnings.

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

	December 31,	
	2024	2023
Notional amount in thousands of U.S. dollars	620,000	—
Weighted average remaining maturity in months	16.3	—

The following table sets forth the aggregate fair values by derivative financial instrument as of December 31, 2024 and 2023, respectively:

	December 31,	
	2024	2023
Derivatives designated as cash flow hedges		
Foreign currency hedges	(54,723)	\$ 77,929
Commodity price forward contracts	(2,498)	(473)
Interest Rate Swaps	(6,069)	—
	<u>\$ (63,290)</u>	<u>\$ 77,456</u>

Accumulated other comprehensive income as of December 31, 2024 and 2023, included net deferred loss and gain on derivatives of \$(52,256) (net of taxes) and \$64,182 (net of taxes), respectively, related to cash flow hedges.

15. Fair Value Measurements

Financial Instruments Measured on a Recurring Basis

The following table sets forth, as of December 31, 2024 and 2023 the hierarchy of the Company's financial asset (liability) positions for which fair value is measured on a recurring basis:

December 31, 2024				
	Level 1	Level 2	Level 3	Balance Sheet Classification
Cash flow hedges - deferred gain contracts	\$ —	\$ 10,009	\$ —	Prepaid expense and other current assets
Commodities hedges - deferred gain contracts	\$ —	\$ 84	\$ —	Prepaid expense and other current assets
Cash flow hedges - deferred gain contracts	\$ —	\$ 67	\$ —	Other non-current assets
Cash flow hedges - deferred (loss) contracts	\$ —	\$ (27,925)	\$ —	Accrued liabilities
Commodities hedges - deferred (loss) contracts	\$ —	\$ (905)	\$ —	Accrued liabilities
Interest Rate Swaps - deferred (loss) contracts	\$ —	\$ (4,211)	\$ —	Accrued liabilities
Commodities hedges - deferred (loss) contracts	\$ —	\$ (1,676)	\$ —	Other non-current liabilities
Cash flow hedges - deferred (loss) contracts	\$ —	\$ (36,875)	\$ —	Other non-current liabilities
Interest Rate Swaps - deferred (loss) contracts	\$ —	\$ (1,858)	\$ —	Other non-current liabilities
	<u>\$ —</u>	<u>\$ (63,290)</u>	<u>\$ —</u>	

December 31, 2023				
	Level 1	Level 2	Level 3	Balance Sheet Classification
Cash flow hedges - deferred gain contracts	\$ —	\$ 51,184	\$ —	Prepaid expense and other current assets
Commodities hedges - deferred gain contracts	\$ —	\$ 121	\$ —	Prepaid expense and other current assets
Cash flow hedges - deferred gain contracts	\$ —	\$ 27,050	\$ —	Other non-current assets
Cash flow hedges - deferred (loss) contracts	\$ —	\$ (205)	\$ —	Accrued liabilities
Commodities hedges - deferred (loss) contracts	\$ —	\$ (594)	\$ —	Accrued liabilities
Cash flow hedges - deferred (loss) contracts	\$ —	\$ (100)	\$ —	Other non-current liabilities
	<u>\$ —</u>	<u>\$ 77,456</u>	<u>\$ —</u>	

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

The Company records deferred gains and losses related to cash flow hedges based on the fair value of active derivative contracts on the reporting date, as determined using a market approach. As quoted prices in active markets are not available for identical contracts, Level 2 inputs are used to determine fair value. These inputs include quotes for similar but not identical derivative contracts, market interest rates that are corroborated with publicly available market information and third-party credit ratings for the counterparties to our derivative contracts.

The Company did not have any transfers between levels during the years ended December 31, 2024 and 2023.

Other Financial Instruments

In addition to cash flow hedges, the Company's financial instruments consist of cash equivalents, accounts receivable, long-term debt and other long-term obligations. For cash equivalents, accounts receivable accounts payable, and accrued liabilities, the carrying amounts approximate fair market value. The estimated fair values of the Company's debt instruments as of December 31, 2024 and 2023, are as follows:

December 31, 2024			
	Fair Value	Carrying Amount	Balance Sheet Classification
Term Loan	906,814	926,288	Long-term debt, including current maturities
Facility Revolver	24,813	25,000	Long-term debt, including current maturities
Note Payable	4,963	5,000	Long-term debt, including current maturities
International debt	176	176	Long-term debt, including current maturities
	<u>\$ 936,765</u>	<u>\$ 956,464</u>	

December 31, 2023			
	Fair Value	Carrying Amount	Balance Sheet Classification
First lien term loan	\$ 539,547	\$ 543,624	Long-term debt, including current maturities
Second lien term loan	103,454	113,064	Long-term debt, including current maturities
Tranche B term loans	168,405	169,678	Long-term debt, including current maturities
Tranche C term loan	56,792	57,221	Long-term debt, including current maturities
International debt	482	482	Long-term debt, including current maturities
	<u>\$ 868,680</u>	<u>\$ 884,069</u>	

The Company determined fair value of the term loans using Level 2 inputs – other significant observable inputs. The Company estimated the fair value of the credit facility and international debt using Level 3 inputs based on discounted future cash flows using a discount rate that approximates the current effective borrowing rate for comparable loans.

16. Equity Incentive Plans

Employees and directors of the Company are eligible to participate in an equity incentive plan (the "Plan") established by Energy Cerberus Holdings LP, a Cayman Islands limited partnership (the "Partnership") which is an unconsolidated indirect parent of the Company. The Plan provides for the granting of up to 3,366,664 Class B partnership interest units (the "Class B Units") which, in addition to certain other rights, provide an interest in the earnings of the Partnership from the date of grant. The Class B Units granted by the Partnership include Series 1 Units, Series 2 Units, Series 3 Units, Series 4 Units (together the "Restricted Units"). All awards vest over a five-year period based on a participant's continued employment or services

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

with ECI through the applicable vesting dates. Based on the terms of the agreements, the cash value awards are considered liability classified awards. The vested awards are payable upon the occurrence of certain future liquidity events. Given the conditions for payout, the cash value awards are not deemed probable at this time. No compensation expense has been recognized related to these units for the years ended December 31, 2024 and 2023.

In 2024 and 2023, the Company granted 84,167 and 182,361 Series B-4 units, respectively.

The following tables summarize Restricted Unit award activity for the years ended December 31, 2024 and 2023:

	2024									
	Series B-1		Series B-2		Series B-3		Series B-4		Total	
	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	
Nonvested, beginning of year	142,113	\$ 8.65	487,630	\$ 4.08	399,791	\$ 5.60	256,007	\$ 5.52	1,285,541	
Granted	-	-	-	-	-	-	84,167	5.52	84,167	
Vested	(225,819)	1.13	(231,005)	6.91	(161,564)	5.60	(33,316)	5.52	(651,704)	
Forfeited	-	-	-	-	-	-	-	-	-	
Nonvested, end of year	(83,706)	\$ 9.78	256,625	\$ 10.99	238,227	\$ 5.60	306,858	\$ 5.52	718,004	

	2023									
	Series B-1		Series B-2		Series B-3		Series B-4		Total	
	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	Weighted Average Grant Date Fair Value	Restricted Units	
Nonvested, beginning of year	398,068	\$ 5.24	733,116	\$ 4.10	540,069	\$ 5.61	84,167	\$ 5.52	1,755,420	
Granted	-	-	-	-	-	-	182,361	5.52	182,361	
Vested	(255,955)	3.22	(245,486)	4.02	(77,153)	5.52	(10,521)	6	(589,115)	
Forfeited	-	-	-	-	(63,125)	6	-	-	(63,125)	
Nonvested, end of year	142,113	\$ 8.65	487,630	\$ 4.08	399,791	\$ 5.60	256,007	\$ 5.52	1,285,541	

As of December 31, 2024, 14,027 Restricted Units were available for future grants.

The Company recognizes expense from Restricted Units ratably over the service period based on their grant date fair value which is determined by a third-party valuation of the Partnership as of the grant date determined using a discounted cash flow method and Level 2 inputs, including peer company data, and Level 3 inputs, including management forecasts.

The discount rate used is the value-weighted average of the Company's estimated cost of equity and of debt ("cost of capital") derived using both known and estimated customary market metrics. The Company's weighted average cost of capital is adjusted to reflect a risk factor. Other significant assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management's application of these assumptions to this analysis, the Company believes that the income approach provides a reasonable estimate of the fair value of the Restricted Units.

The Company recognizes the impact of award forfeitures as they occur. The Company recognized \$1,706 and \$1,541 of compensation expense in selling, general and administrative expenses during the years ended December 31, 2024 and 2023, respectively, related to Restricted Units.

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

As of December 31, 2024, there was unrecognized compensation cost related to outstanding Restricted Units of \$2,742 which is expected to be recognized over a period of approximately 2.6 years.

17. Accumulated Other Comprehensive Income

The Company's total other comprehensive income (loss) consists of three components: (i) foreign currency translation adjustments, (ii) gains and losses from designated hedge contracts and (iii) pension gains and losses not recognized as components of net periodic benefit costs.

Accumulated other comprehensive income (loss), net of tax and by component, was as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) on Derivatives	Unrealized Pension Plan Loss	Accumulated Other Comprehensive Income (Loss)
Balances as of December 31, 2022	\$ (12,771)	\$ 28,319	\$ (1,520)	\$ 14,028
Other comprehensive gain	3,514	35,863	177	39,554
Balances as of December 31, 2023	(9,257)	64,182	(1,343)	53,582
Other comprehensive gain (loss)	(10,484)	(116,439)	590	(126,333)
Balances as of December 31, 2024	\$ (19,741)	\$ (52,257)	\$ (753)	\$ (72,751)

The before-tax amount, tax (expense) benefit and net-of-tax amount included in other comprehensive income (loss) on the consolidated statements of operations and comprehensive income (loss), by component, for the years ended December 31, 2024 and 2023, are as follows:

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

	Year ended December 31, 2024			
	Before-Tax Amount	Tax (Expense) or Benefit	PTU Expense*	Net-of-Tax Amount
Foreign currency translation adjustments	\$ (10,484)	\$ —	\$ —	\$ (10,484)
Unrealized gains (losses) on currency hedging activities:				
Unrealized holding losses arising during period	(95,803)	16,081	—	(79,722)
Less: reclassification adjustment for gain realized in net income	(36,847)	5,930	—	(30,917)
Net unrealized loss	(132,650)	22,011	—	(110,639)
Unrealized gains (losses) on copper hedging activities:				
Unrealized holding losses arising during period	(4,854)	810	—	(4,044)
Less: reclassification adjustment for loss realized in net income	2,830	472	—	3,302
Net unrealized loss	(2,024)	1,282	—	(742)
Seniority premium plan (Mexico Plan):				
Unrecognized net gains	854	(197)	(67)	590
Unrealized gains (losses) on interest rate swaps:				
Unrealized holding losses arising during period	(4,696)	783	—	(3,913)
Less: reclassification adjustment for gain realized in net income	(1,374)	229	—	(1,145)
Net unrealized loss	(6,070)	1,012	—	(5,058)
Other comprehensive (loss) income	\$ (150,374)	\$ 24,108	\$ (67)	\$ (126,333)

	Year ended December 31, 2023			
	Before-Tax Amount	Tax (Expense) or Benefit	PTU Expense*	Net-of-Tax Amount
Foreign currency translation adjustments	\$ 3,514	\$ —	\$ —	\$ 3,514
Unrealized gains (losses) on currency hedging activities:				
Unrealized holding gains arising during period	94,571	(9,855)	—	84,716
Less: reclassification adjustment for gain realized in net income	(53,812)	5,609	—	(48,203)
Net unrealized gain	40,759	(4,246)	—	36,513
Unrealized gains (losses) on Copper hedging activities:				
Unrealized holding losses arising during period	(2,830)	295	—	(2,535)
Less: reclassification adjustment for loss realized in net income	2,104	(219)	—	1,885
Net unrealized loss	(726)	76	—	(650)
Seniority premium plan (Mexico Plan):				
Unrecognized net gains	276	(74)	(25)	177
Other comprehensive income (loss)	\$ 43,823	\$ (4,244)	\$ (25)	\$ 39,554

*Mexican employees are currently entitled under Mexican law to receive statutory profit sharing (Participación a los Trabajadores de las Utilidades or "PTU") payments. The required cash payment to employees is equal to 10% of their employer's profit subject to PTU as prescribed by Mexican law.

