

**THIS ANNOUNCEMENT, INCLUDING THE APPENDIX, AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, THE REPUBLIC OF IRELAND, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION. PLEASE SEE THE IMPORTANT NOTICES AT THE END OF THIS ANNOUNCEMENT AND AT THE START OF THE APPENDIX.**

**THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE OR CONTAIN ANY INVITATION, SOLICITATION, RECOMMENDATION, OFFER OR ADVICE TO ANY PERSON TO SUBSCRIBE FOR, OTHERWISE ACQUIRE OR DISPOSE OF ANY SECURITIES IN ZINC MEDIA GROUP PLC OR ANY OTHER ENTITY IN ANY JURISDICTION. NEITHER THIS ANNOUNCEMENT NOR THE FACT OF ITS DISTRIBUTION, SHALL FORM THE BASIS OF, OR BE RELIED ON IN CONNECTION WITH ANY INVESTMENT DECISION IN RESPECT OF ZINC MEDIA GROUP PLC.**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 ("MAR").**

**Zinc Media Group plc**

**("Zinc Media" or the "Company")**

### **LAUNCH OF PLACING VIA ACCELERATED BOOKBUILD**

#### **Proposed Placing, Preference Share Conversion, Debt Conversion, Debt Variation, Share Consolidation, Article Amendments and Capital Reduction**

Zinc Media Group plc, (AIM: ZIN), a leading TV and multimedia content producer, is pleased to announce a proposed placing of £3.5 million (gross) via an accelerated bookbuild placing to institutional investors and other investors, alongside a preference share conversion, debt conversion, debt variation, share consolidation, article amendments and a proposed share consolidation; such that every 500 Existing Ordinary Shares are consolidated into one New Ordinary Share. The Placing is being conducted at a price equivalent to 0.18 pence per share, or 90 pence per share as adjusted for the impact of the Share Consolidation (the "**Placing Price**").

The proceeds of the Placing will be used primarily to fund the Company's four-point transformational plan, adopted in September 2019 by the Group's new management team, to address issues of the past and enable it to capitalise on its significant market opportunity. The transformation plan prioritises the delivery of improved margins and a diversified revenue base, whilst driving cultural and creative renewal and building operational excellence. The balance of the Placing proceeds will be used for servicing of existing debt and for general working capital purposes.

Herald, the Company's largest shareholder, has indicated its intention to support the Placing. In addition, it is proposed that Herald receive New Ordinary Shares pursuant to the Preference Share Conversion and that John Booth, another member of the Concert Party, receive New Ordinary Shares pursuant to the Debt Conversion. The aggregate proposed issue of New Ordinary Shares to the Concert Party would be such that the increase in its percentage holding of voting rights in the share capital of the Company, would require a waiver pursuant to Rule 9 of the City Code on Takeovers and Mergers. The Placing, the Preference Share Conversion and the Debt Conversion are therefore conditional, inter alia, on the Panel granting the Waiver and approval by Independent Shareholders of the Whitewash Resolution.

The Placing is being conducted by N+1 Singer, the Company's nominated adviser and joint broker and Peterhouse, the Company's joint broker.

**Mark Browning, CEO, commented:**

*"I am delighted that our existing shareholders, supported by significant new investors, have backed the Group's transformation plan. This placing will allow Zinc to invest in the plan and enable the Group to deliver future profits following a period of transition."*

For further information, please contact:

**Zinc Media Group plc**

Mark Browning, CEO / Will Sawyer CFO

[www.zincmedia.com](http://www.zincmedia.com)

**+44 (0) 20 7878 2311**

**N+1 Singer (NOMAD and Joint Broker to Zinc Media)**

Mark Taylor / Lauren Kettle / Mia Gardner / Harry Mills

**+44 (0) 20 7496 3000**

**Peterhouse Capital Limited (Joint Broker to Zinc Media)**

Martin Lampshire / Duncan Vasey / Eran Zucker

**+44 (0) 20 7469 0932**

### **Information on the Placing**

The Placing, amongst other things, will be conditional on the passing of certain resolutions at the General Meeting and agreement by the Panel for the Waiver. There can be no guarantee that the Panel will grant the Waiver or that Independent Shareholders will pass the Whitewash Resolution. A circular, providing further details of the Placing and the wider Proposals, including a notice convening the General Meeting to consider the Resolutions, will be dispatched to Shareholders and be available on the Company's website no later than on 24 January 2020 (the "**Circular**"). An update on publication and posting of the Circular will be provided in due course.

The book will open with immediate effect following this Announcement. The timing of the closing of the book, pricing and allocations are at the absolute discretion of the Joint Brokers and the Company. The number of Placing Shares will be announced as soon as practicable after the close of the Bookbuilding Process.

Certain of the Directors of the Company have indicated their intention to subscribe for Placing Shares in the Placing. Further details of the Placing and any participation by the Directors will be set out in the announcement to be made on the closing of the Bookbuilding Process.

The Placing Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the existing ordinary shares of 0.125 pence each (following the Share Consolidation) in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue. If the maximum number of Placing Shares are placed, and Conversion Shares issued, it would represent an increase of approximately 165 per cent. of the existing issued ordinary share capital of the Company. Settlement for the Placing Shares and Admission is expected to take place on or before 8.00 a.m. on 13 February 2020. The Placing is conditional upon, among other things, the Resolutions required to implement the Placing being duly passed by the shareholders of the Company at the General Meeting, upon Admission becoming effective and the placing agreement between the Company and the Joint Brokers (the "**Placing Agreement**") not being terminated in accordance with its terms.

This Announcement should be read in its entirety. In particular, your attention is drawn to the detailed terms and conditions of the Placing and further information relating to the Placing and any participation in the Placing that is described in the Appendix to this Announcement (which forms part of this Announcement).

By choosing to participate in the Placing and by making an oral and legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety (including the Appendix), and to be making such offer on the terms and subject to the conditions

of the Placing contained herein, and to be providing the representations, warranties and acknowledgements contained in the Appendix.

Unless otherwise indicated, capitalised terms in this Announcement have the meaning given to them in the definitions section included in the Appendix.

The person responsible for releasing this announcement on behalf of Zinc Media is Will Sawyer, a director of the Company.

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2020
Publication of the Circular	by no later than 24 January
Latest time and date for receipt of Proxy Votes	10 a.m. on 10 February
Record Date in respect of the Share Consolidation	12 February
General Meeting	10 a.m. on 12 February
Admission and dealings in the New Ordinary Shares expected to commence on AIM	8 a.m. on 13 February
Where applicable, expected date for CREST accounts to be credited in respect of the New Ordinary Shares in uncertificated form	13 February
Where applicable, expected date for despatch of definitive share certificates for New Ordinary Shares in certificated form	by no later than 20 February

**Notes:**

1. *Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a regulatory information service.*
2. *All of the above times refer to London time unless otherwise stated.*

### About Zinc

Zinc Media Group plc is a leading British based TV and content creation company and operates 6 TV labels and a non-TV content division called Zinc Communicate.

The six award winning and critically acclaimed television production labels include: Blakeway, Brook Lapping, Films of Record, Blakeway North, Reef Television and Tern Television, whose brands produce television and radio programmes for both UK and international broadcasters.

Zinc Communicate specialises in creating B2B communications strategies and behaviour change programmes, campaigns and resources for partners, businesses and government departments.

