



BAY CAPITAL
PLC

ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2023

Incorporated and registered in Jersey under the Companies (Jersey) Law 1991
with registered number 134743

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Company Information

DIRECTORS, SECRETARY AND ADVISERS

Directors	Peter William Gregory Tom CBE David Williams
Company Secretary	JTC (Jersey) Limited 28 Esplanade, St Helier Jersey JE2 3QA
Registered Office	28 Esplanade, St Helier Jersey JE2 3QA
Registered Number	134743
Independent Auditor	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Solicitors to the Company (UK)	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF
Solicitors to the Company (Jersey)	Ogier (Jersey) LLP 44 Esplanade, St Helier Jersey JE4 9WG
Principal Banker	Butterfield Bank (Jersey) Limited St Paul's Gate, New St, St Helier Jersey JE4 5PU
Registrar	Link Market Services (Jersey) Limited 12 Castle Street, St Helier Jersey JE2 3RT
Strategic Adviser	Tessera Investment Management Limited 12 Hay Hill London W1J 8

Chairman's Statement

I am pleased to present the financial results for Bay Capital Plc ("Bay", or the "Company") and its subsidiary (together the "Group") for the year ended 31 December 2023.

Since establishing the Company in 2021, we have remained focused on implementing our strategy and continue to assess acquisition opportunities where we believe there to be sustainable growth potential either organically or through acquisition. During the year, we progressed a number of these opportunities, some to advanced stages, and although we are yet to complete our inaugural transaction, the majority of our IPO placing proceeds remain intact and we continue to advance a number of interesting opportunities from our acquisition pipeline.

We remain positive about the prospects of our sectors of focus across the broader industrials market, particularly given the current trough in the economic cycle we find ourselves in. This continues to present a series of opportunities at potentially interesting entry points, which if secured, we believe have the potential to create shareholder value.

We thank our loyal shareholders for their continued support while we diligently pursue our inaugural acquisition, and look forward to updating in due course as our plans progress.

Peter Tom CBE

Chairman

23 April 2024

Report of the Directors

The Directors of the Company present their report for the year ended 31 December 2023.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

For the financial year ended 31 December 2023, the Group and Company's principal activity was that of a holding group and company respectively. The Group and Company have actively pursued their strategy through the sourcing and assessment of acquisition and investment opportunities in the industrial, construction and business services sectors, together with software and technology companies which service those industries.

RESULTS

During the year, Bay recorded a loss of £1,306,686 (2022: loss of £251,321) and the loss per share was 1.87p (2022: loss per share of 0.36p), reflecting moderate monthly operating expenses of the Group and costs relating to acquisition activity. The Group and Company had cash reserves at the end of the year of £6,067,461 (2022: £6,458,073).

DIVIDENDS

At this point in the Company's development, it does not anticipate declaring any dividends in the foreseeable future. As such, the Directors do not recommend the payment of a dividend for the year.

FUTURE DEVELOPMENTS

The Directors expect to continue to execute the Group's strategy in sourcing and assessing acquisition and investment opportunities across its stated sectors of focus.

KEY PERFORMANCE INDICATORS

The Board continues to focus on maximising shareholder value by sourcing, assessing and where in the interest of shareholders to do so, investing in and acquiring growing businesses within the industrial, construction and business services sectors.

Following completion of the Company's inaugural transaction, the Board will be in a position to identify and develop its key performance indicators for on-going monitoring and management.

GOING CONCERN

The Directors, having made due and careful enquiry, are of the opinion that the Group and Company have adequate working capital to execute their operations over the next 12 months. The Group and Company's unaudited cash balance as at 12 April 2024 was £5,212,927, and excluding the consummation of any investment or acquisition which will likely require specific funding, have adequate resources available to fund the on-going forecasted operating expenses for at least twelve months following approval of the financial statements. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in preparing the annual financial statements (see Note 2).

RISK MANAGEMENT

In order to execute the Group's strategy, the Company and its subsidiaries will be exposed to both financial and non-financial risks. The Board has overall responsibility for the Group's risk management and it is the Board's role to consider whether those risks identified by management are acceptable within the Group's strategy and risk appetite. The Board therefore periodically reviews the principal risks and considers how effective and appropriate the controls that management has in place to mitigate the risk exposure are and will make recommendations to management accordingly.

Report of the Directors

continued

As the Company had not completed its first investment or acquisition in the period, it has limited financial statements and/or historical financial data, and limited trading history. As such, the Company during the period was subject to the risks and uncertainties associated with an early-stage acquisition company, including the risk that the Company will not achieve its investment objectives and that the value of an investment could decline and may result in the partial or complete loss of capital invested. The past performance of investee companies or assets managed by the Directors will not necessarily be a guide to future business, results of operations, financial condition or prospects of the Company.

In order to mitigate against these risks, the Directors will continue to undertake thorough due diligence on investment opportunities and acquisition targets, to a level considered reasonable and appropriate by the Company on a case-by-case basis, including the potential commissioning of third-party specialist reports as appropriate. Following completion of any investment or acquisition, it is intended that any investments or assets will be managed by the Directors and assisted by the Company's professional advisers.

Financial Risk Management

The Directors considered the Group to be exposed to the following financial risks:

- a. Price risk: the price paid for securities is subject to market movement that will have an impact on the operations of the Group;
- b. Cash flow interest rate risk: the Group has significant cash balances which exposed it to movement in the market interest rates; and
- c. Liquidity risk: the Group manages its cash requirements through detailed forecasting and planning for amount and timing of payments and receipts of interest income, to ensure cash resources are available when required.

Given the relatively small size and operation of the Group in the year, the Directors did not delegate the responsibility of risk monitoring to a sub-committee of the Board, but closely monitored the risks on a periodic basis. The Directors consider their exposure in the financial year to have been low. Refer to Note 14 for assessment of the risks arising from financial instruments.

