



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number

Company name in full

→ **Filling in this form**

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s)

Surname

### 3 Administrator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

### 4 Administrator's name ①

Full forename(s)

Surname

① **Other administrator**

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② **Other administrator**

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	d	d	m	m	y	y	y	y
To date	d	d	m	m	y	y	y	y

### 7 Progress report

I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

d	d	m	m	y	y	y	y
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# AM10

## Notice of administrator's progress report

### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone

### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

### Important information

**All information on this form will appear on the public record.**

### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

# Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
All fields are mandatory unless specified or indicated by \*

## 1 Appointment type

Tick to show the nature of the appointment:

- Administrator
- Administrative receiver
- Receiver
- Manager
- Nominee
- Supervisor
- Liquidator
- Provisional liquidator

① You can use this continuation page with the following forms:  
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7  
- CVA1, CVA3, CVA4  
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
- REC1, REC2, REC3  
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,  
- WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

## 2 Insolvency practitioner's name

Full forename(s)

Surname

## 3 Insolvency practitioner's address

Building name/number

Street

Post town

County/Region

Postcode

Country



**— To all known creditors**

**Joint Administrators' Second Progress Report**  
For the period from 28 September 2025 to 27  
March 2026

Chiaro Technology Limited (trading as Elvie)

Company number 08502405

Report pursuant to Rule 18.6 of the Insolvency (England and Wales) Rules 2016

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# Glossary

Commonly Used Terms	Definition
<b>Act / IA86</b>	Insolvency Act 1986 (as amended)
<b>c.</b>	Approximately
<b>CDDA</b>	Company Directors Disqualification Act 1986
<b>CT</b>	Corporation Tax
<b>CVL</b>	Creditor's Voluntary Liquidation
<b>DBT</b>	Department for Business and Trade
<b>EBITDAP</b>	Earnings Before Interest, Taxes, Depreciation, Amortization and Pension Income
<b>FTI / FTI UK</b>	FTI Consulting LLP
<b>HMRC</b>	HM Revenue & Customs
<b>ICAEW</b>	Institute of Chartered Accountants in England & Wales
<b>IR16 / the Rules</b>	Insolvency (England and Wales) Rules 2016 (as amended)
<b>NDA</b>	Non-Disclosure Agreement
<b>NOID</b>	Notice of Intended Dividend
<b>PAYE / NIC</b>	Pay-as-you-earn tax / National Insurance Contributions
<b>Preferential creditors</b>	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay and certain unpaid pension contributions. Second ranking: HMRC in respect of certain specified debts.
<b>Prescribed Part</b>	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
<b>RPS</b>	Redundancy Payments Service
<b>Sch B1</b>	Schedule B1 IA86
<b>SIP</b>	Statement of Insolvency Practice
<b>SIP 2</b>	Investigations by office holders in administration and insolvent liquidations
<b>SIP 7</b>	Presentation of financial information in insolvency proceedings
<b>SIP 9</b>	Payments to insolvency office holders and their associates from an estate
<b>SIP 16</b>	Pre-packaged sales in administrations
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>Unsecured creditors</b>	Principally trade creditors, landlords, utility providers and HMRC

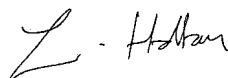
Case Specific References	Meaning
<b>Administration</b>	The Administration of the Company
<b>Administrators / Joint Administrators / we / our / us</b>	Lindsay Hallam, Oliver Wright and Matthew Boyd Callaghan
<b>Appointment date</b>	28 March 2025
<b>Bankruptcy Court</b>	United States Bankruptcy Court for the District of Delaware
<b>The Company</b>	Chiaro Technology Limited – in Administration
<b>Clumber</b>	Clumber Consultancy Limited, employee and pensions specialists
<b>DLA UK</b>	DLA Piper UK LLP, an independent law firm
<b>DLA US</b>	DLA Piper LLP (US), an independent law firm
<b>First Progress Report</b>	Our first progress report, covering the period 28 March 2025 to 27 September 2025
<b>Hilton Baird</b>	Hilton Baird Collection Services Limited, HSBC's appointed third-party book debt collection agency
<b>HSBC UK</b>	HSBC UK Bank Plc
<b>HSBC US</b>	HSBC Bank USA N.A.
<b>HSBCIF</b>	HSBC Invoice Finance (UK) Ltd
<b>IP</b>	Intellectual Property
<b>LtO</b>	Licence to occupy the Company's leasehold premises at 1 Brunswick Square, Bristol, England, BS2 8PE
<b>The Period</b>	From 28 September 2025 to 27 March 2026
<b>The Proposals</b>	The Joint Administrators' Statement of Proposals dated 4 April 2025, including all its appendices
<b>The Purchaser</b>	Willow Blossom Holdco Limited
<b>Secured Creditors/Lenders</b>	Creditors with security in respect of their debt in accordance with Section 248 IA86. In this case, the Secured Creditors are HSBC and HSBCIF.
<b>Secured Debt</b>	HSBC and HSBCIF are holders of fixed and floating charges over the Company's tangible and intangible assets.
<b>Statement of Affairs Transaction</b>	Director's Statement of Affairs dated 17 April 2025 Pre-packaged sale of the Company's business and assets to the Purchaser on 28 March 2025.
<b>SPA</b>	Sale and purchase agreement
<b>Willow</b>	Willow Innovations Inc.



# Purpose of this report

## Purpose of this report

- Lindsay Hallam, Oliver Wright and Matthew Callaghan were appointed as joint administrators of the Company on 28 March 2025.
- Pursuant to Rule 18.6 IR16, we are required to provide creditors with a report setting out what has happened in the Administration during the six-month period since our previous report.
- This report covers the period from 28 September 2025 to 27 March 2026 and contains:
  - An explanation of the work we have done in the Period and how the Administration has progressed;
  - An update on the estimated outcome for each class of creditor;
  - Details of the work we still need to do before the Administration can be concluded;
  - A statement of our receipts and payments and details of expenses we have incurred;
  - An update on our remuneration for acting as joint administrators; and
  - Further information required by statute regarding our appointment as administrators.
- Background information on the Company and events leading up to the Administration can be found in our Proposals, which continue to be available online (see How to Contact Us).
- If you are unfamiliar with insolvency, we have included as an appendix a brief overview that you may wish to read before continuing to read this report.
- Certain legal notices regarding this report, our appointment and creditors' rights are also included as an appendix.
- If you have any questions regarding this report or the Administration generally, please contact us.



.....  
Lindsay Hallam  
Joint Administrator

*The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) IA86. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.*

### How to Contact Us

- Creditors, customers and members can contact us using the preferred methods below:  
Email: [Elvie\\_Administrators@fticonsulting.com](mailto:Elvie_Administrators@fticonsulting.com)  
[Elvie\\_Customers@fticonsulting.com](mailto:Elvie_Customers@fticonsulting.com)
- Post: Chiaro Technology Limited – in Administration, c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
- Tel: 020 3727 1000
- Previous documents and further information can be found online for viewing and downloading at: [www.ips-docs.com](http://www.ips-docs.com), using unique login details which have been provided previously.
- Information can also be found at: [www.fticonsulting.com/uk/creditors-portal/chiaro-technology-limited](http://www.fticonsulting.com/uk/creditors-portal/chiaro-technology-limited)

### Actions Required by Creditors

- There is a prospect of a small dividend for unsecured creditors through the Prescribed Part. If you have not already submitted your claim, please do so as soon as possible, using the Turnkey Insolvency Portal ([www.ips-docs.com](http://www.ips-docs.com)) and the login details previously provided.



# Progress of the Administration

## Recap on the Administration

**Key matters outstanding previously included the recovery of cash held in US and UK bank accounts, cash reconciliations with the Purchaser, resolution of stayed litigation, and progression of creditor claims.**

- A background on the Company and the events leading up to the appointment of administrators were included in our Proposals and SIP16 Statement and are not repeated here for the purposes of this report unless considered necessary or beneficial to do so. Similarly, progress in the Administration prior to this Period can be found in our First Progress Report (and is summarised below). Creditors may wish to refer to these previous reports in conjunction with reading this report. All reports made available for creditors to view and download are available on our website referred to earlier and will continue to be available until two months after the end of the Administration.

### Realising the assets

- A pre-pack sale was completed on 28 March 2025 to Willow Blossom Holdco Limited ("the Purchaser"), comprising IP, stock, goodwill, and other business assets. The total sale consideration of c.£6.1m was received on completion. A breakdown of this sale consideration by asset can be found in our Proposals and our First Progress Report.
- As at 27 September 2025, assets still to be realised included funds held in the Company's pre-Administration HSBC bank accounts, ongoing funds reconciliations with the Purchaser regarding co-mingled cash at bank, and potential recoveries from ongoing litigation matters. We also expected further recoveries of book debts, pursued by the Secured Creditors' collection agents, Hilton Baird.

### Dealing with creditors

- A distribution of £4,061,611.01 was paid to HSBC from the proceeds of fixed charge assets. We kept the Secured Creditors informed through regular written reports, issuing two such reports during the first six-months (a one-month update and a three-month update). As part of the Transaction, 178 employees transferred to the Purchaser under TUPE, ensuring business continuity, preservation of employee rights and benefits, and mitigating an estimated £2.6m in employee liabilities.
- As at 27 September 2025, outstanding matters included receiving HMRC's final claim for dividend purposes (which was pending submission of the pre-administration Corporation Tax returns), determining the Prescribed Part fund for unsecured creditors, and completing funds reconciliations with the Purchaser to enable the commencement of the Prescribed Part dividend adjudication process.

### Managing the Company's affairs

- We managed ongoing VAT and tax compliance for the Company, preparing and submitting the pre-administration VAT return (resulting in a c.£278k repayable position) and preparing pre-administration Corporation Tax filings for multiple periods. The Company's electronic records and statutory books were captured with assistance from FTI's forensics team.

### Fulfilling our statutory duties

- Initial notices were issued to relevant stakeholders following our appointment. A SIP 16 statement was issued alongside our Proposals on 4 April 2025, after which we completed and submitted the CDDA and SIP 2 assessment information to the Insolvency Service.

**48%**

Return to the Secured Creditors

HSBC is expected to recover 48% of its total exposure based on current realisation estimates.

**178 jobs**

Number of jobs saved

178 jobs saved through employees being transferred to the Purchaser, significantly reducing the level of claims against the Company.