18. Retirement Plans

U.S. Plan

The Company has a defined contribution retirement savings plan (the "Retirement Plan") covering substantially all employees working in the U.S. who meet certain eligibility requirements as to age and length of service. The Retirement Plan incorporates the salary deferral provision of Section 401(k) of the Internal Revenue Code, and employees may defer up to the applicable annual maximum limits prescribed by the Internal Revenue Code. The Company has the option to match a percentage of the employees'

Energy Holdings (Cayman) Ltd.
Notes to Consolidated Financial Statements (Continued)
(Dollars and euros stated in thousands, except share and per unit data)

deferrals. The Company may also elect to contribute an additional profit-sharing contribution to the Retirement Plan at the end of each year. The Company's contributions, and expense, for the years ended December 31, 2024, and 2023 were \$1,140 and \$1,123, respectively.

German Plan

The Company has nine pension benefit agreements for its German employees who meet certain eligibility requirements (the "German Plan"). The German Plan is an unfunded plan and for the years ended December 31, 2024 and 2023, the projected benefit liability was \$1,459 and \$1,499, respectively, and is included in other long-term liabilities in the consolidated balance sheets. Expense related to the German Plan was not material for all periods presented.

Mexico Plans

The Company provides mandated postemployment benefits for severance indemnity and seniority premium for its Mexican employees who meet certain eligibility requirements provided by national labor laws. For severance indemnity-related obligations, the Company determines the liability based on actuarial assumptions. As of December 31, 2024 and 2023, the projected severance indemnity obligation was \$1,838 and \$2,490, respectively.

As of December 31, 2024 and 2023, the Seniority Premium Plan projected benefit liability and unfunded status was \$8,279 and \$9,971, respectively.

The reconciliation of the non-U.S. defined benefit pension obligations for the years ended December 31, 2024 and 2023 is as follows:

Energy Holdings (Cayman) Ltd.

Notes to Consolidated Financial Statements (Continued)

(Dollars and euros stated in thousands, except share and per unit data)

	Year Ended December 31,	
	2024	2023
Benefit obligation at beginning of year	\$ 12,461	\$ 9,618
Service cost	1,244	1,310
Interest cost	877	885
Actuarial loss/(gain)	717	(161)
Benefits paid	(2,831)	(661)
Exchange rate (gain) loss	(2,128)	1,470
Other	(223)	-
Benefit obligation at end of year	\$ 10,117	\$ 12,461
Change in plan assets		
Fair value of plan assets at beginning of year	\$ -	\$ -
Actual return on plan assets	-	-
Company contributions	2,831	661
Benefits paid	(2,831)	(661)
Exchange rate gain	-	-
Fair value of plan assets at end of year	\$ -	\$ -
Unfunded status	\$ (10,117)	\$ (12,461)
Amounts recognized in the consolidated balance sheets		
Non-current assets	-	-
Current liabilities	(2,049)	(2,647)
Non-current liabilities	(8,068)	(9,814)
Total	\$ (10,117)	\$ (12,461)

The benefit costs of the non-U.S. defined benefit pension obligation for the years ended December 31, 2024 and 2023 are as follows:

	Year Ended December 31,	
	2024	2023
Service cost	\$ 1,244	\$ 1,310
Interest cost ⁽¹⁾	\$ 877	885
Amortization of net actuarial gain ⁽¹⁾	\$ (4)	85
Termination benefits ⁽¹⁾	\$ 1,160	-
Net periodic benefit cost	<u>\$ 3,277</u>	<u>\$ 2,280</u>

(1) In accordance with the adoption of ASU 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Cost", these costs are recorded within Nonoperating expenses in the Consolidated Statements of Operations on the line item "Other expenses".

The assumptions used to determine the non-U.S. defined benefit pension obligation and pension expense for the years ended December 31, 2024 and 2023 are as follows:

Energy Holdings (Cayman) Ltd.**Notes to Consolidated Financial Statements (Continued)***(Dollars and euros stated in thousands, except share and per unit data)*

	Year Ended December 31,	
	2024	2023
Assumptions used to determine benefit obligations		
Weighted-average discount rate	10.55%	9.50%
Weighted-average rate of increase in compensation levels	5.50%	5.50%
Assumptions used to determine benefit cost		
Weighted-average discount rate	9.50%	9.30%
Weighted-average rate of increase in compensation levels	5.50%	5.50%

The expected benefit payments to be paid for the non-U.S. defined benefit pension obligation as of December 31, 2024 are as follows:

	Projected Pension Benefit Payments	
2025	\$	2,049
2026	\$	1,690
2027	\$	1,738
2028	\$	1,760
2029	\$	1,683
2030 - 2034	\$	8,580

19. Related-Party Transactions

The Company receives consulting and advisory services from affiliates of an unconsolidated parent company, Cerberus Operations and Advisory Company and Cerberus Technology Solutions (together the “Cerberus Affiliates”). It is at the sole discretion of the Company to determine the extent of consulting or advisory services to be provided by Cerberus Affiliates. The agreement terminates upon a change in control. For the years ended December 31, 2024 and 2023, selling, general and administrative expenses include \$2,062 and \$2,784, respectively, of costs relating to transactions with Cerberus Affiliates. As of December 31, 2024 and 2023, payables of \$410 and \$508, respectively, were accrued by the Company to Cerberus Affiliates for services received.

20. Subsequent Events

The Company has evaluated subsequent events through the report issuance date of March 28, 2025, and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements.

Section B – Alternative performance measures

\$m	2022	2023	2024	YTD Apr 2025
Revenue	1,256	1,365	1,264	404
Pre-acquisition Revenue	79	34	17	-
Pro forma Revenue	1,335	1,399	1,281	404
EBITDA (as derived from US GAAP financial statements)	120	138	132	59
<i>Adjusting Items⁽¹⁾</i>				
Cerberus management fees and costs ⁽²⁾	2	4	3	1
Refinancing of Cerberus debt ⁽³⁾	-	-	13	-
Restructuring and footprint optimisation costs ⁽⁴⁾	20	12	12	4
Acquisition earn-out payment ⁽⁵⁾	-	3	10	-
Acquisition related costs	4	2	4	1
COVID related costs	1	-	-	-
Other Adjusting Items ⁽⁶⁾	7	14	15	3
Adjusted EBITDA	154	173	189	68
Pre-acquisition EBITDA	21	9	4	-
Pro forma Adjusted EBITDA	175	182	193	68
Pro forma Adjusted Operating Profit	141	152	166	60

⁽¹⁾ “Adjusting items” are those classified as non-recurring or exceptional

⁽²⁾ Includes sponsor related management fees and consultancy costs associated with business and management reporting improvement initiatives

⁽³⁾ Includes the loss on early extinguishment of debt

⁽⁴⁾ Includes central severance and redundancy costs, as well as certain Mexican footprint consolidation costs

⁽⁵⁾ Includes the Omni Earn-Out pursuant to the Omni SPA

⁽⁶⁾ Other “Adjusting Items” includes stock compensation expense, unrealised foreign exchange gains and sundry non-recurring items

⁽⁷⁾ Adjusted results on a divisional level for 2023, 2024 and YTD Apr 2025 are as per the below:

Adjusted Divisional Financials

Revenue (\$m)	2023	2024	YTD Apr 2025
Electrification and Industrial	658	557	169
Appliances and HVAC	707	707	235
Total	1,365	1,264	404
Adjusted Operating Profit (\$m) (% margin)	2023	2024	YTD Apr 2025
Electrification and Industrial	137 (21%)	117 (21%)	37 (22%)
Appliances and HVAC	55 (8%)	90 (13%)	37 (16%)
Central costs	(49)	(45)	(14)
Total	143 (10%)	162 (13%)	60 (15%)
Adjusted EBITDA (\$m) (% margin)	2023	2024	YTD Apr 2025
Electrification and Industrial	151 (23%)	128 (23%)	40 (24%)
Appliances and HVAC	73 (10%)	106 (15%)	42 (18%)
Central costs	(49)	(45)	(14)
Total	175 (13%)	189 (15%)	68 (17%)

Section C – Profit forecast for FY2025

Rosebank has announced that: *ECI will be acquired, for cash, for an enterprise value of less than \$1.9 billion (£1.5 billion) on a debt and cash free basis, subject to adjustments, representing approximately 9x expected 2025 Adjusted EBITDA and 9.8x 2024 Pro forma Adjusted EBITDA.*

This statement amounts to a “profit forecast” for the purposes of the AIM Rules (the “ECI Profit Forecast”).

The ECI Profit Forecast is intended to present Shareholders with information to assist them in understanding the financial performance and financial position of ECI. It has been prepared on a going concern basis and in a manner that is comparable with the preparation of the audited consolidated financial statements and the adjusted consolidated financial information of Energy Holdings and its subsidiaries (as set out in sections A and B of this Appendix). It assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business, as described in more detail below. The ECI Profit Forecast is presented for informational purposes only and is not intended to present or be indicative of future results from operations or financial position for any future period or as of any future date.

The ECI Profit Forecast is based upon the reasonable assumptions and predictions listed below over assumed customers, overhead costs and turnover. The Company cannot be certain that these assumptions will prove to be correct, and a change in these factors could materially change the outcome of the ECI Profit Forecast.

