

THE BUSINESS CASE

...TO MAKING A
MATERIAL DIFFERENCE

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EMERGE Recycling has been awarded the Community Shares Standard Mark for this Share Offer. This accreditation is awarded by the Community Shares Unit to offers that meet national standards of good practice.

For more information about community shares, the Standard Mark and the Unit go to: www.communityshares.org.uk

EXECUTIVE SUMMARY

THIS IS EMERGE RECYCLING'S SECOND EVER COMMUNITY SHARE OFFER. THE FIRST, IN 2022, WAS A RESOUNDING SUCCESS. IT GAVE US MUCH-NEEDED FUNDS TO INVEST IN BIGGER, BETTER WAREHOUSING FACILITIES, SO WE COULD PROCESS MORE MATERIAL EFFICIENTLY AND ACHIEVE GREATER ECONOMIES OF SCALE.

Thanks to our first community shareholders' support, the increased capacity provided by Unit B in Maynard House provides us with an exciting opportunity for growth. However, the protracted downturn in the marketplace caused by the pandemic made it hard to progress our business plan in the way we had originally intended, with unexpected cost inflation across all the main categories. More information can be found in Appendix 1, PESTLE.

Nevertheless, the resilience and appetite of EMERGE Recycling's Board and workforce has not diminished. In the face of large scale competitors, it would be easier than ever to give up and let 'real recycling' go by the wayside, but our competitors have struggled equally at a time when source separated waste services are more important than ever - see Appendix 4 on UK Waste Market. There is still a vast quantity of commercial material to rescue, and the potential to win much more business, through our high quality service provision, which ensures that material is recycled and reused to the maximum.

The great news is that our existing and new customers are incredibly supportive and want to do more with us; the market for recycling is becoming vibrant again, as more companies and organisations embrace the need for positive change, environmental sustainability and social value. Certainly, we have witnessed this in terms of wood reuse, and this trend is ongoing - see Appendix 3 on Timber.

This business case accompanies our second community share prospectus and includes additional information about the 'what', 'who' and 'how' to help existing and new prospective investors to make an informed decision about whether to invest. This document expands upon the prospectus and details crucial information on our second round of proposed investment, including how we will overcome key risks. All forward-looking statements are just that and not predictions for the future. Great care and due diligence has been taken by the Board and the Senior Management Team to ensure that assumptions are based on the right expertise and knowledge.

In 2025, we still have an opportunity to make EMERGE Recycling the go-to waste recycling and reuse name in Greater Manchester and Liverpool and to reap the benefits of reduced costs from greater economies of scale. By devoting time and resources to digitising our operational systems and building a dynamic Sales Development Team with enhanced marketing campaigns, we will drive the increase in materials and customer engagement we need. Investment in our Touch Wood shop and workshop will help us grow this unique and popular work, making it financially sustainable and enabling us to offer more training to more people and create more beautiful upcycled products for the community. We'll invest in more Apprentices and cleaner, greener vehicles. This investment plan will enable us to give back even more in terms of social and environmental impacts, to the community. For info about our Social Impacts, see Appendix 2. Join EMERGE and get involved in making a material difference!

“FINALLY, A WASTE MANAGEMENT COMPANY WE CAN TRUST TO GENUINELY RECYCLE! OUR PREVIOUS PROVIDER PICKED UP OUR RECYCLING AND GENERAL WASTE IN THE SAME TRUCK, WHICH DID NOT SEEM RIGHT. EMERGE RECYCLING ARE OPEN ABOUT WHERE OUR MATERIALS GO. SUSTAINABILITY AND CARBON REDUCTION ARE IMPORTANT TO US AND WORKING WITH A LOCALLY OWNED, ETHICAL, TRANSPARENT PROVIDER REALLY HELPS. WE SEGREGATE CARDBOARD, PLASTIC AND PAPER SO EMERGE CAN HELP US MAXIMISE RECYCLING, SUPPORTING THE UK SECONDARY MATERIALS INDUSTRY.”

JACK IRWIN, DIRECTOR, INTERSPAN

**WHY WE
NEED YOU**

HOW YOUR INVESTMENT WILL BE USED

INVESTMENT FOR GROWTH IN:	SPECIFICS	INTENDED EFFECTS
<p>DIGITAL EVOLUTION £30K</p> 	<p>We have to upgrade our operating system as the current one is to be discontinued. Drivers will log materials at the point of collection, with electronic sign off by customers via a hand held device. Collection route scheduling will be electronically optimised with all vehicle geographical locations continually available via real-time tracking (RTT) offering real-time supply-chain visibility.</p> <p>Crucially, our new system will offer a Customer Portal, giving them access to management data, environmental and social value reports as well as other service performance information via a dashboard.</p> <p>All this will complement the Vehicle Management System (VMS) we have recently invested in, providing electronic daily checks to assist compliance and timely maintenance. Similarly, our conversion to Xero will enable more customer convenience in terms of billing and payment.</p>	<p>Enhanced visibility for our customers will reduce service requests, enabling our customer service team to focus on new enquiries and sales, streamlining response time.</p> <p>Moreover, by harnessing operational real time data, this will contribute to increased efficiency and productivity and help deliver our aim of achieving consistent operational and customer service excellence.</p>

INVESTMENT FOR GROWTH IN:	SPECIFICS	INTENDED EFFECTS
<p>MARKETING & SALES £25K</p>	<p>CRM system – we are exploring investment options to align customer relationship and pipeline information with our new operating system.</p> <p>Digital: Website & Social Media Maintain a vibrant, dynamic presence on LinkedIn, Facebook, X and Instagram in order to drive prospects to our website. We will further invest in Google Pay Per Click campaigns across key services, target sector and geographical locations; alongside this continuously improving our website functionality, attractiveness and SEO (Search Engine Optimisation).</p> <p>Content Marketing: Develop Podcasts and Blog posts, building a role as a ‘thought leader’ on 3Rs and sustainability.</p> <p>Lead Generation: through our own research and potentially telesales.</p> <p>Brand Profile & Image We intend to refresh and optimise all aspects of our marketing collateral including liveries, uniforms, logos, information sources and Public Relations opportunities.</p>	<p>Supporting our customer service and development teams to have an agile interface to capture and report on key information in a timely way. Another aid to greater efficiency with customer excellence at its heart.</p> <p>Enabling more, compelling images and narrative to attract potential customers and retain existing ones.</p> <p>New ways to engage customers, share information, generate ideas and offer opportunities for feedback and awareness.</p> <p>Identifying more potential customers. Leveraging our networks and stakeholders.</p> <p>Providing greater consistency and complementarity in use of our logos and brand, enabling greater public visibility and converting a larger, denser market share.</p>

INVESTMENT FOR GROWTH IN:	SPECIFICS	INTENDED EFFECTS
<p>APPRENTICE & TRAINING £55K</p>	<p>We are developing a versatile role that will be able to work within Touch Wood as a Trainee Joiner/Carpenter, Forklift Truck operator and potentially van driver. This role will also assist in recycling collections from time to time, across wood and all other service offerings.</p> <p>We plan to engage an experienced trainer to regularly support volunteer and trainee skill development, supporting the Give & Gain Programme run by our sister charity.</p>	<p>Greater capacity for the range of operational tasks including cover for leave by regular staff.</p> <p>Enhancing opportunities for growth and development across the team; increasing productivity and efficiencies.</p>
<p>TOUCH WOOD SHOP & INFRASTRUCTURE £30K</p>	<p>With the aim of improving our customer experiences, we will create a more convivial retail space, making it easier for customers to see and buy more wood, products and accessories. We plan to develop a showroom and consultation area, including CAD design capability and personalised laser engraving.</p> <p>We will upgrade our dust extraction, heating and ventilation systems to achieve greater staff team comfort.</p>	<p>Attracting more customers to buy more wood and more products.</p> <p>Enhanced by social media coverage, this will build a bigger, regular body of loyal customers.</p> <p>Crucially this will contribute to staff wellbeing, retention and improve health and safety compliance.</p>
<p>VEHICLES £60K</p>	<p>We intend to replace two older vehicles with cleaner, Euro 6 vans, for collections.</p>	<p>Overcomes vehicle dysfunctionality, breakdown and high costs of maintenance.</p>

WHY THIS INVESTMENT MODEL?



WE FOUND INVESTORS, TO GROW EMERGE RECYCLING RIGHT FROM START, WHEN IN 1998, WE RECEIVED SUPPORT FROM THE PRINCE'S TRUST. WE BORROWED FROM OUR BANK, THE CO-OP, SECURED ASSET FINANCE ON MULTIPLE OCCASIONS AND MOST RECENTLY FROM GMCVO (ACCESS TO GROWTH FUND-SOCIAL INVESTMENT).

EMERGE Recycling has a proven record of accomplishment of utilising financial investment for positive ends, whilst growing and developing our business model and innovating. We have always repaid our debts and never defaulted on repayments. As such, we have paid out a huge amount of interest to lenders over the years. Converting to a Community Benefit Society has allowed us to overcome this capitalist cycle by securing patient capital, from our wider cooperative community, and to repay our supporters over time, at a modest interest rate, thereby enabling our growth.

Our target audience for this community share offer are people and organisations across Greater Manchester, Liverpool and surrounding areas, who may benefit from, and support our mission.

This is how we are asking you to help us: Buy our shares, for a minimum investment of £200, up to a maximum of £40,000 (in line with good practice, up to 10% of the total share target).

