BAY CAPITAL PLC

ANNUAL REPORT
for the 9 month period ended 31 December 2021

Contents of the Financial Statements

Company Information

DIRECTORS, SECRETARY AND ADVISERS

Directors	Peter Tom CBE, Chairman David Williams, Non-Executive Director
Company Secretary	JTC (Jersey) Limited 28 Esplanade, St Helier Jersey JE2 3QA
Registered Office	28 Esplanade, St Helier Jersey JE2 3QA
Registered Number	134743
Auditor	MHA MacIntyre Hudson Building 4, Foundation Park, Roxborough Way Maidenhead SL6 3UD
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 8NT
Financial Public Relations	Montfort Communications Limited 2nd Floor, Berkeley Square House, Berkeley Square London W1J 6BD

Chairman’s Statement

I am pleased to present the financial results for Bay Capital Plc ("Bay", the "Company") and its subsidiary (together the "Group") for the period ended 31 December 2021, which covers nine months of trading since the Company’s incorporation on 31 March 2021.

Since establishing the Company on the Standard List of the Main Market of the London Stock Exchange in 2021, we have remained focused on implementing our strategy and continue to assess investment and acquisition opportunities where we believe there to be sustainable growth potential either organically or through acquisition. These will typically be fundamentally sound assets, where tangible opportunities exist to drive strategic, operational and performance improvements.

Despite macroeconomic and geopolitical uncertainty, we remain extremely positive about the prospects of our sectors of focus across industrials, construction and business services sectors, together with software and technology companies which service those industry verticals. We have an ideal platform from which we can execute our buy-and-build strategy and we look forward to updating shareholders in due course as our investment and acquisition plans develop during the new financial year.

We thank our shareholders for their support through our IPO and while we diligently continue to source and evaluate a number of exciting propositions that if secured, we believe have the potential to create shareholder value.

Peter Tom CBE
Chairman

28 April 2022

Report of the Directors

The Directors of the Company present their report for the period ended 31 December 2021.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

For the financial period ended 31 December 2021, the Company's principal activity was as a holding company, which has actively pursued its 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.

On 30 September 2021, the Company successfully listed its ordinary shares onto the Main Market of the London Stock Exchange.

RESULTS

During the period, Bay recorded a loss of £309,084 and the loss per share was 1.1p, reflecting moderate monthly operating expenses of the Company as well as transaction expenses occurred during its IPO, which completed in September 2021. The Company had cash reserves at the end of the period of £6,720,238.

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 period.

FUTURE DEVELOPMENTS

The Directors expect to continue to execute the Company'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 Company has adequate working capital to execute its operations and has the ability to access additional financing, if required, over the next 12 months. The Company's unaudited cash balance as at 22 April 2022 was £6,666,378, and excluding the consummation of any investment or acquisition which will likely require specific 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 Company 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 (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.

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 consider 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 to balance cash availability and the generation of interest income.

Given the relatively small size and operation of the Group in the period, the Directors have not delegated the responsibility of risk monitoring to a sub-committee of the Board, but closely monitor the risks on a periodic basis. The Directors consider their exposure in the financial period 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 period ended 31 December 2021 did not materially change from those set out in the 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 on only two Directors, 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 continue to review this position as it executes its investment and acquisition strategy.

POLITICAL CONTRIBUTIONS

The Company has made no political contributions during the period.

CHARITABLE DONATIONS

The Company has made no charitable donations during the period.

POST BALANCE SHEET EVENTS

Details of post balance sheet events are disclosed in Note 20.

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 2021, there were 70,000,000 ordinary shares of 1p par value each in issue.

SIGNIFICANT SHAREHOLDERS

As at 22 April 2022, 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	6,032,350	8.6%

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

As at 22 April 2022, the Directors in aggregate held 29,250,000 ordinary shares, which represents 41.8 per cent. of the Company's issued share capital.

COMPANY DIRECTORS

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

Peter Tom CBE Non-executive Chairman (aged 81)

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, (AIM: 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 AIM-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.

David Williams Non-Executive Director (age 68)

David has over 36 years' 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.

Report of the Directors

continued

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 Oxford BioDynamics Plc (AIM: OBD), and non-executive director of Breedon Group plc (AIM: 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).

The Directors who held office during the period and their beneficial interest in the share capital of the Company at 31 December 2021 were as follows:

	31 December 2021
Hermco Property Limited*	15,000,000
David Williams	14,250,000
	29,250,000

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

DIRECTORS REMUNERATION

The Chairman and Non-Executive Director are 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 are no other benefits paid to Directors outside of their service fees, save for ordinary course reimbursable expenses properly incurred in the performing their duties as Directors. The Company does not operate a pension scheme.

