

DISCLAIMERS AND RISK FACTORS



EnviraBoard
CARBON NEGATIVE BUILDING BOARDS

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The information contained herein is being supplied as a guide only and prospective funders must make their own investigations and must satisfy themselves as to the condition and prospects of the Company's business and the accuracy and completeness of the statements contained herein.

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Forward-looking statements

This Document includes statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “targets”, “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, “should” or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company’s objective and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performances. The Company’s actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company’s actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors should carefully review the “Risk Factors” section of this Document for a discussion of additional factors that could cause the Company’s actual results to differ materially, before making an investment decision.

Forward-looking statements contained in this Document apply only as at the date of this Document.

Risk factors

Any investment in the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Ordinary Shares.

The risks referred to below are those risks the Directors consider to be the material risks at the date of this Document. However, there may be additional risks that the Directors do not currently consider to be material or of which the Directors are not currently aware, that may adversely affect the Company's business, financial condition, results of operations or prospects. Investors should review this Document carefully and, in its entirety, and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Document were to occur, the results of operations, financial condition and prospects of the Company could be materially adversely affected. If that were to be the case, the value of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Furthermore, investors could lose all or part of their investment.

A. Risks relating to the company's business and strategy

1. There can be no guarantee that an EnviraBoard production facility will be completed or that it will be successful

The Company's business strategy and business model depend on the successful completion of an EnviraBoard production facility and on the effective and successful running of the EnviraBoard production facility once completed. There can be no guarantee that appropriate raw materials will be available or that customers can be found for the EnviraBoards produced on satisfactory terms or at all, or that the necessary equipment for the production of EnviraBoards can be procured on satisfactory terms. Furthermore, there is no guarantee that final agreements in relation to securing land with adequate utilities and services suitable for a production facility, including available electrical power and water supply, can be completed on satisfactory terms or at all.

The initial phases of construction of an EnviraBoard production facility might not be successfully completed, and accordingly may not progress to full industrial production. As a result, the Company might not be profitable or be able to complete an EnviraBoard production facility at a price that is consistent with its objectives or at all, which would have a material adverse effect on the Company's business, financial condition, or results of operations. If the Company fails to complete an

EnviraBoard production facility, it may be left with substantial unrecovered costs which would have a material adverse effect on the Company's business, financial condition, results of operations and / or the value of the Ordinary Shares.

2. There can be no assurance that an EnviraBoard production facility will operate as intended

Given that an EnviraBoard production facility has not yet been built and put into operation, there can be no assurance that the expected output will be delivered. Factors such as the daily quantity of raw materials utilised in the system's operation, the composition of the raw materials and the efficiency of the production process could reduce output. Revenues could therefore be substantially lower than currently anticipated, which would make a production facility less profitable and could even make it unviable.

3. The Company has both limited operating track record and historical revenues

Although its is experienced, the Company has a limited history upon which an evaluation of the Company and its prospects can be based. The Company's business must be considered in light of the risks, expenses and problems frequently encountered by companies at an early stage of development. In addition, the Company's strategy has been formulated in the light of current regulatory and legal environments and likely future changes. Failure to achieve predicted returns my result in income growing more slowly than anticipated or not materialising at all. Although the Directors have confidence in the Company's future revenue earning potential, there can be no certainty that the Company will achieve or sustain significant revenues, profitability or positive cash flow from its operating activities.

The Company's ability to be a successful and profitable Company depends, to a significant extent, also on the continued service the Company's Directors and the employment, and/or engagement and retention of its key employees and consultants. It is possible that key individuals might leave the Company, which may adversely affect the ability of the remaining management to manage the Company efficiently.

4. There can be no assurance that future joint venture partners and projects will be secured

There can be no assurance that any joint venture partners or project opportunities will be secured particularly given that the Company will need to secure both the requisite raw materials and local customers for its end products to develop economically viable projects.