In return, you will potentially get a return of up to 5% interest (you choose), to be paid annually, from 2028 (after the initial 3 years). Please see 'Our Share Offer' Prospectus for more details and the Terms & Conditions in our Application Form.

Whilst we forecast that the society will be profitable from next year onwards because of the investment, under FCA rules, we are not able to return people's investments to them until such time as we have cleared the historic debts. If all goes to plan, we will be reducing those historic losses year-on-year, but it won't be until around 2030 and beyond, based on current projections. So, in order to enable members to be able to get a limited proportion of capital returned, we will move to being permanently open to receive investment.

This makes sense for two reasons. Firstly, as we grow, we become better known and understood by more people, and engage more of them in joining us to support our mission to build a more circular economy. This will give us a great opportunity to tap into an investors' network

on an ongoing basis to support our capital expenditure needs because we have essential equipment, which needs renewing or replacing, on an ongoing basis. In addition, since we are going to be targeting new investment, we can use a portion of that to enable existing investors who want to reclaim their investment to do so.

We are fully focussed on raising and investing the funds in this current share issue for the next 12 months, so the plan for an open share offer won't be put into action until 2026 at the earliest. Investors should be aware that the final decision would be one for the board in place at the time - whom they will elect - prioritising the work which will be needed to achieve a regular stream of capital.

The opportunity for supporters to invest in EMERGE by buying our community shares is important to us because it enables ownership and engagement by our stakeholders. It provides a chance for those who support our mission to purchase shares and play an active role in our community business.

Our goal is for EMERGE Recycling to be financially profitable by 2025/26. We are truly grateful for the amazingly supportive response we have received over the past few years from our customers and wider supporters. We are also pleased that, based on our updated proposals, the Booster Fund are open to consider our application for matching investment (see p50 of our Prospectus for more details).

EMERGE Recycling is very lucky to have already secured £30,000 of our second share offer target, helping us to build momentum and give confidence to others. We have involved existing members and networks over the last two years, in helping us to improve the performance of the company and develop positive relationships with other stakeholders and prospective shareholders. We will be building on all this over the share offer period, offering new shares to existing members ahead of going public.

Marketing of our share offer will happen through direct communications and interaction with our target lists of individuals and organisations; customers, suppliers, and our wider networks including NCWRP, GMCA, Co-ops UK, GM Chamber, FSB, staff, volunteers, friends and the local community. Our website will be at the heart of all this, where all the documentation will be available, promoted extensively using social media (LinkedIn, Facebook, Instagram), email, phone and texts to known contacts. Additionally people can come and see our work through a series of open days and events.

EMERGE & TOUCH WOOD ARE VERY PROUD TO WORK FOR MANY ESTABLISHED COMPANIES AND BRANDS ALREADY. WE WILL BUILD ON THIS...

“FROM DESIGN AND DELIVERY THROUGH TO THE OFFICIAL OPENING OF THE OASIS GARDEN, TOUCH WOOD HAVE CONTINUOUSLY SHOWN A WONDERFUL LEVEL OF COMMITMENT AND PROFESSIONALISM WHILST WORKING WITH US AND THE TEAM ON THIS PROJECT THAT WE ARE ALL EXTREMELY PROUD OF. THE TOUCH WOOD TEAM AND OUR OTHER PARTNERS, SUPPORTED BY WILLMOTT DIXON, CREATED A BEAUTIFUL SPACE FOR OUR DEMENTIA PATIENTS AND THE STAFF AT ROCHDALE INFIRMARY TO ENJOY. WE WOULDN'T HESITATE TO RECOMMEND TOUCH WOOD TO ANYBODY WHO IS LOOKING TO CREATE OUTDOOR SPACES FROM RESCUED WOOD.”
KAREN CASPER, FUNDRAISING OFFICER NORTHCARE CHARITY – SUPPORTING THE NORTHERN CARE ALLIANCE NHS FOUNDATION TRUST



"WE ARE SO DELIGHTED WITH THE AMAZING OUTDOOR WELLBEING SPACE THAT TOUCH WOOD CREATED FOR OUR MANCHESTER OFFICE USING LOCAL RESCUED WOOD. OUR PARTNERSHIP SO FAR THIS YEAR WITH FARESHARE GREATER MANCHESTER AND TOUCH WOOD HAS BEEN SO REWARDING, WHOLESOME AND HUGE ENJOYABLE. I WOULD HIGHLY RECOMMEND WORKING WITH EMERGE THEY ARE AN AMAZING COLLECTIVE DOING WONDERFUL WORK RESCUING SUCH VALUABLE RESOURCES LIKE FOOD, WOOD, CARDBOARD, PLASTICS ETC TO REUSE OR RECYCLE LOCALLY & ETHICALLY."

TRACY ANDREW-WILLIAMS

SIEMENS ENERGY PA TO STEVE JONES, HEAD OF PE UK&I AND EC UK&I
WELLBEING LEAD, WELLBEING CHAMPION

THE DETAIL

THE BUSINESS CASE

BEING A COMMUNITY BENEFIT SOCIETY HAS ENABLED EMERGE TO CREATE A SECURE, LOYAL BASE OF COMMUNITY SHAREHOLDERS; THESE INVESTORS PROVIDE A FOUNDATION, IN OUR DRIVE FOR MORE SUSTAINABLE, ETHICAL, LOCAL ECONOMIC DEVELOPMENT.

In Greater Manchester and Liverpool, social value is a key component of regional policies and strategies aimed at addressing socioeconomic challenges and fostering sustainable growth. Social value refers to the broader societal benefits generated by public sector activities, private enterprises, and social initiatives, often measured in terms of improved well-being, economic inclusion, and environmental sustainability. It's about ensuring that activities generate a positive impact on local communities and contribute to long-term prosperity beyond mere financial gain.

EMERGE are positioned right at the heart of the North West's ambitions to support sustainable businesses which reduce the impacts of carbon whilst creating social value by the very nature of what we do, how we do it and why we do it.

A member of the Greater Manchester Good Employer and Real Living Wage Employer, EMERGE currently has over 500 customers on its database. Having had our first Community Share Offer's business plan thwarted by the pandemic and the subsequent economic turmoil, a 'return to normal' has been much lumpier than hoped.

On a positive note, we know that we have a captive audience, who, like our shareholders, share our values and commitment to creating a greener, more sustainable economy, as evidenced by the recent enhanced rate of recovery and the loyalty of many of our customers. We have begun to attract new customers because they don't trust the practices of mainstream waste providers; they want to understand the destination for their materials, and know that they are not only genuinely recycling, but also gaining real social value, using a Ben Com like EMERGE.

Our growth strategy is simple: Continue to connect with our customers, maximise the amount of material we can recycle from them and build out from there. Gain customer referrals and more materials from our existing rounds, as locally as possible first, thereby maximising the efficiencies of our current scope, in Greater Manchester and Liverpool. Use our positive connections to engage with more businesses, organisations and individuals and make it easier for them to buy more from us, including upcycled products from reclaimed wood.

OUR 3-YEAR GROWTH PLAN WILL ACHIEVE:

SAFEGUARD

17 **JOBS**

CREATE 3.2 NEW JOBS AND SUPPORT 3 APPRENTICES/ TRAINEESHIPS

CONSISTENTLY

REUSE
55%



OF THE WOOD WE COLLECT, BUILDING ON OUR BASELINE OF 351 TONNES REUSED PA

SUPPLY

800

ORGANISATIONS WITH WASTE, RECYCLING AND REUSE SERVICES (FROM A BASELINE OF 500)



AN ADDITIONAL

£982K

IN INCOME FROM SERVICES AND CONTRACTS



ANNUALLY
ENGAGE WITH

2400
BENEFICIARIES

SUPPORT

TOUCH WOOD TO INCREASE ITS ANNUAL CUSTOMER BASE TO

200

ASSIST FARESHARE & EMERGE'S

VOLUNTEERING & EMPLOYABILITY WORK TO

GROW & THRIVE



DIVERT AN ADDITIONAL

750 **TONNES**

OF WASTED RESOURCES FROM LANDFILL OR INCINERATION

5218 TONNES

OF CO2 EMISSIONS WILL BE AVOIDED COMPARED TO LANDFILL AND PRIMARY MATERIAL USE



THIS WILL BE EQUIVALENT TO THE ANNUAL CO2 EMISSION OF

1379 **GREATER MANCHESTER RESIDENTS.**

EMERGE Recycling continues to benefit from excellent working relationships with local paper and card recycling mills who we supply our material to, as well as local recyclers for metal and plastics. We have robust partners for all other materials too, and we audit their performance in terms of high standards of environmental compliance. Thankfully, the price for cardboard is buoyant still and we anticipate that this will continue to be an important income stream in our plan.

Our confidential shredding sales are now at an annual running rate of £84k (Oct23-Sep24); meantime the confidential shredding market in Manchester alone is estimated to be a value greater than £25M. Based on this opportunity, our knowledge of the current market and competition and the positive effect of recent marketing trials, we are confident about winning a greater market share. Target markets include responsible organisations e.g. charities, fellow social enterprises, housing associations, employee-owned and ethical businesses also those who seek to demonstrate genuine social value, businesses seeking to demonstrate high quality environmental performance and those where confidentiality is key.

We plan to grow our waste electrical and ICT income (data destruction and equipment resale, post-data cleansing, in line with ISO9001 and BSEN15713) over the course of this plan, from 1% of our earned income (in 2021-22) to 5% by 2027, by investing in equipment, marketing and development.

Although this sounds modest, whilst this is potentially a crucial growth income stream, it is also full of competitors and we continue to seek our niche in this market.