**100%**

Dividend for preferential creditors

HMRC's claim is capable of being paid in full from surplus floating charge realisations.

## Realising the Assets

**All funds held in the pre-administration bank accounts have been recovered, representing material realisations for the estate. Book debt collections are now complete, and cash balances continue to be invested to generate interest.**

- The primary focus during the Period was continuing to recover the remaining assets excluded from the Transaction. Key activities included recovering cash held in the pre-administration bank accounts, reconciling co-mingled funds received into the Company's bank accounts that belong to the Purchaser and funds the Purchaser is holding that belong to the Company, and progressing matters related to ongoing litigation with Momcozy and Willow.

### HSBC Book Debt Realisations

- Upon our appointment, fixed charge book debts had an estimated realisable value of £1,882,084 per the director's Statement of Affairs. HSBCIF immediately engaged Hilton Baird to collect all book debts on their behalf, with proceeds applied directly against the secured debt owed to HSBCIF.
- During the Period, a further £51,282.13 has been recovered, bringing book debt collections to a close. In total, Hilton Baird recovered £1,508,433.13 for HSBCIF, comprising £137,030.59 (GBP), €193,489.30 (EUR), and \$1,642,731.57 (USD), together representing an 80% recovery against the Statement of Affairs estimate of £1,882,084. Hilton Baird has confirmed that their work is now complete and that no further recoveries are expected from the secured book debts.
- Together with sale proceeds and the anticipated floating charge surplus, the Secured Creditors are currently estimated to recover c.48% of their total exposure, with book debt realisations contributing significantly to this outcome.

### Treasury Management

- We have continued to actively manage the Administration's cash balances to maximise interest generated whilst maintaining sufficient liquidity for operational requirements. Activities included regular review of cash flow requirements and placing surplus funds in short-term treasury deposits. In the Period, this generated £17,397 in bank interest.

### Cash at Bank – HSBC UK

- The Company held bank accounts with HSBC UK. The director's Statement of Affairs recorded a realisable value of £32,041 from cash balances; however, £74,270.83 was realised during the Period.

- Recovery was delayed as HSBC required a physical instruction letter to authorise the transfer to the Administration estate. The original letter was lost in the post, requiring a replacement to be issued. Despite providing all necessary documentation and maintaining regular correspondence, administrative requirements and processing delays meant the funds were received several months after our initial instruction in June 2025. The full balance was transferred to the Administration estate in November 2025.

### Cash at Bank – HSBC US

- The Company also held bank accounts with HSBC in the US. As the Administration proceedings are not recognised in the US, recovering funds from this jurisdiction was complex and time-consuming. The asset recovery process required proportionate liaison with HSBC US to facilitate the release and transfer of \$137,180.75 held in the USD accounts.
- The case team experienced significant delays due to slow responses from HSBC US. To progress matters, DLA US advised us on steps and documentation to expedite the process, noting that we had been appointed as the Company's Foreign Representatives in Chapter 15 proceedings before the Bankruptcy Court.
- In May 2025, the Bankruptcy Court granted an order recognising the Company's English Administration proceedings and authorising the Foreign Representatives to exercise certain powers in relation to the Company's assets.
- Key activities in the Period to realise this cash also included navigating HSBC's internal escalation procedures across multiple departments, coordinating with various banking teams to establish appropriate transfer mechanisms, completing HSBC US forms to add Lindsay Hallam as an authorised signatory, providing the court-sealed Administration order and the above-mentioned US recognition order, issuing an instruction letter confirming the transfer amounts, and verbally verifying the Administration bank details.
- The full balance of \$137,180.75 (equating to £100,621.09 after foreign exchange conversions), was finally received on 20 February 2026, representing a material recovery for the estate.

## Realising the Assets

**Work is ongoing to reconcile co-mingled funds between the Company and the Purchaser. Litigation proceedings at the time of our appointment have been stayed but are yet to be resolved.**

### Litigation: Momcozy and Willow

- As previously reported, the Company was party to live litigation in respect of IP infringement in the US; with both the Purchaser (the “Willow litigation”) and a competitor, Momcozy (the “Momcozy litigation”), as both claimant and defendant. Efforts to resolve this as part of the Transaction were unsuccessful. During the Period, we have continued to comply with the contractual terms of the SPA in respect to the ongoing litigation.
- Following unsuccessful attempts to reach commercial settlement with Momcozy, we filed a Chapter 15 petition in the US Bankruptcy Court for the District of Delaware seeking recognition of the Administration. On 9 May 2025, the Court granted recognition and imposed an automatic stay on both the Momcozy and Willow actions indefinitely.
- The Willow litigation was successfully dismissed on 11 September 2025 following a joint dismissal filing. However, on 15 January 2026, the Washington District Court rejected the motion to enter consent judgment in the Momcozy matter. Correspondence with Momcozy and their legal representatives regarding dismissal remains ongoing at the date of this report. The Chapter 15 stay remains in effect, protecting the estate from further litigation exposure while dismissal efforts continue.
- The complexity arose from cash receipts from sales being deposited into the Company’s pre-Administration bank and merchant accounts that continued operating post-sale. This required us to distinguish between receipts due to the Administration and post-appointment trading (belonging to the Purchaser). A key challenge in this reconciliation has been the inherent timing delay between when customer orders are placed and when the corresponding cash receipts are deposited into the bank accounts. This lag period has resulted in this work taking longer than originally anticipated.
- This reconciliation process has involved:
  - Obtaining and reviewing detailed bank statements and transaction records from the Purchaser for the relevant bank and merchant accounts;
  - Analysing cash receipts to identify the underlying transactions and determine whether they related to pre-Administration or post-appointment sales;
  - Regular correspondence with the Purchaser and their advisors to resolve discrepancies and agree the allocation of receipts; and
  - Negotiating payment terms and arrangements for the transfer of funds identified as belonging to the estate.

### Other Asset Realisations

- We have also successfully recovered various residual assets during the Period. These include funds totalling £1,479.94 from the Swiss tax authorities (Eidgenössische Steuerverwaltung), representing a refund of a previously paid VAT cash deposit. Some £600 was also recovered from Bindmans LLP following identification of a duplicate payment made by the Company in relation to legal fees. HMRC also paid statutory interest of £8.40 in relation to late payment interest on the September 2025 VAT return.

### Purchaser Funds Reconciliation

- Ongoing reconciliation work with the Purchaser regarding co-mingled cash receipts has required significant attention during the Period. Whilst a reconciliation was agreed on our side, the Purchaser raised further queries, requiring additional work. Once finalised, we will either recover or remit the net balance accordingly.
- The volume of transactions requiring analysis, combined with the need for detailed supporting documentation and ongoing dialogue with the Purchaser, has resulted in this work taking considerably longer than originally anticipated.
- As at the Period end, we have finalised our reconciliation and are working with the Purchaser to agree the net amount payable/receivable.
- Further, we have identified that the Purchaser is holding c.£2k in the Company's PayPal account (SEK c.26k) that is due to the estate, plus c.£6.9k relating to US IP assignment costs which are also due to the Company. Conversely, we are holding c.£5.7k that is due to be remitted to the Purchaser, representing the unused balance relating to the LtO for the Bristol office. We have deferred this refund pending completion of the overall reconciliation.

## Realising the Assets

**Our future work in relation to assets will focus on finalising the funds reconciliation with the Purchaser, remitting the unused LtO balance to the Purchaser, and continuing to invest funds for the benefit of creditors.**

### Future work

#### *Purchaser Funds Reconciliation*

- The main focus of our future work in relation to asset realisations will principally involve the finalisation of the fund's reconciliation, including either recovering or remitting the net balance to the Purchaser accordingly.

#### *LtO*

- As reported in our First Progress Report, the Purchaser was in beneficial occupation of the Company's leasehold premises at 1 Brunswick Square, Bristol, England, BS2 8PE from 28 March 2025 to 16 May 2025. During this period, rent amounted to £73,793.34 plus VAT, and utilities amounted to £1,499.12 plus VAT. The Purchaser provided us with funds totalling £79,844.62 plus VAT to settle any LtO related costs whilst it was in beneficial occupation.
- The Purchaser vacated the property early on 16 May 2025, and we offered surrender to the landlord shortly thereafter.
- As such, there will be no further payments due to the landlord in relation to the LtO. Accordingly, once the funds reconciliation has been finalised and agreed with the Purchaser, we expect to refund the unused LtO balance of c.£5.7k held on account.

#### *Bank Interest*

- We will continue to invest funds accordingly to maximise bank interest accruing for the benefit of creditors.

### Transactions with connected parties

- In accordance with SIP 13, we are required to disclose any known connected party transactions that occurred in the Period. We confirm that no such transactions have occurred.

## Dealing with Creditors and other Stakeholders

**We have reported regularly to the Secured Creditors and taken steps to assess the level of the Company's liabilities, including responding to queries received from creditors, to the extent possible.**

- We set out below the work done in the Period relating to each class of creditor and other stakeholders. The current estimates for amounts owed to the various classes of creditors, the anticipated recovery in each case and (where appropriate) the likely timing of distributions; are set out later in this report.

### Secured Creditors

- As the Secured Creditors have not been repaid in full, we have provided them with regular updates by way of written reports, one of which was issued during this Period, being the eleven-month update on the Administration, in February 2026.
- During the Period, we sought consent from the Secured Creditors in relation to our remuneration, expenses and pre-Administration costs. Following receipt of this consent (and approval from the preferential creditors), we settled the unpaid pre-Administration costs as an expense of the proceedings.
- As explained later, the basis of our remuneration has been approved on a time cost basis, subject to a fees estimate (cap) of £401,312 plus VAT, but have not yet been drawn.
- Due to the outstanding matters in the Administration, including ongoing litigation and the finalisation of funds reconciliations with the Purchaser, we also sought consent from the Secured Creditors (and approval from the preferential creditors) for a 12-month extension to the period of the Administration. Consent was received and the Administration is now expected to conclude no later than 27 March 2027.

### Preferential creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The RPS becomes a preferential creditor in place of the employees once it has paid employee statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.