Director	**Salary £**	**Benefits in kind £**	**31 December 2021 Total £**
Peter Tom CBE*	2,500	–	2,500
David Williams	5,000	–	5,000
	7,500	–	7,500

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

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.

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"), and 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 Founder Participants and their respective holdings are outlined below.

Participant	**Subco B shares held**
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. 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 is appropriate to do so. It is anticipated that this will occur concurrently with the Company's first material investment or acquisition.

Following such an acquisition, the Company will seek to develop its corporate governance stance, and will address key differences to the QCA Code including the implementation of audit, remuneration and nomination committees with appropriate terms of reference, the publication of KPIs, and the development of a corporate and social responsibility policy.

ROLE OF THE BOARD

The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, 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 Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management and has formally adopted an anti-corruption and bribery policy.

The Company 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 Company's strategy.

The Company 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 Company'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 Company'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.

The Group maintains an appropriate process for financial reporting. The annual budget is reviewed and approved by then 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.

Report of the Directors

continued

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

BOARD EVALUATION

In the period, 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 Company has completed its first acquisition.

EXTERNAL ADVISERS

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

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

Tessera Investment Management Limited – capital markets and M&A

Montfort Communications Limited – public relations

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.

RELATIONS WITH SHAREHOLDERS

The Chairman is the Group's principal spokesperson with investors, fund managers, the media and other interested parties, alongside support provided by the Company's communications advisers. As well as the Annual General Meeting with shareholders, the other Directors may give formal presentations at investor road shows following the announcement of interim and full period results.

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

Report of the Directors

continued

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Company's 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 Company's 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 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 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 Company's position and performance, business model and strategy.

AUDITOR

The auditor, MHA MacIntyre Hudson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

David Williams
Non-Executive Director

28 April 2022

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 period. 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 Company and of the profit or loss of the Company for that period.

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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 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 auditors does not involve the consideration of these matters and, accordingly, the 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

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Bay Capital Plc. For the purposes of the table on page 14 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Bay Capital Plc and its subsidiary (the "Group"). The "Parent Company" is defined as Bay Capital Plc. The relevant legislation governing the Parent Company is Companies (Jersey) Law 1991.

Opinion

We have audited the financial statements of the Group for the 9 months ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Loss, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, 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 International Financial Reporting Standards adopted by the United Kingdom ('IFRS'). 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" ('FRS 101').

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 2021 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRS;
- the Parent Company financial statements have been properly prepared in accordance with FRS 101; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

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:

- Review of the group and company's cash flow forecast;
- Sensitivity analysis on the group and company's cash flow forecast;
- The consideration of the risks to the group and company's operations and how those risks might impact on the available resources.

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 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.

Overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

Key audit matters

Key Audit Matters are those matters that, in our professional judgement, 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) that we identified. These matters included those matters 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	The risk	Our response
Accounting treatment and valuation of the growth share scheme and warrants.	Inappropriate valuation method and/or model inputs or inappropriate accounting treatment could lead to a misstatement in the charge incurred.	A review of the growth shares and warrant agreements and comparison of the treatment in the financial statements to our expectation. Review of management's assessment, including the valuation method used and the key inputs into the model. Our audit work involved challenging management on the appropriateness of the methodology and the inputs used. Sensitivity analysis was carried out to ascertain the impact of the affect that changes in the inputs would have on the charge incurred. Audit of the disclosures provided by management to ensure compliance with accounting standards and applicable law.

Our application of materiality

The scope of our audit was influenced by our application of materiality. Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount 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.

Overall materiality for the Group and Company financial statements was set at £333,425 determined by 5% of the net assets. This was determined to be the most appropriate measure as, given the current stage of the business in its life, it is likely the users of the financial statements will be most interested in the Groups and Company's ability to continue its search for suitable acquisition targets.

Performance materiality for the Group and Company financial statements was set at £233,398 which represents 70% of overall materiality. This reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls, and the nature of the transactions occurring.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £16,671 in addition to other identified misstatements that warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 12, the directors are responsible for the preparation of the 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 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.

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

Auditors' 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 Auditors' 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including a review of journal entries and other adjustments for appropriateness; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Jason Mitchell MBA BSc FCA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors

Maidenhead, United Kingdom

Date: 28 April 2022

Consolidated statement of comprehensive income

For the 9 month period ended 31 December 2021

	Note	2021 £
Administrative expenses		(309,084)
Loss before taxation	6	(309,084)
Taxation charge	7	–
Loss for the period		(309,084)
Total comprehensive loss for the period		(309,084)
Loss per share (pence)		
Basic and diluted	8	(1.1p)

The notes on pages 21 to 31 form part of these consolidated Financial Statements.