Thanks to a couple of major projects and partnerships, our Touch Wood services – rescuing waste wood, selling timber and repurposing into bespoke products – have grown substantially since our first share offer. Whilst the past 2 years have been challenging, we pulled through because of a huge amount of hard work from staff and volunteers. We are now striving to develop sustainable profitability in this 'department', and our efforts will be supported by investment in our workshop equipment (improved systems contributing to enhanced staff productivity and efficiency), our Touch Wood Shop (enhanced customer experience supporting a growth in numbers through the doors, loyalty and referrals) and through consistent, high quality marketing campaigns.

As referenced in Appendix 2, wood reuse and recycling has undergone a massive boom in the UK, from less than 2% of wood waste in 1990 to more than 80% in 2020, but with many reuse opportunities being missed and around half a million tonnes of wood landfilled every year, the wood recycling story is still in its infancy.

WORK EXPERIENCE, EMPLOYABILITY & TRAINING

Our operations, particularly in Touch Wood, are underpinned and complemented by providing volunteering, traineeships and apprenticeships to local people. A great example is Declan, who arrived at Touch Wood in 2021. At the time, he was unemployed and the local Job Centre was encouraging young people not employed, in education or training (NEET), to join us via the Government's Kickstarter scheme.

Touch Wood workshop's turnover was then £39k a year.

Additional resources were critical to the enterprise growing and realising its potential of creating beautiful products and outdoor areas from reclaimed wood. Declan didn't know it at the time, but he was to become part of the solution.

When first arriving at Touch Wood Declan had only basic ability in using wood workshop equipment, he had never de-nailed a pallet or driven a Fork Lift Truck.

Fast forward three years and Declan is now training volunteers in the workshop and sharing his learnt skills, from processing pallets to building picnic benches and planters from scratch.

Over the next 3 years, by investing in our equipment and infrastructure in our Touch Wood workshop, and in additional training for the staff, we will gain the capacity to engage more volunteers and trainees, providing more high quality skills and professional development, with potential career progression routes in to partner organisations. We will invest in a new Apprentice role, which will span both Touch Wood and Recycling services, to optimise their work experiences.

DID YOU KNOW?

EMERGE

ENGAGED 7 TRAINEES

FROM KICKSTARTER & THE
GREEN JOBS PARTNERSHIP,
ALL GAINED EMPLOYMENT.



"I WAS OUT OF WORK AND HAD NO IDEA WHAT TO DO. MY JOB CENTRE ADVISOR INTRODUCED ME TO THE KICKSTARTER SCHEME AND I SAW THE TOUCH WOOD OPPORTUNITY, WHICH INTERESTED ME. WHEN I STARTED AT EMERGE IT WAS A BIT INTIMIDATING BECAUSE I'D NEVER WORKED IN A WOOD WORKSHOP AND HARDLY USED EQUIPMENT AND TOOLS. THE TEAM WERE HELPFUL, THEY SHOWED ME HOW TO BREAK PALLETS DOWN AND USE THE WOOD WE'D PROCESSED INTO ITEMS OF FURNITURE, LIKE SHELVES AND TABLES."

I REALLY ENJOYED LEARNING AND ALSO GAINING MY FORK LIFT TRUCK LICENSE. WE NOW BUILD OUTDOOR SPACES FOR SCHOOLS, COMMUNITY PROJECTS AND BUSINESS LIKE SIEMENS, THEY SEEM TO LOVE WHAT WE DO FOR THEM WHICH IS REALLY SATISFYING FOR ALL OF US AS A TEAM."

DECLAN

COMMUNITY WOODS PARTNERSHIP

TO SAY IT'S BEEN A BUMPY RIDE OVER THE LAST TWO YEARS WOULD BE AN UNDERSTATEMENT! FOLLOWING PRUDENT INVESTMENT (THANKS TO SHARE OFFER 1, 2022) & PAINSTAKING COST MANAGEMENT, WE ARE FINALLY SEEING THE GREEN SHOOTS OF RECOVERY...

In 2020/21 in spite of COVID, EMERGE Recycling made a modest profit, even though earned income was only 56% compared with the previous year, due to reductions in services provided.

The following year, 2021/22, the Touch Wood workshop became part of our operations (albeit its own cost centre), more than doubling its turnover, with the investment in a part time Commercial Director. EMERGE Recycling broke even as 82% of its pre-pandemic service income returned. Things looked good and on this basis, we prepared for our first Community Share Offer, which launched in February 2022.

Securing £215k through our initial Community Shareholders has been a massive boost, enabling the Ben Com to invest in highly productive shredding and baling infrastructure, giving us capacity and confidence to extend our service offering to Liverpool city area, having been gifted a round by a sister social enterprise. We bought our first compacting bin truck, again, with capacity to grow. We created two Business Development roles and committed to employing a full time Commercial Director.

We made some initial investment in fitting out a better workshop with storage areas, in F26-30, for Touch Wood.

During 2022/23 Touch Wood more than doubled again, the workshop generating £235k in timber sales, bespoke commissions and project activities. Wood collection work dropped off, partly due to the hike in the cost of timber and construction companies holding on to wood for longer, as reported nationally by our partners at Community Wood. EMERGE Recycling's services were steady but not growing, whilst meanwhile, increased costs across multiple expenses began to bite. We experienced our first significant loss of £32k. We realised we were in hot water.

In 2023/24, we saw no alternative but to make a series of reductions, mainly to staff overheads, and cut our cloth according to our lower income in EMERGE Recycling. Had it not been for Touch Wood's success in 22/23, which stabilised in 23/24 at £214k, plus the support we gained from shareholders and GMCVO's loan, we would not have been able to survive our losses, which were £133k by 31/3/24.

We decided to extend our year-end to 30/09/24, partly to give our Finance Team more chance to help us manage the situation (they produce sister charity accounts for Apr-Mar period) and in the hope of recovering our position.

In the period Apr-Sep 2024, albeit we continued to make a loss, it has been significantly reduced, month on month, and by 30/09/24 (our new financial year end), our loss stands at £151k. Our worst performing period was Apr-Jun 2023 (-63k), whereas in Jul-Sep 2024, our loss was £-2765, demonstrating a very positive recovery.

As you will see in the following pages, our recovery is set to continue, as we continue to invest in proactive marketing and sales campaigns across target areas and audiences. We are confident in now asking investors to back us, based on this trend analysis and our knowledge of the marketplace.

As you can see on the graph below, EMERGE Recycling's income dropped following the pandemic, only recovering in the last 18 months (period during which we changed our financial year-end to the 30th of September). We are now experiencing an increase in demand as the market returns; we will continue to grow sales in confidential paper shredding and IT data destruction as well as our other key recycling services (multi-materials, bulk cardboard and residual waste).

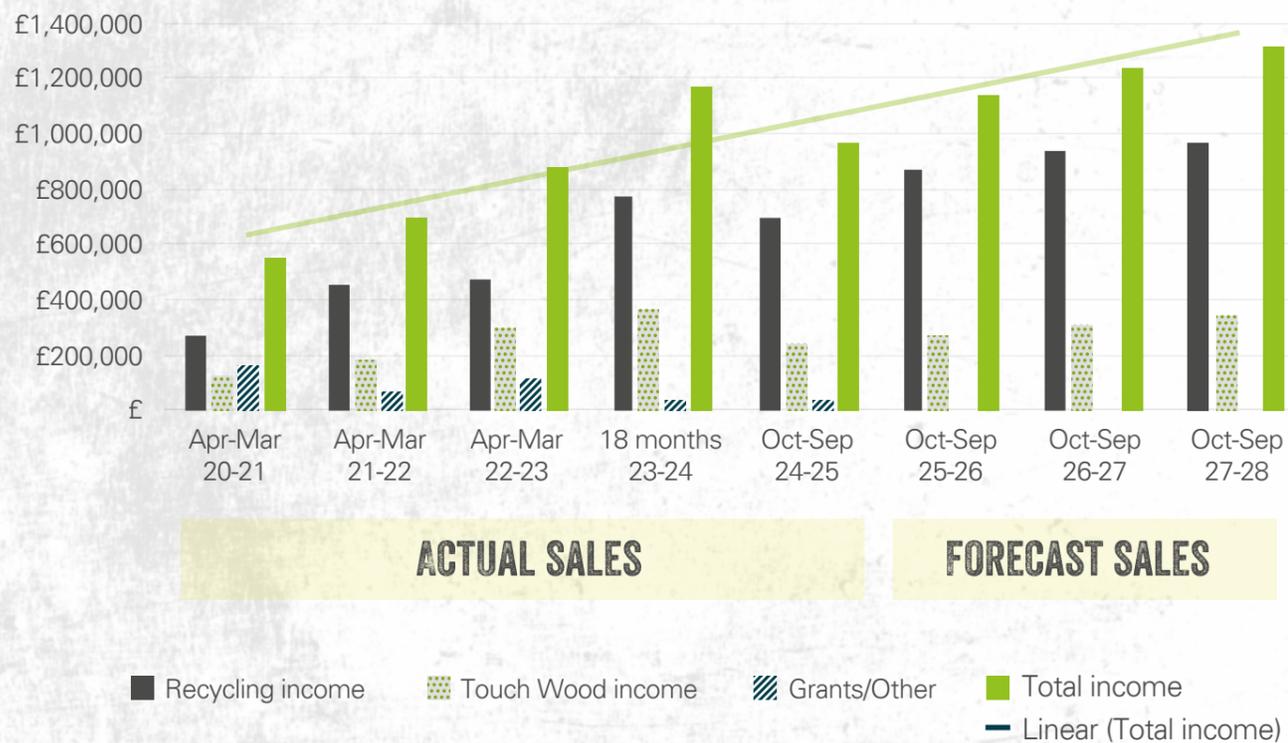
Touch Wood workshop and store formally came under EMERGE Recycling's control at the start of 2021 and the growth is impressive, having secured a major project to repurpose a warehouse floor in 2022/23, boosting income in that year and the following.