### Preferential creditors

- Preferential creditors are described in the highlighted box opposite. We do not expect any first-ranking preferential claims as the employees transferred to the Purchaser as part of the Transaction.
- The director's Statement of Affairs estimated a second-ranking preferential claim from HMRC of £1,391,512, relating to unpaid PAYE. HMRC initially submitted a claim of £1,055,202.98, of which £753,528.92 was preferential, and later revised this to £1,391,093.75, including £989,907.61 as preferential.
- During the Period, we submitted the pre-Administration VAT return for Q1 2025, resulting in an amount of £278,044 due from HMRC. We also submitted pre-administration corporation tax returns for the periods to 31 December 2023, 31 December 2024, and 27 March 2025.
- Following submission of these returns, HMRC finalised its pre-Administration position, offsetting the £278,044 VAT repayment against its claim and submitting a final claim of £1,119,674.41, of which £792,165.64 is preferential, largely comprising outstanding PAYE and employer NICs.
- As described opposite, during the Period, we sought and received a decision from the preferential creditors regarding our a) remuneration, expenses and pre-Administration costs and b) an extension of the Administration.

### Unsecured creditors

- In preparation for our appointment, we set up a dedicated email address and helpline number in order for creditors to contact us, other than by post. We have received a number of queries from creditors on matters relating to their claims or the impact of the Administration. We have responded to queries to the extent possible and using the information currently available to us.
- We have invited creditors to submit their claims to us as there is a prospect of a dividend becoming available from the Prescribed Part, as explained later.

## Managing the Company's affairs

**Until such time as the Company is dissolved, it must continue to fulfil many of its usual obligations. Whilst appointed to manage the affairs of the Company, we are responsible for ensuring these obligations are met.**

### VAT

- We continue to work closely with our internal VAT and Corporation Tax specialists to review the Company's tax affairs, file all necessary returns, and pursue available tax-related recoveries.
- All historic VAT filings have been completed and submitted to HMRC.
- Additionally, the post-appointment VAT returns covering the periods from 1 July 2025 to 30 September 2025 and 1 October 2025 to 31 December 2025 were submitted in the Period. These two VAT returns resulted in net repayment positions from HMRC of £15,504.62 and £102,957.03, respectively.
- The refund in respect of the 1 July 2025 to 30 September 2025 VAT return was received in full, plus statutory interest of £8.40, on 16 January 2026.
- The refund in respect of the 1 October 2025 to 31 December 2025 VAT return is expected to be received in due course and will contribute to funds available for distribution to creditors. We continue to follow up with HMRC on the status of this refund.
- The VAT return for the quarter ending 31 March 2026 is currently in progress and further returns will be prepared and submitted as required.
- However, we do expect to apply for the Company's deregistration for VAT purposes in the next few months and once confirmed, a final VAT return will be completed to the deregistration date.

### Tax

- We have worked closely with FTI's internal tax specialists to prepare returns for the following periods:
  - Year to 31 December 2023;
  - Year to 31 December 2024;
  - Period to 27 March 2025 (final Pre-Administration period); and
  - Period to 28 March 2025 (One-day Administration period).

- The returns were prepared based on available financial information provided by the Company and prior advisors upon our appointment. All periods were loss-making for tax purposes. The one-day Administration period return reflects the cessation of trade and immediate disposal of assets during the Administration. All of these returns were completed and submitted to HMRC in the Period.
- The Corporation Tax return for the period ending 31 December 2025 is currently in preparation, with a filing deadline of 31 December 2026.
- Corporation Tax returns will continue to be prepared and filed for each relevant period until no further taxable income is expected to arise.

### Books and records

- In line with our statutory obligations, we secured the Company's statutory books and records, together with financial, tax and VAT records and bank statements, shortly after our appointment. These will be retained until 12 months after the Company is dissolved, after which they are capable of being destroyed in accordance with insolvency legislation.

### Treasury and accounting

- An account of our receipts and payments for the period covered by this report is provided at Appendix B, together with a statement of the income and expenditure relating to the Purchaser's LtO. A statement of expenses incurred in the Period is included at Appendix C.

### Sterne Kessler

- During the Period, we engaged with Sterne Kessler regarding matters relating to the Momcozy Litigation. Sterne Kessler are assisting with the relevant motion to dismiss filings through the local US courts.

## Fulfilling our Statutory Duties

### The Administration has been extended to 27 March 2027, by consent of the Secured Creditors and a decision of the preferential creditors.

#### Extension to the period of the Administration

- The Company's Administration was due to end automatically on 27 March 2026. However, a number of matters remain outstanding which are required to be completed in order to meet the purpose of the Administration and wind down the Company's affairs in an orderly manner. This work mainly includes:
  - Finalising the reconciliation of funds for the Purchaser;
  - Recovery of assets excluded from the Transaction;
  - Agreeing preferential claims and making a distribution to the second-ranking preferential creditor;
  - Resolving outstanding litigation matters with Momcozy;
  - Completing necessary corporation tax filings and recovering input VAT; and
  - Adjudicating the claims of non-preferential unsecured creditors and distributing the Prescribed Part fund.
- To provide sufficient time for these matters to be completed, we sought consent from the Secured Creditors and a decision (by deemed consent) from the preferential creditors for a 12-month extension to the period of the Administration. As relevant creditors can only consent once to an extension of the Administration, in order to avoid the costs of a court application for a second extension (in the unlikely event that became necessary), we sought the maximum extension period of 12 months.
- The Secured Creditors provided their consent on 7 August 2025. The decision date for preferential creditors to have objected was 18 February 2026. No objections were received. As such, the Administration of the Company is now expected to conclude by 27 March 2027. However, on the basis of current information, we do expect that the Administration will be capable of being ended before this date.
- Notice of the extension was filed at Companies House and delivered to creditors by making it available for viewing and downloading on the website referred to earlier.

#### Other statutory matters

- During the Period, we prepared and issued our First Progress Report to creditors and filed it at Companies House. We also commenced the preparations for this progress report.
- We continued to review the case at six-month intervals, updating our estimated outcome statement, as well as monitoring our fees incurred against the budget for the Administration.
- We also engaged Clumber Consultancy to provide support in relation to the Company's pension schemes, including the provision of a report on any outstanding actions and the filing of certain notices to the Pension Protection Fund, the Pension Regulator and Pension Trustees. Both schemes have been closed, and no outstanding remain in this respect.

#### Objective of the Administration

- As joint administrators of the Company, we are officers of the Court and must perform our duties in the interests of creditors as a whole.
- As set out in our Proposals, the statutory objective of the Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- We continue to believe the objective of the Administration will be achieved by virtue of the Transaction, which generated significant realisations from the Company's assets. Separately, the secured book debt collections, recovery of pre-Administration funds, and the upcoming adjudication and distribution of returns to creditors will further enable the objective to be achieved.

#### Joint Administrators' Remuneration

- In Appendix C, we have provided an update on matters relating to our remuneration and expenses, including the costs that have been incurred, what creditors have approved, and how much has been drawn to date.

## Fulfilling our Statutory Duties

**The Administration will likely end by moving the Company to dissolution. The timing of our discharge from liability is still to be determined.**

### Exit route from Administration

- In our Proposals we explained the manner in which we anticipated the Administration would be brought to an end once its purpose had been achieved and our work had been completed.
- The manner in which an Administration ends usually depends on the outcome of the Administration. In this case, we initially did not expect a dividend to be available for unsecured creditors. Whilst we now expect a dividend to be payable to the unsecured creditors, this is only from the Prescribed Part fund, and therefore the most likely exit route continues to be one of the following:
  - The Administration will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered; or
  - If there are matters remaining that require the attention of a liquidator, the Administration may end by an application to Court by the Administrators for the compulsory liquidation of the Company. We may propose that Lindsay Hallam, Oliver Wright and Matthew Callaghan be appointed joint liquidators of the Company by the Court.
- Subject to the completion of outstanding matters, we expect the Administration to conclude by 27 March 2027, though we anticipate it will be capable of being ended before this date.
- We will take steps to bring the Administration to an end at the appropriate time (and when all necessary work has been completed) and by using the exit route we believe is most appropriate at the time.

### Discharge from liability

- Pursuant to Paragraph 98 of Schedule B1, our discharge from liability (in respect of our actions as joint administrators) takes effect at a time determined by the relevant class of creditors, or the Court.
- In the circumstances of this case, it is for the Secured Creditors and preferential creditors to make that determination.
- We are likely to propose that discharge should take effect at the time our appointment ceases to have effect. We will seek approval to this at the appropriate time.

### Future reporting

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 27 September 2026, or when the Administration comes to an end, whichever is sooner.
- All documents will be retained on the website and will remain available until at least two months after the conclusion of the proceedings. If you require any hard copy documents, please contact us using the details provided earlier, and you will be provided (free of charge) a hard copy of documents posted to the website, either now or in the future.



# Estimated Outcomes for Creditors

## Secured and Preferential Creditors

**The Secured Creditors are expected to recover 48% of their total secured lending. No ordinary preferential claims are expected, and HMRC's secondary preferential claim is expected to be paid in full.**

### Secured Creditors

- Secured Creditors are those with security in respect of their debt in accordance with Section 248 IA86. In this case, the Secured Creditors are HSBC and HSBCIF.
- Upon our appointment, the Secured Creditors had a total exposure of c.£11.7m between the Revolving Credit Facility, Trade Loan, Invoice Finance facility and a Letter of Credit provided to a trade supplier. The validity of the security was confirmed by DLA UK, an independent law firm.
- As per the director's Statement of Affairs, fixed charge book debts upon our appointment had an estimated realisable value of £1,882,084. Any amounts realised were to be immediately applied to the remaining balance of secured debt owed to HSBCIF. As HSBCIF had been substantially repaid in full at the date of Administration, surplus recoveries would be payable to HSBC in respect of its secured debt.
- Upon appointment, HSBCIF engaged Hilton Baird to assist in the collection of all the Company's book debts and were authorised by us to make direct contact with debtors. Hilton Baird confirmed in the Period that collections totalling £1,508,433.13 have been realised. This is comprised of £137,030.59 (GBP), €193,489.30 (EUR), and \$1,642,731.57 (USD).
- During the Period, Hilton Baird also confirmed that their collections work is now complete, and that there are no further secured book debts capable of being recovered.
- The Secured Creditors are expected to recover 48% of their total secured lending, with c.£4m previously being repaid from fixed charge asset realisations, c.£1.5m recovered from debts assigned to the Secured Creditors, and the remaining distribution in due course from surplus floating charge realisations after preferential claims have been paid in full.
- We previously estimated a total recovery of 51% for the Secured Creditors. The reduction in the outcome is primarily due to a higher-than-expected claim from HMRC and professional fees paid to Sterne Kessler for the services noted earlier.