For further information on Zinc Media please visit: <http://www.zincmedia.com/>

### BACKGROUND TO AND REASONS FOR THE PROPOSALS

Zinc's businesses in television and content creation produce some of the UK's most respected and most watched content. The Group is well-established as one of the country's premium content companies led by trusted producers, operating under familiar and respected labels. The Board believes that the Group's new management team, appointed in FY19, has the ability to drive significant long-term growth and Zinc is an attractive vehicle from which to build a scalable content creation company.

Zinc generates healthy revenues, particularly in television, although it is currently loss making and, due to the current lack of scale, Group revenues are susceptible to peaks and troughs. The Group's new management team, which has a strong track record of turning media businesses around, has drawn up

a detailed transformation plan to capitalise on Zinc's significant market opportunity. This plan requires investment to execute within the targeted time frame.

In addition to the transformation plan, in order to simplify the Group's capital structure, the Proposals include and the Board has agreed the following actions to restructure the balance sheet and shareholder base:

- Conversion of all remaining Preference Shares and outstanding accrued dividends as at 15 January 2020 (being the latest practicable Business Day prior to release of this announcement) into New Ordinary Shares such that, subject to the requisite approvals at the General Meeting, no Preference Shares remain on the Company's balancesheet;
- The Debt Variation, agreed in principle pursuant to which the term of the long-term debt held by two of the Group's major shareholders, the Debt Holders, will be extended by two years from December 2020 to December 2022 and the term of the unsecured loan notes held by Herald will be extended on the same terms;
- The Capital Reduction, with the aim of bolstering the Company's ability to make dividend payments to Shareholders in the future; and
- Reorganising the Existing Share Capital of the Company by way of the Share Consolidation, to improve the marketability of the Ordinary Shares by way of a higher share price and to reduce volatility in the Company's share price by narrowing the spread of its bid and offer price.

Shareholders should note that, in connection with the Share Consolidation and in accordance with the Articles: (i) no Shareholder will be entitled to a fraction of a New Ordinary Share. Instead, their entitlement will be rounded down to the nearest whole number of New Ordinary Shares. Remaining fractional entitlements to New Ordinary Shares will be aggregated and sold on behalf, and for the benefit, of the Company (and Shareholders will not receive any value for the sale of those fractional entitlements); and (ii) if a Shareholder holds fewer than 500 Ordinary Shares as at the Record Date, then as a result of the Share Consolidation they will cease to hold any New Ordinary Shares (of any description) in the capital of the Company, and will therefore cease to be a Shareholder.

### **Management change and turnaround strategy**

The Company is embarking on a far-reaching transformation plan to capitalise on its market opportunity and drive growth of the business. This transition is being led by a new management team with a proven and very recent track record of transforming underperforming TV businesses into highly profitable companies, supported by a refreshed board with deep media sector expertise aligned to the needs of the Group.

The new management team, Mark Browning, CEO, and Will Sawyer, CFO, joined the Group in April 2019 and October 2018 respectively. This reunites the management team that led the turnaround of ITN Productions over the last 10 years, growing its revenues significantly, taking it from loss making to sustainably profitable, and transforming it into one of the top independent production companies in the UK.

Christopher Satterthwaite joined the Board as Chairman in June 2019, bringing a wealth of experience in the media and communications sectors, and with the appointment of Andrew Garard as non-executive director from ITV plc, the Group has someone who has been at the forefront of M&A activity in its markets on a global scale.

The Board believes it now has a proven team in place capable of leading the transformation of Zinc into a significant content creation company.

### **Transformation plan**

The Company's new management team believe that the key to unlocking the Group's full potential is to address the issues that prevent the Group delivering the level of margin and profitability that should be expected in a business of this scale.

Phase 1 of the plan is organic transformation. This phase will focus on diversifying revenues and moving toward a sustainably profitable business through organic growth and improved margins. Completion of Phase 1 of the plan will ready the business for Phase 2 of the transformation plan: acquisitions that can be successfully integrated and create scale, diversifying the Group's core offering and enhancing its value.

Phase 1 of the transformation plan will prioritise four areas:

1. *Improvement in the gross margins of television production*

The Group's television production revenues are strong, but gross margins are below industry norms and are too low for a company of the Group's scale. There are three ways in which the Company will improve the television gross margins:

- a) Reduce external costs through investment in in-house post production facilities and production management staff;
- b) Improve the culture, expectation and accountability for margin management discipline; and
- c) Incentivise and reward staff responsible for margin management.

In the time since they joined the Company, Zinc's new management have already identified production margin improvements, and actions taken to date are already starting to drive increases in gross margin levels. The Board anticipate that an investment of £0.6 million in post-production in the Group's London and Manchester businesses, coupled with a drive to bring more post-production in-house, has the potential to deliver cost savings of £1.8 million over three years.

2. *Revenue growth and diversification*

a) TV

The Group's television businesses need to diversify into new genres and amongst a wider client base. This will take investment and time but will create a better revenue and margin mix. Diversification will also smooth the Group's revenue profile and reduce its exposure to the inevitable peaks and troughs that come when a business is dependent on a low number of high value commissions from a small number of business generators.

The TV market opportunity is worth £3bn per annum, with public sector broadcasters ("PSBs") representing 66 per cent., of market spend and increasing their proportion of spend on Factual commissions; now nearly £600m. Rapid growth is also coming from multi-channel and SVOD spending, now worth approximately £1bn, and further growth being driven by USA commissioning in Premium Factual.

b) Non-TV:

The Group will be re-positioning both of its non-TV businesses, Zinc Communicate Limited and Ten Alps Communications Limited, into larger, integrated and more profitable markets by redefining the product proposition and investing in new business generating personnel. Based on the new management team's experience of building non-TV content businesses, the Board is confident that these businesses can make a positive contribution to the Group and, indeed, that in the medium term they have the potential to deliver higher margin revenues than traditional TV production.

3. *Cultural and creative renewal*

The objective is for Zinc to be a highly effective organisation balancing commercial, creative and cultural competencies. Previously there has been less focus on the commercial and cultural aspects of the Group. A number of initiatives will help to achieve this, such as creating a transparent, collaborative culture from the top, increased focus on margins and improving management information to improve decision making and promote ownership and accountability.

A key aspect underpinning cultural renewal has been to establish an incentivisation structure to reward the right behaviours and align the interests of employees and management with all stakeholders, which previously very few employees had access to. As such, many revenue generating roles and cost management roles are now part of a Group-wide bonus scheme which is geared towards rewarding margin and profitability improvements. Furthermore, the remuneration packages of the CEO and CFO are aligned to phase one of the transformation plan and measured against KPIs set out in the plan. The outline of a long-term share option incentive plan has been agreed in principle by the Board and is anticipated to be approved and formally adopted by the remuneration committee in early 2020, to reward longer term creation of Shareholder value.

#### *4. Investment in operational excellence*

The Board's objective is to be a cohesive group of creative content companies built on common DNA, benefiting from a central 'core' and delivering commercial value at scale, which itself becomes a compelling factor in attracting the best talent. This will involve investment in:

- a) Group functions to provide a spine which adds value to divisional businesses by delivering operational excellence;
- b) Relocating Zinc's headquarters in London to a fit for purpose creative space; and
- c) Improving workflows and decision making, readying the business for acquisitions that can be successfully integrated to add scale in Phase 2 of the Group's transformation plan.

#### **Market opportunity**

The Board believes that the Group's market opportunity is considerable and, with the benefit of the actions management have identified, Zinc should be well placed to take advantage. Revenues from UK TV production companies grew to record levels in the last 12 months, the SVOD and multi-channel commissioning market is buoyant, made outside London (where the Group has a strong platform) factual commissioning continues to grow, and the non-TV revenues of UK indies are also delivering strong growth across the sector.