Wood collections dropped (as explained previously) but have picked up again recently. We will continue to grow local wood services, both collections and upcycling of reclaimed wood, on a sustainable operating basis, hence the modest trajectory.

In our new 3-year investment plan, a proportion of the funds will be used for ongoing, proactive sales and marketing, aiming to continue to build momentum. As such, we are projecting an average 16% increase on the current income level, over the 3-year plan.

Touch Wood's growth was stretched in 2023-24 due to a major project, however our work over the next 3 years is to stabilise and grow this work as a sustainable, profitable, operational cost centre.

TABLE D



EXPENDITURE PROJECTIONS

INCOME

For an overview of Income and Expenditure over the course of our plan, please see the summary table in our prospectus and also refer to the Balance Sheet on the next page.

The table below shows earned income only; any grants or internal recharges have been omitted.

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
INCOME	514,247	692,276	871,101	1,167,319	962,913	1,137,337	1,239,631	1,320,556
EXPENSES	506,573	691,361	903,578	1,319,479	972,701	1,123,487	1,208,967	1,265,959
SURPLUS/DEFICIT	7,674	915	-32,477	-152,160	-9,788	13,850	30,664	54,597

Thanks to the upturn in sales conversions over the last 12 months, we are confident to bring the following 3-year projected growth forecast to investors.

This is based on detailed knowledge of the market, financial modelling expertise with prudent estimates for material commodities.

INCOME VS EXPENSES

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
REVENUE	352,247	628,081	775,861	1,134,557	924,913	1,137,337	1,239,631	1,320,556
REVENUE GROWTH	-45%	78%	24%	46%	24%	23%	9%	7%
COST OF SALES	344,950	486,313	585,484	975,951	684,882	796,400	849,790	895,554
ADMINSITRATIVE EXPENSES	133,918	184,657	276,707	315,506	248,222	284,811	302,463	318,491
PROFIT / LOSS ON SALE FOR FIXED ASSETS	1,037	(137)	5,952	(17,059)				
DEPRECIATION	19,629	15,655	20,726	29,980	33,006	36,054	29,886	25,212
INTEREST PAYABLE	7,039	4,873	14,709	15,101	6,591	6,222	6,097	5,971
COMMUNITY SHARE INTEREST							20,731	20,731
TAXATION	0	0	0	0	0	0	0	0
GRANTS & OTHER (FURLOUGH)	162,000	64,195	95,240	32,762	38,000	0	0	0
NET SURPLUS/ (DEFICIT)	7,674	915	(32,477)	(152,160)	(9,788)	13,850	30,664	54,597
PROFIT MARGIN	2%	0%	-4%	-18%	-1%	1%	2%	4%
	ACTUAL	ACTUAL	ACTUAL	DRAFT	FORECAST	FORECAST	FORECAST	FORECAST
	COVID-19 year	Touch Wood joined		Changed year end hence 18 months				

INCOME VS EXPENSES



As you can see from the graph, over the last few years, EMERGE Recycling broke even or made a small surplus without investment. Then, in 2022, in spite of our first Community Share Offer, a combination of reduced sales (post pandemic effects as many customers downsized or worked remotely, reducing demand for our services) and increased costs across multiple areas including wages, fuel, service charges, insurance, began to take a serious effect.

Whilst Touch Wood's major project helped to 'save the day' from a cashflow point of view, it was also costly as we had to pay for additional storage and wages to process the material.

Our revised 3-year plan is built on modest, sustainable growth. We intend to replace vehicles, thereby reducing expensive rental or lease charges and this will improve our balance sheet further.

BALANCE SHEET PROJECTIONS

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
FIXED ASSETS	48,216	38,373	250,131	214,238	283,232	247,178	217,292	192,080
CASH	45,661	76,112	42,686	11,640	(8,502)	9,602	64,093	117,495
OTHER CURRENT ASSETS	106,921	182,515	208,780	212,303	170,164	187,381	194,879	199,093
LOANS DUE WITHIN ONE YEAR	43,830	16,077	38,432	22,939	28,004	28,004	28,004	27,611
OTHER CURRENT LIABILITIES	106,852	199,763	167,596	225,632	91,304	102,659	130,070	134,156
NET CURRENT ASSETS	1,900	42,787	45,438	(24,628)	42,354	66,320	100,898	154,821
NET CURRENT ASSETS	1900	42787	53,639	-20,873	46,109	70,075	104,563	158,576
LOANS DUE AFTER MORE THAN ONE YEAR	51,586	40,273	113,980	130,181	105,945	80,007	53,945	28,149
NET ASSETS/(LIABILITIES)	(1,470)	40,887	181,589	59,429	219,641	233,491	264,245	318,752
CALLED UP SHARE CAPITAL/PRIOR	9	41,451	214,630	244,630	414,630	414,630	414,630	414,630
REVENUE ACCOUNT	(1,479)	(564)	(33,041)	(185,201)	(194,989)	(181,139)	(150,475)	(95,878)
MEMBERS' FUNDS	(1,470)	40,887	181,589	59,429	219,641	233,491	264,155	318,752
	ACTUAL	ACTUAL	ACTUAL	DRAFT	FORECAST	FORECAST	FORECAST	FORECAST
	COVID-19 year	Touch Wood joined		Changed year end hence 18 months				

Currently EMERGE Recycling has some short term and long term debt in the form of trade creditors, vehicle hire purchase, a Bounce Back loan through our bank and a loan through GMCVO/ Access to Growth Fund (social investors). These will continue to be repaid, according to the agreed repayment schedules.

As we have adapted to the last few years' economic conditions, we have maintained a small but steady cash flow, gradually assisted by increased sales.

During the 3-year plan, EMERGE Recycling and Touch Wood intend to generate profits again and build reserves. We benefited from a couple of grants in the last few years, which helped to bridge the loss of earnings and gave us capacity by supporting the cost of volunteers, training and work placements. As we become less reliant on loans, we will be in a stronger position to pay share interest to our members.

RISK MANAGEMENT

Effective risk management underpins the future success of EMERGE Recycling and goes hand in hand with our growth strategy. Our Community Benefit Society is supported by a robust risk management process that ties into our commitment to ISO9001, BSEN15713, BSIA (British Security Industry Association) membership, Safe Contractor status (for Health and Safety) and Operator's Licence (for vehicles). Together, these systems provide a compliance framework which our operations abide by.

Investment made into any business is subject to a number of risks. We will continue to manage the risks in EMERGE Recycling through the various systems and processes we have in place to ensure our operational, legal and financial compliance. This not only protects you as an investor but maximises our customer and partner relationships and gives our employees and stakeholders reassurance in the sustainability of EMERGE Recycling as a business.

There are a number of risk factors inherent within our business that you need to be aware of as an investor. The following summary is not an exhaustive statement of all the principle risks faced by EMERGE Recycling and Touch Wood, further information can be found in our latest set of accounts, please download from our website.

DID YOU KNOW?

EMERGE RECYCLING HAS SUPPLIED WASTE AND RECYCLING SERVICES FOR OVER

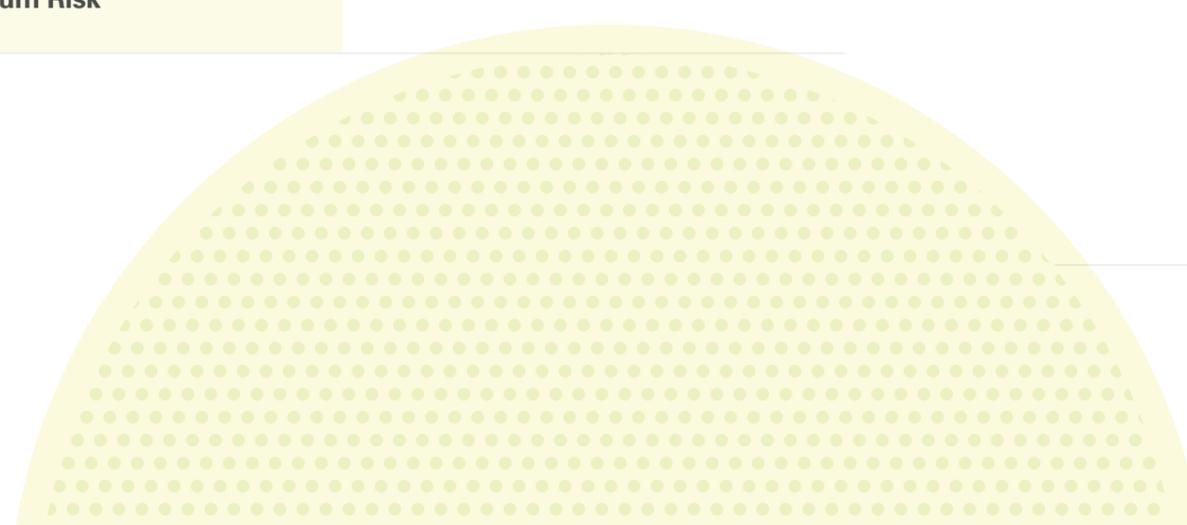
27
YEARS

RISK	DESCRIPTION AND POTENTIAL IMPACT	MITIGATING ACTIONS
<p>FINANCIAL PROJECTIONS DO NOT GIVE AN ACCURATE FORWARD VIEW</p>	<p>The Society's actual results and operations could differ materially from those anticipated in such forward-looking statements.</p> <p>High Impact Medium Risk</p>	<ul style="list-style-type: none"> Given the unusual nature of the last two years, we have revised our 3-year financial forecast meticulously, based on historical performance and the challenges we have endured, together with a detailed knowledge of the our customers, the wider market, our competitors and the regulatory framework. Please see Appendix 1 for the wider financial outlook and PESTLE analysis. The assumptions we have used in our forecast have been scrutinised and assessed to test their validity by financial advisors and social investors. We have utilised their feedback in producing this revised Business Plan, the rationale for investment and year on year projections. All assumptions are based on a modest assessment of the income we can realistically generate, considering what is achievable within the bounds and scope of our current operations. There has been a review of the underlying model used for the forward projections to ensure it is robust and free from errors. Whilst striving to be ambitious we have remained necessarily prudent. We are consolidating the business model by increasing efficiencies through digitisation, whilst striving to build profitability and sustainability across our various services. We will diversify modestly, largely through investment in our Touch Wood workshop, shop and team, also by processing more IT equipment and by exploiting our geographical reach, where it makes sense.