5. Risks relating to the timeline and execution of the strategy

Difficulties in finding land to purchase or lease and, subsequently, difficulties obtaining among others, any permits, consents, licenses or planning permissions for the construction and operation of an EnviraBoard production facility could materially increase the timeline and the cost of the building and operation of an EnviraBoard production facility. Even with careful planning and verification, it is possible that not all necessary permits or licences for the construction and operation of an EnviraBoard production facility will be obtained. Each an EnviraBoard production facility will also be subject to the risk that a particular permit or licence is altered, withdrawn or expires and cannot be extended, which can lead to suspension, delay, or restriction in operations. In addition, relevant authorities may impose conditions on the commencement or duration of the operation of an EnviraBoard production. This may delay or restrict the operation of an EnviraBoard production facility and/or increase the costs of operation. There can be no guarantee that the Company will be able to construct and operate an EnviraBoard production facility within a certain timeline or at all. Any such delays and/or increases in costs could have a material adverse effect on the Company's business, financial condition and results of operation. Any of the above events may have a material adverse effect on the Company's business, financial condition, prospects and results of operations.

6. Joint Ventures

The Company is currently anticipating entering into joint ventures with suitable partners who also provide funding for an EnviraBoard production facility. There is a risk that a joint venture partner does not meet its obligations and the Company may therefore suffer additional costs or other losses. It is also possible that the interests of the Company and those of its joint venture partners are not aligned resulting in project delays or additional costs and losses. The Company may have minority interests in the joint venture companies and partnerships and may be unable to exercise control.

7. Reliance on third party equipment and/or service providers

The Company or any EPC contractor or project manager engaged by the Company in the construction of a production facility will need to source equipment and potentially also services from a variety of other third parties. Any delay, failure or interruption in the services or products provided by any such third-party equipment and/or service provider whether or not resulting from accidental or deliberate acts or omissions or delays, could harm the Company's ability to operate its business and damage its reputation.

8. Technological failures, production disruption and durability of HUI Facilities

There can be no guarantee that there are not going to be any unforeseen delays or technical problems in the operation of an EnviraBoard production facility.

Further, whilst most of the technology comprised in an EnviraBoard production facility is comprised of components that are well proven and the science behind it is well known, the systems as a whole at the scale envisaged comprise new technology. There can be no guarantee that an EnviraBoard production facility or any other equipment provided by a third party and incorporated into an EnviraBoard production facility will work as anticipated or will continue to work as efficiently as anticipated.

Technical problems and delays may be encountered during periods of long-term use that were previously unforeseen and there can be no assurance that an EnviraBoard production facility will be commercially successful. Any such technical issue or a reduced efficiency over time could lead to delays and/or costs which could have a material adverse effect on the Company's business, financial condition and results of operations.

There are few comparable systems worldwide that can be used to forecast the durability of an EnviraBoard production facility. Therefore, there is a risk that any an EnviraBoard production facility cannot be used over the entire forecast period for its intended use and/or fails to achieve or maintain the predicted efficiency. Additional costs may be incurred for maintenance, renewal or replacement. There is also a risk of damage or even destruction of an EnviraBoard production facility due to extreme weather events and geological risks.

9. Dependence on key executives and personnel

The future performance of the Company will depend heavily on its ability to recruit and retain the services of key executives and to recruit, motivate and retain further suitably skilled, qualified, and experienced personnel. The Company will look to recruit personnel with existing expertise to assist in the running and operations of the projects and to support the Company in its operations. However, there can be no assurance that the Company will be able to recruit personnel of the right expertise and calibre. Changes in personnel may have a material adverse effect on the projects or business' operations. The Company is also dependent on the Directors to manage the projects. The loss of the services of any such individual may have an adverse material effect on the business, operations, revenues, customer relationships and/or prospects of the Company.

10. Competition

The Company will face competition from other entities for the same markets. Many of the Company's competitors will be substantially larger and may have considerably greater financial, technical and marketing resources. For example, some competitors might have a lower cost of funds and access to funding sources that are not available to the Company.

There can be no assurance that the competitive pressures the Company may face will not have a material adverse effect on the Company's business, financial condition and results of operations.

Also, as a result of this competition, the Company may not be able to take advantage of attractive investment opportunities from time to time, and the Company can offer no assurance that it will be able to identify and make investments that are consistent with the Company's objective.

11. Technology advancement and obsolescence risks

Technological advances could make the technology incorporated in an EnviraBoard production facility obsolete. The significant fixed costs involved in constructing an EnviraBoard production facility mean that any technology change that occurs over the medium term could threaten the profitability of the Company. In such circumstances, an EnviraBoard production facility would have to fund replacement technology, with a possible interruption of production, which could have a material adverse effect on the Company's profitability and the value of the Ordinary Shares.