International expansion, particularly within the growing SVOD market, remains a largely untapped growth area for Zinc's television business. In addition, there is further opportunity to grow revenues from international multi-channel networks and build on the recent well received productions for the likes of National Geographic.

As a leading producer in the UK nations and regions, with a growing reputation with the international multi-channels and untapped potential in non-TV content creation, the Group can become a vehicle for significant profit growth in the years ahead.

#### **CURRENT TRADING AND PROSPECTS**

The Company announced its audited results for the 12 months ended 30 June 2019 on 11 November 2019, in which it reported Group adjusted EBITDA of £0.13m on revenues of £24.63m.

The Group's revenue continued to perform well in FY19, a year on year increase of 14 per cent., driven by growth in television where revenues were up £3.6m (21 per cent.). Highlights of this strong revenue performance in television include:

- MoL revenues up 32 per cent. year on year, driven by Tern Television;
- International commissions at 20 per cent. of TV revenues with commissions from HBO, National Geographic and Smithsonian;
- Commissions from all UK PSB (Public Service Broadcaster) channels, including the prestigious 9pm slot on ITV and a BAFTA award winning programme for BBC1; and
- First SVOD commission with Love Nature through the Group's specialist factual division Blakeway.

FY20 will be a transitional year for the Group as it addresses the profitability challenge it faces. The Board is confident it has good visibility of the issues within the Group and know where improvements need to be made. We will focus on diversifying and growing our revenue within TV and non-TV, improving margins and building cultural and operational excellence. The medium-term prospects for sustained profitability look very positive.

## THE PLACING

The Company proposes to raise £3.5 million (before expenses) through the issue of the Placing Shares at the Placing Price, which represented a discount of 23.4 per cent. to the closing mid-market price of an Ordinary Share of 0.235 pence (or 117.5 pence, as adjusted for the Share Consolidation) on 16 January 2020, being the Business Day prior to release of this announcement.

Herald and the John Booth Parties have indicated an intention to subscribe for Placing Shares at the Placing Price. Subject to completion of the Placing, the Preference Share Conversion and the Debt Conversion, the Concert Party, who currently hold, in aggregate, 38.04 per cent of the voting rights of the Company, are expected to increase their aggregate holding of voting rights to such a level that, without a waiver of the obligations under Rule 9 of the Code, would require the Concert Party to make a general offer for the Company. The Placing will therefore be conditional on, *inter alia*, agreement by the Panel to the Waiver and the passing of the Whitewash Resolution (on a poll) by Independent Shareholders, such that any Shareholder presumed to be acting in concert with the Concert Party will be disenfranchised from voting.

The Placing Shares and Conversion Shares will rank *pari passu* in all respects with Ordinary Shares in issue prior to completion of the Placing, the Preference Share Conversion and the Debt Conversion, including the right to receive all dividends and other distributions declared following Admission.

The Code applies to the Company and as such the Shareholders are entitled to the protections afforded by the Code, as described in the section entitled 'City Code on Takeovers and Mergers' below. Should the Panel not agree to grant the Waiver or the approval of Independent Shareholders not be obtained at the General Meeting, the Placing, the Preference Share Conversion and the Debt Conversion will not proceed.

### The Placing Agreement

Pursuant to the terms of the Placing Agreement, the Joint Brokers have conditionally agreed to use their respective reasonable endeavours, as agents for the Company, to place the Placing Shares with certain institutional and other investors. The Placing has not been underwritten. The Placing Agreement is conditional upon the conditions therein including, *inter alia*, the Resolutions being duly passed without amendment at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 13 February 2020 (or such later time and/or date as the Company, N+1 Singer and Peterhouse may agree, but in any event by no later than 8.00 a.m. on 2 March 2020).

The Placing Agreement contains warranties from the Company in favour of the Joint Brokers and the Company has agreed to indemnify the Joint Brokers in relation to certain liabilities it may incur in respect of the Placing. The Joint Brokers have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event that any of the warranties given to the Joint Brokers in the Placing Agreement are untrue or inaccurate in any material respect or the failure of the Company to comply in any material respect with its obligations under the Placing Agreement.

## INDICATIVE USE OF PROCEEDS

The net proceeds of the Placing receivable by the Company, anticipated to amount to approximately £3.2m, are expected to be used to support:

**Objective 1: Improvements to London and Manchester TV gross margin:**

Investment in post-production editing kit to capitalise on the Group's economies of scale and enhance television gross margins

£0.8m

<b>Objective 2: Revenue diversification:</b> Investment in business development staff in TV and non-TV	£0.9m
<b>Objective 3: Culture &amp; creative:</b> Driven by investments in operational excellence and new management initiatives	£nil
<b>Objective 4: Investment in operational excellence:</b> Relocation of the Group's headquarters in London and investment in technology, human resources and finance personnel	£0.8m
General working capital and servicing of debt	£0.7m

The expected use of the net proceeds represents the Directors' current intentions based on the Group's present plans and business condition. The Directors will retain broad discretion in the allocation and use of the net proceeds.

## PREFERENCE SHARE CONVERSION

The Company currently has £767,354 of Preference Shares in issue, which carry an annual coupon of 4.5 per cent. per annum. As at 15 January 2020 (being the latest practicable Business Day prior to this announcement) there are unpaid dividends accrued on the Preference Shares totalling £92,554. The Preference Shares are held entirely by Herald and, pursuant to the provisions of the Articles, can currently be converted (together with all accrued and unpaid dividends thereon) at 2.5 pence per Ordinary Share at the holder's option.

In connection with the Proposals, the Company and Herald have agreed, in principle, to convert the remaining balance of principal of the Preference Shares and all accrued and unpaid dividends at the Placing Price.

In order to achieve the Preference Share Conversion, it is proposed that the Company undertake the Consolidation and Redesignation, the Ordinary Share Bonus Issue and the Preference Dividend Share Issue. Specifically it is proposed that:

- (i) the Preference Shares be consolidated and redesignated into New Ordinary Shares (creating the Redesignated Shares);
- (ii) the amount standing to the credit of the Company's share premium account be capitalised and thereafter applied in paying up, at par and in full, the Bonus Shares and allocating them to Herald; and
- (iii) the Company issue the Preference Dividend Shares, at the Placing Price, to Herald, in consideration of Herald releasing the Company's liability to pay the accumulated unpaid dividend on the Preference Shares totalling £92,554.

The combination of the above steps would result in the conversion of the entire outstanding balance of Preference Shares, and all accrued and unpaid dividends on the Preference Shares, into Ordinary Shares, at an effective conversion price equal to the Placing Price. It would also cause an increase to the Company's share premium account which will be included, subsequently, in the Capital Reduction (see below for details).

The Directors believe the Preference Share Conversion to be in the best interests of the Independent Shareholders, as it serves to simplify the Group's capital structure and balance sheet, thus making it more attractive to potential investors.

## DEBT CONVERSION

The Company currently has outstanding debt owing to JB (not including, for the avoidance of doubt, debt owing to JBCF) totalling £77,482 (inclusive of all principle and interest as at 15 January 2020 (being the latest practicable Business Day prior to the release of this announcement)). In connection with the Proposals, the Company and JB have agreed, in principle, to convert that debt amount at the Placing Price, into Conversion Shares.



The Directors believe the Debt Conversion to be in the best interests of the Independent Shareholders, as it serves to simplify the Group's capital structure and balance sheet, thus making it more attractive to potential investors.