- Principal assumptions that are within ECI's control are as follows:
 - no material deterioration in the Enlarged Group's relationship with customers and suppliers;
 - the Enlarged Group's capital expenditure is aligned to expectation;
 - no material change in the operational strategy of the Enlarged Group;
 - no adverse event that will have a material impact on the Enlarged Group's future credit ratings; and
 - no material change in the current key management.
- Principal assumptions that are outside ECI's control are as follows:
 - continued efficiency improvements and cost savings as a result of the successful integration of the businesses acquired or to be acquired into its ongoing operations;
 - no change in legislation, tariffs, or regulatory environment in the Enlarged Group's principal markets that materially impact its operations or the accounting principles or standards it follows;
 - no adverse event that will have a material impact on the Enlarged Group's supply chain, transportation or logistics networks;
 - no adverse event driven by external parties that will have a material impact on the reputation and the brand value of the Enlarged Group;
 - no material change, particularly in regions in which the Enlarged Group operates, to the current prevailing global macroeconomic and political conditions (including any recession, geopolitical tension, further escalation of conflict or war);
 - no material change in market conditions within the Electrification and Industrial division and Appliances and HVAC division in respect of customer demand or the competitive landscape;

- no material change in relevant foreign exchange rates compared with ECI's estimates not mitigated by current hedging arrangements;
- no material change in the Enlarged Group's labour, marketing or manufacturing costs driven by external parties or regulations;
- no material change in inflation, interest rates or tax rates in the Enlarged Group's principal markets;
- no adverse event that will have a material impact on the Enlarged Group's financial performance; and
- no litigation, contractual dispute or regulatory action which is material in the context of ECI.

The Directors of Rosebank confirm that the ECI Profit Forecast has made after due and careful enquiry. Additionally, Investec (in its capacity as Rosebank's nominated adviser) confirms to Rosebank that it has satisfied itself that the ECI Profit Forecast has made after due and careful enquiry by the Directors of Rosebank.

Section D – Summary of key differences between US GAAP and IFRS

As at the date of this announcement, the Directors have not had sufficient access to the accounting records of the ECI Group in order to prepare a complete reconciliation of the US GAAP accounts to IFRS. However, the Directors believe that there are limited differences between the US GAAP accounts presented in this Appendix and any conversion of this financial information under IFRS. Financial information relating to the ECI Group has historically been prepared under US GAAP and, unless otherwise indicated, the historical financial information in this Appendix has been prepared under US GAAP. Rosebank currently prepares its financial information under IFRS and will continue to do so immediately post Readmission.

IFRS differs in certain respects from US GAAP as applied by the ECI Group in its historical financial information relating to certain policies for recognition, measurement and presentation. Based on the limited information available, the Directors have identified certain differences in accounting policies between those applied in the US GAAP historical financial information and the IFRS accounting policies of Rosebank. While the Directors believe that they have identified the differences, there may be additional differences not identified and set out below, which may be material. Potential areas of differences include:

- Under US GAAP, leases are classified as either operating or finance leases. In contrast, IFRS employs a single recognition and measurement model for all leases, like the finance lease treatment under US GAAP. IFRS recognises the lease expenses bifurcated into depreciation of the asset and interest on the lease liability for all leases whereas under US GAAP the operating lease expenses are recorded as a single rent expense in the income statement.
- Under US GAAP, development costs are expensed as incurred, subject to certain exceptions. Development costs may be capitalised under IFRS if technical and economic feasibility of a project can be demonstrated in accordance with certain criteria.
- While both US GAAP and IFRS require consideration of uncertain tax positions, their recognition and measurement can differ.
- In addition, the application of Rosebank's IFRS accounting policies to the ECI Group's business post-combination may result in certain balances and transactions being classified and presented differently to how they have been presented in its US GAAP historical financial information.

Appendix VII

UK, Jersey and US tax considerations

1. UK Taxation

The following comments are a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK legislation and what is understood to be the current practice of HM Revenue & Customs (which may not be binding on HM Revenue & Customs) as at the date of this document, both of which may change, possibly with retroactive effect.

Except where otherwise specifically stated, the comments below are intended to apply only to Shareholders: (i) who are resident in the UK for UK tax purposes (and, in the case of individuals, who are not eligible for and claiming relief from the UK taxation of foreign income and gains under Chapter 1, Part 2 of the Finance Act); (ii) to whom split-year treatment does not apply; (iii) who are and will be the absolute beneficial owners of their Ordinary Shares and any dividends paid in respect of them; and (iv) who hold, and will hold, Ordinary Shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade. The tax position of certain other categories of Shareholders who are subject to special rules (such as persons acquiring their Ordinary Shares in connection with employment, dealers in securities, insurance companies or collective investment schemes) is not considered.

The comments below do not constitute tax advice. Prospective investors who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult their own professional advisers.

1.1. Taxation of Dividends

Where the Company pays dividends no UK withholding taxes are required to be 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.

1.1.1. UK tax resident individuals

When the Company pays a dividend to an individual Shareholder who is resident (for tax purposes) in the UK (a “**UK resident individual shareholder**”), the amount of income tax payable on the receipt, if any, will depend on the individual’s own personal tax position.

No UK income tax should be payable by a UK resident individual shareholder if the amount of dividend income received, when aggregated with the Shareholder’s other dividend income in the year of assessment, does not exceed the dividend allowance. The dividend allowance for the tax years 2025/2026 is £500. Dividend income in excess of the dividend allowance is subject to UK income tax at the following rates for the tax years 2025/2026:

- a) 0% to the extent that it falls within the personal allowance;
- b) 8.75% to the extent that it falls within the basic rate band;
- c) 33.75% to the extent it falls within the higher rate band; and
- d) 39.35% to the extent it falls within the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a UK resident individual Shareholder’s total income charged to UK income tax (less relevant reliefs and allowances). In addition, dividend income which is within the dividend allowance counts towards an individual’s basic or higher rate limits

and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

1.1.2. Non-UK tax resident individual Shareholders

Individual Shareholders who are not tax resident in the UK and who hold their Ordinary Shares as an investment and not in connection with any trade, profession or vocation carried on by them in the UK should generally not be subject to UK tax on dividends received from the Company. Any such non-UK tax resident individual Shareholders may be subject to non-UK taxation on any dividend income they receive, under local law.

1.1.3. Corporate Shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax that are “small companies” (for the purposes of the UK taxation of dividends) will generally not be subject to UK tax on dividends from the Company provided that certain conditions (including an anti-avoidance condition) are met.

Other Shareholders within the charge to UK corporation tax (which are not “small companies” for the purposes of the UK taxation of dividends) should not be subject to UK tax on dividends from the Company, so long as the dividends fall within an exempt class and certain conditions are met. In general: (i) dividends paid on non-redeemable “ordinary shares” (that is, non-redeemable shares that do not carry any present or future preferential rights to dividends or to the Company’s assets on its winding up); and (ii) dividends paid to a UK resident corporate Shareholder holding less than 10% of the issued share capital of the class in respect of which the dividend is paid, should fall within an exempt class and accordingly should not be subject to UK corporation tax. However, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules. Such Shareholders will need to ensure that they satisfy the requirements of an exempt class and that no anti-avoidance rules apply before treating any dividend as exempt, and seek appropriate professional advice where necessary.

1.1.4. Non-UK corporate Shareholders

Corporate Shareholders who are not resident in and have no permanent establishment in the UK and who hold their Ordinary Shares as an investment and not in connection with any trade carried on by them, should generally not be subject to UK tax on dividends received from the Company. Any such non-UK tax resident corporate Shareholders may be subject to non-UK taxation on any dividend income they receive, under local law.

1.2. Chargeable Gains

1.2.1. UK tax resident individuals

A disposal (or deemed disposal) of the Ordinary Shares by a UK resident individual shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief. No indexation allowance will be available to a UK resident individual shareholder in respect of any disposal of Ordinary Shares. However, the capital gains tax annual exempt amount may be available to exempt any chargeable gain, to the extent that the exemption has not already been utilised. The annual exempt amount for individuals for the tax years 2025/2026 is £3,000.

Capital gains tax on share disposals by a UK resident individual Shareholder will generally be charged at 18% to the extent that the total chargeable gains and total taxable income arising in the tax year of disposal, after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount), are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains (or part of any chargeable gains) arising in the tax year of disposal exceed the upper limit of the income tax basic rate band when aggregated with any such income (in the manner referred to above), capital gains tax will generally be charged at 24%.

1.2.2.Shareholders within the charge to UK corporation tax

A disposal (or deemed disposal) of the Ordinary Shares by a Shareholder within the charge to UK corporation tax may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. The main rate of UK corporation tax is currently 25%.

1.2.3.Non-UK tax resident Shareholders

A Shareholder who is not resident for tax purposes in the UK will generally not be subject to UK taxation on the disposal or deemed disposal of the Ordinary Shares unless the Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who is temporarily non-resident for UK tax purposes may, in certain circumstances, become liable to UK capital gains tax in respect of gains realised while they were not resident in the UK.

1.3. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The statements in this section are intended as a general guide to the current UK stamp duty and SDRT position. They apply to all Shareholders, regardless of residence or domicile/deemed domicile.

No stamp duty or SDRT will arise on the issue of the Ordinary Shares.

No stamp duty or SDRT will arise on transfers or agreements to transfer Ordinary Shares which are admitted to trading on AIM and are not listed on a recognised stock exchange. If the Ordinary Shares cease to be admitted to trading on AIM or are listed on a recognised stock exchange, such as the Main Market of the London Stock Exchange: (i) SDRT will not arise on transfers or agreements to transfer Ordinary Shares provided that the Ordinary Shares are not registered in a register kept in the UK by or on behalf of the Company; and (ii) stamp duty should not be payable on transfers of the Ordinary Shares which take place solely within the CREST system. The Company does not intend to register the Ordinary Shares in a register kept within the UK.

2. Jersey Taxation

2.1. General

The following summary of the anticipated treatment of the Company and holders of Ordinary Shares (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as they apply to any land or building situate in Jersey). Prospective investors in Ordinary Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Ordinary Shares in the Company under the laws of any jurisdiction in which they may be liable to taxation.

2.2. Taxation of the Company

The Company is not regarded as resident for tax purposes in Jersey. The Company is resident in the UK for UK tax purposes by virtue of its place of central management and control being located in the UK. Therefore, the Company will not be liable to Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and dividends on Ordinary Shares may be paid by the Company without withholding or deduction for or on account of Jersey income tax. The holders of

Ordinary Shares (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Ordinary Shares.

2.3. Stamp duty

In Jersey, and on the basis that the Ordinary Shares do not confer a direct or indirect interest in Jersey real estate, no stamp duty is levied on the issue or transfer of Ordinary Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Ordinary Shares on the death of a holder of such shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Ordinary Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Ordinary Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate and such duty is capped at £100,000.

2.4. Other Jersey taxes

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

3. US Taxation

The following discussion describes certain United States federal income tax consequences of the purchase, ownership and disposition of Ordinary Shares. This discussion deals only with Ordinary Shares that are held as capital assets by a US Holder (as defined below) and that are acquired pursuant to the Capital Raise.