Consolidated statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 £	31 December 2021 £
Current assets			
Cash and cash equivalents	11	6,720,238	
Other receivables	12	2,322	
Total current assets			6,722,560
Total assets			6,722,560
Current liabilities			
Other payables	13	69,645	
Total current liabilities			69,645
Total liabilities			69,645
Total net assets			6,652,915
Equity			
Issued share capital	15		700,000
Share premium	16		6,258,748
Capital redemption reserve	16		2
Share based payment reserves	17		3,249
Retained deficit	16		(309,084)
Total equity			6,652,915

The consolidated financial statements were approved and authorised for issue by the Board on 28 April 2022 and were signed on its behalf by:

David Williams
Non-Executive Director

The notes on pages 21 to 29 form part of these consolidated Financial Statements.

Consolidated statement of changes in equity

For the 9 month period ended 31 December 2021

	Notes	Share capital £	Share premium £	Capital redemption reserve £	Share based payment reserve £	Retained deficit £	Total £
Balance at incorporation date		2	–	–	–	–	2
Loss for the period		–	–	–	–	(309,084)	(309,084)
Transactions with owners in their capacity as owners:							
Issue of new ordinary shares	15	699,998	6,298,748	2	–	–	6,998,748
Ordinary share issue costs		–	(40,000)	–	–	–	(40,000)
Share based payment	18	–	–	–	3,249	–	3,249
At 31 December 2021		**700,000**	**6,258,748**	**2**	**3,249**	**(309,084)**	**6,652,915**

See Note 15 of the notes for full details of the capital movements during the period.

The notes on pages 21 to 29 form part of these consolidated Financial Statements.

Consolidated statement of cash flows

For the 9 month period ended 31 December 2021

	2021 £
Operating activities	
Loss before taxation	(309,084)
Adjustments for:	
Share based payment charge	3,249
Operating cash flows before changes in working capital	(305,835)
Increase in other receivables	(2,322)
Increase in other payables	69,645
Net cash outflows from operating activities	(238,512)
Financing activities	
Issue of ordinary shares	6,998,750
Ordinary share issue costs	(40,000)
Net cash inflows from financing activities	6,958,750
Net increase in cash and cash equivalents	6,720,238
Cash and cash equivalents at beginning of the period	–
Cash and cash equivalents at end of the period	6,720,238

The notes on pages 21 to 29 form part of these consolidated Financial Statements.

Notes forming part of the Consolidated Financial Statements

For the 9 month period ended 31 December 2021

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 Group's 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 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.

No comparative figures have been presented as the consolidated financial statements cover the period from incorporation on 31 March 2021 to 31 December 2021.

(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 recognised 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 Company has adequate working capital to execute its operations and has the ability to access additional financing, if required, over the next 12 months. The Company's unaudited cash balance as at 22 April 2022 was £6,666,378, and excluding the consummation of any investment or acquisition which will likely require specific 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 Company 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 is recognised 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 period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates 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 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, held for meeting short term commitments.

(h) Financial assets and liabilities

The Group's financial assets and liabilities comprise cash and other payables Other payables are not interest bearing and are stated at their 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.

(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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform — Phase 2 (effective for annual periods beginning on or after 1 January 2021) were issued and adopted in the period, with no material impact on the financial statements.

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

(l) Standards in issue but not yet effective

At the date of authorisation of these financial statements there were amendments to standards which were in issue but which were not yet effective and which have not been applied. The principal ones were:

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions. Extension of the practical expedient (effective for annual period beginning on or 1 April 2021)
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 1, Presentation of financial statements on classification of liabilities (effective date deferred until accounting periods starting not earlier than 1 January 2024)
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023.
- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023)
- The Directors do not expect the adoption of these amendments to standards to have a material impact on the financial statements.

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.

4 Employees

Staff costs, including Directors, consist of:

	2021 **£**
Wages and salaries	7,500
Share based payments	2,658
	10,158

	2021 **Number**
The average number of employees, including Directors, during the period was:	2

5 Directors' remuneration

The Company Directors are considered the only key management personnel and their remuneration was as follows:

	2021 £
Directors' emoluments	7,500
Share-based payments (Note 18)	2,658
	10,158

The Chairman's fees are paid through Rise Rocks Limited, a Company wholly owned by the Chairman.