Non-financial Risk Management

The non-financial risk factors for the year ended 31 December 2023 did not materially change from those set out in Bay's Prospectus dated 27 September 2021.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY

As the Company has not completed its first acquisition and has only two Directors and one employee, limited travel and no premises, the Directors do not consider any disclosure under the Task Force on Climate-related Financial Disclosures is required at this juncture, however the Company will review this position as it executes its investment and acquisition strategy.

POLITICAL CONTRIBUTIONS

The Company has made no political contributions during the year.

CHARITABLE DONATIONS

The Company has made no charitable donations during the year.

POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events. See Note 20.

Report of the Directors

continued

SHARE CAPITAL

Details of the Company's share capital is set out in Note 15. The Company's share capital consists of one class of ordinary share, which does not carry rights to fixed income. As at 31 December 2023, there were 70,000,000 ordinary shares of 1p par value each in issue.

SIGNIFICANT SHAREHOLDERS

As at 12 April 2024, the Company had been advised of the following notifiable interests (whether directly or indirectly held) in voting rights.

Name	Shareholding	Percentage
JIM Nominees Limited	16,759,802	23.9%
Hermco Property Limited*	15,000,000	21.4%
David Williams	14,250,000	20.4%
Huntress (CI) Nominees Limited	5,853,230	8.4%

* Nominee entity holding indirect and direct interests of Peter Tom CBE, Chairman of the Company

As at 12 April 2024, the Directors in aggregate held 29,250,000 ordinary shares, which represents 41.8 per cent. of the Company's issued share capital.

The Directors who held office during the year and their beneficial interest in the share capital of the Company at 31 December 2023 were as follows:

	31 December 2023
Hermco Property Limited*	15,000,000
David Williams	14,250,000
	29,250,000

* Peter Tom's shareholding is held via Hermco Property Limited

COMPANY DIRECTORS (BOARD)

The Directors during the year and summaries of their experience are set out below.

Peter Tom CBE Chairman

Peter is one of the aggregates industry's longest serving and most experienced executives, holding high-profile executive and non-executive roles serving publicly listed and private organisations in the industry, sport and the not-for-profit sector. He most recently served as Executive Chairman of Breedon Group, (LSE: BREE) the UK's largest independent aggregates business, which he co-founded with David Williams (a Director of the Company) and Simon Vivian in 2008. Under Peter's leadership, Breedon grew from a £13 million listed cash shell into a business worth £1.5 billion, leading the consolidation of the UK aggregates industry.

Prior to establishing Breedon, Peter was the Chief Executive Officer and latterly Non-Executive Chairman of Aggregate Industries, which he developed into a leading international building materials group before negotiating its sale to Holcim for £1.8 billion in 2005. His early career was spent at Bardon Hill Quarries, where he rose to become Chief Executive of the Bardon Group Plc in 1985. He went on to lead Bardon's merger with Evered Plc in 1991 and the enlarged group's subsequent merger with CAMAS in 1997 to form Aggregate Industries Plc.

In 2006, Peter was awarded a CBE for services to Business and Sport. He holds Honorary Degrees from both Leicester and De Montfort University and is Chairman of Leicester Rugby Football Club, (Leicester Tigers) a role he has held for more than 20 years following a playing career comprising 130 appearances for the club as a lock forward between 1963 and 1968.

Report of the Directors

continued

David Williams Non-Executive Director

David has significant experience in investment markets, serving as Chairman in executive and non-executive capacities for a number of public and private companies. He has overseen the development of these companies, raising in excess of £1 billion of capital to support both organic and acquisitive growth initiatives.

David was the original founder of Marwyn Capital LLP, the award-winning investment management company. David was also formerly Chairman of Entertainment One Ltd. (LSE: ETO), Zetar Plc, and Waste Recycling Group Plc, and Non-Executive director of Breedon Group Plc (LSE: BREE). He currently serves as Non-Executive Chairman of the AIM-quoted cyber security business, Shearwater Group Plc (AIM: SWG) and Main Market listed Acceler8 Ventures Plc (LSE: AC8) and Red Capital Plc (LSE: REDC).

DIRECTORS' REMUNERATION

The two Directors of the company during the year, Peter Tom and David Williams, were each entitled to fees of £30,000 and £20,000 per annum for their respective roles within the Company, as per their service agreements entered into on 14 September 2021. There were no other benefits paid to these Directors outside of their service fees, save for ordinary course reimbursable expenses properly incurred in the performing of their duties as Directors.

Director	Salary £	Benefits in kind £	31 December
			2023 Total £
Peter Tom CBE*	30,000	–	30,000
David Williams	20,000	–	20,000
	50,000	–	50,000

* Peter Tom's fees are paid through Rise Rocks Limited, a company wholly owned by him

In addition to the Director fees outlined above, the Directors are also participants in the Subco Incentive Scheme and holders of warrants as detailed below.

SUBCO INCENTIVE SCHEME

The Directors believe that the success of the Company will depend to a high degree on the future performance of key employees and advisers in executing and supporting the Company's growth strategy. The Company has therefore established equity-based incentive arrangements which are, and will continue to be, an important means of retaining, attracting and motivating key employees, consultants and advisers, and also for aligning the interests of the Directors with those of shareholders.

On 14 September 2021, the Group created a new Subco Incentive Scheme within its wholly owned subsidiary Bay Capital Subco Limited. Under the terms of the Subco Incentive Scheme, scheme participants are only rewarded if a predetermined level of shareholder value is created over a three to five year period or upon a change of control of the Company or Subco (whichever occurs first), calculated on a formula basis by reference to the growth in market capitalisation of the Company, following adjustments for the issue of any new ordinary shares and taking into account dividends and capital returns ("Shareholder Value"), realised by the exercise by the beneficiaries of a put option in respect of their shares in Subco and satisfied either in cash or by the issue of new ordinary shares at the election of the Company.

Under these arrangements in place, participants are entitled up to 15 per cent. of the Shareholder Value created, subject to such Shareholder Value having increased by at least 10 per cent. per annum compounded over a period of between three and five years from admission, or following a change of control of the Company or Subco.