For the purposes of this discussion, the term "US Holder" means a beneficial owner of Ordinary Shares that is, for US federal income tax purposes, any of the following: (i) an individual who is a citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust if it: (a) is subject to the primary supervision of a court within the United States and one or more US persons have the authority to control all substantial decisions of the trust; or (b) has a valid election in effect under applicable US Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, administrative rulings and judicial decisions and the current income tax treaty between the United States and the United Kingdom (the "Treaty"), all as of the date hereof. Those authorities may be changed, perhaps with retroactive effect, so as to result in US federal income tax consequences different from those summarised below.

This discussion does not represent a detailed description of the US federal income tax consequences applicable to a US investor who is subject to special treatment under the US federal income tax laws, including a US investor who is:

- a dealer or broker in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organisation;

- a person holding Ordinary Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for its securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of the Company's stock (by vote or value);
- a partnership or other pass-through entity for US federal income tax purposes;
- a person required to accelerate the recognition of any item of gross income with respect to Ordinary Shares as a result of such income being recognised on an applicable financial statement; or
- a US Holder whose "functional currency" is not the US dollar.

If a partnership (or other entity or arrangement treated as a partnership for US federal income tax purposes) holds Ordinary Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. US investors who are a partnership or a partner of a partnership holding Ordinary Shares, should consult their own tax advisers.

This discussion does not contain a detailed description of all the US federal income tax consequences to US investors in light of their particular circumstances and does not address the Medicare tax on net investment income, US federal estate and gift taxes or the effects of any state, local or non-US tax laws. **US investors who are considering the purchase of Ordinary Shares, should consult their own tax advisers concerning the particular US federal income tax consequences to them of the purchase, ownership and disposition of Ordinary Shares, as well as the consequences arising under other US federal tax laws and the laws of any other taxing jurisdiction.**

US Federal Income Tax Treatment of the Company

For US federal income tax purposes, a corporation generally is considered to be a tax resident of the jurisdiction of its organisation or incorporation. The Company is organised under the laws of Jersey and accordingly, under the generally applicable US federal income tax rules, the Company expects to be treated as a non-US corporation (and, therefore, not a US tax resident) for US federal income tax purposes. However, Section 7874 of the Code provides an exception to this general rule, pursuant to which a non-US corporation (or other entity treated as a corporation for US federal income tax purposes) will be treated as a US corporation for US federal income tax purposes if an 80% Inversion (as defined below) occurs. These rules are complex and guidance regarding their application is unclear and incomplete.

Under Section 7874 of the Code, an "80% Inversion" occurs if each of the following three conditions are met: (i) a non-US corporation, directly or indirectly, acquires substantially all of the properties held directly or indirectly by a US corporation (including through the acquisition of all of the outstanding shares of the US corporation) (a "**Domestic Entity Acquisition**"); (ii) the non-US corporation's "expanded affiliated group" does not have "substantial business activities" in the non-US corporation's country of organisation or incorporation relative to the expanded affiliated group's worldwide activities (the "**Substantial Business Activities Test**"); and (iii) after the Domestic Entity Acquisition, former shareholders of the acquired US corporation hold at least 80% (by either vote or value) of the shares of the non-US acquiring corporation by reason of holding shares in the US acquired corporation, as determined for purposes of Section 7874 of the Code (the "**80% Ownership Test**"). If the Company is treated as a US corporation for US federal income tax purposes, the Company or the Enlarged Group could be subject to substantial additional US federal income tax obligations.

Further, Section 7874 of the Code can limit the ability of US corporations and their US affiliates acquired by "surrogate foreign corporations" to utilise certain US tax attributes. These limitations can potentially apply if the 80% Ownership Test would be satisfied if it were applied by substituting "60%" for "80%" (the "**60% Ownership Test**"). If the 60% Ownership Test is satisfied, certain adverse tax consequences may apply to a surrogate foreign corporation and its subsidiaries, including restrictions on the use of

tax attributes of the acquired US corporation with respect to “inversion gain” recognised over a 10-year period following the Domestic Entity Acquisition, the recapture of certain deductions previously taken by the surrogate foreign corporation under Section 965(e) of the Code at an unfavorable rate, the imposition of an excise tax equal to 1% of the fair market value of stock that the surrogate foreign corporation repurchases and the requirement that any US subsidiaries treat certain payments to the surrogate foreign corporation as “base erosion payments” that may be subject to a minimum US federal income tax. In addition, dividends paid by a surrogate foreign corporation to non-corporate US shareholders would not be eligible for the reduced rates of taxation applicable to “qualified dividend income” (see “—*Taxation of Dividends*” below).

Based upon the terms of the Acquisition, the rules for determining the ownership percentage under Section 7874 of the Code and the Treasury regulations promulgated thereunder, and certain factual assumptions, the Company currently expects that former shareholders of ECI will be treated as holding less than 60% (by either vote or value) of the Company’s Ordinary Shares by reason of holding shares in ECI. Accordingly, the Company does not expect to be treated as a US corporation for US federal income tax purposes under Section 7874 of the Code and the Company does not expect the limitations and other rules described above to apply to the Enlarged Group after the Acquisition. However, whether the 80% Ownership Test or the 60% Ownership Test has been satisfied must be finally determined after completion of the Acquisition, by which time there could be changes to the relevant facts and circumstances or adverse rule changes. In addition, even if the Enlarged Group is not subject to the above adverse consequences under Section 7874 of the Code as a result of the Acquisition, the Company could, in certain specific circumstances, be limited in using its equity to engage in future acquisitions of US corporations. The rules for determining ownership under Section 7874 of the Code are complex, unclear and the subject of ongoing regulatory change. Accordingly, there can be no assurance that the IRS would not assert a contrary position to those described above or that such an assertion would not be sustained by a court.

The remainder of this discussion assumes the Company will not be treated as a US corporation for US federal income tax purposes under Section 7874 of the Code and that the Enlarged Group will not be subject to the limitations and other rules under Section 7874 of the Code.

Taxation of Dividends

Subject to the discussion under “—*Passive Foreign Investment Company*” below, the gross amount of distributions on Ordinary Shares will be taxable as dividends to the extent paid out of the Company’s current or accumulated earnings and profits, as determined under US federal income tax principles. To the extent that the amount of any distribution exceeds the Company’s current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in a US Holder’s tax basis in the Ordinary Shares, and to the extent the amount of the distribution exceeds the US Holder’s tax basis, the excess will be treated as capital gain recognised on a sale or exchange. The Company, however, does not expect to determine earnings and profits in accordance with US federal income tax principles. Therefore, a US Holder should expect that a distribution will generally be reported as a dividend.

Any dividends received by US Holders will be includable in their gross income on the day actually or constructively received by them. Such dividends will not be eligible for the dividends received deduction generally allowed to corporations under the Code. Subject to applicable limitations (including a minimum holding period requirement), dividends received by non-corporate US Holders (including individuals) from a qualified foreign corporation may be treated as “qualified dividend income” that is subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the Treaty meets these requirements.

Notwithstanding the foregoing, the Company will not be treated as a qualified foreign corporation, and non-corporate US Holders will not be eligible for reduced rates of taxation on any dividends received from the Company, if it is a passive foreign investment company in the taxable year in which such dividends are paid or if it was in the preceding taxable year (see “—*Passive Foreign Investment Company*” below). In addition, the jurisdiction of tax residence of future subsidiaries of the Company

and the jurisdiction in which such subsidiaries operate in the future may impact the eligibility of dividends received by a US Holder from the Company to be treated as “qualified dividend income.”

The taxable amount of any dividend paid in pounds sterling will equal the US dollar value of the pounds sterling received calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by a US Holder, regardless of whether the pounds sterling are converted into US dollars. If the pounds sterling received as a dividend are converted into US dollars on the date they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If the pounds sterling received as a dividend are not converted into US dollars on the date of receipt, the US Holder will have a basis in the pounds sterling equal to their US dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the pounds sterling will be treated as US-source ordinary income or loss.

Passive Foreign Investment Company

In general, the Company will be a PFIC for any taxable year in which:

- at least 75% of the Company’s gross income is passive income, or
- at least 50% of the value (generally determined based on a quarterly average) of the Company’s assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). In addition, cash and other assets readily convertible into cash are generally considered passive assets. If the Company owns at least 25% (by value) of the stock of another corporation, for purposes of determining whether the Company is a PFIC, the Company will be treated as owning the Company’s proportionate share of the other corporation’s assets and receiving the Company’s proportionate share of the other corporation’s income.

The Company does not believe it is or will become a PFIC for the current or any future taxable year. However, such determination depends on the application of complex US federal income tax rules that are subject to differing interpretations and is a fact-intensive inquiry made annually after the close of each taxable year and depends, in part, upon the composition and value of the Company’s income and assets, among other facts, including the timing of Acquisition Completion. In particular, depending on when Acquisition Completion occurs, it is possible the Company will be a PFIC. Should Acquisition Completion occur in Q4 2025, it is likely the Company would be a PFIC. Accordingly, there can be no assurances in this regard and even if the Company is not a PFIC in the current taxable year, it is possible that it may become a PFIC in a future taxable year due to changes in the Company’s asset or income composition or in the value of the Company’s assets. If the Company is a PFIC for any taxable year during which a US Holder holds Ordinary Shares, such US Holder will be subject to special tax rules discussed below.

If the Company is a PFIC for any taxable year during which a US Holder holds Ordinary Shares and such US Holder does not make a timely mark-to-market election, as described below, the US Holder will be subject to special tax rules with respect to any “excess distribution” received and any gain realised from a sale or other disposition, including a pledge, of Ordinary Shares. Distributions received in a taxable year will be treated as excess distributions to the extent that they are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the holding period of a US Holder for the Ordinary Shares. Under these special tax rules:

- (i) the excess distribution or gain will be allocated ratably over the holding period of a US Holder for the Ordinary Shares;
- (ii) the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company was a PFIC, will be treated as ordinary income; and

- (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year for individuals or corporations, as applicable, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Although the determination of whether the Company is a PFIC is made annually, if the Company is a PFIC for any taxable year in which a US Holder holds Ordinary Shares, the US Holder will generally be subject to the special tax rules described above for that year and for each subsequent year in which the US Holder holds Ordinary Shares (even if the Company does not qualify as a PFIC in such subsequent years). However, if the Company ceases to be a PFIC, the US Holder can avoid the continuing impact of the PFIC rules by making a special election to recognise gain as if the US Holder's Ordinary Shares had been sold on the last day of the last taxable year during which the Company was a PFIC. US Holders are urged to consult their own tax adviser about this election.

In lieu of being subject to the special tax rules discussed above, US Holders may make a mark-to-market election with respect to their Ordinary Shares provided such Ordinary Shares are treated as "marketable stock." The Company's Ordinary Shares generally will be treated as marketable stock if they are regularly traded on a "qualified exchange or other market" (within the meaning of the applicable Treasury regulations). Existing Ordinary Shares are listed on AIM, which must meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange for these purposes, and no assurance can be given that the Company's Ordinary Shares will be "regularly traded" for purposes of the mark-to-market election.