6 Operating loss

	2021 £
This has been arrived at after charging:	
Professional services	127,644
Listing expenses	103,899
Fees payable to the Company's auditor for the audit of the parent and consolidated accounts	20,000

7 Taxation

	2021 £
Jersey corporation tax	
Corporation tax on loss for the period	–
Total taxation on loss on ordinary activities	–

	9 month period ended 31 Dec 2021 £
Loss before tax	(309,084)
Tax for financial service companies at 10%	(30,908)
Effect of:	
Tax losses on which a deferred tax asset has not been recognised	30,908
Total taxation on loss on ordinary activities	–

8 Earnings per share

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

	2021 £
Loss used in basic and diluted EPS, being loss after tax	(309,084)
Adjustments:	
Share based remuneration	3,249
Adjusted earnings used in adjusted EPS	(305,835)

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.

	2021 Number
Weighted average number of ordinary shares of 1p each used as the denominator in calculating basic and diluted EPS	27,345,455

Loss per share	
Basic and diluted	(1.1p)
Adjusted – basic and diluted after the adjustments in the table above	(1.1p)

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

	2021 £
Loss before tax	(309,084)
EBITDA loss	(309,084)
Share based remuneration	3,249
Adjusted EBITDA loss	(305,835)

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 and hold no voting or dividend rights or rights to distributions.

11 Cash and cash equivalents

	2021 £
Cash and cash equivalents	6,720,238

12 Other receivables

	2021 £
Prepayments and accrued income	2,322

13 Other payables

Current trade and other payables	2021 £
Accruals	69,645

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 2021 £
Current financial assets	
Cash and cash equivalents	6,720,238

	Financial liabilities measured at amortised cost 2021 £
Current financial liabilities	
Accruals	69,645

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.

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	69,645	–	–	69,645
At 31 December 2021	69,645	–	–	69,645

15 Share capital

	Allotted, called up and fully paid	
	2021 Number	2021 £
Ordinary shares of 1p each:		
At incorporation date	2	–
Issued in the period	69,999,998	700,000
At 31 December	70,000,000	700,000

On incorporation on 31 March 2021, the Company had an authorised share capital of £10,000.00 divided into 10,000 ordinary shares of par value of £1 each, of which one ordinary share was issued to each of the Founders. The two ordinary shares were each issued for consideration of £1.00 per share.

On 19 August 2021, the Company sub-divided its share capital. Pursuant to the sub-division, the two ordinary shares of £1.00 each in the issued share capital of the Company were split into 200 ordinary shares. Following the sub-division, 180 ordinary shares were re-designated as deferred shares of par value £0.01 each. Following the sub-division and re-designation, the issued share capital of the Company was comprised of 20 ordinary shares and 180 deferred shares, and the Company had an authorised share capital of £10,000 divided into 999,800 ordinary shares of par value £0.01 each and 200 deferred shares of a par value £0.01 each. The deferred shares were redeemed and subsequently cancelled, with a capital redemption reserve created of equivalent value as per Note 16.

On 19 August 2021, in accordance with article 5B of the Articles, the Company redeemed for nil consideration the deferred shares. Any amounts standing to the credit of any nominal or share premium account relating to deferred shares that were redeemed were credited to a capital reserve of the Company and are available for use in accordance with the Companies Law.

On 25 August 2021, the Company increased its authorised share capital to £100,000 and issued and allotted 29,999,980 ordinary shares at a price of £0.10 per ordinary share to the certain shareholders and investors, for aggregate consideration of £2,999,998 in cash. Immediately following this issue an allotment, the issued share capital of the Company was comprised of 30,000,000 ordinary shares.

Pursuant to the IPO placing, 40,000,000 ordinary shares were issued and allotted at a price of £0.10 per ordinary share to certain new investors, for aggregate consideration of £4,000,000 in cash. Warrants with the right to subscribe for further ordinary shares in the Company were issued for every ordinary share subscribed for.

Immediately following this issue and allotment, the Company’s issued share capital increased to 70,000,000 ordinary shares.

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders’ meeting of the Company.

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.

The Capital redemption reserve is made up on amounts arising from the cancellation of the deferred shares.

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 2021.

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.

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 annual 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 outstanding B share options have a weighted average contractual life of 4 years 9 months. 110,000 B share options were issued in the period, all of which were outstanding at the period end. No B share options were exercised in the period. No B share options have expired during the period. The weighted average exercise price of the outstanding B share options is Nil.

The Group recognised £3,429 of expenditure statement of total comprehensive income in relation to equity-settled share-based payments in the period.

The fair value of options granted during the period was determined by applying a binominal 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 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 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.

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. Tessera was paid an initial transaction success fee of £50,000 (plus VAT) on admission for transaction management services provided to the Company in connection with admission and capital raising activities.