## **DEBT VARIATION**

The Company currently has approximately £2.74 million of long-term loans outstanding held by the Debt Holders who are also Shareholders. The interest rate on these loans is 4 per cent. plus monthly LIBOR, with a repayment date of 31 December 2020. Furthermore, Herald hold unsecured loan notes with a value of approximately £1.03m (including principal and accrued interest). Interest charged on the loan notes at a fixed rate of 8 per cent. and the loan notes have a repayment date of 31 December 2020.

The Company has negotiated and agreed, in principle, the Debt Variation with the Debt Holders pursuant to which the repayment date of the long term loans and the unsecured loan notes will be extended by two years from December 2020 to December 2022. It is proposed that all other terms shall remain the same, including the interest rates applied to the long-term debt and the unsecured loan notes.

## **THE SHARE CONSOLIDATION**

As at the date of this announcement, the Company has 1,489,573,609 Ordinary Shares in issue, with a closing mid-market price of 0.235 pence per Ordinary Share (as at 16 January 2020, being the latest practicable Business Day prior to this announcement). The Board believes that the Share Consolidation will improve the marketability of the Ordinary Shares by way of a higher share price and hopes to reduce volatility in the Company's share price by narrowing the spread of its bid and offer price.

It is therefore proposed, pursuant to the Share Consolidation, that the Existing Ordinary Shares are consolidated on a 500 for 1 basis, such that every 500 Ordinary Shares are consolidated into one New Ordinary Share of 0.125 pence in nominal value. Assuming a share capital of 1,489,573,609 Ordinary Shares immediately prior to the Record Date; immediately following completion of the Share Consolidation but prior to the issue of the Placing Shares and the Conversion Shares, the Company will have 2,979,147 New Ordinary Shares in issue.

No Shareholder will be entitled to a fraction of a New Ordinary Share. Instead, their entitlement will be rounded down to the nearest whole number of New Ordinary Shares. Remaining fractional entitlements to New Ordinary Shares will be aggregated and sold on behalf, and for the benefit, of the Company (and Shareholders will not receive any value for the sale of those fractional entitlements). If a Shareholder holds fewer than 500 Ordinary Shares as at the Record Date, such that the rounding down process results in a Shareholder being entitled to zero New Ordinary Shares, then as a result of the Share Consolidation they will cease to hold any Ordinary Shares (of any description) in the capital of the Company, and will therefore cease to be a Shareholder.

The New Ordinary Shares will have the same rights as the Ordinary Shares, including voting, dividend and other rights. The entitlement of any holders of securities or instruments convertible into Shares (such as options and warrants) shall be adjusted in accordance with the terms of such securities or instruments following implementation of the Share Consolidation.

## **CAPITAL REDUCTION**

### ***Background and reasons for the Capital Reduction***

As at the date of this announcement, the Company has negative distributable reserves and is, therefore, prohibited under the Companies Act 2006 from making distributions to its Shareholders, including the payment of dividends.

As at 30 November 2019, the Company had accumulated losses amounting to £36.3m. As at the same date (but assuming completion of the Preference Share Conversion), the Company had £30.6m

standing to the credit of its share premium account, and £0.9m standing to the credit of its merger reserve. It also has in issue the Deferred Shares and the D Deferred Shares which, as a result of the rights attaching to those shares, effectively have no economic value. The Board does not consider there to be any commercial purpose in the Deferred Shares and the D Deferred Shares.

The Company is seeking the approval of Shareholders to the Capital Reduction, which will cancel the entire balance standing to the credit of the Company's share premium account, and through the issue of the Capital Reduction Shares and their subsequent cancellation, an amount equal to the Company's merger reserve. The Company's share capital will also be further reduced by the cancellation of the Deferred Shares and the D Deferred Shares for no consideration. Pursuant to article 5.1.6 of the Articles, the cancellation of the Deferred Shares and the D Deferred Shares pursuant to a Capital Reduction for no consideration will not constitute a variation of the rights attaching to the Deferred Shares or the D Deferred Shares. Consequently, the Capital Reduction can be approved without the approval of the holders of the Deferred Shares or D Deferred Shares.

The Capital Reduction will create realised profits of £37.4m that should be sufficient to eliminate the current deficit on the Company's retained loss account. As a result, any positive distributable reserves generated by the Company after the date on which the Capital Reduction takes effect should be available for the Board to use in offsetting future losses or for the purposes of paying dividends in the future, subject to the continuing satisfactory financial performance of the Group. However, in seeking approval of the Capital Reduction, the Board are not indicating any commitment to make any distributions at this time. Furthermore, the Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company to its Shareholders, and it will not reduce the underlying net assets of the Company. Following the implementation of the Capital Reduction, there will be no change to the number of New Ordinary Shares in issue.

The Directors believe the Capital Reduction to be in the best interests of the Shareholders, as it serves to put the Company in a better position to pay dividends in the future. As with the Share Consolidation, it also serves to simplify the Group's capital structure and balance sheet, thus making it more attractive to potential investors.

If approved by Shareholders, the Capital Reduction will require subsequent approval by the Court.

### ***The Capital Reduction and the Court process***

In order to eliminate the accumulated losses of £36.3m on the Company's profit and loss account, it is proposed that:

- (i) the amount standing to the credit of the Company's merger reserve in the sum of £0.9m is capitalised by way of a bonus issue of newly created Capital Reduction Shares;
- (ii) the newly created Capital Reduction Shares are cancelled;
- (iii) the entire amount standing to the credit of the Company's share premium account (such amount being £30.5m, as at 30 November 2019, (being the latest accounts prior to release of this announcement) (and assuming completion of the Preference Share Conversion ) is cancelled; and
- (iv) the Deferred Shares and the D Deferred Shares are cancelled for no consideration.

The cancellations, if approved by Court, will create realised profits sufficient to eliminate the accumulated losses of the Company and establish positive distributable reserves. If the requisite Shareholder approval is obtained for the Capital Reduction, the Company will seek confirmation and approval of the Capital Reduction by the Court. In order to provide the confirmation, the Court must be satisfied that the significant creditors of the Company whose debts are outstanding on the effective date of the Capital Reduction are not prejudiced by the Capital Reduction and that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge its debts or claims as and when they fall due.

The Company will therefore be required to give such undertakings or other form of creditor protection as the Court may require for the benefit of these creditors. These may include seeking the consent of

the Company's significant creditors to the Capital Reduction. The Company currently has outstanding long-term debt owing to the Debt Holders, as well as other customary trade payables.

It is anticipated that the first orders hearing in relation to the Capital Reduction will take place on or around 19 February 2020, with the final Court Hearing taking place on or around 4 March 2020. In order for the Capital Reduction to become effective, the order of the Court confirming it, under section 648 of the Companies Act 2006, must be registered with the Registrar of Companies, which is expected to be completed within two days of the Court Hearing. The Capital Reduction is therefore expected to become effective on or around 6 March 2020.

The Board reserves the right to abandon or to discontinue (in whole or in part) the application to the Court for the Capital Reduction in the event that the Board considers that the terms on which the proposed Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the Shareholders as a whole. The Board have undertaken a thorough and extensive review of the Company's liabilities (including contingent liabilities) and considers that the Company will be able to satisfy the Court that, as at the date on which the Court Order relating to the proposed Capital Reduction and the statement of capital in respect of the proposed Capital Reduction have both been registered by the Registrar of Companies at Companies House and the proposed Capital Reduction therefore becomes effective, the Company's significant creditors will either have consented to the proposed Capital Reduction or be sufficiently protected.