In order to implement the Subco Incentive Scheme, the Company as sole shareholder of Subco, approved the creation of a new share class in Subco (the "B Shares"). At the same time the Subco's existing ordinary shares were redesignated A Shares. The B Shares do not have voting or dividend rights.

Report of the Directors

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On 14 September 2021, Hermco Property Limited (a company controlled by Peter Tom, Chairman of the Company), David Williams, a Non-Executive Director of the Company, and Kathleen Long and Anthony Morris, Directors of Tessera Investment Management Limited, became the first participants in the Subco Incentive Scheme ("Founder Participants"). As such, the proportion of Shareholder Value attaching to the Subco Incentive Scheme is 11 per cent. of a total cap of 15 per cent.

The Participants and their respective B share holdings as at 31 December 2023 are outlined below.

Participant	Subco
Hermco Property Limited*	50,000
David Williams	40,000
Kathleen Long	10,000
Anthony Morris	10,000
	110,000

* Nominee entity holding indirect and direct interests of Peter Tom CBE, Chairman of the Company

WARRANTS

On 13 September 2021, the Company constituted 70,000,000 warrants on the terms of an instrument under which the Company issued 30,000,000 warrants to certain existing shareholders of the Company including the Directors, and a further 40,000,000 warrants on admission of the Company to the Main Market of the London Stock Exchange.

The warrants are exercisable at any time from the date of completion of the inaugural transaction (an investment or acquisition) made by the Company where the consideration for such transaction is at least £10 million at a price of £0.10 per ordinary share. These warrants can be exercised through application to the Company. The warrants will not be listed on the London Stock Exchange or any other publicly traded market.

The Directors' respective warrant holdings are detailed below.

Participant	Date of grant	Exercise price	No. of ordinary shares to which the grant relates
Hermco Property Limited*	13 September 2021	£0.10	15,000,000
David Williams	13 September 2021	£0.10	14,250,000
			29,250,000

* Nominee entity holding indirect and direct interests of Peter Tom CBE, Chairman of the Company

CORPORATE GOVERNANCE

As a Jersey company and a company with a Standard Listing, the Company is not required to comply with the provisions of the UK Corporate Governance Code 2018. Furthermore, there is no applicable regime of corporate governance to which the directors of a Jersey company must adhere over and above the general fiduciary duties and duties of care, skill and diligence imposed on such directors under Jersey law. Notwithstanding this, the Directors are committed to maintaining high standards of corporate governance and will be responsible for carrying out the Company's objectives and implementing its business strategy. All investment, acquisition, divestment and other strategic decisions are considered and determined by the Board.

At present, the Board reviewed investment and acquisition opportunities on an as required basis, and met regularly with its Strategic Advisor to discuss possible inorganic growth opportunities, as well as monitor deal flow and investment and acquisitions in progress, and review the Company's strategy to ensure that it remains aligned to the delivery of shareholder value. Those investment and acquisition opportunities that are assessed by the Board

Report of the Directors

continued

(with support from its Strategic Advisor) are considered in light of the investment and acquisition criteria as detailed in the Company's Prospectus.

In addition, as part of the investment and acquisition screening process, the Company will augment Board and Strategic Advisor capability on a case by case basis as required with industry and operating partner input, where deep domain expertise can be accessed. The Board provides leadership within a framework of prudent and effective controls. The Board has established the corporate governance values of the Company and has overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company.

In this regard, the Board, so far as is practicable given the Company's size and stage of its development, has voluntarily adopted the QCA Code as its chosen corporate governance framework. There are certain provisions of the QCA Code which the Company will not currently adhere to, and their adoption will be delayed until such time as the Directors believe it appropriate to do so. It is anticipated that this will occur concurrently with the Company's first material investment or acquisition.

The Company will seek to develop its corporate governance position, and will address key differences to the QCA Code. Specifically, it is anticipated this will include:

- i. the augmentation of the Board with suitably qualified additional executive and non-executive directors including independents;
- ii. the implementation of audit, remuneration and nomination committees with appropriate terms of reference;
- iii. a formalised annual evaluation and review process covering the Board and Committees, including succession planning;
- iv. the publication of KPIs;
- v. the development of a corporate and social responsibility policy; and
- vi. an enhanced risk management and governance framework tailored to the operating assets and strategic direction of the enlarged entity.

ROLE OF THE BOARD

The Board is responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Directors' responsibility to oversee the financial position of the Group and monitor the business and affairs of the Group, on behalf of the shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Group and Company at all times. The Board also addresses issues relating to internal control and the Group's approach to risk management and has formally adopted an anti-corruption and bribery policy.

The Group does not have a separate investing committee and therefore the Board as a whole will be responsible for sourcing acquisitions and ensuring that opportunities conform with the Group's strategy.

The Group holds four formal Board meetings a year, with unscheduled meetings as matters arise which require the attention of the Board. Formal Board meetings are timed to link to key events in the Group's corporate calendar. Outside the scheduled and unscheduled meetings of the Board, the Directors maintain frequent contact with each other to keep them fully briefed on the Group's operations.

INTERNAL CONTROLS

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems can be identified on a timely basis and dealt with appropriately.

Report of the Directors

continued

The Group maintains an appropriate process for financial reporting. The annual budget is reviewed and approved by the Board before being formally adopted.

Other key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – The Board meets regularly on a formal and informal basis to discuss all issues affecting the Group.

Investment appraisal – The Group has a robust framework for investment appraisal and approval is required by the Board, where appropriate.

Share dealing and inside information – the Company has adopted a share dealing code regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on the Official List (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company takes all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing code.

The Board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant deficiencies have come to light during the period and no weaknesses in internal financial control have resulted in any material losses, or contingencies which would require disclosure, as recommended by the guidance for Directors on reporting on internal financial control.

The Directors are focused on careful management of the Group's cash and financial resources through Board level approvals. At such time that the Group completes an acquisition, the Directors anticipate that the Group's financial position and prospects procedures regime will be updated and expanded as necessary to cater for the nature of the Group's business following completion of its inaugural investment or acquisition.