12. Risks relating to the price of the equipment to be used in an EnviraBoard production facility

The price of equipment in relation to the Kings Lynn and/or any other future project could increase and will be influenced by a number of factors, including the price and availability of raw materials and any import duties that may be imposed. Such unexpected cost increases could have a material adverse effect on the Company's ability to meet its investment criteria and on the Company's profitability and the value of the Ordinary Shares.

13. Construction risks

The Kings Lynn project and any other future project will require significant capital expenditure and pre-production operational funding, the quantum of which may well be greater than planned due to cost overruns, construction delay, failure to meet technical requirements or construction defects which may be outside the Company's control. If a third party is liable to repair or remedy any construction defect, that third party may not carry out such repair or remedy by the agreed deadline or at all and / or the relevant defects may not be adequately covered by warranty. Even if such defects are covered by warranty, they may only occur after the warranty period expires, or the relevant damages may exceed the scope of the warranty and therefore not be capable of full recovery. As a result, it may not be possible to recoup all damages and / or losses incurred as a result of construction related risks. Additional costs and expenses, delays in construction or carrying out repairs, failure to meet technical requirements, lack of warranty cover and/or consequential operational failures or malfunctions may have a material adverse effect on the Company's profitability and the value of the Ordinary Shares.

14. Risks relating to local health and safety and environmental regulations

Once an EnviraBoard production facility is operational, the Company's business will be exposed to the risk of harmful substances escaping into the environment which could result in personal injury or death, damage or destruction to property and the environment. The Company's business activities

are subject to numerous laws and regulations that govern environmental protection and health and safety. These laws and regulations have changed frequently in the past and it is reasonable to expect additional and more stringent changes in the future.

The Company's health, safety and environmental policy is to observe local, national, legal and regulatory requirements and to apply best practice where there is no local legislation and it will be reviewed regularly. However, significant liabilities including fines and penalties, revocation or denial of a permit and/or damages by private parties could arise if the Company for whatever reason fails to comply with local health and safety and environmental regulations. Any such circumstances could have a material adverse effect on the Company's business, financial condition, and results of operations. In such circumstances, the Company may have to curtail or cease operations, conduct site remediation or other corrective action and/or pay substantial damage claims.

15. Insurance Risk

The Directors intend to maintain appropriate insurance cover including product and environmental liability insurance, for the business. There may be circumstances where the insurance does not cover certain events, or the consequences of certain events and the Company may be held liable for damages beyond the scope of its insurance coverage. There can be no assurance that the Company will be able to maintain adequate insurance in the future at rates the Directors consider reasonable. Therefore, if coverage is not adequate in the case of a certain event or the Company is not able to obtain insurance at reasonable rates, this could have a material adverse effect on the Company's business, financial condition, prospects and results of operations.

B. Risks Relating to the Nature of the Securities

1. Investors may not be able to realise returns on their investment in EnviraBoard's Ordinary Shares within a period that they would consider to be reasonable.

The Company's shares are unlisted and it is unlikely that there will be any market for trading in the Company's shares in the short and possibly medium term. Investors should not expect that they will be able to realise their investment in the Company's Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Company's Ordinary Shares are not suitable for short-term investment.

2. Dividend payments on the Ordinary Shares are not guaranteed and the Company does not intend to pay dividends in the foreseeable future.

The Directors do not intend to pay dividends to Shareholders in the near future and a dividend may never be paid. The Directors will maintain a regular review of the Company's dividend policy. The Company's ability to pay any dividend, subject to compliance with the Companies Act 2006 and the Articles, will depend on a number of factors, including the results of operations, financial condition and profitability, free cash flow and other factors considered relevant by the Directors. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of any such dividends.

3. Dilution

The Company is likely to raise additional funds in the near future to finance, amongst other things, working capital and expansion of the business. If additional funds are raised through the issuance of new equity or equity linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

C. Specific Additional Risks Relating to Taxation

1. Changes in tax law may reduce any net returns for the Company's shareholders

The tax treatment of Shareholders of Ordinary Shares issued by the Company are subject to changes in tax laws. Any change in such tax laws may reduce any net return derived by the Company's Shareholders from an investment in the Company.

2. There can be no assurance that the Company will be able to make returns to shareholders in a tax-efficient manner

Taxes may be imposed with respect to any of the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium-term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

THE RISKS NOTED ABOVE DO NOT NECESSARILY COMPRISE ALL THOSE FACED BY THE COMPANY.



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