### Preferential Creditors

- Preferential claims are paid from the realisation of assets subject to a floating charge after the costs of the Administration have been paid or provided for.

#### *Ordinary Preferential Creditors*

- There are not expected to be any ordinary preferential claims in this case because the employees of the Company transferred to the Purchaser as part of the Transaction.
- We have also not received any claims from ordinary preferential creditors to date. Therefore, no distributions to ordinary preferential creditors are expected.

#### *Secondary Preferential Creditors*

- As per the director's Statement of Affairs, the second-ranking preferential claims from HMRC were estimated to be £1,391,512, relating solely to unpaid PAYE.
- We explained earlier that, following the submission of outstanding returns and application of Crown set-off, HMRC lodged a revised and final claim against the Company on 2 March 2026 for £1,119,674.41, of which £792,165.64 is preferential, largely comprising outstanding PAYE and employer NICs.
- We expect this claim will be paid in full in the next few months, subject to the conclusion of the funds reconciliation with the Purchaser.

## Unsecured creditors and Prescribed Part

**We expect there will be a Prescribed Part distribution of 0.12p in the £ to unsecured creditors, with a distribution of the remaining net property to the Secured Creditors, in relation to its floating charge security.**

- In an administration, dividends may become available for unsecured creditors from two sources:
  1. The statutory (ring-fenced) Prescribed Part fund; and/or
  2. The surplus remaining after any secured and preferential creditors have been repaid in full.
- In this case, there will be insufficient funds to repay the Secured Creditors in full in the Administration and as such a distribution to the unsecured creditors will only arise by virtue of the Prescribed Part.

### Creditor claims

- In his Statement of Affairs, the director estimated that non-preferential unsecured claims against the Company would be c.£17.5m. To date, we have received claims totalling c.£20m. Of the 255 known creditors, only 71 have submitted claims. We will commence adjudicating unsecured claims at the appropriate time but encourage creditors who have not yet submitted their claims to do so as soon as possible.

### Prescribed Part fund

- In this case, we initially expected there would not be a dividend to the unsecured creditors due to the anticipated size of the preferential debts and insufficient realisations to repay them in full.
- However, asset realisations, in particular relating to the amounts swept during the Period from the Company's HSBC UK and US bank accounts, are higher than anticipated as the director's Statement of Affairs noted an estimated realisable value of only c.£32k for cash at bank. Preferential claims are also materially lower than previously expected.
- We therefore expect there to be sufficient funds to enable a Prescribed Part distribution to be paid to the unsecured creditors of the Company. The balance of funds will be paid to the Secured Creditors, under their floating charge security.
- The current estimated value of the net property is c.£93k, generating a Prescribed Part fund of c.£21.6k.

### Dividends and timing

- We expect sufficient funds for a Prescribed Part distribution of around 0.12p in the £ to unsecured creditors, to be paid before the Administration ends in March 2027.
- Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision. The amount distributed will be determined by the final level of admitted claims and the value of the Prescribed Part fund.
- There is not expected to be any return to unsecured creditors other than by virtue of the Prescribed Part.

### The Prescribed Part

- Under Section 176A IA86, where after 15 September 2003 a company has granted floating charge security, a proportion of the 'net property' of the company must be made available for the benefit of the company's unsecured creditors.
- 'Net property' is the net floating charge realisations after the costs of realisation, expenses of the Administration and Preferential Creditors have been paid in full or funds set aside for.
- The Prescribed Part is calculated as follows:
  - 50% of net property up to £10k;
  - Plus 20% of the net property in excess of £10k; and
  - Subject to a maximum of £800k
- Expenses associated with the Prescribed Part must be paid out of the Prescribed Part, such as the agreement of claims, issuing statutory notices and distributing the funds.

### Shareholders





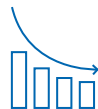
- There will be no return to the Company's shareholders as there will be a material shortfall to the Company's creditors.



# Key Matters Remaining

## Work We Still Need To Do

The remaining steps that need to be taken ahead of concluding the Administration are summarised below, in addition to certain periodic statutory duties we must fulfil whilst we remain appointed.

Area	<b>Company Affairs</b> 	<b>Other assets</b> 	<b>Tax / VAT</b> 	<b>Distributions</b> 	<b>Winding-down</b> 
Work Required	<ul style="list-style-type: none"> <li>■ Ongoing administration of the Companies' affairs (e.g., managing funds, providing updates to creditors, filing notices and documents with Companies House, and addressing ad hoc queries from creditors).</li> <li>■ Finalise litigation matters with Momcozy.</li> </ul>	<ul style="list-style-type: none"> <li>■ Finalising the reconciliation of co-mingled funds in the Company's bank and merchant accounts and agreeing the final position with the Purchaser.</li> <li>■ Continue to invest funds in the Administration bank accounts to generate bank interest.</li> </ul>	<ul style="list-style-type: none"> <li>■ Submit the Corporation Tax return to 31 December 2025.</li> <li>■ Continue to submit quarterly VAT returns and reclaim/pay VAT from/to HMRC.</li> <li>■ De-register for VAT when appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>■ Advertise a NOID and distribute funds to HMRC as second-ranking preferential creditor.</li> <li>■ Advertise a NOID and distribute funds from the Prescribed Part to the unsecured creditors.</li> <li>■ Distribute balance of surplus floating charge funds to the Secured Creditors.</li> </ul>	<ul style="list-style-type: none"> <li>■ Seek the joint administrator's discharge from liability.</li> <li>■ Progress any other matters required to wind-down the Company's affairs generally prior to the Administration concluding and the Company being dissolved.</li> </ul>
Timing	<ul style="list-style-type: none"> <li>■ Litigation: 3-6 months</li> <li>■ Management of the Company's affairs will continue for the duration of our appointment, which is expected to end by 27 March 2027.</li> </ul>	<ul style="list-style-type: none"> <li>■ Funds reconciliation: 1-3 months.</li> <li>■ Investment of funds: 3-6 months.</li> </ul>	<ul style="list-style-type: none"> <li>■ VAT: every quarter, until the Company is deregistered for VAT.</li> <li>■ Tax: as required until no further taxable income.</li> </ul>	<ul style="list-style-type: none"> <li>■ HMRC: within the next 1-3 months, subject to the funds reconciliation.</li> <li>■ Unsecured creditors: 6-9 months</li> <li>■ Secured Creditors: 6-9 months</li> </ul>	<ul style="list-style-type: none"> <li>■ Within 6-9 months, and certainly before the end of the Administration in March 2027.</li> </ul>



# Appendices

## Appendix A: Statutory Information

<b>Company Name:</b>	<b>Chiaro Technology Limited – in Administration</b>		
Previous Name(s)	Chiaro Technology Limited	Administrators' Address	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Trading Names(s)	Elvie	Administrators' Recognised Professional Body	ICAEW
Registered Number	08502405	Functions of Administrators	For the purposes of paragraph 100(2) of Schedule B1, the administrators may exercise any of the powers conferred on them by the IA 1986 jointly or individually
Date of Incorporation	24 April 2013	Appointment Date	28 March 2025
Registered Office	c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD	Appointer / Applicant	The Directors of the Company, pursuant to Paragraph 22 of Schedule B1
Former Registered Office	63-66 Hatton Garden, Second Floor, London, EC1N 8LE	Objective being pursued	To achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)
Court Name / Address	The High Courts of Justice, Business and Property Courts In Leeds, Insolvency and Companies List (ChD)	EC Regulation	<p>The proceedings flowing from the appointment are COMI proceedings for the following reasons:</p> <ul style="list-style-type: none"> <li>■ the place of the company's registered office (within the meaning of Article 3(1) of the EU Regulation is in England and Wales (within the United Kingdom) and has been for the previous three months;</li> <li>■ the company's administrative functions are carried out in England and Wales (within the United Kingdom); and</li> <li>■ accordingly, the place where the company conducts the administration of its interests in a regular basis and which is ascertainable by third parties in England and Wales (within the United Kingdom), and the company's centre of main interests (as defined in rule 1.2) is in England and Wales (within the United Kingdom).</li> </ul>
Court Reference	CR-2025-LDS-000318	Changes in Administrator	None
Administrators' Names	Lindsay Kate Hallam, Oliver Stuart Wright, Matthew Boyd Callaghan	Current Administration End Date	27 March 2027

## Appendix B: LtO Receipts and Payments Account

For the period from 28 September 2025 to 27 March 2026

Statement of Affairs	From 28 March 2025 To 27 September 2025	From 28 September 2025 To 27 March 2026	From 28 March 2025 To 27 March 2026
£	£	£	£
<b>LICENCE TO OCCUPY - INCOME</b>			
LtO - License Fee	79,844.62	-	79,844.62
LtO - Contribution to Costs	12,500.00	-	12,500.00
	<b>92,344.62</b>	-	<b>92,344.62</b>
<b>LICENCE TO OCCUPY - EXPENDITURE</b>			
Rent & Utilities	(75,292.46)	-	(75,292.46)
	<b>(75,292.46)</b>	-	<b>(75,292.46)</b>
<b>LICENCE TO OCCUPY SURPLUS/(DEFICIT)</b>	<b>17,052.16</b>	-	<b>17,052.16</b>

### Notes

- All amounts are stated in GBP and exclusive of VAT (unless otherwise stated).
- There has been no movement in the Period in respect of LtO receipts and payments. Please see the First Progress Report for comments on transactions in the prior period.