RISK	DESCRIPTION AND POTENTIAL IMPACT	MITIGATING ACTIONS
<p>EMERGE RECYCLING FACES FINANCIAL FAILURE AND INSOLVENCY</p>	<p>Even in a profitable business it is possible to fail through lack of cash, as more working capital gets tied up in debtors and stock.</p> <p>High Impact Medium Risk</p>	<ul style="list-style-type: none"> The SLT and Board scrutinise the accounts on a regular basis, with a weekly cash flow forecast maintained to identify pinch points and mitigate issues promptly, as needed. At points when our cash flow is challenging, a thorough review of debtors, creditors, pipeline and cost base drive potential solutions and tactical strategies. We have been very adept at this over the last few years! EMERGE Recycling has a wide network of customers, community shareholders, partners, social investors (like GMCVO and Co-ops UK) and other stakeholders, who believe in our ethos and mission and whom we rely on, for practical help and support including advice.

RISK	DESCRIPTION AND POTENTIAL IMPACT	MITIGATING ACTIONS
INABILITY TO RAISE THE REQUIRED FUNDING AMOUNT	<p>The share offer does not lead to increased support for the business and the amount raised is substantially less than the target amount required leading to a decision to use a loan or vehicle leasing to enable the needed investment</p> <p>Medium Impact Medium Risk</p>	<ul style="list-style-type: none"> There is a dynamic, professional, targeted marketing plan in place using a variety of media, including social (Facebook, LinkedIn, X) and a plan for contacting our large network of supporters directly including existing shareholders. There is a contingency plan in place and a hierarchy for what investments are required sooner, with others later. See page 44 of our prospectus. Having already been through a restructuring process we are adept at maintaining efficiencies and agile in our processes; working in a 'lean' way is second nature to us.
EMERGE RECYCLING COULD FAIL TO ATTRACT AND RETAIN SENIOR MANAGEMENT OR OTHER KEY EMPLOYEES	<p>The success of EMERGE Recycling depends on the continued services and knowledge of key employees. The loss of key employees could impact the future of the business and we may not be able to replace with high calibre individuals due to economic factors or the continued buoyancy of the job market.</p> <p>High Impact Medium Risk</p>	<ul style="list-style-type: none"> We work hard to ensure that we have the right skill set across the team and the right reward and succession plans in place to develop all employees and volunteers. There is a comprehensive training plan in place for both essential training and additional skills to enable employees to grow within EMERGE Recycling

RISK	DESCRIPTION AND POTENTIAL IMPACT	MITIGATING ACTIONS
REPUTATIONAL DAMAGE	<p>Reputational issues could result from a number of factors that could mean customers and other third parties are unwilling to continue to do business with us. Damage to our reputation could affect EMERGE Recycling in the achievement of its vision and objectives including current projected growth.</p> <p>High Impact Low Risk</p>	<ul style="list-style-type: none"> EMERGE Recycling strives to maintain a positive relationship with all third parties and the community in which it works. We originated from a community need and will continue to build those relationships and networks. EMERGE Recycling consistently monitors the legal and regulatory environment for any changes and complies with all current regulations. Any issues arising are handled promptly by the Senior Leadership Team, supported by the Board, which contains a range of volunteers with significant experience and diverse skills, to ensure the reputation of Recycling is maintained.
CHANGES IN THE ECONOMIC ENVIRONMENT	<p>The past two years have continued to be pretty challenging for many businesses and EMERGE Recycling has seen a lag in the return of earned income whilst Touch Wood grew substantially, albeit with its own growth pains. Fortuitously we secured grants and support towards employability during the period. While many economic indicators are finally showing signs of improvement, there continues to be some uncertainty around a sustained recovery.</p>	<ul style="list-style-type: none"> The Board and Senior Leadership Team comprises a diverse group who have a wide skill set and experience of many different industries, enabling crucial insights and scrutiny for future decisions. Our wider network of supporters, shareholders and partners, developed over many years, offer us further advice and expertise to call upon. We monitor the economic environment and apply a waste reuse and recycling business lens to understand the implications, based on more than 2 decades of experience as social enterprise in this specialist field.



“WE ARE PROUD OF OUR LONG TERM RELATIONSHIP WITH EMERGE RECYCLING. THE SHREDDED PAPER THEY SEND TO US IS GREAT QUALITY AND HELPS WITH OUR CARBON FOOTPRINT. WE COMMEND THE TEAM TO YOU, THEIR SOCIAL AND ENVIRONMENTAL CREDENTIALS ARE SECOND TO NONE.”
JIM GARNER, NORTHWOOD RECYCLING LIMITED

WHO WE ARE & HOW TO GET INVOLVED



WORKING TOGETHER

BY GALVANISING OUR CONTACTS AND NETWORKS IN A CONCERTED WAY, TOGETHER WE CAN MAKE A MATERIAL DIFFERENCE AND ACCELERATE A 'REAL 3RS' & CARBON LITERATE R-EVOLUTION IN GM!

CONNECTIONS

It is all thanks to our loyal customer base, long-standing suppliers, our Community Shareholders, members (Board and Senior Team), staff, volunteers, plus supporters through agencies like the GM Growth Hub, FSquared, GMCVO, Resonance, Co-ops UK, FRC (Liverpool) and the Social Investment Business (REACH), that we have the confidence and the appetite to present this Business Case to you and ask for your investment in our plans.

STRIVING FOR EXCELLENCE

Most of our customers use EMERGE to manage their confidential data, especially since we hold the British Standard BSEN15713 2023 as part of ISO 9001 Quality Assurance Accreditation. They are supportive of the expansion plans we are setting out in our second share offer, including potentially becoming ISO14001 and ISO27001 accredited, as this can add weight to their compliance regime.

Encouragingly, we are gaining new, discerning customers who are committed to the same social and environmental ethics as us. They seek to achieve social value by using authentic solutions through the services EMERGE and Touch Wood supply.

Like EMERGE, many organisations are striving to be part of a more sustainable, circular economy, in Greater Manchester and Liverpool, by genuinely reducing, reusing and recycling waste, as opposed to burning or burying it. For more background explaining the UK waste market, please see APPENDIX 4.

EXPANDING GEOGRAPHICALLY

We were excited to inherit a number of customers, thanks to FRC (Bulky Bobs) and we are proud to have recently won an extended contract with the University of Liverpool. This has really helped to boost our recovery and we fully intend to build on this by converting more customers in this area, where it makes sense economically.

'MAKING WOOD WORK'

Taking responsibility to run the Touch Wood workshop has been a privilege and a challenge; we are eager to optimise the opportunities arising from wood reuse and upcycling, develop our team, our customer base and the innovative range of products and projects. The context for this can be found in APPENDIX 3.

COMPLIANCE & SYSTEMS

Organisationally, the Senior Team run the day-to-day operations, in close consultation with our staff team regarding schedules, priorities and workload. Day to day operational procedures and practices include Human Resources (HR), Health and Safety (H&S), Vehicle (VMS) and policies governing use of our building, insurance and security vetting. Compliance management includes ISO9001 and auditing; financial systems including setting the annual budget for approval ultimately by the full Board. We consistently monitor financial performance against the targets we have set to achieve our budgets and take mitigating steps promptly, if required. Cash flow is monitored daily.

STAFF & VOLUNTEER ENGAGEMENT

Staff meetings are held as needed, usually monthly, with individual appraisals taking place at least annually. Volunteers are supported by EMERGE's Volunteer team, in conjunction with key staff in EMERGE Recycling, to support individual development and training. Volunteers are invited to team meetings as relevant and also the society's Annual General Meeting (AGM). They are also involved in events run by EMERGE 3Rs, such as celebrating Volunteers' Week with a Barbeque in June and the Christmas party.

GOVERNANCE

Board members (including the four members of the Senior Team) meet formally every other month (or more frequently if needed), with a Finance Subcommittee, meeting in between times to support and guide the Senior Team. The Board oversees the overall operational and financial performance of the society by interrogating reports that include operational and development updates alongside the monthly management accounts.