If a US Holder makes an effective mark-to-market election, for each taxable year that the Company is a PFIC such US Holder will include as ordinary income the excess of the fair market value of their Ordinary Shares at the end of the year over their adjusted tax basis in the Company's common shares. US Holders will be entitled to deduct as an ordinary loss in each such year the excess of their adjusted tax basis in their Ordinary Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. US Holders adjusted tax basis in their Ordinary Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, upon the sale or other disposition of a US Holder's Ordinary Shares in a year that the Company is a PFIC, any gain will be treated as ordinary income and any loss will be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election, and thereafter as capital loss.

If a US Holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless Ordinary Shares are no longer regularly traded on a qualified exchange or other market, or the IRS consents to the revocation of the election. However, because a mark-to-market election cannot be made for any lower-tier PFICs that the Company may own (as discussed below), the US Holder will generally continue to be subject to the special tax rules discussed above with respect to their indirect interest in any such lower-tier PFIC. US Holders are urged to consult their tax adviser about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

Alternatively, a US Holder can sometimes avoid the special tax rules described above by electing to treat a PFIC as a "qualified electing fund" under Section 1295 of the Code. A "qualified electing fund" election requires US Holders to include currently in income each year their pro rata share of a PFIC's ordinary earnings and net capital gains (as ordinary income and long-term capital gain, respectively), regardless of whether or not such earnings and gains are actually distributed. Thus, US Holders could have a tax liability with respect to such earnings or gains without a corresponding receipt of cash. A US Holder's basis in the shares of a qualified electing fund will be increased to reflect the amount of the taxed but undistributed income. Distributions of income that had previously been taxed will result in a corresponding reduction of basis in the shares and will not be taxed again as a distribution to the US Holder. US Holders must make a qualified electing fund election if they wish to have this treatment. To make a qualified electing fund election, US Holders will need to have an annual information statement from the PFIC setting forth the earnings and capital gains for the year. If the Company determines that it is a PFIC in a given year, the Company will use commercially reasonable endeavors to provide a PFIC annual information statement for such year to any shareholder or former shareholder who requests it to permit such requesting shareholder to make a "qualified electing fund" election, but there can be no assurance that the Company will timely provide such information. In general, US Holders

must make a qualified electing fund election on or before the due date for filing their income tax return for the first year to which the qualified electing fund election will apply. Under applicable Treasury regulations, US Holders will be permitted to make retroactive elections in particular circumstances, including if they had a reasonable belief that the Company was not a PFIC and filed a protective election. US Holders should consult their own tax advisers as to the consequences of making a protective qualified electing fund election or other consequences of the qualified electing fund election.

If the Company is a PFIC for any taxable year during which a US Holder holds Ordinary Shares and any of the Company's non-US subsidiaries are also a PFIC, such US Holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. US Holders are urged to consult their tax advisers about the application of the PFIC rules to any of the Company's subsidiaries.

US Holders will generally be required to file IRS Form 8621 if they hold Ordinary Shares in any year in which the Company is classified as a PFIC. US Holders are urged to consult their tax advisers concerning the US federal income tax consequences of holding Ordinary Shares if the Company is considered a PFIC in any taxable year.

Taxation of Gains or Losses

For US federal income tax purposes, US Holders will recognise taxable gains or losses on any sale, exchange or other taxable disposition of Ordinary Shares in an amount equal to the difference between the amount realised for such shares and their tax basis in such shares, both determined in US dollars. Subject to the discussion under “—*Passive Foreign Investment Company*” above, such gains or losses will generally be US-source capital gains or losses and will generally be long-term capital gains or losses if the US Holder held Ordinary Shares for more than one year. Long-term capital gains of non-corporate US Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of Ordinary Shares and the proceeds from the sale, exchange or other disposition of Ordinary Shares that are paid to US Holders within the United States (and in certain cases, outside the United States), unless such US Holders establish that they are an exempt recipient. A backup withholding tax may apply to such payments if US Holders fail to provide a taxpayer identification number and a certification that they are not subject to backup withholding or if they fail to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a US Holder's US federal income tax liability provided the required information is timely furnished to the IRS.

Appendix VIII

Additional Information

For further information relating to the Company and the Group, investors should refer to the admission document published by the Company on 9 July 2024 which is available on the Company's website at [AIM Admission - Investors - Rosebank Industries](https://www.rosebankindustries.com/investors/company-documents/) (<https://www.rosebankindustries.com/investors/company-documents/>).

1. Share capital

1.1 As at the date of this announcement, the Company's issued share capital is as follows:

1.1.1 20,000,000 Existing Ordinary Shares;

1.1.2 88,000 Series A Incentive Shares; and

1.1.3 50,000 Series B Incentive Shares.

1.2 Immediately following Admission, assuming the Open Offer is fully subscribed, the Company's authorised and issued share capital will be as follows:

1.2.1 406,607,653 Ordinary Shares;

1.2.2 88,000 Series A Incentive Shares; and

1.2.3 50,000 Series B Incentive Shares.

2. Organisational structure

The Company is the holding company of the Group.

The Company has a wholly-owned subsidiary, Rosebank Industries Holdings Limited, ("RIHL"). RIHL was incorporated in England and Wales on 21 December 2023.

RIHL has two wholly-owned subsidiaries: (i) RB Industries Advisors Corp., which was incorporated in the state of Delaware, United States, on 4 November 2024; and (ii) Gilchrist BidCo Corp. ("Bidco"), which was incorporated in the state of Delaware, United States, on 20 February 2025.

ECI Target is the holding company of the ECI Group.

ECI Target. has 53 wholly-owned (directly or indirectly) subsidiaries as listed below:

	Entity Name	Country of Incorporation
1.	Energy Topco Limited	Cayman
2.	Energy Midco Limited	Cayman
3.	Energy Holdings (Cayman) Limited	Cayman
4.	ECI Holding Company (US) LLC	United States
5.	Energy Acquisition, LP	United States
6.	Energy Acquisition Company Inc.	United States

	Entity Name	Country of Incorporation
7.	ECI Holdco, Inc.	United States
8.	Electrical Components International, Inc.	United States
9.	Aerosystems International Inc.	Canada
10.	NRI Electronics, Inc.	United States
11.	Fargo Assembly Company, Inc.	United States
12.	Fargo ND REO I LLC	United States
13.	Fargo ND REO II LLC	United States
14.	Omni Buyer LLC	United States
15.	Omni Connection, LLC	United States
16.	Zima Connection, LLC	United States
17.	Whitepath Fab Tech, Inc.	United States
18.	Fargo Assembly of PA, Inc.	United States
19.	Fargo PA REO LLC	United States
20.	BHC Cable Assemblies Inc.	Canada
21.	Promark Electronics Inc.	Canada
22.	BriTech LLC	United States
23.	Norwood US Holdings, Inc.	United States
24.	MRG US, LLC	United States
25.	American Battery Company, LLC	United States
26.	Champion Battery Sales, LLC	United States
27.	Flex-Tec, Inc.	United States
28.	Flex-Tec Mexico, S. de R.L. de C.V.	Mexico
29.	Cordset Designs, Inc.	United States
30.	ECM Holding Company	United States
31.	Electrical Components International (Thailand) Company Limited	Thailand
32.	Electrical Components International Limited	United Kingdom
33.	ECI Technology Private, Limited	India

	Entity Name	Country of Incorporation
34.	Electrical Components International S.a.r.l.	Luxembourg
35.	Electrical Components International S.a.r.l. (Turin Branch)	Luxembourg (Italy Branch)
36.	Electrical Components International Sp. z o.o.	Poland
37.	Electrical Components International Sp. z o.o.	Poland (Hungary Branch)
38.	Electrical Components International Korea Limited	South Korea
39.	Electrical Components International de Mexico S de R.L. de C.V.	Mexico
40.	CABIND G.m.b.H	Germany
41.	Electrical Components International Industria de Componentes Electronicos do Brasil Ltda	Brazil
42.	Electrical Components International G.m.b.H	Germany
43.	Electrical Components International, S.L.U.	Spain
44.	Electrical Components International Maroc, S.a.r.l.	Morocco
45.	Electro Componentes de Mexico, S.A. de C.V.	Mexico
46.	Electrical Components Canada, Inc.	Canada
47.	ECI Hong Kong Company, Limited	Hong Kong
48.	Guangzhou Wire Harness Company, Limited	China
49.	ECI Huizhou Company, Limited	China
50.	Xiamen Rei Ho Electronics, Limited	China
51.	OCR Enterprise Philippines Inc.	Philippines
52.	Nanan Xinshun Electronics Co., Limited	China
53.	Xiamen Xinjie Trading Co., Limited	China

3. Details of the Connected Persons Subscription

Conditional on, *inter alia*, the passing of the Transaction Resolutions, the Rosebank Co-Founders and the Non-Executive Directors (together, the “Connected Persons”) have agreed to subscribe for, in aggregate, 4,359,010 Connected Persons Shares for a total price of £13,077,030, as follows:

- Justin Dowley has agreed to subscribe for 333,334 Connected Persons Shares for a total price of £1,000,002;
- Simon Peckham has agreed to subscribe for 1,216,216 Connected Persons Shares for a total price of £3,648,648;

- Matt Richards has agreed to subscribe for 243,243 Connected Persons Shares for a total price of £729,729;
- Christopher Miller has agreed to subscribe for 729,730 Connected Persons Shares for a total price of £2,189,190;
- Joff Crawford has agreed to subscribe for 683,333 Connected Persons Shares for a total price of £2,049,999;
- Jim Slattery has agreed to subscribe for 486,487 Connected Persons Shares for a total price of £1,459,461; and
- Geoff Morgan has agreed to subscribe for 666,667 Connected Persons Shares for a total price of £2,000,001.

The Connected Persons Shares will be issued at the Issue Price at the time of the Placing, the US Private Placement and the Open Offer but will not form part of the Placing, the US Private Placement or the Open Offer. The Connected Persons will not be participating in the Open Offer.

The Connected Persons Shares will, when issued, be subject to the Articles, be credited as fully paid and rank *pari passu* in all respects with the Existing Ordinary Shares, the Placing Shares, the US Private Placement Shares and the Open Offer Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of Ordinary Shares after the date of issue of the Connected Persons Shares.