BOARD EVALUATION

In the year, the Board evaluation process was limited to an ongoing informal evaluation of the performance of the Board by each Director. This will be replaced by a formal, annual evaluation process once the Group has completed its first acquisition.

EXTERNAL ADVISERS

The Board accessed the following external advisers during the year and post the year end:

Mayer Brown International LLP and Ogier (Jersey) LLP – legal

Tessera Investment Management Limited – capital markets and M&A

JTC Plc – company secretarial, governance and regulatory filings

CONFLICTS OF INTEREST

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The Board has satisfied itself that there are no conflicts of interest where the Directors have appointments on the Boards of, or relationships with, companies outside the Company. Furthermore, the Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest, and therefore believes it has a robust framework to deal with any conflict of interest should it arise.

Report of the Directors

continued

RELATIONS WITH SHAREHOLDERS

The Chairman is the Group's principal spokesperson with investors, fund managers, the media and other interested parties. As well as the Annual General Meeting with shareholders, the other Director may give formal presentations at investor road shows following the announcement of interim and full year results.

Notice of this year's Annual General Meeting will shortly be sent to shareholders.

DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Group and Company's independent auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group and Company's independent auditor is aware of that information.

The Directors confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company and the undertakings included in the consolidation taken as whole;
- the Chairman's Statement and Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

INDEPENDENT AUDITOR

The independent auditor, PKF Littlejohn LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

David Williams

Non-Executive Director

23 April 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Jersey Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the United Kingdom ("IFRS"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the United Kingdom;
- state whether the Company financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework"; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Group's website is the responsibility of the Directors. The work carried out by the independent auditors does not involve the consideration of these matters and, accordingly, the independent auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation in Jersey governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Bay Capital Plc

Opinion

We have audited the financial statements of Bay Capital Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

- | | |
|-----------------------|--|
| Group | <ul style="list-style-type: none">● Consolidated Statement of Comprehensive Income● Consolidated Statement of Financial Position● Consolidated Statement of Changes in Equity● Consolidated Statement of Cash Flows● Notes forming part of the Consolidated Financial Statements, including a summary of significant accounting policies |
| Parent company | <ul style="list-style-type: none">● Company Statement of Comprehensive Income● Company Statement of Financial Position● Company Statement of Changes in Equity● Notes forming part of the Company Financial Statements, including a summary of significant accounting policies |

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice). In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's and parent company's loss for the year then ended; and
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of Bay Capital Plc continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing management's going concern assessment model and associated going concern assumptions paper;
- Challenging the assumptions used in the going concern assessment model based on our understanding of the business, the industry and the wider macroeconomic environment factors;
- Identifying and evaluating subsequent events impacting the going concern assessment;
- Performing sensitivity analysis, where applicable, to review the effect of downside scenarios on the ability of the group and the parent company to continue as a going concern; and
- Reviewing the disclosure in the financial statements to confirm it is consistent with the assumptions used, and conclusions reached in the going concern model.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as a magnitude of misstatement, including omission, that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed, or influenced. We have also considered those misstatements including omissions that would be material by nature and would impact the economic decisions of a reasonably knowledgeable person based on our understanding of the business, industry and complexity involved.

We apply the concept of materiality both in planning and throughout the course of audit, and in evaluating the effect of misstatements. Materiality is used to determine the financial statements areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

In determining materiality and performance materiality, we considered the following factors:

- our cumulative knowledge of the group and its environment;
- the change in the level of judgement required in respect of the key accounting estimates;
- significant transactions during the year;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods.

Independent Auditor's Report to the Members of Bay Capital Plc continued

The materiality and performance materiality for the significant components are calculated considering the same factors as for group.

Materiality for the group financial statements as a whole was set at £255,000. This was calculated as 5% of net assets. Using our professional judgement, we have determined this to be the principal benchmark within the financial statements as the group is non-operational currently.

Materiality for the parent company of the group was set at £242,000 calculated as 95% of group materiality.

Performance materiality for the group financial statements was set at £165,000 being 65% of materiality for the financial statements as a whole. The benchmark of 65% is considered appropriate based on our assessment of the risk of undetected errors arising, the nature of the systems and controls. The performance materiality for the parent company was set at £157,300 and it was calculated on the same basis as the group performance materiality.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £12,750 for the group. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

Our audit was risk based and was designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size. In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements, considering the structure of the group.

The group includes the listed parent company, Bay Capital Plc, and its subsidiary, Bay Capital Subco Limited. Bay Capital Plc is the only significant component.

We performed a full scope audit on the significant component. The work on the significant component of the group has been performed by us as group auditor. We have performed specified review procedures on the non-significant component.

The scope of our audit was based on significance of operations and materiality. Each component was assessed as to whether they were significant or not to the group by either their size or risk. The parent company was considered significant due to identified risks and the size of the company.

In designing our audit approach, we considered those areas which were deemed to involve significant judgement and estimation by the directors. It was identified that there were no areas which were deemed to involve significant judgement or estimation. We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Bay Capital Plc continued

Key Audit Matter	How our scope addressed this matter
Management override of control	
<p>Management are in a unique position to perpetrate fraud by overriding controls which they have designed, implemented and maintain, and therefore which appear to be otherwise operating effectively.</p> <p>This is considered a Key Audit Matter due to unpredictable manner in which such override could occur.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none">● Testing the appropriateness of manual journals during the period under review, including those made at the end of the period and post-closing entries, to determine whether these were appropriate. This also included making inquiries of individuals with responsibility involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journals;● Reviewing accounting estimates, judgements, and assumptions within the financial statements for evidence of management bias, and agreeing them to appropriate supporting documentation; and● Evaluating whether there is a clear business rationale to support any significant transactions outside the normal course of the business of the entity, or transactions which otherwise appear to be unusual in nature.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

Independent Auditor's Report to the Members of Bay Capital Plc continued

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 from 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 a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of cumulative audit knowledge and experience of the sector. We also selected a specific audit team based on experience with auditing entities within a similar industry facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from
 - Rules of the London Stock Exchange;
 - UK-adopted international accounting standards;
 - Disclosure Guidance and Transparency Rules of the Financial Conduct Authority;
 - Companies (Jersey) Law 1991; and
 - Data Protection Act.