We have a Health & Safety Subcommittee, which meets bi-monthly to oversee compliance and ensure good practice across the EMERGE Collective. Subcommittees report to the Board with issues arising and solutions proposed for mitigating and resolving any matters, as necessary.

The five non-executive current Board members have been thoroughly consulted and involved, as much as possible (given that they are volunteers, most with their own full-time jobs), in developing and overseeing the production of the share offer and business case documents, also the application process and the terms and conditions being offered. All Board members had the option to invest ahead of the opening of our first community share offer and all made a commitment to do so.

CRITICAL COMPETENCIES

The competencies of the Board members can be seen in our Share Offer Prospectus. We are satisfied at the time of writing, that EMERGE Recycling's Board has an excellent range of appropriate and complementary skills, which enable us to meet good governance requirements. Having said that, we are always keen to explore opportunities with potential new candidates.

The competencies required by the activities outlined in our investment plans include the procurement of contractors, digital operating system, vehicles, staff and marketing. Financial, operational and staff Key Performance Indicators (KPIs) are already established and will be robustly reported upon. The Board is fully confident in the abilities of the Senior Team, supported by expert advisors (already in place), together with their own experience, skills and knowledge. As such, EMERGE Recycling is fully prepared and equipped to undertake the proposed investment.

All the components proposed, in the investment plan have previously been undertaken, over the years, in various guises. The difference with this plan, is that we are now bringing all the elements together.

INVOLVING SHAREHOLDERS

We involve our new members (investor-members who are our Community Shareholders) by inviting them to take part in any General Meetings that may be organised by the Chair and Chief Executive, in conjunction with the Board, and at least annually at our AGM. Members are also invited to join in with Volunteers' Week celebrations, a Christmas gathering and potential other gatherings we may arrange, such as the Supper Clubs we hold intermittently.

Members have an opportunity to be elected annually as Non-Executive Directors, usually for a 3-year cycle at our AGM with one-third standing down. Board positions are elected annually following the AGM. The Board usually appoints a Chair, Vice Chair, Treasurer and representatives to join Sub-Committees to support the work of the staff team.

DID YOU KNOW?

90%

OF SOCIETY'S USED MATERIALS ARE STILL DISCARDED AT THE END OF THEIR LIFE

FOR INFORMATION ABOUT THE BOARD AND SLT SEE OUR PROSPECTUS P18

OUR WIDER TEAM & VOLUNTEERS



CATHERINE GRAYSON

Financial & Business Development Consultant

Catherine from FSquared Foundation Trading is a hugely talented qualified Chartered Accountant. She helps charities and social enterprises like us to raise social finance by developing business plans and associated

financial models for submission to lenders. She has also worked for the Social Investment Business including reviewing the financial viability and plans of existing lendees. We couldn't have done this without her!



SANDY

HR Manager

A phenomenal addition to EMERGE, Sandy joined FareShare as a volunteer. Her organisational talents and willingness to support make her an ideal HR Manager for

the EMERGE Collective. A CIPD Associate Member, she has an MA in Employment Studies & HR Management.



STEPHEN

Operations Supervisor

A force of nature, Stephen leads the Operations Team, driving regularly whilst taking a proactive lead on logistics and team

supervision. Stephen has led the charge developing the Liverpool rounds.



JAYNE

Financial Administrator

Our long serving Credit Controller does an excellent all round job supporting the team and

customers, resolving queries and progressing accounts management.



AMY

Customer Accounts Executive

Originally came to Touch Wood as a volunteer. With a background in marketing Amy has a wealth

of experience as an Accounts Executive in Sales.



Account Manager

Came to Touch Wood through the Green Jobs' Partnership in 2022. He has a background in architecture and logistics.

Now leading Touch Wood's development in sales, design and build.



Account Coordinator

Having joined the team last year, Dermot is now pivotal in providing customer support and accounts management.

He has extensive experience in administration in the education sector.



Sales & Marketing Lead

With a background in broadcast journalism having worked in radio & TV newsrooms both for the BBC and in Gibraltar,

she has a passion for storytelling and shining a spotlight on people who are making a difference.



Depot Operative

Worked in FareShare as a volunteer before discovering his passion in EMERGE Recycling, progressing to Forklift and then

shovel driver. Very hardworking, Stephen diligently processes our materials.



Shredder Operative

Conscientious and with excellent attention to detail, Shaun oversees the secure shredding of confidential documents,

consistently in line with our ISO9001 / BSEN15713 accreditation.



Driver-Collector

Joined EMERGE Recycling following our acquisition of Green Reaper in 2015.

Tony is an incredibly hard-working and loyal asset to the company who is popular with customers and colleagues alike.



Driver-Collector

Can drive anything! Mel drives our bin truck, but mucks in to help out across all our services.



Driver-Collector

In addition to being a hard-working driver-collector, Keith is patient and assiduous; his role has developed over the last couple

of years to assessing electrical waste items for reuse and resale potential.



WEEE Project Volunteer

An excellent addition to our work, Will has a keen interest and passion for reuse and

recycling with innovative ideas for reuse which he also pursues independently.



Driver-Collector

Joined the team recently and has proved his weight in gold! A steady and polite driver-collector, Leo hits the mark.



Volunteer & Patron

A successful serial entrepreneur with a long track record in the chemical and paint industry, Peter is a Non-Exec Director of the Federation of Small Businesses. An active volunteer for over

a decade, he helps us out, from decorating our new HQ and providing business connections to upselling our services. A true ambassador, we are very grateful for all his support.



Volunteer Coordinator

Joined EMERGE last year, she is a great asset to the team, fantastic with volunteers and an experienced communicator

She has a Masters in International Development.



TOUCH WOOD TEAM



CHRIS

Workshop Coordinator

Initially as a volunteer in FareShare, Chris now runs the Touch Wood Workshop, overseeing the team and schedules. Chris has proved his impressive range of competencies

as skilled wood-worker, driver, and supervisor. Under his leadership and strong work ethic, the operation is going from strength to strength.



DECLAN

Workshop Assistant

Converted from a Kickstarter Trainee, we were delighted to keep Declan on, initially on a traineeship; he is now a full time

permanent employee and a great asset to the team who now supports and trains volunteers too.



ADAM

Workshop Operative

Converted from a trainee on the Green Jobs' Scheme to a permanent employee, we are delighted with Adam's ongoing

progress, he is a real asset to the team. Now Fork Lift Truck qualified he is also taking a lead on Health & Safety.



DAVID

Workshop Assistant

Joined us as a volunteer in early 2024, previously a community artist. Fell in love with carpentry making theatre sets in his

hometown of Australia, he also has experience of house renovation.



CHARLIE

Trainee Carpenter/Joiner

Joining the team in an Apprentice role via our partner and a community shareholder, One Manchester, Charlie is honing his

woodworking skills apace. He is doing really well and providing important capacity in the team.



RAY

Driver-Collector

A long-term volunteer, Ray took up a paid driving position in EMERGE Recycling in 2014 and has never looked back.

He has been the backbone to our wood collections service, steadfast and industrious. Ray is now working across our recycling services too.



STEPHEN (AKA RED)

Operative

Right-hand man, Stephen has been a willing and steady force for good, joining us during COVID

as a temp, he has consistently stepped up and proved himself a great all-rounder.

OTHER VOLUNTEERS

We are very lucky to have a number of volunteers in Touch Wood (mainly), who help us enormously, processing wood and supporting building activities.

Thanks to EMERGE 3Rs Give & Gain Employability project, we are now actively recruiting more individuals, as well as continuing to support all those who give their time in return for skills' development and access to woodworking experience.

DID YOU KNOW?

WE HELPED AVOID 2257

TONNES OF CO2

COMPARED TO LANDFILL AND PRIMARY MATERIAL USE IN 2022-24. THIS IS EQUIVALENT TO THE EMISSIONS OF 823 GREATER MANCHESTER RESIDENTS

WHAT NEXT?

HOW TO GET INVOLVED?

WHEN YOU ARE READY TO INVEST, PLEASE GO TO OUR DEDICATED WEBSITE PAGE AND DOWNLOAD OUR APPLICATION FORM.

To apply, please read all our information including our terms and conditions and our governing document, available on our website at www.emergerecycling.co.uk/share-offer

Please do not invest with us without considering the full information available.

INVESTING ON BEHALF OF CHILDREN

Investors in this share offer may hold shares on behalf of somebody under the age of 16.

If you wish to invest on behalf of a child, then you can do this at the end of your application process. Due to the minimum age restriction in our rules requiring people to be 16 or over to make an investment, you should also use the online nomination form.

Members can be individuals aged 16 or over, or organisational representatives. We have no provision for joint membership. Shares can be bought as gifts. The gift recipient must also formally consent to becoming a member before the shares can be issued.

Shares can also be purchased for under 16s, held in trust by someone over 16, and transferred to them after their 16th birthday, as soon as they have formally consented to becoming a member. In the meantime, any person holding shares in the name of the under-16 year old will have any shares they have invested counted towards their total shareholding, which must be 10% of the total shares issued by the society or less (which we expect to be in the region of £40,000 maximum per individual).

FOR FURTHER INFORMATION INCLUDING FAQs, PLEASE GO TO:

WWW.EMERGERECYCLING.CO.UK/SHARE-OFFER

OR CONTACT LUCY OR MIKE,
EMERGE RECYCLING, MAYNARD HOUSE,
NEW SMITHFIELD MARKET, M11 2WJ.