## Appendix B: Receipts and Payments Account

### For the period from 28 September 2025 to 27 March 2026

Chiaro Technology Limited  
(In Administration)

#### Joint Administrators' Summary of Receipts and Payments

Statement of Affairs	Notes	From 28 March 2025 To 27 September 2025	From 28 September 2025 To 27 March 2026	From 28 March 2025 To 27 March 2026
£		£	£	£
<b>SECURED ASSETS</b>				
4,061,610.00	Intellectual Property	4,061,610.01	-	4,061,610.01
1.00	Goodwill	1.00	-	1.00
	Bank Interest	862.90	-	862.90
<u>4,061,611.00</u>		<u>4,062,473.91</u>	<u>-</u>	<u>4,062,473.91</u>
<b>SECURED CREDITORS</b>				
	Chargeholder - HSBC	(4,061,611.01)	-	(4,061,611.01)
		<u>862.90</u>	<u>-</u>	<u>862.90</u>
<b>ASSET REALISATIONS</b>				
2,000,000.00	Stock	2,000,000.00	-	2,000,000.00
	Other Refunds	1,100.98	600.00	1,700.98
32,041.00	Cash at Bank	2,360.28	174,891.92	177,252.20
	Contributions	99,260.90	-	99,260.90
	VAT Refund	-	1,479.94	1,479.94
	Statutory Interest	-	8.40	8.40
	Bank Interest Gross	19,017.70	17,397.17	36,414.87
8.00	Sale of Business	8.00	-	8.00
		<u>2,121,747.86</u>	<u>194,377.43</u>	<u>2,316,125.29</u>
<b>LICENCE TO OCCUPY</b>				
	Licence to Occupy Surplus	17,052.16	-	17,052.16
		<u>17,052.16</u>	<u>-</u>	<u>17,052.16</u>
<b>COSTS OF REALISATION</b>				
	Bordereau Premium	(225.00)	-	(225.00)
	Professional and Legal Fees	(91,801.67)	(296,829.44)	(388,631.11)
	Bank Analysis Cost	(1,200.00)	-	(1,200.00)
	Statutory Advertising	(104.00)	-	(104.00)
	Pre-Appointment Administrators' Fees	-	(378,770.00)	(378,770.00)
	Pre-Appointment Legal Fees	-	(120,684.65)	(120,684.65)
	Insurance of Assets	(207.20)	-	(207.20)
		<u>(93,537.87)</u>	<u>(796,284.09)</u>	<u>(889,821.96)</u>
<u>2,032,049.00</u>	<b>Net Receipts/(Payments)</b>	<u><b>2,046,125.05</b></u>	<u><b>(601,906.66)</b></u>	<u><b>1,444,218.39</b></u>
<b>REPRESENTED BY</b>				
	Vat Receivable	15,204.80	(15,084.80)	120.00
	Barclays Interest Bearing Current Account	2,030,620.43	(689,479.07)	1,341,141.36
	LtO VAT receivable	299.82	(299.82)	-
	VAT Control	-	102,957.03	102,957.03
		<u><b>2,046,125.05</b></u>	<u><b>(601,906.66)</b></u>	<u><b>1,444,218.39</b></u>

## Appendix B: Receipts and Payments Account

For the period from 28 September 2025 to 27 March 2026

### Notes

1. £600 refunded by Bindmans LLP in the Period, due to a duplicate payment made by the Company pre-Administration, in relation to legal fees.
2. Funds recovered from cash sweeps of the Company's pre-administration bank accounts held in HSBC US and HSBC UK accounts. £100,621.09 was received from HSBC US, and £74,275.83 was received from HSBC UK.
3. VAT refund totalling £1,479.94 received from the Swiss tax authorities (Eidgenössische Steuerverwaltung), representing a previously paid VAT cash deposit.
4. Statutory interest of £8.40 was recovered in relation to late payment interest on the September 2025 VAT return.
5. Bank interest earned from the regular investment of Company funds, such as through Treasury Deposits, for the benefit of creditors.
6. Professional fees included:
  - Clumber Consultancy - for their review and assistance in relation to the Company's pension scheme (£600).
  - Sterne Kessler Goldstein and Fox PLLC for legal services relating to the Momcozy Litigation (\$51,550.40).
  - DLA UK and DLA US - for their work on the Chapter 15 proceedings of the US entity and IP litigation. DLA UK were paid £15,330.50 plus VAT and DLA US were paid \$241,991.32 in the Period.
7. Consent from the Secured Creditors and a decision of the preferential creditors, both gave approval for the unpaid pre-Administration costs to be paid as an expense of the Administration. These were paid in the Period.
8. All funds held in the interest-bearing current account at the period end.
9. We have recovered LtO VAT Receivable funds from HMRC and these will be refunded to the Purchaser as part of the wider LtO account balance to be refunded.
10. All amounts are stated in GBP and exclusive of VAT (unless otherwise stated).
11. The Statement of Affairs amounts have been taken from the director's Statement of Affairs dated 17 April 2025 and for asset values, represents the director's estimated to realise value (not book value).
12. All bank accounts have been reconciled as at the end of the Period.
13. Funds are held with Barclays Bank Plc and all accounts were interest bearing during the Period.

## Appendix C: Joint Administrators' Remuneration and Expenses

**The basis of our remuneration has been approved by the Secured Creditor and preferential creditors. Only unpaid pre-Administration fees and expenses have been settled to date.**

### Basis of our remuneration

- In the first six-months of the Administration, we sought approval that our remuneration should be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration (a "time cost basis"), subject to a fees estimate (cap) of £402,312 plus VAT.
- The Secured Creditor provided their consent to this basis of our remuneration on 7 August 2025.
- During the Period, we sought and received a similar decision of the only known preferential creditor (HMRC) in a decision procedure ending on 15 October 2025.
- There are no business or personal relationships with parties responsible for approving remuneration or who provide services where the relationship could give rise to a conflict of interest.
- Earlier in this report and later in this Appendix, we have given a description of the activities done by us and our staff during the Period. Creditors can refer to our previous report for details of work performed in the first six months of the administration.
- Later in this Appendix we set out a comparison of the fees estimate and our time costs to date and explain that we expect to seek further approval to draw remuneration in excess of the fees estimate in this case, given the additional work required to facilitate the Prescribed Part dividend to unsecured creditors.
- Additionally, and recognising the substantive administrative work undertaken by the estate in managing these matters, we will be seeking approval to draw remuneration of:
  - £12,500 plus VAT (as a set amount) in respect of our work on LtO matters; and
  - £1,500 plus VAT (as a set amount) in respect of our work on the US IP assignment costs.
- We have been put in funds by the Purchaser of £12,500 plus VAT (relating to LtO work) and are yet to receive the £1,500 plus VAT from the Purchaser for our work on the US IP assignment. This funding ensures that creditors are not impacted by work performed solely for the benefit of the Purchaser, however we are still required to obtain the necessary approvals to draw this aspect of our remuneration.

- As shown on the enclosed receipts and payments account, we have not drawn any post-Administration fees to date.

### Pre-Administration costs

- In our Proposals, we explained that the payment of unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 IR16.
- In conjunction with giving their approval on our remuneration in respect of the work done in the Administration, the Secured Creditor and preferential creditor also approved the payment of the unpaid pre-Administration costs as an expense of the Administration.
- As confirmed in our First Progress Report, we conducted a further review of the time recorded in respect of our pre-Administration fees; as such, we wrote-off £73,091 of this time and only billed £378,770 plus VAT.
- During the Period, we drew our pre-Administration fees of £378,770 (plus VAT) as shown in the enclosed receipts and payments account.
- We also settled pre-Administration legal expenses due to DLA Piper UK LLP of £120,684.65 (plus VAT) during the Period.
- Nothing further is payable in respect of pre-Administration fees and expenses.

## Appendix C: Joint Administrators' Remuneration and Expenses

As our remuneration is on a time cost basis, the manner in which we allocate staff, charge our time and the hourly rates we use, are all important factors.

### Staff allocation and time charging policy

- Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team at any point in time will usually consist of one or more of the grades shown in the table opposite, depending on the anticipated size and complexity of the assignment.
- Work is delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and they are supervised accordingly to maximise the cost effectiveness of the work done. Complex issues or important matters of exceptional responsibility are handled by more experienced senior staff or the office-holders themselves.
- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard. Time is charged in six-minute units. We don't charge general overhead costs.
- During the administration of the insolvency, will also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimate. We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and efficient approach to the relevant workstreams is possible.

### Hourly charge-out rates

- In the table below, we set out the hourly charge-out rates for the various grades of staff who may work on the case. In common with many professional firms, these rates may be subject to change periodically, for example to cover annual inflationary cost increases.

Grade of staff	Rate (£/hour)
Senior Managing Director	721
Managing Director	586
Senior Director	586
Director	491
Senior Consultant	420
Consultant	284
Associate (experienced)	228
Associate	228
Secretarial	228

## Appendix C: Joint Administrators' Remuneration and Expenses

**Prior to the determination of the basis of our remuneration, we provided all creditors with details of our fees estimate of £402,312. We expect our costs to exceed the estimate previously provided.**

### Fees estimate

- The table below shows the time expected to be required in each area of the Administration and the estimated cost based on the charge-out rates given earlier in this section. As previously reported to creditors, our total fees estimate is £402,312, representing an estimated 1,022 hours at an average rate of £799 per hour.
- The table below compares this fees estimate, with the time and costs incurred to the end of the Period. Later in this appendix, we provide further analysis and details of the work undertaken in the Period.
- The fees estimate included an approximation of the cost of our future work based on information available to us, our experience in these matters, and certain assumptions regarding the time likely to be required. We had also made the following assumptions:
  - That the Administration would likely not need to be extended beyond its one-year anniversary. As explained earlier, it was necessary to extend the Administration by 12 months as there were outstanding matters which require further time to be completed;
  - That the most likely exit route for the Company would be through dissolution. This remains to be the case, although will now be distributing the Prescribed Part in the Administration; and
  - That fees for specialist FTI teams in relation to tax and VAT matters would be included in the estimate. This remains unchanged.
- We cannot draw remuneration in excess of the total amount set out in the initial fees estimate without approval.