The audit team remained alert to instances of non-compliance with laws and regulations throughout the audit

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management;
 - Reviewing Board minutes;
 - Reviewing the nature of legal professional fees; and
 - Reviewing Regulatory News Services announcements.

Independent Auditor's Report to the Members of Bay Capital Plc continued

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- In our audit procedures, we have considered matters of non-compliance with laws and regulations, including fraud at the group and component levels. We have performed audit procedures on all material components within the Group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson
(Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Recognised Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£	£
Administrative expenses		(1,357,452)	(253,635)
Operating loss	6	(1,357,452)	(253,635)
Interest receivable		50,766	2,314
Loss on ordinary activities before taxation		(1,306,686)	(251,321)
Taxation charge	7	-	-
Loss and total comprehensive loss for the year		(1,306,686)	(251,321)
Loss per share (pence)			
Basic and diluted	8	(1.87p)	(0.36p)

All activities in both the current and the prior year relate to continuing operations.

The notes on pages 23 to 31 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	31 December 2023 £	31 December 2023 £	31 December 2022 £	31 December 2022 £
Current assets					
Cash and cash equivalents	11	6,067,461		6,458,073	
Trade and other receivables	12	8,079		8,022	
Total current assets			6,075,540		6,466,095
Total assets			6,075,540		6,466,095
Current liabilities					
Trade and other payables	13	958,674		53,522	
Total current liabilities			958,674		53,522
Total liabilities			958,674		53,522
Total net assets			5,116,866		6,412,573
Equity					
Issued share capital	15		700,000		700,000
Share premium	16		6,258,748		6,258,748
Capital redemption reserve	16		2		2
Share-based payment reserve	18		25,207		14,228
Retained deficit	16		(1,867,091)		(560,405)
Total equity			5,116,866		6,412,573

The consolidated financial statements were approved and authorised for issue by the Board on 23 April 2024 and were signed on its behalf by:

David Williams

Non-Executive Director

The notes on pages 23 to 31 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share capital £	Share premium £	Capital redemption reserve £	Share-based payment reserve £	Retained deficit £	Total £
At 1 January 2022		700,000	6,258,748	2	3,249	(309,084)	6,652,915
Loss for the year		-	-	-	-	(251,321)	(251,321)
Transactions with owners in their capacity as owners:							
Share-based payment	18	-	-	-	10,979	-	10,979
At 31 December 2022		700,000	6,258,748	2	14,228	(560,405)	6,412,573
Loss for the year		-	-	-	-	(1,306,686)	(1,306,686)
Transactions with owners in their capacity as owners:							
Share-based payment	18	-	-	-	10,979	-	10,979
At 31 December 2023		700,000	6,258,748	2	25,207	(1,867,091)	5,116,866

The notes on pages 23 to 31 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Operating activities		
Loss before taxation	(1,306,686)	(251,321)
Adjustments for:		
Interest receivable	(50,766)	(2,314)
Share-based payment charge	10,979	10,979
Operating cash flows before changes in working capital	(1,346,473)	(242,656)
Increase in trade and other receivables	(57)	(5,700)
Increase/(decrease) in trade and other payables	905,152	(16,123)
Net cash outflows from operating activities	(441,378)	(264,479)
Financing activities		
Interest received	50,766	2,314
Net cash inflow from financing activities	50,766	2,314
Net decrease in cash and cash equivalents	(390,612)	(262,165)
Cash and cash equivalents at beginning of the year	6,458,073	6,720,238
Cash and cash equivalents at end of the year	6,067,461	6,458,073

The notes on pages 23 to 31 form part of these consolidated financial statements.

Notes forming part of the Consolidated Financial Statements

For the year ended 31 December 2023

1 General information

The Company was incorporated on 31 March 2021 as Bay Capital Limited, a private limited company under the laws of Jersey with registered number 134743. On 8 September 2021 the Company was re-registered as an unlisted public limited company and its name was changed to Bay Capital Plc. On 30 September 2021 the Company shares were admitted to trading onto the Main Market of the London Stock Exchange. The Company is the parent company of Bay Capital Subco Limited (a private limited company under the laws of Jersey with registered number 134744).

The address of its registered office is 28 Esplanade, St. Helier, Channel Islands, JE2 3QA, Jersey. The Group has been incorporated for the purpose of identifying suitable acquisition opportunities in accordance with the Groups investment and acquisition strategy with a view to creating shareholder value. The Group will retain a flexible investment and acquisition strategy which will, subject to appropriate levels of due diligence, enable it to deploy capital in target companies by way of minority or majority investments, or full acquisitions where it is in the interests of shareholders to do so. This will include transactions with target companies located in the UK and internationally.

2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The principal policies adopted in the preparation of the consolidated financial statements are as follows:

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the United Kingdom ("IFRS") and the requirements of the Companies (Jersey) Law 1991.

The consolidated financial statements are prepared on the historical cost basis.

(b) Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Where the Group has control over a Company, it is classified as a subsidiary. The Group controls a Company if all three of the following elements are present: power over the Company, exposure to variable returns from the Company, and the ability of the Group to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially authorised at their fair values at the acquisition date. The acquisition related costs are included in the consolidated statement of comprehensive income on an accruals basis. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

(c) Functional and presentational currency

The Group's functional and presentational currency for these financial statements is the pound sterling.

(d) Going concern

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to execute its operations over the next 12 months. The Group's unaudited cash balance as at 12 April 2024 was £5,212,927, and excluding the consummation of any investment or acquisition which will likely require specific

Notes forming part of the Consolidated Financial Statements

continued

funding, has adequate resources available to fund the on-going forecasted operating expenses for at least twelve months following approval of the financial statements. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in preparing the annual financial statements.