TEL

0161 223 8200 OPTION 2

or 07917 237527 or please email shares@emergerecycling.co.uk



APPENDIX 1

UK FINANCIAL OUTLOOK & PESTLE CONSIDERATIONS FOR EMERGE

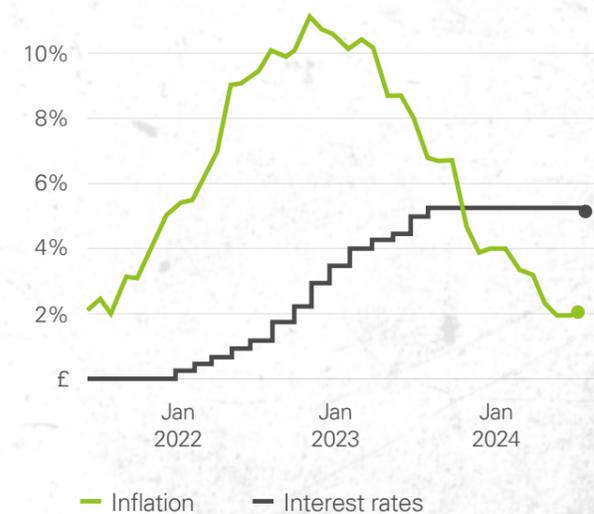
OVER THE LAST THREE YEARS EMERGE RECYCLING'S INCOME & EXPENDITURE HAS BEEN SIGNIFICANTLY IMPACTED BY MANY EXTERNAL FACTORS INCLUDING INFLATION, INTEREST RATES AND THE COST OF LIVING CRISIS.

Inflation rates have been a significant focus in the UK over the past year, driven primarily by external factors such as energy prices and domestic wage pressures.

● **Peak Inflation:** UK inflation hit its peak in late 2022, exceeding 11%, largely due to a sharp rise in energy prices following Russia's invasion of Ukraine. This surge in energy costs, coupled with supply chain disruptions, contributed to the highest inflation rates seen in decades.

● **Moderation in 2023:** Throughout 2023 and into 2024, inflation has gradually moderated as energy prices stabilized and supply chain issues were addressed. By mid-2024, the inflation rate had fallen, but it remains above the Bank of England's target of 2%.

INFLATION AND INTEREST RATES



Source: ONS, Bank of England. Last update: 14th Aug 2024

- Core Inflation:** Core inflation, which excludes volatile items like energy and food, has remained stubbornly high, driven by wage growth and strong consumer demand in certain sectors. This has kept overall inflation elevated despite improvements in headline inflation figures.
- Interest Rates:** To combat inflation, the Bank of England has raised interest rates multiple times, reaching 5.25% by August 2024. Higher interest rates have impacted borrowing costs, particularly for mortgages, which has slowed economic growth but helped bring inflation down from its peak.
- Future Outlook:** The outlook for inflation is cautiously optimistic, with expectations that it will continue to fall as the effects of higher interest rates filter through the economy.

However, risks remain, particularly if wage growth continues to outpace productivity or if global energy prices rise again.

In summary, while inflation in the UK has begun to decline from its peak, it remains a significant concern, and the Bank of England is maintaining a tight monetary policy to ensure it continues to fall toward the target rate.

A mix of stability and challenges characterises the UK's PESTLE landscape in 2024. While the political environment is now relatively stable, economic growth is slow, and social issues like inequality and an aging population pose significant challenges. Technological innovation is a bright spot, though it comes with risks, particularly in cybersecurity and job displacement. Environmental concerns are increasingly prominent, with the UK under pressure to meet its climate commitments and ensure sustainable development.

UK CONSUMER PRICES INCREASED BY OVER 20% IN 3 YEARS TO MAY 2024



Source: ONS, CPI price level, series D7BT (June 2024 update)

PESTLE

1. POLITICAL FACTORS:

- Government Stability:** The UK is entering into a relatively stable political environment, with the new Labour government in place under the leadership of Kier Starmer.
- Brexit Aftermath:** The UK is still dealing with the long-term effects of Brexit, especially concerning trade relationships and regulatory alignment with the EU. The Windsor Framework has been a significant political achievement in addressing trade issues with Northern Ireland, but challenges remain.
- Immigration Policies:** Immigration remains a contentious issue, with strict visa policies affecting labour markets, tourism, and public sentiment. The previous government's handling of asylum seekers and migrants continues to draw both domestic and international attention.

2. ECONOMIC FACTORS:

- Inflation:** Inflation has been a significant issue, though it is starting to moderate. High energy costs initially drove inflation, but ongoing services inflation and wage growth pressures continue to strain the economy. The Bank of England's monetary policy has kept interest rates high, affecting borrowing and investment.

- Economic Growth:** The UK economy has seen slow growth and narrowly avoided a recession in early 2023. Challenges include labour shortages, supply chain disruptions, and low productivity. The government has introduced various fiscal measures to stimulate growth, but recovery remains fragile.

3. SOCIAL FACTORS:

- Aging Population:** The UK has a rapidly aging population, with over 18% of the population aged 65 or older. This demographic shift is putting pressure on the National Health Service (NHS) and social care systems, while also impacting the labour market and economic productivity.
- Cost of Living Crisis:** The cost of living remains a significant issue, with many households struggling due to high inflation and rising interest rates. This has led to increased social unrest, including strikes and protests across various sectors, particularly in public services like healthcare and education.
- Social Inequality:** Social inequality, exacerbated by the economic situation, continues to be a major challenge. The government faces pressure to address disparities in income, healthcare access, and educational opportunities.

4. TECHNOLOGICAL FACTORS:

- Digital Transformation:** The UK is a leader in digital innovation, with widespread internet access and a thriving tech sector. The government has invested heavily in AI, 5G, and other emerging technologies. However, there are concerns about job displacement due to automation and the ethical use of AI.
 - Cybersecurity:** As digital transformation accelerates, so do cybersecurity threats. The UK government is focusing on strengthening its cyber defences and regulating data protection to safeguard businesses and individuals from cybercrime (PESTLE Analysis).
- #### 5. LEGAL FACTORS:
- Regulatory Environment:** The UK's legal environment is heavily influenced by post-Brexit regulatory changes. The government is working on aligning laws with international standards while retaining competitive advantages. Issues such as data protection, employment laws, and trade regulations are critical areas of focus (PESTLE Analysis).

- Corporate Governance:** Recent reforms in corporate governance and ESG (Environmental, Social, Governance) reporting requirements are shaping business practices. Companies are increasingly required to demonstrate compliance with these standards, particularly in environmental and social responsibility areas (PESTLE Analysis).

6. ENVIRONMENTAL FACTORS:

- Climate Change Commitments:** The UK is committed to achieving net-zero carbon emissions by 2050. The government has implemented several policies to reduce carbon emissions, particularly through investments in renewable energy sources like wind and solar. However, progress has been mixed, with challenges in decarbonising transportation and housing.
- Sustainability and Biodiversity:** Environmental sustainability and biodiversity are key concerns. The UK is implementing initiatives to protect natural habitats and promote sustainable farming practices. Public pressure is mounting for more aggressive action on climate change, especially following extreme weather events such as floods and heatwaves in 2024.

FISCAL OUTLOOK (SHORT TERM)

The fiscal outlook for the UK in 2025 is cautiously optimistic but fraught with challenges. The government will likely focus on managing public debt, reducing the budget deficit, and implementing policies that support economic stability while addressing long-term challenges such as the green transition and technological innovation.

However, political dynamics and global economic conditions will play a crucial role in shaping the final fiscal strategy.

APPENDIX 2

SOCIAL RETURN

ON INVESTMENT (SROI) & THEORY OF CHANGE

Theory of Change: Outcomes & Impacts for EMERGE Recycling



The EMERGE Recycling Theory of Change shown above captures the process of delivering social, economic and environmental impact.

It not only demonstrates the intrinsic social value delivered by EMERGE Recycling and Touch Wood, it also highlights the ripple effect of the business and its impact on individuals and communities.

ACTIVITY	PROXY VALUE PER PERSON (£)	NO. OF UNITS OF COMPLETED ACTIVITY	ATTRIBUTION RATE APPLIED %	DEADWEIGHT RATE APPLIED %	SOCIAL VALUE GENERATED (£)
JOBS SAFEGUARDED	13,821	23	100	0	317,883
SUSTAINABLE JOBS CREATED	13,065	2	100	0	26,130
NO OF PEOPLE REGULARLY VOLUNTEERING	3,777	39	100	0	147,303
NO. OF VOLUNTEER HOURS	8.91	2,872	100	0	25,590
TRAINEESHIPS PROVIDED	2,155	11	100	0	23,705
EMPLOYABILITY & TRAINING FOR JOB	2,131	15	100	0	31,965
RELIEF FROM DEPRESSION/ANXIETY	36,766	7	25	10	257,362
HIGH CONFIDENCE (ADULT)	13,080	25	100	10	327,000
SOCIAL VALUE CREATED					£1,156,938
COST OF DELIVERING SOCIAL VALUE (£778,896)					£1:£1.17
2.5 YEARS APR22-SEP24					£2,892,343.80

Based on conversation with Liz Allen, The Connectives, 6/11/24 Proxy Value is updated by HACT (not using inflation).

DID YOU KNOW?

EMERGE RECYCLING PROVIDED

£593,288

OF SOCIAL RETURN ON INVESTMENT IN 2019-21

APPENDIX 3

THE RECLAIMED TIMBER MARKET

RECLAIMED WOOD, WHICH IS SALVAGED FROM OLD BUILDINGS, BARNs, FACTORIES, AND OTHER STRUCTURES, IS REPURPOSED BY ORGANISATIONS LIKE TOUCH WOOD FOR NEW CONSTRUCTION PROJECTS, FURNITURE, AND DECORATIVE ITEMS.