Area of work	Fees Estimate	Fees Estimate	Hours	Cost	Estimated	Estimated	Estimated	Estimated	Hours	Cost
	Hours	Cost	Incurred	Incurred	Future Hours	Future Cost	Total Hours	Total Cost	Variance	Variance
Controlling the appointment	124	60,888	187	71,662	45	17,830.50	232	89,492.90	(108)	28,605
Realising the Assets	163	74,396	81	37,520	6	2,381.50	87	39,901.80	76	(34,494)
Dealing with Creditors	258	84,326	210	74,347	37	15,428.60	247	89,775.10	11	5,449
Managing the Company's Affairs	207	76,344	240	99,447	21	8,802.20	261	108,248.80	(54)	31,905
Fulfilling our Statutory Duties	270	106,358	283	101,710	19	7,858.00	302	109,568.30	(32)	3,210
<b>Total</b>	<b>1,022</b>	<b>402,312</b>	<b>1,002</b>	<b>384,686</b>	<b>127</b>	<b>52,300.80</b>	<b>1,129</b>	<b>436,986.90</b>	<b>(107)</b>	<b>34,674.90</b>

## Appendix C: Joint Administrators' Remuneration and Expenses

**We expect to seek approval to draw fees in excess of this initial estimate, at the appropriate time.**

### Further approval

- As shown in the table, our costs are approaching the fees estimate of £402,312 and total costs are expected to exceed the fees estimate due to additional work that either has been performed or still needs to be undertaken. This has arisen primarily due to the following factors:
  - The significant time that was required to liaise with the Purchaser regarding the reconciliation of funds and resolution of post-completion obligations per the SPA;
  - The complexity involved in recovering cash from pre-Administration bank accounts held with HSBC US, which required extensive coordination with legal advisors and overseas banking institutions;
  - Reporting to the Secured Creditors over the extended period of the Administration;
  - Monitoring our estimated outcome statements to track returns to different classes of creditors; scenarios which are subject to the ongoing resolution and finalisation of asset realisations and funds available to creditors;
  - The now-expected adjudication of unsecured creditor claims and distribution of the Prescribed Part dividend (remuneration relating to this work can be paid from the Prescribed Part fund);
  - The complexity and time required to progress the legal proceedings with Willow and Momcozy; and
  - The additional and unexpected amount of work required to prepare pre-Administration corporation tax returns in order to bring the Company's affairs up to date so that HMRC could submit their final claim.
- We will be seeking approval from the relevant creditors (at the appropriate future time) draw remuneration in excess of the approved fees estimate. We will provide an update to creditors in our next progress report.

## Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of time costs for the Period, from 28 September 2025 to 27 March 2026.

Time Costs for the Period (28 September 2025 to 27 March 2026)										
Category	Senior Managing Director	Managing Director	Senior Director	Director	Consultant	Associate	Secretarial	Total WIP	Total Time	Average Cost
<b>Controlling our Appointment</b>										
Pre-Appointment	-	-	-	-	142.00	-	-	142.00	0.5	284.00
Strategy & Planning	-	-	-	2,700.50	2,442.40	1,185.60	-	6,328.50	19.3	327.90
Appointee & Manager Reviews	-	-	-	-	965.60	114.00	-	1,079.60	3.9	276.82
Budgets, Fee Approval & Remuneration	721.00	527.40	-	196.40	5,282.40	3,100.80	-	9,828.00	34.5	284.87
<b>Subtotal</b>	<b>721.00</b>	<b>527.40</b>	<b>-</b>	<b>2,896.90</b>	<b>8,832.40</b>	<b>4,400.40</b>	<b>-</b>	<b>17,378.10</b>	<b>58.2</b>	<b>298.59</b>
<b>Realising the Assets</b>										
Property (Management)	-	-	-	-	142.00	-	-	142.00	0.5	284.00
Property (Disposal)	-	-	-	-	142.00	-	-	142.00	0.5	284.00
Book Debt Realisations	-	-	-	-	142.00	-	-	142.00	0.5	284.00
Other Investments	-	-	-	-	568.00	-	-	568.00	2.0	284.00
Other Assets	1,081.50	-	-	147.30	2,925.20	-	-	4,154.00	12.1	343.31
<b>Subtotal</b>	<b>1,081.50</b>	<b>-</b>	<b>-</b>	<b>147.30</b>	<b>3,919.20</b>	<b>-</b>	<b>-</b>	<b>5,148.00</b>	<b>15.6</b>	<b>330.00</b>
<b>Dealing with Creditors and Stakeholders</b>										
Secured creditors	-	-	-	687.40	908.80	1,254.00	-	2,850.20	10.1	282.20
Preferential Claims Agreement	-	-	-	-	227.20	-	-	227.20	0.8	284.00
Preferential Dividends	-	-	-	-	56.80	-	-	56.80	0.2	284.00
Unsecured Claims Agreement	-	234.40	-	-	-	-	-	234.40	0.4	586.00
Creditor Queries	-	-	-	147.30	880.40	5,745.60	-	6,773.30	28.6	236.83
Litigation (Inbound)	2,739.80	-	-	-	-	-	-	2,739.80	3.8	721.00
<b>Subtotal</b>	<b>2,739.80</b>	<b>234.40</b>	<b>-</b>	<b>834.70</b>	<b>2,073.20</b>	<b>6,999.60</b>	<b>-</b>	<b>12,881.70</b>	<b>43.9</b>	<b>293.43</b>
<b>Managing the Company's Affairs</b>										
Tax	216.30	1,465.00	4,102.00	-	908.80	433.20	-	7,125.30	14.9	478.21
VAT	-	1,758.00	-	-	1,022.40	2,416.80	-	5,197.20	17.2	302.16
Pensions	-	-	-	-	482.80	319.20	-	802.00	3.1	258.71
Books & Records	-	-	-	-	28.40	638.40	-	666.80	2.9	229.93
Bank Account Management	-	234.40	-	-	85.20	889.20	205.20	1,414.00	5.5	257.09
Receipts, Payments & Journals	288.40	586.00	-	-	4,742.80	1,778.40	-	7,395.60	25.9	285.54
<b>Subtotal</b>	<b>504.70</b>	<b>4,043.40</b>	<b>4,102.00</b>	<b>-</b>	<b>7,270.40</b>	<b>6,475.20</b>	<b>205.20</b>	<b>22,600.90</b>	<b>69.5</b>	<b>325.19</b>
<b>Fulfilling our Statutory Duties</b>										
Progress Reports	1,081.50	1,347.80	1,875.20	687.40	3,266.00	410.40	-	8,668.30	21.7	399.46
Extensions	721.00	1,054.80	-	-	681.60	1,550.40	-	4,007.80	12.0	333.98
Other Statutory Matters	721.00	-	-	-	511.20	615.60	-	1,847.80	5.5	335.96
<b>Subtotal</b>	<b>2,523.50</b>	<b>2,402.60</b>	<b>1,875.20</b>	<b>687.40</b>	<b>4,458.80</b>	<b>2,576.40</b>	<b>-</b>	<b>14,523.90</b>	<b>39.2</b>	<b>370.51</b>
<b>Total by Grade</b>	<b>7,570.50</b>	<b>7,207.80</b>	<b>5,977.20</b>	<b>4,566.30</b>	<b>26,554.00</b>	<b>20,451.60</b>	<b>205.20</b>	<b>72,532.60</b>	<b>226.4</b>	<b>320.37</b>
<b>Total Time by Grade</b>	<b>10.5</b>	<b>12.3</b>	<b>10.2</b>	<b>9.3</b>	<b>93.5</b>	<b>89.7</b>	<b>0.9</b>			
<b>Average hourly cost by Grade</b>	<b>721.00</b>	<b>586.00</b>	<b>586.00</b>	<b>491.00</b>	<b>284.00</b>	<b>228.00</b>	<b>228.00</b>			