4. Directors' and the Senior Executives' interests

- 4.1 As at the date of this announcement, the interests of the Directors and the Senior Executives, all of which are beneficial unless otherwise indicated, in the issued Ordinary Share capital of the Company which have been notified to the Company and the interests of persons connected with a Director or Senior Executive, the existence of which is known or could with reasonable diligence be ascertained by each of them, is as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of the Existing Ordinary Share capital</i>
Justin Dowley.....	108,108	0.54%
Simon Peckham.....	540,541	2.70%
Matt Richards.....	108,108	0.54%
Christopher Miller.....	324,325	1.62%
Joff Crawford.....	216,216	1.08%
Jim Slattery.....	216,216	1.08%
Geoff Morgan.....	216,216	1.08%

- 4.2 Following the Capital Raise and assuming the Open Offer is fully subscribed, the interests of the Directors and the Senior Executives, all of which are beneficial unless otherwise indicated, in the issued Ordinary Share capital of the Company and the interests of persons connected with a Director or Senior Executive, the existence of which is known or could with reasonable diligence be ascertained by that Director or Senior Executive, will be as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of the Enlarged Share capital</i>
Justin Dowley.....	441,442	0.11%
Simon Peckham.....	1,756,757	0.43%
Matt Richards.....	351,351	0.09%
Christopher Miller.....	1,054,055	0.26%
Joff Crawford.....	899,549	0.22%
Jim Slattery.....	702,703	0.17%
Geoff Morgan.....	882,883	0.22%

4.3 The Company's issued share capital includes 88,000 Series A Incentive Shares and 50,000 Series B Incentive Shares, which are held as follows:

<i>Director</i>	<i>Number of Series A Incentive Shares</i>	<i>Percentage of authorised Series A Incentive Share Capital</i>	<i>Number of Series B Incentive Shares</i>	<i>Percentage of authorised Series B Incentive Share Capital</i>
Simon Peckham	24,000	24%	10,000	10%
Matt Richards.....	16,000	16%	10,000	10%
Joff Crawford.....	16,000	16%	10,000	10%
Jim Slattery.....	16,000	16%	10,000	10%
Geoff Morgan	16,000	16%	10,000	10%

In addition, the Rosebank Board has been authorised to allot a further 12,000 Series A Incentive Shares, 50,000 Series B Incentive Shares and 100,000 Series C Incentive Shares to employees (or an employee share ownership plan trust) at the discretion of the Rosebank Board or the remuneration committee.

5. Significant shareholders

As at the Latest Practicable Date, the Company is aware of the following Shareholders who are interested, directly or indirectly, in 3% or more of the Company's issued share capital:

Shareholder	As at the Latest Practicable Date
	Number of Existing Ordinary Shares
GIC Private Limited	3,400,000
BlackRock Inc	2,705,249
Rosebank Industries PLC Directors & Related Parties	1,938,359
Artemis Investment Management LLP	1,773,070
Permian Investment Partners, LP	1,630,000
Norges Bank	1,600,000
Aviva Investors	1,448,640
Select Equity	1,057,782
Schroder Investment Management	703,558

6. Lock-in agreements

Each of the Rosebank Co-Founders and the Non-Executive Directors has previously agreed, in favour of the Previous Joint Bookrunners and the Company, save for in those circumstances specified in Rule 7 of the AIM Rules, not to dispose of any interest in the Existing Ordinary Shares for a period of 12 months following the Company's admission to AIM on 11 July 2024 (the "July 2024 Admission"), or until the Ordinary Shares are admitted to the Official List and to trading on the Main Market of the London Stock Exchange, if earlier (the "Restricted Period"). In addition, each of the Rosebank Co-Founders has previously agreed with the Company, following expiry of the Restricted Period until three years following the July 2024 Admission, subject to certain customary exceptions, not to transfer, charge or otherwise dispose of any of the Existing Ordinary Shares subscribed or held by him at the time of the July Placing and the Acquisition without the prior written consent of the Company.

7. Material contracts

Other than as set out in the July 2024 Admission Document, the following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the members of the Enlarged Group (a) in the two years immediately preceding the publication

of this announcement (or in the case of the Company, since its incorporation), and which are, or may be, material; or (b) at any time and which contain any provision under which any member of the Enlarged Group has any obligation or entitlement which is material to the Enlarged Group as at the date of this announcement.

Material contracts relating to the Acquisition

7.1 Acquisition Agreement

Details of the Acquisition Agreement are set out in this announcement.

7.2 Management Warranty Deed

7.2.1 A management warranty deed was entered into on 6 June 2025 between Rosebank and certain members of management of ECI (the “Warrantors”), (the “Management Warranty Deed”). Pursuant to the Management Warranty Deed, the Warrantors provided certain fundamental, business and tax warranties to Rosebank with respect to the business of the ECI Group. However, other than in the event of fraud, the sole recourse for Rosebank for any breach of such warranties shall be to the W&I Insurance Policy, and Rosebank will not be able to recover against the Seller or the Warrantors for any claims in respect of the warranties.

7.2.2 The Management Warranty Deed is governed by the laws of England and Wales.

7.3 W&I Insurance Policy

7.3.1 A warranty and indemnity insurance policy for the benefit of the Company was entered into on 6 June 2025 with Euclid Transactional UK Limited as the primary insurer (the “W&I Insurance Policy”). The W&I Insurance Policy provides the Company with the ability to claim for loss in the event of breach of certain fundamental, business and tax warranties in the Acquisition Agreement and the Management Warranty Deed for certain specified periods of time following Acquisition Completion. Howden M&A Limited acted as broker in connection with the placing of the W&I Insurance Policy. The W&I Insurance Policy provides an overall coverage limit (inclusive of cover provided by excess insurers) of \$105,000,000 (with an applicable retention (excess) of \$9,470,000 applying to general business and tax warranty claims). The W&I Insurance Policy excludes cover for items specifically identified during, or carved out of the scope of, the due diligence process and any breach of warranty of which certain Rosebank employees have actual knowledge, as well as certain other customary exclusions.

7.4 New Debt Facilities and hedging arrangements

7.4.1 On 6 June 2025, Rosebank entered the Debt Commitment Documents with, among others, certain financial institutions named therein (each as an arranger and underwriter) (the “Arrangers”). Pursuant to the Debt Commitment Documents, the Arrangers have agreed to:

- (a) underwrite certain facilities to be made available to the Company and Gilchrist BidCo Corp, such facilities comprising (i) term loan commitments in an aggregate principal amount of \$400,000,000 (“Facility A”) and (ii) multi-currency revolving commitments in an aggregate principal amount of \$500,000,000 (“Facility B” and, together with Facility A, the “Facilities”); and
- (b) enter into long form debt financing documents on the terms described in the balance of this paragraph 7.4 (New Debt Facilities) of this Appendix.

7.4.2 Rosebank (as original parent), RIHL (as the company) and Bidco (together with Rosebank and RIHL, the “Original Obligors”) will enter into a senior term and revolving credit facilities agreement with, among others, certain financial institutions named as original lenders (the “Lenders”) (the “Facilities Agreement”). Pursuant to the Facilities

Agreement, the Lenders make the Facilities available to RIHL and Bidco as original borrowers.

- 7.4.3 The proceeds of Facility A shall be applied towards the financing or refinancing (directly or indirectly), amongst other things, the consideration for, and any other amounts payable in connection with, the Acquisition, the repayment of existing indebtedness of the ECI Group and/or transaction costs and other fees, costs and/or expenses. The proceeds of Facility B shall be applied towards financing the ECI Group's working capital requirements and general corporate purposes.
- 7.4.4 Each of the Original Obligors will jointly and severally guarantee the obligations owed to the lenders, among other finance parties, under the Facilities Agreement. In addition, the terms of the Facilities Agreement will require that, following Acquisition Completion and subject to certain limitations, certain members of the Group accede to the Facilities Agreement as guarantors in accordance with minimum guarantor coverage requirements set out therein.
- 7.4.5 Pursuant to the terms of the Facilities Agreement, each obligor (which shall include each Original Obligor and each member of the Group required to accede to the Facilities Agreement as a guarantor), will be required to make certain customary representations and warranties at various times throughout the term of the Facilities Agreement. In addition, the terms of the Facilities Agreement will contain certain restrictions on the operations of the Group. These include customary positive and negative covenants including, without limitation, restrictions on mergers, acquisitions, disposals, incurrence of financial indebtedness and/or loans to persons outside of the Group and a negative pledge restricting security over the Group's assets. Rosebank will also be required to comply with certain information undertakings, including delivery of financial information relating to the Group for distribution to the lenders.
- 7.4.6 The Facilities Agreement will contain the following financial covenants:
- (a) Interest Cover, being the ratio of consolidated EBITDA of the Group to the consolidated net finance charges of the Group, which must not be less than 3.0:1.0 (for the relevant period ending 30 June 2026) or 3.5:1.0 (for any relevant period ending on or after 31 December 2026); and
 - (b) Debt Cover, being the ratio of consolidated total net debt of the Group to consolidated EBITDA of the Group, which must not exceed 4.0:1.0 (for the relevant period ending 30 June 2026); 3.75:1.0 (for the relevant period ending 31 December 2026) or 30.5:1.0 (for any relevant period ending on or after 30 June 2027).
- 7.4.7 Each financial covenant shall be tested bi-annually, by reference to each set of half-year or annual financial statements and/or each compliance certificate delivered pursuant to the terms of the Facilities Agreement. The financial covenants shall be tested for the first time in respect of the 12-month period ending 30 June 2026.
- 7.4.8 When determining consolidated EBITDA for the purposes of testing the financial covenants referred to above, Rosebank shall be permitted to, amongst other things: (i) include the operating profits of any entity or business acquired during the relevant period; (ii) exclude the operating profits of any entity or business sold during the relevant period; (iii) include certain pro forma adjustments in respect of acquisitions and disposals (and certain group initiatives implemented during the relevant period) in each case projected by Rosebank after taking into account the run rate effect of cost savings and other synergies (including revenue synergies) which the Group believes can be achieved within a specified timeframe following the relevant acquisition, disposal and/or group initiative referred to above, provided that the aggregate amount of pro forma adjustments included in respect of any relevant period must not exceed 20% of consolidated EBITDA.

- 7.4.9 The Facilities Agreement will contain certain events of default including, without limitation, in respect of (i) non-payment (subject to a grace period), (ii) breach of financial covenant, (iii) misrepresentation (subject to a materiality threshold and a grace period), (iv) cross default (subject to a de minimis exemption basket), (v) insolvency and (vi) insolvency proceedings. Certain of the other events of default are subject to exceptions, de minimis baskets, materiality thresholds and/or grace periods. The occurrence of any event of default under the Facilities Agreement would permit, among other things, the acceleration of any loan and cancellation of commitments made available under the Facilities.
- 7.4.10 Subject to certain exceptions, loans made available under each of Facility A and Facility B shall bear interest at a rate per annum equal to the aggregate of (i) the applicable base rate (which for loans drawn in US Dollars is SOFR (or, if applicable, the term SOFR reference rate administered by CME Group Benchmark Administration Limited), for loans drawn in Euro is EURIBOR and for loans drawn in Sterling is SONIA) and (ii) a margin, which is subject to a leverage-based ratchet. The opening margin in respect of Facility A shall be 1.70% per annum and the opening margin in respect of Facility B shall be 2.10% per annum.
- 7.4.11 The scheduled maturity date for the Facilities is three years from the date on which Facility A is drawn to complete the Acquisition. The Company may extend the maturity date in respect of Facility B up to twice (in each case by no more than one year) by giving notice to the facility agent not less than 30 days' prior to (i) the original maturity date or (ii) if after the first extension of the original maturity date, the first anniversary of the original maturity date.
- 7.4.12 The Facilities Agreement will be governed by English law.
- 7.4.13 The Company intends to enter into DCFX transaction(s). Under the terms of the DCFX the Company will fix the rate of exchange at which it can convert into US dollars the pound sterling amount that the Company will receive in respect of the Institutional Capital Raise. Accordingly, the Company will mitigate the currency fluctuation risk that would otherwise apply due to changes of the rate of exchange between pound sterling and the US dollar (i) from the date of entry into the Placing Agreement and the US Private Placement Document (ii) to the date upon which the sterling proceeds for the Institutional Capital Raise are received in full.