### ***The Capital Reduction Bonus Issue and the rights of the Capital Reduction Shares***

It is proposed to capitalise the sum of £0.9m standing to the credit of the Company's merger reserve by applying that sum in paying up in full new Capital Reduction Shares prior to the Court Hearing (such capitalisation to take effect at the Capital Reduction Record Time), and allotting and issuing such Capital Reduction Shares by way of a bonus issue to the persons at that point holding New Ordinary Shares on the basis of one Capital Reduction Share for every one New Ordinary Share held at the Capital Reduction Record Time. The Capital Reduction Shares will not be admitted to trading on AIM or any other market. No share certificates will be issued in respect of the Capital Reduction Shares. The Capital Reduction Shares will carry no rights to vote, no rights to participate in the profits of the Company and no rights to participate in the Company's assets, save on a winding-up. The Capital Reduction Shares will be transferable, but no market will exist in them and it is anticipated that the Court will confirm their cancellation at the Court Hearing on the day immediately after the date on which they have been issued. The capitalisation of the merger reserve is needed as an additional step since the Court only has the power to reduce share capital and other statutory reserves, including the share premium. Hence, in order to utilise the merger reserve in the Capital Reduction, it is necessary to convert the reserves into share capital (the Capital Reduction Shares) and thereafter to cancel the Capital Reduction Shares.

### **ARTICLE AMENDMENTS**

The Board is proposing that its Articles be amended and replaced to reflect the following necessary changes arising as a result of Share Consolidation and Preference Share Conversion.

- (a) amending the nominal value of the Ordinary Shares from 0.00025 pence to 0.125 pence, to take into account the Share Consolidation; and
- (b) the removal of all references to Preference Shares (which will no longer exist following the Preference Share Conversion)

A copy of the proposed new articles (and a comparison showing all changes) will be made available at the General Meeting. Shareholder approval is being sought at the General Meeting to approve these changes.

## **CITY CODE ON TAKEOVERS AND MERGERS**

The proposed terms of the Placing, Preference Share Conversion and Debt Conversion gives rise to certain considerations under the Code. Brief details of the Code and the protection this affords Shareholders are described below.

The Code is issued and administered by the Panel. The Code and the Panel operate to ensure fair and equal treatment of shareholders in relation to takeovers, and also provide an orderly framework within which takeovers are conducted. The Code applies to all takeovers and merger transactions, where the company is, among others, a listed or unlisted public company with its registered office in the United Kingdom, the Channel Islands or the Isle of Man or falls within certain categories of private limited companies. Zinc is such a company and accordingly its Shareholders are entitled to protection afforded by the Code.

Under Rule 9 of the Code, when a person acquires an interest in shares which, taken together with shares in which he and persons acting in concert with him are interested in, carry 30 per cent. or more of the voting rights of a company subject to the Code, or any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company subject to the Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him, or any persons acting in concert with him, for shares in that company or an interest in shares in that company within the preceding 12 months, for all the remaining equity share capital of that company.

Under the Code, a 'concert party' arises, inter alia, when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company.

Under the Code, control means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. In this context, voting rights means all the voting rights attributable to the capital of the company which are currently exercisable at a general meeting.

The Panel has determined that Herald and John Booth Parties are acting 'in concert'. The proposed participation by the Concert Party in the Placing, the Preference Share Conversion and the Debt Conversion is such that it would ordinarily trigger a requirement for a Rule 9 Offer.

Under Note 1 on the Notes on the Dispensations from Rule 9, the Panel will normally waive the requirement for a Rule 9 Offer if, inter alia, those shareholders of the Company who are independent of the person who would otherwise be required to make an offer pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The proposed participation by Herald and the other members of the Concert Party in the Placing, the Preference Share Conversion and the Debt Conversion remains subject to the agreement with the Panel, and subject to approval by Independent Shareholders' (being Shareholders other than members of the Concert Party) on a poll of the Whitewash Resolution, to waive the requirement for Herald and the other members of the Concert Party to make a Rule 9 Offer to all Shareholders where such an obligation would otherwise arise as a result of the Placing, the Preference Share Conversion and the Debt Conversion. The Whitewash Resolution will be passed if approved by a simple majority of votes cast by the Independent Shareholders on a poll.

**You should note that if the Placing, the Preference Share Conversion and the Debt Conversion complete, it is proposed that the Concert Party will increase its aggregate holding of voting rights and will hold New Ordinary Shares that carry more than 30 per cent. of such voting rights but less than 50 per cent. of such voting rights.**

**Therefore, the Concert Party will not be entitled to increase its interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the Code to make a general offer (unless a dispensation from this requirement has been obtained from the Panel in advance). In the event that the Whitewash Resolution is approved at the General Meeting, the Concert Party, or individual members thereof, will not be restricted from making an offer for the Company.**

Independent Shareholders should also note that if the Placing, the Preference Share Conversion and the Debt Conversion proceed, the Concert Party's interest in the voting rights of the Company combined will result in an increase in the percentage of the New Ordinary Shares that are not in public hands (as defined in the AIM Rules). This may in turn have the effect of reducing the liquidity of trading in the New Ordinary Shares on AIM. The Concert Party's proposed stake in the voting rights of the Company will also mean that the Concert Party will be able, if it so wishes, to exert significant influence over resolutions proposed at future general meetings of the Company.

## **GENERAL MEETING**

The Board will seek approval of Independent Shareholders in relation to the Whitewash Resolution and Shareholder approval more generally of the Resolutions. The Circular, together with a notice convening the General Meeting at which the Resolutions, including the Whitewash Resolution, will be proposed, will be posted to Shareholders in due course.

## **SETTLEMENT AND DEALINGS**

Application will be made to the London Stock Exchange for the Placing Shares and the Conversion Shares to be admitted to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on 13 February 2020. Following completion of the Share Consolidation, the Company's New Ordinary Shares will continue to be eligible for CREST settlement but will trade under a new ISIN, GB00BJVLR251.

The Placing Shares and Conversion Shares, when issued, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions following Admission.

## **Important Notices**

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT (INCLUDING THE APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN (TOGETHER, THIS "**ANNOUNCEMENT**") ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (1) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA"), QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2(e) OF REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**"); (2) IF IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO (A) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**") (INVESTMENT PROFESSIONALS) OR (B) FALL WITHIN ARTICLE 49(2)(a) TO (d) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

THIS ANNOUNCEMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY

INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN ZINC MEDIA GROUP PLC.

THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE OF THE UNITED STATES IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATIONS UNDER THE SECURITIES ACT. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES OR ELSEWHERE.

THIS ANNOUNCEMENT (INCLUDING THE APPENDIX) AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, THE REPUBLIC OF IRELAND, AUSTRALIA, CANADA, THE REPUBLIC OF SOUTH AFRICA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

THIS ANNOUNCEMENT IS NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA. THIS ANNOUNCEMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM REGISTRATION. NO PUBLIC OFFERING IS BEING MADE IN THE UNITED STATES.

The distribution of this Announcement and/or the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, The Joint Brokers or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and The Joint Brokers to inform themselves about and to observe any such restrictions.

This Announcement or any part of it is for information purposes only and does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia (the "**United States**" or the "**US**")), the Republic of Ireland, Australia, Canada, the Republic of South Africa or Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares in the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered

by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained from the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, the Republic of South Africa or Japan. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, the Republic of South Africa or Japan or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") by making an oral and legally binding offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendix.

N+1 Singer is acting as joint broker and as agent for and on behalf of the Company for the Placing. N+1 Singer is authorised and regulated by the Financial Conduct Authority (the "**FCA**") in the United Kingdom. N+1 Singer is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and N+1 Singer will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the matters described in this Announcement.