From admission, Tessera continues to provide strategic advisory services to the Company, including general corporate advice, and acquisition and capital raising transaction support, and is entitled to be paid a fixed monthly retainer fee of £5,000 (plus VAT) 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 2021, Tessera was owed £15,000 (plus VAT) by the Company for accrued monthly retainer fees since IPO.

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 profit and loss

For the 9 month period ended 31 December 2021

	Note	2021 £
Administrative expenses	6*	(309,084)
Loss before taxation		(309,084)
Taxation charge	7*	–
Loss for the period		(309,084)
Total comprehensive expense for the period		(309,084)

*Please see notes to the consolidated financial statements.

The notes on pages 33 to 35 form part of these financial statements.

Company balance sheet

As at 31 December 2021

	Note	31 December 2021 £	31 December 2021 £
Non-current assets			
Investment in subsidiaries	3		10
Current assets			
Cash and cash equivalents	4	6,720,238	
Trade and other receivables	5	2,322	
Total assets			6,722,570
Current liabilities			
Trade and other payables	6	69,655	
		69,655	
Total liabilities			69,655
Total net assets			6,652,915
Equity			
Issued share capital	7		700,000
Share premium			6,258,748
Other reserve			2
Share based payment reserves			3,249
Retained defecit			(309,084)
Shareholders' funds			6,652,915

The Company financial statements were approved and authorised for issue by the Board on 28 April 2022 and were signed on its behalf by:

David Williams
Non-Executive Director

The notes on pages 33 to 35 form part of these financial statements.

Company statement of changes in equity

For the 9 month period ended 31 December 2021

	Note	Share capital £	Share premium £	Capital redemption reserve £	Share based payment reserves £	Retained deficit £	Total £
Balance at incorporation date		2	–	–	–	–	2
Loss for the period		–	–	–	–	(309,084)	(309,084)
Transactions with owners in their capacity as owners:							
Issue of new ordinary shares	7	699,998	6,298,748	2	–	–	6,998,748
Ordinary share issue costs		–	(40,000)	–	–	–	(40,000)
Share based payment		–	–	–	3,249	–	3,249
At 31 December 2021		**700,000**	**6,258,748**	**2**	**3,249**	**(309,084)**	**6,652,915**

See Note 15 of the notes to the consolidated financial statements for further details of capital movements during the period.

The notes on pages 33 to 35 form part of these financial statements.

Notes forming part of the Company Financial Statements

1 Accounting policies

The principal accounting policies are summarised below; they have been applied consistently throughout the period.

(a) Basis of preparation

These financial statements have been prepared in accordance with the requirements of FRS 101 "Reduced Disclosure Framework" and the requirements of the Companies (Jersey) Law 1991.

No comparative figures have been presented as the financial statements cover the period from incorporation on 31 March 2021 to 31 December 2021.

(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

The Company was formed as an acquisition company to seek investment and acquisition opportunities in the industrial, construction and business services sectors, and software and technology companies which service those industries.

The Directors, having made due and careful enquiry, are of the opinion that the Company has adequate working capital to execute its operations and has the ability to access additional financing, if required, over the next 12 months. The Company's unaudited cash balance as at 22 April 2022 is £6,666,378 , and excluding the consummation of any investment or acquisition which will likely require specific 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 Company 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 (see Note 2).

(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 period.

(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

(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 with the exception of the valuation of share based payments. Please see Note 18 of the consolidated financial statements for further details.

2 Employees

Staff costs, including Directors, consist of:

	2021 **£**
Wages and salaries	7,500
Share based payments	2,658
	10,158

	2021 **Number**
The average number of employees, including Directors, during the period was:	2

The Chairman's fees are paid through Rise Rocks Limited, a Company wholly owned by the Chairman.

3 Investment in subsidiaries

	Shares in subsidiary undertakings **£**
At incorporation date	–
Additions	10
At 31 December 2021	10
Provision for impairment	
At 31 December 2021	–
Net book value	
At 31 December 2021	10
At incorporation date	–

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

Notes forming part of the Company Financial Statements

continued

4 Cash and cash equivalents

	2021 £
Cash and cash equivalents	6,720,238

5 Other receivables

	2021 £
Prepayments	2,322

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

6 Other payables

	2021 £
Amounts due to subsidiary undertakings	10
Accruals	69,645
	69,655

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

7 Share capital

	Allotted, called up and fully paid	
	2021 Number	2021 £000
Ordinary shares of 1p each	70,000,000	700,000

For the full details of the share capital movements in the period, please see Note 15 of the consolidated Group financial statements.

8 Related party transactions

Transactions with other Group companies have not been disclosed as permitted by FRS101, as the Group companies are wholly owned.

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

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

11 Ultimate controlling party

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