The Company will only be required by each counterparty to a DCFX to exchange the applicable sterling amount into US dollars if the Company has received in full the amounts to be paid to it in respect of the Institutional Capital Raise by the long stop date as defined under the terms of the DCFX. If this has not occurred then the DCFX will lapse at no cost to the Company.

7.5 Placing Agreement

- 7.5.1 On 6 June 2025, the Company and the Banks entered into the Placing Agreement pursuant to which the Banks agree, severally and not jointly or jointly and severally, subject to certain conditions, to use reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price and failing which to subscribe themselves for the relevant Placing Shares at the Issue Price (in such proportions as set out in the Placing Agreement).
- 7.5.2 Pursuant to the Placing Agreement the Company agrees to issue the US Private Placement Shares at the Issue Price to subscribers procured by it pursuant to the US Private Placement, and, failing subscription for such US Private Placement Shares by the procured subscribers, the Banks agree, severally and not jointly or jointly and severally, subject to certain conditions, to subscribe themselves for the relevant US Private Placement Shares at the Issue Price (in such proportions as set out in the Placing Agreement). The Open Offer and the Connected Persons Subscription are not underwritten.

- 7.5.3 The Placing and the US Private Placement are conditional, inter alia, on the approval of the Transaction Resolutions at the General Meeting, Admission occurring not later than 8:00 a.m. on 3 July 2025 (or such later date determined by the Company in consultation with the Joint Global Coordinators being no later than 14 September 2025), and the Placing Agreement not having been terminated prior to Admission.
- 7.5.4 The Placing Agreement contains certain warranties, undertakings and indemnities given by the Company in favour of the Banks which are customary in agreements of this nature.
- 7.5.5 Under the Placing Agreement, the Banks will receive a base commission of 1.50% of the aggregate gross proceeds of the Placing and the US Private Placement and the Company may pay to the Banks at its absolute discretion an additional commission of up to 0.25% of the aggregate gross proceeds of the Placing and the US Private Placement. The Banks will not receive any commission in relation to the Open Offer or the Connected Persons Subscription.
- 7.5.6 The Company has agreed to pay all expenses of or incidental to the Capital Raise and Admission.
- 7.5.7 The Banks may terminate the Placing Agreement at any time prior to Admission in certain customary circumstances set out in the Placing Agreement.
- 7.5.8 Under the Placing Agreement, the Company has agreed that it will not, and will procure that its subsidiaries will not, without the prior written consent of each of the Banks (not to be unreasonably withheld or delayed), between the date of the Placing Agreement and the date which is 180 days after Admission, (i) offer, pledge, sell, contract to sell, grant any option, right, warrant or contract to purchase, purchase any option or contract to sell, lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other shares in the capital of the Company or any securities convertible into or exchangeable for Ordinary Shares or other shares in the capital of the Company or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Ordinary Shares or other shares in the capital of the Company, provided that the foregoing restrictions shall not apply to (i) the issue of the New Ordinary Shares in connection with the Capital Raise and the Placing Agreement; and (ii) the allotment and issue, or transfer from treasury, of any Ordinary Shares, or the re-designation of any Incentive Shares as Ordinary Shares, in each case to effect conversion (in whole or in part) of any Incentive Shares into Ordinary Shares, in accordance with the Articles.
- 7.5.9 Each of the Rosebank Co-Founders and the Non-Executive Directors is subject to certain lock-in arrangements in respect of their respective holding of Ordinary Shares. Further details of the lock-in arrangements are set out in paragraph 6 of this Appendix.

7.6 Investor letters

On 5 June 2025, the Company entered into investor letters with certain institutional investors in the United States in connection with the US Private Placement pursuant to which each such institutional investor irrevocably commits to subscribe under the US Private Placement, on the basis of the terms and conditions set out in the US Private Placement Document, for US Private Placement Shares at the Issue Price, conditional on, inter alia, Admission occurring no later than 3 July 2025, or such later date determined by the Company being no later than 14 September 2025. The investor letters and related terms and conditions contain customary provisions, including customary representations and warranties from each institutional investor for the benefit of the Company. The US Private Placement is fully underwritten by the Banks.

Material contracts relating to ECI

7.7 Flex-Tec SPA

ECI, Flex-Tec, Inc. ("Flex-Tec") and Charles Ragnar Fitch ("Flex-Tec Seller") entered into a Stock Purchase Agreement on 21 June 2024, pursuant to which ECI agreed to purchase and Flex-Tec Seller agreed to sell all the issued and outstanding shares of Flex-Tec (the "Flex-Tec SPA"). There was an amount of base consideration payable on closing and there remains an amount of \$5 million (together with accrued interest) outstanding under a promissory note, which becomes payable on 21 June 2026.

The Flex-Tec SPA contains customary representations and warranties relating to Flex-Tec's title to assets, as well as customary business and commercial warranties and certain tax warranties, including representations and warranties related to Flex-Tec's Mexican subsidiary. The Flex-Tec SPA contains customary representations and warranties relating to the Flex-Tec Seller's ownership of his shares, as well as customary business and commercial representations and warranties. The Flex-Tec SPA contained customary business and commercial representations and warranties relating to Flex-Tec Buyer. The Flex-Tec SPA also contains limitations on the Flex-Tec Seller's liability under the Flex-Tec SPA, including time and financial limitations. Except for certain fundamental representations and warranties, which survive until seven years after closing or 60 days following the expiration of the applicable statute of limitations, each of the representations and warranties survive until 12 months after the closing. The liability of the Flex-Tec Seller in respect of general representation and warranties claims was limited at a financial threshold.

The Flex-Tec SPA is governed by the laws of the State of Delaware. The Flex-Tec transaction has closed.

7.8 Omni SPA

Omni Buyer LLC ("Omni Buyer"), a subsidiary of ECI, Omni Connection International, Inc. ("Omni"), Zima Corporation ("Zima"), Xiamen Rei Ho Electronics, Ltd. ("Xiamen RH" and together with Omni and Zima, the "Omni Targets") and, amongst others, Henry Cheng as a seller and sellers' representative ("Omni Sellers") entered into a Stock Purchase Agreement on 26 April 2021, pursuant to which the Omni Buyer agreed to purchase and the Omni Sellers agreed to sell the Omni Targets (the "Omni SPA"). The Omni SPA provides for an earn-out payable to the Omni Sellers (the "Omni Earn-Out") and certain other persons. The Omni SPA also provides for an escrow amount, to be held until 21 May 2026, to serve as security for, and as a source of payment of, any of the Omni Sellers' indemnification obligations with respect to taxes and related expenses arising out of the Omni Target's Chinese operations for the applicable pre-closing tax period, with any remaining funds released to the Omni Sellers.

The Omni SPA is governed by the laws of the State of Delaware. The Omni transaction has closed.

7.9 2024 Credit Agreement

Energy Midco Ltd., Energy Holdings, Energy Acquisition LP, Energy Acquisition Company, Inc. and Electrical Components International, Inc. (each an indirect subsidiary of ECI) have entered into a credit agreement dated 10 May 2024 with, among others, Alter Domus (US) LLC as term agent and PNC Bank, National Association as revolving agent (the "2024 Credit Agreement"). Pursuant to the 2024 Credit Agreement, lenders party thereto have made available to each of Energy Acquisition LP, Energy Acquisition Company, Inc. and Electrical Components International, Inc. as borrowers facilities comprising (i) term loan commitments in an aggregate principal amount of \$905,000,000, (ii) delayed draw commitments in an aggregate principal amount of \$95,000,000 and (iii) revolving credit commitments in an aggregate principal amount of \$100,000,000.

The proceeds of the term loans made available under the 2024 Credit Agreement were applied to refinance certain existing indebtedness of the ECI Group and to pay certain fees, costs and expenses in connection such refinancing. The borrowers may utilise the delayed draw facility to finance acquisitions permitted under the 2024 Credit Agreement. The revolving credit commitments are available for financing general corporate purposes of the Group (including capital expenditure).

Certain members of the ECI Group have entered into pledge agreements to secure obligations owed to the lenders, among other secured parties, under the 2024 Credit Agreement. The assets subject to such security include shares in other members of the ECI Group and intercompany debts.

The 2024 Credit Agreement contains certain representations and warranties given by, among others, Energy Holdings. Energy Holdings, among other members of the Group, is also subject to certain affirmative covenants in respect of, among other things, delivery of financial reporting to the lenders, maintenance of the assets and business of the Group, and use of proceeds of the loans. In addition, certain negative covenants contained in the 2024 Credit Agreement impose restrictions on the ability of the Group to, among other things, make investments, grant security over its assets, incur indebtedness and effect certain restricted payments.

The scheduled maturity date under the 2024 Credit Agreement is 10 May 2029. The borrowers are permitted to prepay loans (together with accrued interest and, if applicable, break fees) prior to their scheduled maturity. Any prepayment made prior to 10 May 2026 in connection with a change of control shall be subject to certain early repayment fees.

The 2024 Credit Agreement is governed by New York law.

7.10 Hedging Arrangements

ECI has entered into certain ISDA master agreements and other FX and swap agreements with third-party financial institutions for the purposes of hedging its exposure to foreign exchange fluctuations and commodity prices. ECI has a number of outstanding trades with each of (i) J. Aron & Company LLC; (ii) Bank of America, N.A.; (iii) Bannockburn Global Forex, LLC; (iv) Pekao Bank Poland; (v) BNP Paribas Poland; and (vi) JPMorgan Chase Bank, N.A. under such agreements.

7.11 Factoring Arrangements

Certain subsidiaries of ECI have entered into factoring arrangements with a number of financial institutions. Pursuant to these arrangements, each participating member of the ECI Group finances its accounts receivable with a financial institution by selling its receivables at a discount. The amount of factored receivables as of April 2025 was approximately \$105.7 million.

Certain of the factoring agreements may be terminated without cause by any party, on the giving of notice within a prescribed notice period (depending on the agreement) of up to 60 days.