# Appendix C: Joint Administrators' Remuneration and Expenses

## Analysis of cumulative time costs for the period from the date of our appointment to 27 March 2026.

Time Costs for the Administration (28 March 2025 to 27 March 2026)											
Category	Senior Managing Director	Managing Director	Senior Director	Director	Senior Consultant	Consultant	Associate	Secretarial	Total WIP	Total Time	Average Cost
<b>Controlling our Appointment</b>											
Pre-Appointment	-	-	-	1,080.20	-	142.00	296.40	-	1,518.60	4.0	379.65
Strategy & Planning	9,373.00	-58.60	10,899.60	13,502.50	-	9,002.80	1,892.40	-	44,611.70	99.0	450.62
Appointee & Manager Reviews	360.50	-	-	540.10	-	3,748.80	1,732.80	-	6,382.20	22.4	284.92
Budgets, Fee Approval & Remuneration	721.00	1,406.40	-	2,798.70	-	9,201.60	4,377.60	-	18,505.30	60.7	304.86
Closure Matters	-	-	644.60	-	-	-	-	-	644.60	1.1	586.00
<b>Subtotal</b>	<b>10,454.50</b>	<b>1,347.80</b>	<b>11,544.20</b>	<b>17,921.50</b>	<b>-</b>	<b>22,095.20</b>	<b>8,299.20</b>	<b>-</b>	<b>71,662.40</b>	<b>187.2</b>	<b>382.81</b>
<b>Realising the Assets</b>											
Sale of Business	-	937.60	-	-	-	-	-	-	937.60	1.6	586.00
Property (Management)	-	175.80	-	2,258.60	-	2,868.40	661.20	-	5,964.00	17.9	333.18
Property (Disposal)	-	-	-	-	-	255.60	-	-	314.20	1.0	314.20
Book Debt Realisations	-	58.60	15,001.60	441.90	-	596.40	-	-	16,098.50	28.7	560.92
Other Investments	-	-	-	-	-	1,107.60	-	-	1,107.60	3.9	284.00
Other Assets	7,714.70	117.20	-	932.90	-	3,692.00	410.40	-	12,867.20	27.6	466.20
Insurance & Bonding	-	117.20	-	-	-	-	114.00	-	231.20	0.7	330.29
<b>Subtotal</b>	<b>7,714.70</b>	<b>1,465.00</b>	<b>15,001.60</b>	<b>3,633.40</b>	<b>-</b>	<b>8,520.00</b>	<b>1,185.60</b>	<b>-</b>	<b>37,520.30</b>	<b>81.4</b>	<b>460.94</b>
<b>Dealing with Creditors and Stakeholders</b>											
Secured creditors	6,489.00	703.20	-	3,044.20	-	5,225.60	1,254.00	-	16,716.00	40.3	414.79
Preferential Claims Agreement	-	-	-	98.20	-	369.20	319.20	-	786.60	2.9	271.24
Preferential Dividends	-	-	-	-	-	56.80	-	-	56.80	0.2	284.00
Unsecured Claims Agreement	-	234.40	-	785.60	-	56.80	957.60	-	2,034.40	6.4	317.88
Creditor Queries	10,815.00	293.00	-	6,235.70	-	11,360.00	17,784.00	-	46,487.70	146.2	317.97
Litigation (Inbound)	3,100.30	-	3,340.20	491.00	-	-	-	-	6,931.50	11.0	630.14
Shareholders	793.10	-	-	-	-	312.40	228.00	-	1,333.50	3.2	416.72
<b>Subtotal</b>	<b>21,197.40</b>	<b>1,230.60</b>	<b>3,340.20</b>	<b>10,654.70</b>	<b>-</b>	<b>17,380.80</b>	<b>20,542.80</b>	<b>-</b>	<b>74,346.50</b>	<b>210.2</b>	<b>353.69</b>
<b>Managing the Company's Affairs</b>											
Tax	1,730.40	1,523.60	22,971.20	491.00	-	2,158.40	706.80	-	29,581.40	55.9	529.18
VAT	3,100.30	6,914.80	-	294.60	-	2,726.40	3,967.20	-	17,003.30	43.7	389.09
Employees	3,821.30	-	586.00	-	-	-	-	-	4,407.30	6.3	699.57
Pensions	-	-	-	-	-	482.80	319.20	-	802.00	3.1	258.71
Books & Records	-	-	6,973.40	4,468.10	10,878.00	1,420.00	912.00	-	24,651.50	55.9	440.99
Bank Account Management	-	703.20	3,398.80	441.90	-	142.00	2,325.60	250.80	7,262.30	19.7	368.64
Receipts, Payments & Journals	288.40	1,054.80	-	196.40	-	10,309.20	3,693.60	-	15,542.40	55.1	282.08
FCA and Other Regulatory	-	-	-	196.40	-	-	-	-	196.40	0.4	491.00
<b>Subtotal</b>	<b>8,940.40</b>	<b>10,196.40</b>	<b>33,929.40</b>	<b>6,088.40</b>	<b>10,878.00</b>	<b>17,238.80</b>	<b>11,924.40</b>	<b>250.80</b>	<b>99,446.60</b>	<b>240.1</b>	<b>414.19</b>
<b>Fulfilling our Statutory Duties</b>											
Initial Letters & Notices	-	1,347.80	-	4,026.20	-	8,179.20	4,674.00	-	18,227.20	59.8	304.80
Statement of Affairs	-	-	3,047.20	3,486.10	-	113.60	364.80	-	7,011.70	14.3	490.33
Proposals	721.00	4,922.40	11,075.40	2,847.80	966.00	4,089.60	342.00	-	24,964.20	52.3	477.33
Progress Reports	1,081.50	1,347.80	4,277.80	687.40	-	3,351.20	2,280.00	-	13,025.70	34.3	379.76
Extensions	721.00	1,054.80	-	-	-	681.60	1,550.40	-	4,007.80	12.0	333.98
CDDA & SIP2 Assessment	3,172.40	58.60	-	3,289.70	-	14,171.60	2,872.80	-	23,565.10	73.7	319.74
Other Statutory Matters	721.00	175.80	-	1,080.20	-	6,560.40	2,371.20	-	10,908.60	37.0	294.83
<b>Subtotal</b>	<b>6,416.90</b>	<b>8,907.20</b>	<b>18,400.40</b>	<b>15,417.40</b>	<b>966.00</b>	<b>37,147.20</b>	<b>14,455.20</b>	<b>-</b>	<b>101,710.30</b>	<b>283.4</b>	<b>358.89</b>
<b>Total by Grade</b>	<b>54,723.90</b>	<b>23,147.00</b>	<b>82,215.80</b>	<b>53,715.40</b>	<b>11,844.00</b>	<b>102,382.00</b>	<b>56,407.20</b>	<b>250.80</b>	<b>384,686.10</b>	<b>1,002.3</b>	<b>383.80</b>
<b>Total Time by Grade</b>	<b>75.9</b>	<b>39.5</b>	<b>140.3</b>	<b>109.4</b>	<b>28.2</b>	<b>360.5</b>	<b>247.4</b>	<b>1.1</b>			
<b>Average hourly cost by Grade</b>	<b>721.00</b>	<b>586.00</b>	<b>586.00</b>	<b>491.00</b>	<b>420.00</b>	<b>284.00</b>	<b>228.00</b>	<b>228.00</b>			

## Appendix C: Joint Administrators' Remuneration and Expenses

**In broad terms, our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.**

Earlier in this report, we described the main areas of our work in the Administration during the Period covered by this report. The table below provides more detail, but is not an exhaustive list of all work performed. Also provided is an indicated of whether the work provided a financial benefit for creditors or whether (for example) it was required by statute.

Area of work	Description of work	Reason and benefit for creditors
Controlling the appointment	<ul style="list-style-type: none"> <li>■ <b>Strategy and planning:</b> Internal team meetings to discuss outstanding matters and progression of the case towards closure, particularly around the status co-mingled funds reconciliations and cash sweeps of pre-Administration bank accounts.</li> <li>■ <b>Case reviews:</b> Periodic reviews of the Administration at every 6-months.</li> <li>■ <b>Financial Management:</b> Preparation and reviews of cost budgets and estimated outcome statements, particularly in the context of the ongoing reconciliation of funds matter.</li> <li>■ <b>Remuneration:</b> We provided the secured and preferential creditors with the relevant consent and voting forms, along with remuneration information, to allow both classes of creditors to determine our remuneration. After receiving consent from the Secured Creditor and approval from the preferential creditors, we paid the pre-Administration costs.</li> </ul>	<ul style="list-style-type: none"> <li>■ We have a duty to perform our functions as quickly and efficiently as reasonably practicable in the best interests of the creditors as a whole.</li> <li>■ Whilst not necessarily generating a direct financial benefit for creditors, these areas of our work ensure that our strategies to maximise realisations and minimise costs (and liabilities where possible), are kept under review and amended as appropriate.</li> </ul>
Realising the Assets	<ul style="list-style-type: none"> <li>■ <b>Cash at Bank:</b> Corresponding with HSBC UK and HSBC US regarding transfer of the cash at bank into the Administration estate and arranging for all accounts to be closed. Specifically in relation to HSBC US, we completed their internal forms, provided an instruction letter to facilitate the funds transfer and verbally confirmed our bank details.</li> <li>■ <b>Refunds and Investments:</b> Receipting funds returned by Bindmans LLP in relation to a duplicate legal fees payment made by the Company pre-Administration. Receipting a VAT refund from the Swiss tax authorities in relation to a previously paid VAT cash deposit. Regular investment of estate funds through Treasury Deposits with Barclays to generate interest income for the benefit of creditors.</li> <li>■ <b>Ongoing Reconciliations:</b> Reconciliation work with the Purchaser regarding co-mingled cash at bank. Work included calls and correspondence regarding reconciliation of funds both internally and with the Purchaser, as well as reviewing bank statements against workings.</li> <li>■ <b>Property:</b> Liaising with Bristol City Council regarding outstanding balances.</li> </ul>	<ul style="list-style-type: none"> <li>■ The sale of business provided a direct financial benefit for creditors and includes the work required after completion pursuant to the terms of the sale agreement, or otherwise.</li> <li>■ These activities provided direct financial benefit to creditors through the recovery and transfer of funds into the Administration estate, recovery of refunds and VAT deposits, and ongoing reconciliation work to maximise asset realisations for the benefit of creditors.</li> </ul>

## Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Area of work	Description of work	Reason and benefit for creditors
Dealing with Creditors	<ul style="list-style-type: none"> <li>■ <b>Secured creditors:</b> Preparing and issuing the 11-month update report to the Secured Creditors, including updating the estimated outcome statement and monitoring book debts realisations with Hilton Baird. We have also responded to Secured Creditors queries regarding the extension of the Administration.</li> <li>■ <b>Preferential claims agreement:</b> Liaising with the secondary preferential creditor regarding the submission of their final claim.</li> <li>■ <b>Unsecured claims agreement:</b> reviewing claims from unsecured creditors through the IPS Turnkey Portal, including liaising with the creditors regarding issues accessing the portal, the provision of supporting information and responding to queries.</li> <li>■ Maintaining our systems to record and update creditor details and claims received (in preparation for the determination thereon and the payment of dividends).</li> <li>■ <b>Creditor queries:</b> For all classes of creditors, shareholders and other third parties: responding to inbound queries received to the extent possible and necessary. Issuing initial creditor letters and login details to new creditors for claim submission. Responding to creditor queries regarding timing and quantum of payments, claim submission processes, and general case matters.</li> <li>■ <b>Litigation:</b> Reviewing legal documentation regarding the Momcozy dismissal and coordinating with Willow for input, followed by instructing lawyers on the dismissal proceedings.</li> </ul>	<ul style="list-style-type: none"> <li>■ Where available, distributions and dividends represent a repayment to creditors in respect of the amounts owed to them by the Company and therefore is a tangible financial benefit from the insolvency proceedings.</li> <li>■ These activities ensured appropriate communication with all classes of creditors, will facilitate the claims process, and maintained transparency regarding the progress of the administration</li> <li>■ The work undertaken in liaising with the Secured Creditors ensures appropriate reporting on asset realisations under their security entitlements and the progress of the Administration.</li> <li>■ Responding to general inbound queries can take considerable time and does not have a direct financial benefit for creditors, except for example for individual creditors where it is to provide debt confirmations for the purpose of credit insurance claims. To the extent possible, we encourage creditors to review information already available on our website.</li> </ul>

## Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as joint administrators.