Peterhouse is acting as financial adviser and joint broker to the Placing, as agent for and on behalf of the Company. Peterhouse is authorised and regulated in the United Kingdom by the FCA and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Peterhouse or for providing advice in relation to the matters described in this Announcement.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by either Joint Broker or by any of its affiliates or agents as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefor is expressly disclaimed.

No statement in this Announcement is intended to be a profit forecast or estimate, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than on the AIM market of the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

This Announcement includes statements, estimates, opinions and projections with respect to anticipated future performance of the Company ("**forward-looking statements**") which reflect various assumptions concerning anticipated results taken from the Company's current business plan or from public sources which may or may not prove to be correct. These forward looking statements can be identified by the use of forward looking terminology, including the terms "anticipates", "target", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "should" or "will", or, in each case, their negative or other variations or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. Such forward-looking statements reflect current expectations based on the current business plan and various other assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. As a result, prospective investors should not rely on such forward-looking statements due to the inherent uncertainty therein. No representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in this Announcement. Forward-looking statements speak only as of the date of such statements and, except as required by the FCA, the London Stock Exchange or applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

### **Notice to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

### **Basis on which information is presented**

In this document, references to "£", "pence" and "p" are to the lawful currency of the United Kingdom. All times referred to in this document are, unless otherwise stated, references to London time.

## **APPENDIX - TERMS AND CONDITIONS OF THE PLACING**



**IMPORTANT INFORMATION FOR INVITED PLACEEES ONLY REGARDING THE PLACING.**

**THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX AND THE INFORMATION CONTAINED HEREIN (TOGETHER THE "ANNOUNCEMENT") IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, THE REPUBLIC OF IRELAND, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL. THIS ANNOUNCEMENT HAS NOT BEEN APPROVED BY THE LONDON STOCK EXCHANGE, NOR IS IT INTENDED THAT IT WILL BE SO APPROVED.**

**MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND IS DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED ("QUALIFIED INVESTORS"), BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2 (e) OF REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").**

**THIS ANNOUNCEMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN ZINC MEDIA GROUP PLC.**

**THIS ANNOUNCEMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS AND AT THE SOLE DISCRETION OF THE COMPANY, THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATIONS UNDER THE SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED AND, IF SENT IN RESPONSE TO THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT, WILL NOT BE ACCEPTED.**

**EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE DISTRIBUTION OF THIS ANNOUNCEMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS ANNOUNCEMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.**

No action has been taken by the Company, Nplus1 Singer Advisory LLP ("**N+1 Singer**"), Peterhouse Capital Limited ("**Peterhouse**" and, together with N+1 Singer, the "**Joint Brokers**") or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada, the Republic of Ireland, Australia, the Republic of South Africa, Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") does not apply.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be, registered under or offering in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in this "Important Information" section of this Announcement.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Appendix.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

- 1 it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 2 in the case of a Relevant Person in the EEA who acquires any Placing Shares pursuant to the Placing:
  - 2.1 it is a Qualified Investor within the meaning of Article 2(e) of the Prospectus Regulation; and
  - 2.2 in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation:
    - 2.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the EEA other than Qualified Investors or in circumstances

- in which the prior consent of the Joint Brokers has been given to the offer or resale; or
- 2.2.2 where Placing Shares have been acquired by it on behalf of persons in the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- 3 it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Announcement;
- 4 it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Appendix; and
- 5 except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 4 above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act.

### **No prospectus**

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Announcement and any information publicly announced through a Regulatory Information Service (as defined in the AIM Rules for Companies (the "**AIM Rules**")) by or on behalf of the Company on or prior to the date of this Announcement (the "**Publicly Available Information**") and subject to any further terms set forth in the form of confirmation to be sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of N+1 Singer, Peterhouse, the Company or any other person and none of N+1 Singer, Peterhouse, the Company or any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

### **Details of the Placing Agreement and the Placing Shares**

The Joint Brokers have today entered into a placing agreement (the "**Placing Agreement**") with the Company under which, on the terms and subject to the conditions set out in the Placing Agreement, the Joint Brokers, as agents for and on behalf of the Company, have agreed to use their reasonable endeavours to procure Placees for the Placing Shares at the Placing Price.

The Placing Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank *pari passu* in all respects with the existing ordinary share capital of the Company (the "**Ordinary Shares**"), including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

As part of the Placing, the Company has agreed that it will not for a period of 90 days after (but including) Admission, directly or indirectly, issue, offer, sell, lend, pledge, contract to sell or issue, grant any option, right or warrant to purchase or otherwise dispose of any Ordinary Shares (or any interest therein or in respect thereof) or other securities of the Company exchangeable for, convertible into or representing the right to receive Ordinary Shares or any substantially similar securities or otherwise enter into any transaction (including derivative transaction) directly or indirectly, permanently or temporarily, to dispose of any Ordinary Shares or undertake any other transaction with the same economic effect as any of the foregoing or announce an offering of Ordinary Shares or any interest therein or to announce publicly any intention to enter into any transaction described above. This agreement is subject to certain

customary exceptions and does not prevent the grant or exercise of options under any of the Company's existing share incentives and share option schemes, or following Admission the issue by the Company of any Ordinary Shares upon the exercise of any right or option or the conversion of a security already in existence.

### **Application for admission to trading**

Application will be made to the London Stock Exchange for admission of the New Ordinary Shares to trading on AIM.

It is expected that Admission will take place no later than 8.00 a.m. on 13 February 2020 and that dealings in the New Ordinary Shares on AIM will commence at the same time.

### **Principal terms of the Placing**

- 1 N+1 Singer is acting as nominated adviser and joint broker to the Placing, as agent for and on behalf of the Company. N+1 Singer is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("**FCA**") and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of N+1 Singer or for providing advice in relation to the matters described in this Announcement.
- 2 Peterhouse is acting as financial adviser and joint broker to the Placing, as agent for and on behalf of the Company. Peterhouse is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("**FCA**") and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Peterhouse or for providing advice in relation to the matters described in this Announcement.
- 3 Participation in the Placing will only be available to persons who may lawfully be, and are, invited by the Joint Brokers to participate. N+1 Singer, Peterhouse and any of their respective affiliates are entitled to participate in the Placing as principal.
- 4 The price per Placing Share (the "**Placing Price**") is fixed at 90 pence (as adjusted for the Share Consolidation) and is payable to the Joint Brokers by all Placees.
- 5 Each Placee's allocation is determined by the Joint Brokers in their discretion following consultation with the Company and has been or will be confirmed orally by the Joint Brokers and a form of confirmation will be dispatched as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of the relevant Joint Broker and the Company, under which it agrees to acquire the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Except with the relevant Joint Broker's written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted.
- 6 Each Placee's allocation and commitment will be evidenced by a form of confirmation issued to such Placee by the relevant Joint Broker. The terms of this Appendix will be deemed incorporated in that form of confirmation.
- 7 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the relevant Joint Broker (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee.
- 8 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "*Registration and Settlement*".

- 9 All obligations of the Joint Brokers under the Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "*Termination of the Placing*".
- 10 By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
- 11 By participating in the placing, each Placee will agree that N+1 Singer may choose to invoke the CASS Delivery Versus Payment (CASS 7.11.14 R) exemption with regard to settlement of funds, should they see fit.
- 12 To the fullest extent permissible by law and applicable FCA rules, none of (a) the Joint Brokers, (b) any of the Joint Brokers' respective affiliates, agents, directors, officers, consultants, (c) to the extent not contained within (a) or (b), any person connected with the Joint Brokers as defined in the Financial Services and Markets Act 2000 ("**FSMA**") ((b) and (c) being together "**affiliates**" and individually an "**affiliate**" of N+1 Singer), (d) any person acting on behalf of the respective Joint Broker, shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, neither N+1 Singer nor any of its respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing or of such alternative method of effecting the Placing as the Joint Brokers and the Company may agree.