(e) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability authorised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(f) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax authorised in the income statement except to the extent that it relates to it authorised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity of three months or less from inception, held for meeting short term commitments.

(h) Financial assets and liabilities

The Group's financial assets and liabilities comprise cash and cash equivalents and accruals. Financial assets are stated at amortised cost less provision for expected credit losses. Financial liabilities are stated at amortised cost.

(i) Share-based payments

The Group operates an equity-settled share-based payment plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period, based on the Group's estimate of awards that will eventually vest, with a corresponding increase in equity as a share-based payment reserve.

This plan includes market-based vesting conditions for which the fair value at grant date reflects and are therefore not subsequently revisited. The fair value is determined using a binomial model.

Notes forming part of the Consolidated Financial Statements

continued

(j) Warrants

Warrants issued as part of share issues have been determined as equity instruments under IAS 32. Since the fair value of the shares issued at the same time as the warrants is equal to the price paid, these warrants, by deduction, are considered to have been issued at fair value.

(k) Accounting standards issued

The following amendments to standards were issued and adopted in the year, with no material impact on the financial statements (all effective for annual periods beginning on or after 1 January 2023):

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

There were no other new accounting standards issued that have been adopted in the year.

(l) Standards in issue but not yet effective

At the date of authorisation of these financial statements there were no mandatory amendments to standards which were in issue, but which were not yet effective.

3 Accounting estimates and judgements

In preparing the consolidated financial statements, the Directors have to make judgments on how to apply the Group's accounting policies and make estimates about the future. The Directors do not consider there to be any critical estimates or judgments that have been made in arriving at the amounts recognised in the consolidated financial statements with the exception of the valuation of share-based payments. Please see Note 18 for further details.

4 Employees

Staff costs, including Directors, consist of:

	2023 £	2022 £
Wages and salaries	87,884	50,000
Pension costs	1,133	–
	89,017	50,000

Pension costs related to the company's defined contribution pension scheme. Contributions outstanding at 31 December 2023 were £1,133 (2022: £Nil).

	2023 Number	2022 Number
The average number of employees, including Directors, during the year was:	3	2

Notes forming part of the Consolidated Financial Statements

continued

5 Directors' remuneration

	2023 £	2022 £
Directors' emoluments	50,000	50,000
	50,000	50,000

The Chairman's fees are paid through Rise Rocks Limited, a Company wholly owned by the Chairman. The two Company Directors and the Company Chief Financial Officer are considered the only key management personnel. In 2023, the total emoluments for key management personnel were £93,365 (2022: £50,000).

6 Operating loss

	2023 £	2022 £
This has been arrived at after charging:		
Professional services	149,470	151,392
Acquisition related costs	1,018,601	–
Fees payable to the Company's independent auditor for the audit of the parent and consolidated accounts	25,000	22,000

7 Taxation

	2023 £	2022 £
<i>Jersey corporation tax</i>		
Corporation tax on loss for the year	–	–
Total taxation on loss on ordinary activities	–	–

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward tax losses/credits can be utilised. Accordingly, the Group has not recognised deferred tax assets in respect of deductible temporary differences and carry forward tax losses as at 31 December 2023 and 31 December 2022 respectively, as it is not probable at year end that relevant taxable profits will be available in the future. There are no expiry dates on these tax losses as at the year end. The unrecognised deferred tax asset is summarised below:

Tax losses and unrecognised deferred tax asset carried forward	2023 £	2022 £
Cumulative temporary differences and carry forward tax losses	1,867,091	560,405
Unrecognised deferred tax asset on above at 10% (based on the enacted tax rate at the date of signing the financial statements)	186,709	56,041

Notes forming part of the Consolidated Financial Statements

continued

8 Earnings per share

Earnings per share is calculated by dividing the loss after tax for the year by the weighted average number of shares in issue for the year, these figures being as follows:

	2023 £	2022 £
Loss used in basic and diluted EPS, being loss after tax	(1,306,686)	(251,321)
<i>Adjustments:</i>		
Share-based payment charge	10,979	10,979
Adjusted earnings used in adjusted EPS	(1,295,707)	(240,342)

The Subco Incentive Scheme share options (Note 18) have not been included in the diluted EPS on the basis that they are anti-dilutive, however they may become dilutive in future periods.

	2023 Number	2022 Number
Weighted average number of ordinary shares of 1p each used as the denominator in calculating basic and diluted EPS	70,000,000	70,000,000

Loss per share

Basic and diluted	(1.87p)	(0.36p)
Adjusted – basic and diluted	(1.85p)	(0.34p)

9 Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)

	2023 £	2022 £
Operating loss	(1,357,452)	(253,635)
EBITDA loss	(1,357,452)	(253,635)
Share-based payment charge	10,979	10,979
Adjusted EBITDA loss	(1,346,473)	(242,656)

10 Subsidiaries

The Company directly owns the ordinary share capital of its subsidiary undertakings as set out below:

Subsidiary	Nature of business	Country of incorporation	Proportion of A ordinary shares held by Company	Proportion of B ordinary shares held by Company
Bay Capital Subco Limited	Intermediate holding company	Jersey, Channel Islands	100 per cent.	0 per cent.

The address of the registered office of Bay Capital Subco Limited (the "Subco") is 28 Esplanade, St. Helier, Channel Islands, JE2 3QA, Jersey. The Subco was incorporated on 31 March 2021.

The A ordinary shares have full voting rights, full rights to participate in a dividend and full rights to participate in a distribution of capital. The B ordinary shares have been issued pursuant to the Company's Subco Incentive Scheme.

Notes forming part of the Consolidated Financial Statements

continued

11 Cash and cash equivalents

	2023 £	2022 £
Cash and cash equivalents	6,067,461	6,458,073
	6,067,461	6,458,073

12 Trade and other receivables

	2023 £	2022 £
Prepayments	8,079	8,022
	8,079	8,022

13 Trade and other payables

	2023 £	2022 £
Current trade and other payables		
Accruals	948,263	53,522
Other tax and social security	8,136	–
Payroll related creditors	2,275	–
	958,674	53,522

14 Financial instruments

The Group's financial assets and liabilities mainly comprise cash, and trade and other payables. The carrying value of all financial assets and liabilities equals fair value given their short term in nature.