The reclaimed timber market has been experiencing significant growth in recent years due to increasing awareness of sustainability and the growing trend of eco-friendly and DIY-style 'rustic' interior design.

Many furniture makers and design firms are incorporating reclaimed

wood into their offerings, including bespoke local artisans, while architectural firms are increasingly using reclaimed wood in their projects.

1. MARKET SIZE

- The global reclaimed wood market size was valued at over \$50 billion in 2023, with a compound annual growth rate (CAGR) of around 5-7% expected through 2028. By 2034, the market is expected to reach \$83.53 billion.
- Europe is the world's largest reclaimed timber market, with a 41.5% market revenue share in 2023. The European market is characterised by a growing interest in reclaimed materials for high-end furniture and restoration projects.
- Over 97% of UK waste wood in the UK was sent for re-processing in 2023, the highest level to date. 350,000 tonnes of wood was sent for high-end recycling and reuse, and there was an uptick in pallet refurbishment and the reuse of wooden items.

2. KEY DRIVERS

- **Sustainability Trends:** Increasing concerns about deforestation and environmental degradation have led to a rising demand for reclaimed wood as a sustainable alternative to new timber. It helps reduce the environmental impact of wood sourcing and promotes circular economy practices.
- **Consumer Preference for Unique and Vintage Designs:** Reclaimed wood offers distinctive character, with variations in texture, grain, and patina that cannot be replicated by new wood. This makes it highly desirable for consumers and commercial designers seeking unique, rustic, or vintage aesthetics.
- **Green Building Standards:** The push for sustainable building practices, including certification programs like LEED (Leadership in Energy and Environmental Design) and BREEAM (Building Research Establishment Environmental Assessment Methodology), encourages the use of reclaimed wood in construction projects. Builders are incorporating reclaimed wood to gain points in sustainability certifications.
- **Government Policies:** Policies promoting timber/low carbon construction and the reuse of materials are further driving the adoption of reclaimed wood.
- **Cost-effectiveness:** While some premium types of reclaimed wood can be expensive, using salvaged materials can often reduce the cost of sourcing new materials, especially for large construction projects.

3. MARKET SEGMENTS

By Application:

- Furniture: Reclaimed wood is popular for interior furniture, such as tables, chairs, cabinets, and bed frames, due to its durability and unique appearance.
- Flooring: Reclaimed wood is commonly used for flooring, adding a rustic and warm feel to interiors.
- Wall Panelling & Cladding: Salvaged wood is frequently used to create accent walls and decorative cladding, especially in commercial spaces.
- Architectural Elements: Reclaimed wood beams, doors, windows, and mouldings are often used in architectural restoration and modern design projects.

By Wood Type:

- Softwood: This includes pine, cedar, and fir, which are often used in panelling, furniture, and decorative applications.

- Hardwood: Oak, walnut, cherry, and teak are highly prized for their durability and rich texture, making them ideal for furniture, flooring, and other heavy-use applications.

By End-Use Industry:

- Residential: Homeowners are increasingly choosing reclaimed wood for DIY interior design, flooring, and furniture due to its aesthetic appeal and sustainability.
- Commercial: Restaurants, retail stores, and offices are increasingly incorporating reclaimed wood to create distinctive, eco-friendly environments.
- Industrial: Reclaimed wood is used in industrial settings for applications like heavy-duty shelving and warehouse construction.

4. MARKET CHALLENGES

- Supply Chain Issues: The supply of reclaimed wood is limited compared to newly harvested timber. Finding large quantities of high-quality reclaimed wood for large-scale projects can be a challenge.
- Processing Costs: Reclaimed wood often needs to be cleaned, treated, and processed to meet modern building standards, which can add to costs and complexity.
- Inconsistency in Quality: Since reclaimed wood comes from different sources, there can be variations in quality, moisture content, and appearance. This can make it difficult to standardise and use across projects.
- Competition from Engineered Wood Products: Alternatives like engineered wood and sustainably harvested new timber compete with reclaimed wood in the marketplace, offering similar environmental benefits with potentially lower costs.

5. MARKET TRENDS

- Circular Economy and Waste Reduction: Reclaimed wood is a key element in the circular economy of construction, helping reduce waste by reusing materials from decommissioned structures.
 - Tech-Enhanced Salvaging: New technologies, such as laser scanning and AI-based sorting, are making it easier to identify, categorise, and process reclaimed wood.
 - Customisation and Personalisation: Consumers are looking for personalised, handcrafted products.
- Reclaimed wood's unique character and history make it highly desirable for custom projects.
- Green Certifications and Traceability: There's an increasing focus on certifying reclaimed wood for its sustainability credentials, with labels such as FSC Recycled (Forest Stewardship Council) gaining popularity.

SUMMARY

Despite challenges such as supply limitations and processing costs, the reclaimed timber market presents a viable opportunity for businesses and consumers interested in eco-friendly construction and interior design.

As technology and industry practices evolve, the market for reclaimed wood is expected to expand further, creating new opportunities for innovation and sustainability.

APPENDIX 4

UK WASTE MANAGEMENT

THE UK WASTE MANAGEMENT INDUSTRY IS UNDERGOING SIGNIFICANT TRANSFORMATION, DRIVEN BY REGULATORY CHANGES, SUSTAINABILITY GOALS, AND INNOVATIONS IN TECHNOLOGY.

EMERGE Recycling are well positioned to take advantage of the direction of travel.

Our proposition is unique, we are local, we are ethical and we are owned by, and exist for, our community.

1. REGULATORY FRAMEWORK AND GOVERNMENT INITIATIVES

- Environment Act 2021: The UK's Environment Act, which sets the legal framework for environmental governance post-Brexit, continues to have a major influence in 2024. It aims to reduce waste, enhance recycling, and promote the circular economy.
- Extended Producer Responsibility (EPR): EPR legislation is now fully implemented, meaning that producers are responsible for the full lifecycle of packaging and some products, including post-consumer waste management. This encourages manufacturers to design products with recyclability in mind and is pushing waste management companies to adapt.
- Plastic Packaging Tax: In addition to EPR, the UK government continues to enforce taxes on plastic packaging that contains less than 30% recycled material, further promoting sustainable packaging solutions.
- Net Zero by 2050: The UK government's commitment to achieving net zero emissions by 2050 remains a key driver for reducing waste, particularly with regard to eliminating waste to landfill.
- Simpler Recycling Legislation
The Department for Environment, Food and Rural Affairs (DEFRA) released their guidance to the Simpler Recycling Legislation. This legislation is set to launch on 31st March 2025 impacting initially businesses before also affecting households too. The new recycling laws require businesses to segregate the following materials for recycling:
 - Glass: Such as empty drink bottles and rinsed food jars.
 - Metal: Including drink cans, food tins, empty aerosols, aluminium foil, trays, and tubes.
 - Plastic: For example, rinsed empty food containers and bottles.
 - Paper and Cardboard.
 - Cartons: For food, drinks, and other liquids.
 - Food Waste.

2. MARKET CHALLENGES

- **Rising Costs:** Waste management companies are facing increasing costs due to higher recycling standards, the need for new technologies, and stricter environmental regulations.
- **Resource Shortages:** A shortage of drivers, recycling facility workers, and other essential personnel continues to challenge the sector.
- **Public Awareness:** While awareness of sustainability has grown, consumer participation in recycling programs still requires improvement, especially in reducing contamination in recyclable materials.

3. MARKET TRENDS

- **Circular Economy Strategy:** Focus across industries is shifting away from waste management as an end-of-pipe solution toward creating a circular economy where products and materials are designed to be reused and recycled as standard.
- **Corporate Sustainability:** Larger businesses are increasingly investing in their own waste management programs to meet Environmental, Social and Governance (ESG) goals. Many companies are collaborating with waste management firms in an effort to implement zero-waste strategies.
- **Import/Export of Waste:** Since Brexit, the UK has had to navigate new regulations concerning the export of waste, leading to delays and increased costs. The focus is shifting toward building domestic recycling and waste treatment capacity to reduce reliance on exports.
- **Incineration:** Waste-to-energy technologies are advancing, allowing non-recyclable waste to be converted into energy, reducing the amount of waste that ends up in landfills. However, this must be balanced with concerns about emissions and environmental impact.

4. THE PROBLEM WITH WASTE INCINERATION

Waste incineration in the UK is a significant aspect of the waste management industry, especially as the country seeks to divert waste from landfills and reduce greenhouse gas emissions.

However, incineration is the least desirable option in the waste hierarchy. Burning household rubbish in giant incinerators to make electricity is now the dirtiest way the UK generates power. Although the Material Recovery Facilities (MRFs) used to remove recyclables from co-mingled waste destined for incineration are becoming more efficient, the approach of mixing waste at source to be separated out later risks million of tonnes of potentially recyclable material going up in smoke.

EMERGE Recycling promotes a different approach: segregation of waste at source at our customer sites. Segregation at source reduces the need for incineration as it maintains a clean stream of industrial waste, enabling valuable resources to maintain their value rather than become contaminated and condemned to landfill or incineration.

Segregation at source can also increase engagement in waste management, provide higher quality jobs in the waste industry and more revenue for waste collectors. The time for 'the EMERGE way' is now.

GET INVOLVED!

#SHAREEMERGE

www.emergerecycling.co.uk/share-offer

For EMERGE Recycling Terms & Conditions - Please see our application form for withdrawable shares.