### **Registration and Settlement**

If Placees are allocated any Placing Shares in the Placing they will be sent a form of confirmation or electronic confirmation by the relevant Joint Broker, as soon as it is able which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to the Joint Broker.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by the relevant Joint Broker in accordance with either the standing CREST or certificated settlement instructions which they have in place with the Joint Broker.

Settlement of transactions in the Placing Shares (ISIN: GB00BJVLR251) following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to take place on 13 February 2020 unless otherwise notified by the Joint Broker and Admission is expected to occur no later than 8.00 a.m. on 13 February 2020 unless otherwise notified by the Joint Broker. Admission and Settlement may occur at an earlier date, which if achievable, will be set out in the Circular. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and the Joint Brokers may agree that the Placing Shares should be issued in certificated form. N+1 Singer reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing LIBOR as determined by N+1 Singer.

Each Placee agrees that, if it does not comply with these obligations, the Joint Brokers may sell, charge by way of security (to any funder of the respective Joint Brokers) or otherwise deal with any or all of their Placing Shares on their behalf and retain from the proceeds, for the respective Joint Broker's own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by the Joint Broker as a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf. Legal and/or beneficial

title in and to any Placing Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional form of confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

### **Conditions of the Placing**

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of the Joint Brokers under the Placing Agreement are, and the Placing is, conditional upon, inter alia:

- (a) the passing of the Resolutions at the General Meeting (or at any adjournment thereof);
- (b) none of the representations, warranties and undertakings on the part of the Company contained in the Placing Agreement being untrue or inaccurate on the date on which the Placing Agreement is signed or Admission, by reference to the facts and circumstances then subsisting and no fact or circumstance having arisen constitute a Specified Event under the Placing Agreement;
- (c) the performance by the Company of its obligations under the Placing Agreement to the extent that they fail to be performed prior to Admission;
- (d) no matter having arisen before Admission which might reasonably be expected to give rise to an indemnity claim under the Placing Agreement;
- (e) Admission occurring by not later than 8.00 a.m. on 13 February 2020 (or such later date as the Company and the Joint Brokers may agree in writing, in any event being not later than 8:00 a.m. on the Long Stop Date),

(all conditions to the obligations of the Joint Brokers included in the Placing Agreement being together, the "**conditions**").

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and the Joint Brokers may agree, provided that the time for satisfaction of the condition set out in (e) above shall not be extended beyond 8.00 a.m. on 2 March 2020), or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by the Joint Brokers, in their absolute discretion by notice in writing to the Company and the Joint Brokers may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

The Joint Brokers may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither of the respective Joint Brokers, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether

acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Brokers.

### **Termination of the Placing**

N+1 Singer may (having consulted with Peterhouse) terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, in the good faith opinion of N+1 Singer, inter alia:

- 1 it comes to the attention of the Joint Brokers that any of the warranties were not true or accurate, or were misleading when given or deemed given; or
- 2 it comes to the attention of the Joint Brokers that the Company has failed to comply with its obligations under the Placing Agreement, FSMA, the AIM Rules or other applicable Law; or
- 3 it comes to the attention of the Joint Brokers that any statement contained in the Placing Documents (as defined in the Placing Agreement) has become or been discovered to be untrue, inaccurate or misleading; or
- 4 there has occurred a force majeure event, or any material adverse change has occurred in the financial position or prospects or business of the Company and its subsidiary undertakings (taken as whole) which, in the opinion of the Joint Brokers, will or is likely to be prejudicial to the Placing or Admission or to the subscription for Placing Shares by Placees.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Announcement shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and the Joint Brokers that the exercise by the Company or the Joint Brokers of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or the relevant Joint Broker and that neither of the Company nor the Joint Brokers need make any reference to such Placee and that neither the Joint Brokers, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Placing" section above and will not be capable of rescission or termination by it after the issue by the relevant Joint Broker of a form of confirmation confirming each Placee's allocation and commitment in the Placing.

### **Representations, warranties and further terms**

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where the Joint Brokers expressly agree in writing to the contrary):

- 1 it has read and understood this Announcement in its entirety and that its acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing Shares or otherwise, other than the information contained in this Announcement and the Publicly Available Information;
- 2 it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Regulation; and (b) has been or will be prepared in connection with the Placing;

- 3 the Ordinary Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules and the Market Abuse Regulation (EU Regulation No. 596/2014 (the "**MAR**")), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;
- 4 it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither the Joint Brokers, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Announcement, or the Publicly Available Information; nor has it requested neither of the Joint Brokers, the Company, any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
- 5 neither the Joint Brokers, any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- 6 the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the Placing Shares is contained in the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information; neither the Joint Brokers, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information; it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and it has not relied on any investigation that the Joint Brokers or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;
- 7 the content of this Announcement and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that neither the Joint Brokers nor any persons acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this Announcement or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement, the Publicly Available Information or otherwise. Nothing in this Appendix shall exclude any liability of any person for fraudulent misrepresentation;
- 8 the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, the Republic of Ireland, Australia, Canada, Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, the Republic of Ireland, Australia, Canada, South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;
- 9 it and/or each person on whose behalf it is participating:
  - 9.1 is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
  - 9.2 has fully observed such laws and regulations;



- 9.3 has capacity and authority and is entitled to enter into and perform its obligations as an acquirer of Placing Shares and will honour such obligations; and
- 9.4 has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its subscription for Placing Shares;
- 10 it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
- 11 the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- 12 it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;
- 13 it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;
- 14 it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- 15 it understands that:
- 15.1 the Placing Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and will be subject to restrictions on resale and transfer subject to certain exceptions under US law;
- 15.2 no representation is made as to the availability of the exemption provided by Rule 144 for resales or transfers of Placing Shares; and
- 15.3 it will not deposit the Placing Shares in an unrestricted depositary receipt programme in the United States or for US persons (as defined in the Securities Act);
- 16 it will not offer, sell, transfer, pledge or otherwise dispose of any Placing Shares except:
- 16.1 in an offshore transaction in accordance with Rules 903 or 904 of Regulation S under the Securities Act; or
- 16.2 pursuant to another exemption from registration under the Securities Act, if available, and in each case in accordance with all applicable securities laws of the states of the United States and other jurisdictions;
- 17 no representation has been made as to the availability of the exemption provided by Rule 144, Rule 144A or any other exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- 18 it understands that the Placing Shares are expected to be issued to it through CREST but may be issued to it in certificated, definitive form and acknowledges and agrees that the Placing

Shares will, to the extent they are delivered in certificated form, bear a legend to the following effect unless agreed otherwise with the Company:

"THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR UNDER THE APPLICABLE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SECURITIES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY'S SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.";