	Financial assets measured at amortised cost	
	2023 £	2022 £
Current financial assets		
Cash and cash equivalents	6,067,461	6,458,073
	6,067,461	6,458,073
	Financial liabilities measured at amortised cost	
	2023 £	2022 £
Current financial liabilities		
Accruals	948,263	53,522
Payroll related creditors	2,275	–
	950,538	53,522

Credit risk

The Group's credit risk is wholly attributable to its cash balance. All cash balances are held at a reputable bank in Jersey. The credit risk from its cash and cash equivalents is deemed to be low due to the nature and size of the balances held.

Notes forming part of the Consolidated Financial Statements

continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to liquidity risk is to ensure that sufficient liquidity is available to meet foreseeable requirements and to invest funds securely and profitably.

The following table details the contractual maturity of financial liabilities based on the dates the liabilities are due to be settled:

Financial liabilities:

	Less than 1 year £	2 to 5 Years £	More than 5 years £	Total £
Accruals	948,263	–	–	948,263
Payroll related creditors	2,275	–	–	2,275
At 31 December 2023	950,538	–	–	950,538

15 Share capital

	Allotted, called up and fully paid			
	2023 Number	2022 Number	2023 £	2022 £
Ordinary shares of 1p each:	70,000,000	70,000,000	700,000	700,000
At 31 December	70,000,000	70,000,000	700,000	700,000

16 Reserves

Share premium and retained earnings represent balances conventionally attributed to those descriptions. The transaction costs relating to the issue of shares was deducted from share premium.

Capital redemption reserve includes amounts in relation to deferred shared capital.

The Group having no regulatory capital or similar requirements, its primary capital management focus is on maximising earnings per share and therefore shareholder return.

The Directors have proposed that there will be no final dividend in respect of 2023 (2022: £Nil).

17 Share Incentive Plan

On 14 September 2021, the Group created a Subco Incentive Scheme within its wholly owned subsidiary Bay Capital Subco Limited ("Subco"). Under the terms of the Subco Incentive Scheme, scheme participants are only rewarded if a predetermined level of shareholder value is created over a three to five year period or upon a change of control of the Company or Subco (whichever occurs first), calculated on a formula basis by reference to the growth in market capitalisation of the Company, following adjustments for the issue of any new Ordinary shares and taking into account dividends and capital returns ("Shareholder Value"), realised by the exercise by the beneficiaries of a put option in respect of their shares in Subco and satisfied either in cash or by the issue of new ordinary shares at the election of the Company.

Under these arrangements in place, participants are entitled to up to a share of 15 percent of the Shareholder Value created, subject to such Shareholder Value having increased by at least 10 percent. per annum compounded over a period of between three and five years from admission or following a change of control of the Company or Subco.

Notes forming part of the Consolidated Financial Statements

continued

18 Share-based payments

The Subco Incentive Scheme detailed in Note 17 is an equity-settled share option plan which allows employees and advisors of the Group to sell their B shares to the Company in exchange for a cash payment or for shares in the Company (at the Company's election) if certain conditions are met.

These conditions include good and bad leaver provisions and that growth in Shareholder Value of 10 percent compound per annum is delivered over a three to five year period for the scheme to vest. This second condition is therefore a market condition which has been taken into account in the measurement at grant date of the fair value of the options.

The weighted average exercise price of the outstanding B share options is £0.10 which have a weighted average contractual life remaining of 2 years 9 months. 110,000 B share options were issued in the nine-month period to 31 December 2021, all of which were outstanding at the current year end. No B share options were exercised in the current or prior period. No B share options have expired during the current or prior period.

The Group recognised £10,979 (2022: £10,979) of expenditure statement of total comprehensive income in relation to equity-settled share-based payments in the year.

The fair value of options was determined by applying a binomial model. The expense is apportioned over the vesting period of the option and is based on the number which are expected to vest and the fair value of these options at the date of grant.

The inputs into the binomial model in respect of options granted in the prior period are as follows:

Opening share price	10.0p
Expected volatility of share price	16.67%
Expected life of options	5 years
Risk-free rate	0.73%
Target increase in share price per annum	10%
Fair value of options	50.342p

Expected volatility was estimated by reference to the average 5-year volatility of the FTSE SmallCap Index.

The target increase in Shareholder Value is laid out in the Articles of Association of the Subco and represents the compounded target annual increase in market capitalisation (adjusted for capital raises and dividends) that needs to be met between the third and fifth anniversary of the Group's admission onto the London Stock Exchange in order for the scheme to vest.

The Group did not enter into any share-based payment transactions with parties other than employees and advisors during the current or prior period.

19 Related party transactions

Transactions with key management personnel

Key management personnel comprise the Directors and executive officers. The remuneration of the individual Directors is disclosed in the Report of the Directors and key management personnel in note 5.

Other transactions – Group

On 20 August 2021, the Company entered into an arm's length strategic advisory agreement with Tessera Investment Management Limited, a Company which is a shareholder in the Company, pursuant to which Tessera has agreed to provide strategic and general corporate advice, and acquisition and capital raising transaction support services to the Company.

Notes forming part of the Consolidated Financial Statements

continued

Tessera is entitled to be paid a fixed monthly retainer fee of £5,000 per month payable in arrears. A discretionary transaction success fee payable to Tessera may be agreed between the Company and Tessera with such payment payable on successful completion of an acquisition by the Company. As at 31 December 2023, Tessera was owed £Nil (2022: £6,302) by the Company.

20 Post balance sheet events

There are no events subsequent to the reporting date which would have a material impact on the financial statements.

21 Contingent liabilities

There are no contingent liabilities at the reporting date which would have a material impact on the financial statements.