Area of work	Description of work	Reason and benefit for creditors
Managing the Company's Affairs	<ul style="list-style-type: none"> <li>■ <b>Corporation Tax:</b> Correspondence with HMRC regarding information requests for Employment Related Securities matters. Prepared and submitted the periodic tax returns for periods up to 28 March 2025). Preparation of annual CT return for the period to 31 December 2025.</li> <li>■ <b>VAT:</b> Prepared and submitted of quarterly VAT returns for periods ended September 2025 and December 2025 and monitored refunds from HMRC. Prepared journals to record VAT movements. Monthly tax compliance meetings between the engagement team and internal tax specialists. Correspondence with HMRC regarding processing of outstanding VAT refunds. Consideration of VAT deregistration.</li> <li>■ <b>Pensions:</b> Working with Clumber on pension-related matters, including submission of statutory notifications, review of pension reports, and deactivation of auto-enrolment.</li> <li>■ <b>Books and Records:</b> Reviewing and collecting books and records for HMRC's request relating to the Company's pre-Administration Employment Related Securities scheme.</li> <li>■ <b>Bank account management:</b> Management of the Administration bank account for receipt of funds and payment of expenses, including monthly bank reconciliation processes.</li> <li>■ <b>Receipts, payments and accounting journals:</b> Recording and processing receipts and payments. Foreign exchange rate adjustments to payments made in foreign currencies to reflect actual rates applied.</li> </ul>	<ul style="list-style-type: none"> <li>■ We have a statutory responsibility to complete and submit post-insolvency tax and VAT returns and account for any tax due.</li> <li>■ As circumstances can often be complex, the involvement of our VAT and tax specialists ensures that the Company pays the correct amount of tax, to avoid adversely impacting any amounts available for creditors.</li> <li>■ Dealing with the Company's books and records does not necessarily give a financial benefit to creditors, although they are essential when any defending actions against the Company's from third parties and when adjudicating creditor claims.</li> <li>■ Regular bank reconciliations maintain accurate records for the Administration. Treasury management activities generate additional interest income for the benefit of creditors.</li> </ul>
Fulfilling our Statutory Duties	<ul style="list-style-type: none"> <li>■ <b>Progress reports:</b> Prepared and issued our First Progress Report to creditors, including receipts and payments accounts and filing with Companies House. Commenced preparation of this progress report.</li> <li>■ <b>Extension to the Administration:</b> Prepared letters and notices to the Secured Creditors and preferential creditors requesting extension to the Administration period. Corresponding with both classes of creditors regarding the extension request and supporting information. Receipt and filing of consent forms from secured and preferential creditors. Preparation of our internal Record of Decision and notifying Companies House of the extension.</li> </ul>	<ul style="list-style-type: none"> <li>■ These workstreams arise from statutory requirements due to the Company being in an insolvency process and do not have any direct financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administration and to protect their interests generally.</li> </ul>

## Appendix C: Joint Administrators' Remuneration and Expenses

### An overview of the types of expenses incurred.

#### Definition of expenses

- Expenses are any payments from the estate which are neither office-holders' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office-holder and then reimbursed to the office-holder from the estate.
- Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2):
  - Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office-holder. Category 1 expenses can be paid without prior approval.
  - Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office-holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.
- The types of disbursements categorised as Category 1 expenses typically include external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, bonding, invoiced travel and external services such as printing, room hire and document storage. Also included would be any properly reimbursed expenses incurred by personnel in connection with the case.
- The types of disbursements categorised as Category 2 expenses typically include mileage, in-house printing and electronic data storage.

#### Professional advisors and subcontractors

- The table on the next page provides details of professional advisors and subcontractors that we have engaged on this project. The use of subcontractors is in relation to work that we could have done (subject to the exceptions detailed below), but that we have outsourced.
- Our choice of professional advisors and subcontractors was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment.
- We also considered that the basis on which they will charge their fees is appropriate in the circumstances. Other than the legal advice and insurance services, the work potentially could have been undertaken by our teams, but we have outsourced it as we consider it to be more cost effective and the providers have relevant specialist experience. We have reviewed the fees they have charged and are satisfied that they are reasonable in the circumstances of this case.
- Details of the expenses incurred in the Period with these third parties (whether paid or not) is set out later in this Appendix. The amounts paid are shown in the Receipts and Payments account at Appendix B.
- Also shown is our current estimate of total expenses and a comparison to our initial estimate (the details given to creditors prior to the determination of the basis of our remuneration).
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our Tax and Technology teams have been included within the basis of our remuneration. We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration workstreams has been possible.

## Appendix C: Joint Administrators' Remuneration and Expenses

The table shows the professional advisors and subcontractors engaged with in the Administration. Also shown is our firm's policy for the recovery of disbursements and the amounts incurred in the Period.

Payee / firm	Service provided	Reason selected	Basis of fees/costs
Aon UK Limited	<ul style="list-style-type: none"> <li>Insurance risk services</li> </ul>	Experienced provider of insurance services to insolvency practitioners	Insurance premiums
Clumber Consultancy Limited	<ul style="list-style-type: none"> <li>Submission of statutory pension notificaitons</li> <li>Pension scheme analysis and reporting</li> </ul>	Specialist in pensions in insolvency.	Fixed fee
DLA Piper UK LLP	<ul style="list-style-type: none"> <li>Legal advice on the Administration appointment, the SPA, and completing a security review</li> <li>Legal advice on the Chapter 15 process in the US, IP assignment to the Purchaser, and IP litigation</li> </ul>	Experienced and reputable firm with the most reasonable fees as per the quotes requested	Time costs and disbursements
DLA Piper LLP (US)	<ul style="list-style-type: none"> <li>Legal advice on the Chapter 15 process in the US, IP assignment to the Purchaser, and IP litigation</li> </ul>	US arm of an already engaged experienced and reputable firm with the most reasonable fees, who have knowledge of US law	Time costs and disbursements
EPE Reynell Advertising Limited	<ul style="list-style-type: none"> <li>Gazette Notices</li> </ul>	Specialists in dealing with legal advertising	Fixed cost per advert
McKinnie & Paul, PLLC	<ul style="list-style-type: none"> <li>Technical advisor in relation to ongoing IP litigation</li> </ul>	Court appointee	Court order
Prism 339	<ul style="list-style-type: none"> <li>Bank statement analysis</li> </ul>	Specialists providing forensic investigation services specific to insolvency	Fixed cost per bank account
Sterne Kessler Goldstein and Fox PLLC	<ul style="list-style-type: none"> <li>Support with ongoing IP litigation</li> </ul>	Pre-existing knowledge of the Company and ongoing litigation pre-Administration	Time costs and disbursements

### Disbursements

- No disbursements have been incurred in the Period.

## Appendix C: Joint Administrators' Remuneration and Expenses

The table below should be read in conjunction with the receipts and payments account which shows expenses actually paid during the Period and the total paid to date.

Category	Incurred previously	Incurred in the Period	Total incurred	Estimate future	Estimated total	Expenses estimate <sup>1</sup>	Variance
Bonding: Aon UK Limited	225.00	-	225.00	-	225.00	225.00	-
Statutory Advertising: EPE Reynell Advertising Limited	104.00	-	104.00	208.00	312.00	190.00	122.00
Insurance: Aon UK Limited	207.20	-	207.20	-	207.20	300.00	(92.80)
Legal Fees and Expenses: DLA Piper UK LLP*	90,446.50	4,798.13	95,244.63	104,755.37	200,000.00	200,000.00	-
Legal Fees and Expenses: DLA Piper LLP (US)*	9,996.58	241,991.32	251,987.90	-	251,987.90	-	251,987.90
Legal Fees and Expenses: McKinnie and Paul, PLLC	5,726.09	-	5,726.09	-	5,726.09	-	5,726.09
Bank Analysis: Prism 339 Ltd	1,200.00	-	1,200.00	-	1,200.00	-	1,200.00
Pensions: Clumber Consultancy Limited**	-	1,507.25	1,507.25	-	1,507.25	-	1,507.25
Legal Fees: Sterne Kessler Goldstein and Fox PLLC	-	38,907.62	38,907.62	-	38,907.62	-	38,907.62
<b>Totals</b>	<b>107,905.37</b>	<b>287,204.32</b>	<b>395,109.69</b>	<b>104,963.37</b>	<b>500,073.06</b>	<b>200,715.00</b>	<b>299,358.06</b>

\*As reported in our previous progress report, the fees paid to DLA UK and DLA US in relation to the US IP assignment will be recharged to Willow, and the corresponding receipt will be reflected in our next report.

\*\* Clumber were engaged in the period to carry out pensions related work which we were statutorily obliged to complete. This work was omitted from our expenses estimate in error.

- The expenses estimate was provided to creditors alongside our Proposals on 4 April 2025.
- The expenses incurred throughout the Administration to date, totalling £395,109.69, have exceeded the estimated amount of £200,715. This is largely due to the unexpected legal costs incurred in relation to the ongoing IP litigation matter involving Willow and Momcozy, plus the work relating to the Chapter 15 process in the US. The legal costs incurred by DLA US have mainly contributed to us exceeding the expenses estimate provided to creditors on 4 April 2025.
- The expenses estimate does not represent a cap on the amount of expenses that can be paid, and approval for payment is only required for those that are Category 2 expenses, as previously defined.

## Appendix D: An introduction to insolvency

**If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.**

### What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that the company owns and repay (to the extent possible) what it owes to creditors.

The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

### What is an insolvency practitioner?

Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.

IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.

IPs are routinely monitored by their professional body to ensure continued adherence to standards.

### Realising the Assets

The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.

The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.

Work done on realising the assets has a direct financial benefit for creditors.

### Managing the Company's Affairs

Until such time as the company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.

Whilst appointed to manage the affairs of the company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.

Other work might include complying with any licensing or regulatory requirements.

### Dealing With Creditors

It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.

As secured creditors usually have priority rights over the assets, the amount left over for other non-preferential unsecured creditors can often be very small.

IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

### Fulfilling our Statutory Duties

The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to notify those affected parties and keep them updated.

The company's affairs and conduct its directors must also be investigated to see whether any asset recovery (or other actions) need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

## Appendix E: Legal Notices

We have set out below some important notices regarding this report and the appointment of administrators.

### About this report

- This report has been prepared by the Joint Administrators solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the insolvency proceedings.
- It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or Companies subject to these insolvency proceedings.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.
- Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

### Provision of Services Regulations

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about our complaints policy and Professional Indemnity Insurance, can be found online at: <https://www.fticonsulting.com/uk/creditors-portal>.

### Information on creditors' rights

- A creditors' guide to administrations can be found on our website below. It includes information to help creditors understand their rights and describes how best these rights can be exercised.  
<https://www.fticonsulting.com/uk/creditors-portal/forms-and-information>
- The website also has a creditors' guide to administrators' fees which is intended to help creditors be aware of their rights under legislation to approve and monitor fees; and explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.
- The above documents on our website are called:
  - Creditors Guide to Administration (E&W, February 2023)
  - Guide to Administrators Fees April 2021 England Wales
- Details of the above rights are also set out on the right.

### Data Protection

- FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information in our Data Privacy statement on our website at <https://www.fticonsulting.com/uk/creditors-portal>.

### Creditors' Right to Challenge Remuneration and/or Expenses

- Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.
- Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

### Creditors Right to Request Information

- Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors, or with the leave of the Court, may, in writing, request the Joint Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.



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