Certain of the arrangements contain change of control provisions and/or notification requirements which may be triggered upon Acquisition Completion.

7.12 Supply Chain Financing Arrangements

ECI and PrimeRevenue, Inc. ("PrimeRevenue") entered into a master services agreement, dated 1 February 2019 (the "SCF Master Agreement"), and a supply chain finance renewal proposal dated 31 January 2023 governing a supply chain finance programme managed by PrimeRevenue (the "SCF Programme").

Under the programme, each supplier of ECI which agrees to join the SCF Programme can sell to certain financial institutions participating in the SCF Programme invoice receivables owed to it by ECI. Pursuant to the SCF Programme, ECI benefits from extended payment terms in respect of invoices submitted to the SCF Programme.

If either ECI or PrimeRevenue breaches a material provision of the SCF Master Agreement and fails to cure such breach within 15 days of notice from the non-breaching party of such breach, the non-breaching party may terminate the SCF Master Agreement.

8. Related Party Transactions

8.1 Other than as set out in this announcement and the July 2024 Admission Document and save as disclosed in the notes to the audited results of the Group for the seven months ended 31 December 2024 (available at: <https://www.rosebankindustries.com>), no member of the Group has entered into any related party transaction since the date of the Company's incorporation.

8.2 Other than as set out in the notes to the audited financial information contained in Appendix VI of this announcement, no member of the ECI Group has entered into any related party transaction since 1 January 2022.

9. Working Capital

The Directors are of the opinion, having made due and careful enquiry that, after taking into account the net proceeds of the Placing, the US Private Placement and the New Debt Facilities, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is, for at least 12 months from the date of Readmission.

10. Significant Change

There has been no significant change in the financial performance or financial position of the Group since 31 December 2024, the date to which the last audited financial statements relating to the Group have been published.

Save as disclosed in this announcement, there has been no significant change in the financial performance or financial position of the ECI Group since 31 December 2024, the date to which the last audited financial statements relating to the ECI Group have been published.

11. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the 12 months preceding the date of this announcement which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this announcement which may have, or have had in the recent past, significant effects on ECI and/or the ECI Group's financial position or profitability.

12. Investing Policy

The Company is an 'investing company' for the purposes of the AIM Rules. Following Acquisition Completion, the Company will cease to be an 'investing company' and as such its Investing Policy will cease to apply.

Pending completion of an initial acquisition, in accordance with its Investing Policy, the Directors have been using the initial seed capital, after expenses of the July Placing, to fund transactional due diligence costs and minor corporate expenses to enable the Company to seek acquisition opportunities and pursue its strategy and, pending such use, they invested the net proceeds of the July Placing in government securities and gilts, money market funds and/or cash on deposit with less than 40% of the total net proceeds held in investment securities such as corporate bonds. If Acquisition Completion does not occur, the Directors intend to invest the net proceeds of the Capital Raise on a short-term basis while the Rosebank Board evaluates other acquisition opportunities and, if no acquisitions can be found on acceptable terms, the Rosebank Board will consider how best to return surplus capital to Shareholders.

In accordance with the AIM Rules, if the Company fails to make an acquisition or has not substantially implemented its Investing Policy within 18 months of the July 2024 Admission, the Company will be required to seek Shareholder approval for its Investing Policy at its next annual

general meeting and on an annual basis thereafter until such time as there has been an acquisition or the Investing Policy has been substantially implemented. The Directors would, at any subsequent annual general meeting, ask Shareholders to consider whether to continue exploring acquisition opportunities or to wind up the Company and return funds (after payment of the expenses and liabilities of the Company) to Shareholders.

13. No Prospectus

The Capital Raise has been structured to maximise the pre-emptive entitlement of Shareholders to the extent reasonably possible without requiring the publication of an FCA-approved prospectus. The Placing, the US Private Placement and the Connected Persons Subscription are being carried out pursuant to exemptions from the requirement to publish an FCA-approved prospectus. In addition, the maximum amount that can be raised by the Company under the Open Offer without an FCA-approved prospectus must not exceed the sterling equivalent of €8 million. This will provide eligible Shareholders, being those Shareholders with a registered address in the UK or Jersey and who have not been invited to participate in the Placing, the US Private Placement or the Connected Persons Subscription, with an opportunity to participate in the proposed issue of Open Offer Shares on a pre-emptive basis.

The Capital Raise has therefore been structured such that an FCA-approved prospectus is not required to be published, as to do so would have necessitated ECI's financial information being converted from US GAAP to IFRS. The extended timeframe that would be required to do so would have jeopardised the Company's ability to negotiate the Acquisition in a timeframe acceptable to the Seller.

IMPORTANT INFORMATION

The defined terms are set out in Appendix V to this announcement.

This announcement has been issued by, and is the sole responsibility of, Rosebank Industries plc.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose whatsoever on the completeness, accuracy or fairness of the information or opinions contained in this announcement.

Nothing in this announcement constitutes legal, financial, tax or other advice or takes into account the particular investment objectives, financial situation, taxation position or needs of any person.

This announcement is not for publication, release or distribution, directly or indirectly, in whole or in part, in or into or from the United States, Australia, Canada, New Zealand, Japan, the Republic of South Africa or any other state or jurisdiction in which such publication, release or distribution would be unlawful. This announcement and the information contained herein is not intended to and does not contain or constitute an offer of, or the solicitation of an offer to buy or subscribe for, securities to any person in the United States, Australia, Canada, New Zealand, Japan, the Republic of South Africa or any other state or jurisdiction in which such an offer would be unlawful.

The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States, absent registration or an applicable exemption from registration. The Company has no intention to register any part of the Capital Raise in the United States or make a public offering of securities in the United States.

This announcement is being distributed only to: (a) in a EEA Member State, persons who are 'qualified investors' as defined in Article 2(e) of Regulation (EU) 2017/1129, as amended (the "EU Prospectus Regulation") ("Qualified Investors"); (b) in the United Kingdom, persons who are 'qualified investors' as defined in Article 2(e) of the EU Prospectus Regulation as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation") who are: (i) persons having professional experience in matters relating to investments who fall within the definition of 'investment professionals' in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) in connection with the sale of any securities of the Company may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"); and (c) in Australia, the following persons to whom a disclosure document is not required to be provided under Part 6D.2 of the *Corporations Act 2001* (Cth) ("Corporations Act"): (i) "sophisticated investors" within the meaning of section 708(8) of the Corporations Act; or (ii) "experienced investors" meeting the criteria in section 708(10) of the Corporations Act; or (iii) "professional investors" within the meaning of section 708(11) of the Corporations Act (all such persons together being referred to as "Wholesale Investors"). This announcement must not be acted on or relied on: (i) in the United Kingdom, by persons who are not Relevant Persons; (ii) in any EEA Member State, by persons who are not Qualified Investors; and (iii) in Australia, by persons who are not Wholesale Investors. Any investment or investment activity to which this announcement relates is available only to or will be engaged only with: (i) Relevant Persons in the United Kingdom; (ii) Qualified Investors in any EEA Member State; and (iii) Wholesale Investors in Australia. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions.

Each of: (i) the Company; and (ii) Barclays Bank PLC ("Barclays"), BNP PARIBAS ("BNPP"), Citigroup Global Markets Limited ("Citigroup") and Investec Bank plc ("Investec") (together, the "Banks"), and in each case, their respective affiliates as defined under Rule 501(b) of Regulation D under the Securities

Act ("affiliates"), expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

No representation or warranty, express or implied, is made or given by or on behalf of the Company, the Banks, or any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings, or any of such person's directors, officers, affiliates, agents, advisers, employees, or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this announcement and no responsibility or liability is accepted for any such information or opinions.

Each of Investec, Barclays and Citigroup are authorised by the Prudential Regulation Authority (the "PRA") and regulated in the UK by the PRA and the Financial Conduct Authority (the "FCA"). BNPP is authorised and regulated by the European Central Bank and the *Autorité de contrôle prudentiel et de résolution*, and is authorised by the PRA and is subject to regulation by the FCA and limited regulation by the PRA. Each Bank is acting exclusively for the Company and no one else in connection with the Placing and Admission. They will not regard any other person (whether or not a recipient of this announcement) as their client in relation to the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Placing and Admission or any transaction or arrangement referred to in this announcement.

Each of Rothschild & Co and Goldman Sachs, which are authorised and regulated by the Financial Conduct Authority in the United Kingdom, are acting exclusively for Cerberus and ECI and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than Cerberus and ECI for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.

In connection with the Admission and the Placing, the Banks, and any of their respective affiliates, may take up a portion of the New Ordinary Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Admission, the Placing, or otherwise. Accordingly, references to the New Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by the Banks, and any of their respective affiliates acting in such capacity. In addition, the Banks, and any of their respective affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which they may from time to time acquire, hold or dispose of New Ordinary Shares. Further to any contractual obligations that may be in place between the Company and the Banks, in the event that the Bank or their respective affiliates subscribe for New Ordinary Shares in the Institutional Capital Raise which are not taken up by relevant subscribers, the Banks and their respective affiliates may for a limited period co-ordinate disposals of such shares in accordance with applicable law and regulation. Neither the Banks, nor any of their respective affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Forward looking statements

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should', or, in each case, their negative or other variations or comparable terminology.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in Appendix III to this announcement. Any forward-looking statements in this announcement reflect the Company's current views, intentions, beliefs or expectations with respect to future events and are subject to these

and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as at the date of this announcement. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company or the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this announcement which could cause actual results to differ before making an investment decision.

For the avoidance of doubt, the contents of the Company's website or any website directly or indirectly linked to the Company's website are not incorporated by reference into, and do not form part of, this announcement.

Unaudited and adjusted financial information

ECl is the indirect parent company of Energy Holdings (Cayman) Ltd ("Energy Holdings") which is the entity within the ECl Group at which level the financial statements relating to the ECl Group are consolidated.

The financial information from which the unaudited adjusted financial information for Energy Holdings and its subsidiaries in this announcement for the four months ended 30 April 2025 as set out in section B of Appendix VI of this announcement has been derived is extracted from the management accounts of ECl, which are unaudited. The management accounts have been prepared on a consistent basis with the accounting policies applied to the audited consolidated financial statements as set out in section A of Appendix VI of this announcement (as it relates to the financial information presented). It should not be seen as a substitute for audited or reviewed financial information and there can be no assurance that this financial information will not be subject to material amendments following completion of the relevant audit procedures. Accordingly, investors are cautioned not to place undue reliance on this information. If any unaudited financial information is subject to amendment following the completion of audit procedures, this may have an adverse effect on the price of the Ordinary Shares.

This announcement also contains certain non-US GAAP financial measures and ratios (as set out in section D of Appendix VI to this announcement).

Information to distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK Product Governance Requirements"), and/or any equivalent requirements elsewhere to the extent determined to be applicable, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares 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 Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary 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 any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market

Assessment, the Joint Global Coordinators 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 Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; 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 New Ordinary Shares.

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