Company Statement of Comprehensive Income

For the year ended 31 December 2023

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Administrative expenses	(1,357,452)	(253,635)
Operating loss	(1,357,452)	(253,635)
Interest receivable	50,766	2,314
Loss on ordinary activities before taxation	(1,306,686)	(251,321)
Taxation charge	–	–
Loss and total comprehensive loss for the year	(1,306,686)	(251,321)

All activities in both the current and the prior year relate to continuing operations.

The notes on pages 35 to 37 form part of these financial statements.

Company Statement of Financial Position

As at 31 December 2023

	Note	31 December 2023 £	31 December 2023 £	31 December 2022 £	31 December 2022 £
Non-current assets					
Investment in subsidiaries	3		10		10
Current assets					
Cash and cash equivalents	4	6,067,461		6,458,073	
Trade and other receivables	5	8,079		8,022	
Total current assets			6,075,540		6,466,095
Total assets			6,075,550		6,466,105
Current liabilities					
Trade and other payables	6	958,684		53,532	
		958,684			53,532
Total liabilities			958,684		53,532
Total net assets			5,116,866		6,412,573
Equity					
Issued share capital	7		700,000		700,000
Share premium			6,258,748		6,258,748
Capital redemption reserve			2		2
Share-based payment reserve			25,207		14,228
Retained deficit			(1,867,091)		(560,405)
Shareholders' funds			5,116,866		6,412,573

The Company financial statements were approved and authorised for issue by the Board on 23 April 2024 and were signed on its behalf by:

David Williams

Non-Executive Director

The notes on pages 35 to 37 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2023

Note	Share capital £	Share premium £	Capital redemption reserve £	Share-based payment reserves £	Retained deficit £	Total £
At 1 January 2022	700,000	6,258,748	2	3,249	(309,084)	6,652,915
Loss for the year	-	-	-	-	(251,321)	(251,321)
Transactions with owners in their capacity as owners:						
Share-based payment	-	-	-	10,979	-	10,979
At 31 December 2022	700,000	6,258,748	2	14,228	(560,405)	6,412,573
Loss for the year Transactions with owners in their capacity as owners:	-	-	-	-	(1,306,686)	(1,306,686)
Share-based payment	-	-	-	10,979	-	10,979
At 31 December 2023	700,000	6,258,748	2	25,207	(1,867,091)	5,116,866

The notes on pages 35 to 37 form part of these financial statements.

Notes forming part of the Company Financial Statements

For the year ended 31 December 2023

1 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The principal policies adopted in the preparation of the company financial statements are as follows:

(a) Basis of preparation

These financial statements have been prepared in accordance with the requirements of FRS 101 "Reduced disclosure Framework", the Financial Reporting Standard applicable in the UK and the requirements of the Companies (Jersey) Law 1991.

The financial statements are prepared on the historical cost basis.

(b) Investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the Directors, there has been impairment to their value, in which case they are written down to their recoverable amount.

(c) Functional and presentational currency

The Company's functional and presentational currency for these financial statements is the pound sterling.

(d) Going concern

See note 2 of the consolidated financial statements.

(e) Financial assets and liabilities

The Company's financial assets and liabilities comprise of cash and trade and other payables.

Trade and other payables are not interest bearing and are stated at their amortised cost.

(f) Taxation

Current tax is the expected tax payable on the taxable income for the year.

(g) Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS101. Therefore, these financial statements do not include:

- Certain disclosures regarding the Company's capital
- A statement of cash flows
- The effect of future accounting standards not yet adopted
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly owned members of the Group headed by Bay Capital Plc.

In addition, and in accordance with FRS101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Bay Capital Plc. These financial statements do not include certain disclosures in respect of:

- Share-based payments
- Impairment of assets
- Disclosures required in relation to financial instruments and capital management

Notes forming part of the Company Financial Statements

continued

(h) Judgements and key areas of estimation uncertainty

In preparing the Company financial statements, the Directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. The Directors do not consider there to be any critical estimates or judgments that have been made in arriving at the amounts recognised in the Company financial statements.

2 Employees

Staff costs, including Directors, consist of:

	2023 £	2022 £
Wages and salaries	87,884	50,000
Pension costs	1,133	–
	89,017	50,000

	2023 Number	2022 Number
The average number of employees, including Directors, during the year was:	3	2

The Chairman's fees are paid through Rise Rocks Limited, a Company wholly owned by the Chairman. See note 4 of the group financial statements for further details on pension costs.

3 Investment in subsidiaries

	Shares in subsidiary undertakings £
<i>Cost and net book value</i>	
At 31 December 2022 and 31 December 2023	10

Details of the Company's subsidiaries are shown in Note 10 of the consolidated financial statements.

4 Cash and cash equivalents

	2023 £	2022 £
Cash and cash equivalents	6,067,461	6,458,073
	6,067,461	6,458,073

5 Trade and other receivables

	2023 £	2022 £
Prepayments	8,079	8,022
	8,079	8,022

All amounts shown under receivables fall due for payment within one year.

Notes forming part of the Company Financial Statements

continued

6 Trade and other payables

	2023 £	2022 £
Amounts due to subsidiary undertakings	10	10
Accruals	948,263	53,522
Other tax and social security	8,136	–
Payroll related creditors	2,275	–
Accruals	958,684	53,532

Amounts due to subsidiary undertakings are interest-free and repayable on demand.

7 Share capital

	Allotted, called up and fully paid			
	2023 Number	2022 Number	2023 £	2022 £
Ordinary shares of 1p each	70,000,000	70,000,000	700,000	700,000

8 Related party transactions

Transactions with other Group companies have not been disclosed as permitted by FRS101, as the Group companies are wholly owned. See note 19 of the consolidated financial statements for further details.

9 Contingent liabilities

There are no contingent liabilities at the reporting date which would have a material impact on the financial statements.

10 Post balance sheet events

See note 20 to the consolidated financial statements.

11 Ultimate controlling party

In the opinion of the Directors, there is no single ultimate controlling party.