- 19 it is not taking up the Placing Shares as a result of any "general solicitation" or "general advertising" efforts (as those terms are defined in Regulation D under the Securities Act) or any "directed selling efforts" (as such term is defined in Regulation S under the Securities Act);
- 20 it understands that there may be certain consequences under United States and other tax laws resulting from an investment in the Placing and it has made such investigation and has consulted its own independent advisers or otherwise has satisfied itself concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally;
- 21 neither the respective Joint Brokers, their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of the Joint Brokers and the Joint Brokers have no duties or responsibilities to it for providing the protections afforded to their respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 22 it has the funds available to pay for the Placing Shares for which it has agreed to subscribe and acknowledges and agrees that it will make payment to the relevant Joint Broker for the Placing Shares allocated to it in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant Placing Shares may be placed with others on such terms as the relevant Joint Broker may, in their absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- 23 no action has been or will be taken by any of the Company, the relevant Joint Brokers or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
- 24 the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither the Joint Broker nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to acquire Placing Shares pursuant to the Placing and agrees to pay the

Company and the relevant Joint Broker in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of the Joint Broker or transferred to a CREST stock account of the Joint Broker who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;

- 25 it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and the Joint Broker for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
- 26 the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- 27 it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
- 28 it will not make an offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Regulation;
- 29 it is a person of a kind described in: (a) Article 19(5) (Investment Professionals) and/or 49(2) (High net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or an authorised person as defined in section 31 of FSMA; and (b) section 86(7) of FSMA ("**Qualified Investor**"), being a person falling within Article 2(e) the Prospectus Regulation. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
- 30 it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and it acknowledges;
- 31 it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
- 32 if it is a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Regulation other than Qualified Investors, or in circumstances in which the express prior written consent of the Joint Broker has been given to the offer or resale;
- 33 it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;
- 34 neither the respective Joint Brokers nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Announcement or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any

representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;

- 35 neither the Joint Brokers, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of the Joint Brokers, the Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement nor the exercise or performance of the Joint Brokers rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 36 acknowledges and accepts that the respective Joint Brokers may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise and, except as required by applicable law or regulation, the Joint Brokers will not make any public disclosure in relation to such transactions;
- 37 The Joint Brokers and each of their respective affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Announcement to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by the Joint Brokers and/or any of their respective affiliates, acting as an investor for its or their own account(s). Neither the Joint Brokers nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
- 38 it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Regulation;
- 39 it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (together, the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- 40 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, the EU Market Abuse Regulation No. 596 of 2014 and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 41 if it has received any inside information (for the purposes of the MAR and section 56 of the Criminal Justice Act 1993 or other applicable law) about the Company in advance of the Placing, it has not:
- 41.1 dealt (or attempted to deal) in the securities of the Company;
  - 41.2 encouraged, recommended or induced another person to deal in the securities of the Company; or
  - 41.3 unlawfully disclosed such information to any person, prior to the information being made publicly available;
- 42 in order to ensure compliance with the Money Laundering Regulations 2007, the Joint Brokers (for themselves and as agents on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to the Joint Brokers or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at the Joint Brokers absolute

discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at the Joint Brokers or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity the Joint Brokers (for themselves and as agents on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, the Joint Brokers and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;

- 43 acknowledges that its commitment to acquire Placing Shares on the terms set out in this Announcement and in the form of confirmation will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Brokers conduct of the Placing;
- 44 it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- 45 it irrevocably appoints any duly authorised officer of the respective Joint Brokers as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this Announcement;
- 46 the Company, the Joint Brokers and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to the Joint Brokers, on their own behalf and on behalf of the Company and are irrevocable;
- 47 if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
- 48 time is of the essence as regards its obligations under this Appendix;
- 49 any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to the Joint Brokers;
- 50 the Placing Shares will be issued subject to the terms and conditions of this Appendix; and
- 51 these terms and conditions in this Appendix and all documents into which this Appendix is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the Joint Brokers in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, the Joint Brokers and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Appendix or incurred by the Joint Brokers, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the

performance of the Placee's obligations as set out in this Announcement, and further agrees that the provisions of this Appendix shall survive after the completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and neither the Company nor the Joint Brokers shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify the Joint Brokers accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Brokers in the event that either the Company and/or the Joint Brokers has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to the Joint Brokers for themselves and on behalf of the Company and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that the respective Joint Brokers does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that the Joint Brokers may (at their absolute discretion) satisfy their obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with the Joint Brokers, any money held in an account with the respective Joint Brokers on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from the Joint Brokers money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this Announcement are to London time, unless otherwise stated.

All times and dates in this Announcement may be subject to amendment.

No statement in this Announcement is intended to be a profit forecast, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

## DEFINITIONS

In this Appendix to the Announcement and, as the context shall admit, in the Announcement:

<b>Act</b>	the Companies Act 2006 (as amended)
<b>Admission</b>	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>AIM</b>	AIM, a market operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time
<b>Article Amendments</b>	the amendments to the Articles proposed in the Resolutions;
<b>Articles</b>	the Company's articles of association adopted as at the date of this announcement
<b>Board or Directors</b>	the directors of the Company
<b>Bonus Shares</b>	the New Ordinary Shares proposed to be issued by the Company to Herald pursuant to the Ordinary Share Bonus Issue (and as part of the Preference Share Conversion)
<b>Business Day</b>	any day on which banks are usually open in England and Wales for the transaction of sterling business, other than a Saturday, Sunday or public holiday
<b>Capital Reduction</b>	the proposed share capital reduction of the Company pursuant to which (i) the amount standing to the credit of the Company's share premium account (after completion of the Ordinary Share Bonus Issue and the Preference Dividend Share Issue), the Deferred Shares and D Deferred Shares will be cancelled and (ii) the entire amount standing to the credit of the Company's merger reserve, will be capitalised by issuing Capital Reduction Shares and thereafter such Capital Reduction Shares will be cancelled immediately
<b>Capital Reduction Bonus Issue</b>	the bonus issue of one Capital Reduction Share for every one Ordinary Share held by each Shareholder on the register of members of the Company at the Capital Reduction Record Time in order to facilitate the Capital Reduction as described in this announcement
<b>Capital Reduction Shares</b>	the New Ordinary Shares proposed to be created by the Capital Reduction Bonus Issue, whereby the nominal value of such shares is equal to the sum that is obtained by dividing the number of such shares to be issued by the amount standing to the credit of the Company's merger reserve;
<b>certificated or in certificated form</b>	a share or other security not held in uncertificated form (that is, not in CREST)
<b>Circular</b>	the shareholder circular in relation to the Proposals to be posted to Shareholders

<b>Code</b>	the City Code on Takeovers and Mergers
<b>Company or Zinc</b>	Zinc Media Group plc, a company incorporated in Scotland with registered number SC075133
<b>Completion</b>	the Share Consolidation, the Debt Variation, the Placing, the Preference Share Conversion and the Debt Conversion being completed and Admission having taken place
<b>Concert Party</b>	Herald and the John Booth Parties, all of whom are regarded for the purposes of the Code as acting in concert (as defined by the Code)
<b>Consolidation and Redesignation</b>	in connection with the Preference Share Conversion, the consolidation and redesignation of the Preference Shares into the Redesignated Shares
<b>Conversion Shares</b>	each of (i) the New Ordinary Shares (comprising the Redesignated Shares, the Bonus Shares and the Preference Dividend Shares) to be issued to Herald as a result of the Preference Share Conversion and (ii) the New Ordinary Shares to be issued to JB as a result of the Debt Conversion
<b>Court</b>	the Scottish Commercial Court within the Court of Session
<b>Court Hearing</b>	the hearing by the Court to confirm the Capital Reduction
<b>CREST</b>	a relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time
<b>D Deferred Shares</b>	the 419,397,339 D deferred shares of 0.09975 pence each in the capital of the Company as at the date of this announcement
<b>Debt Conversion</b>	conversion of the £77,482 debt owed by the Company to JB, at the Placing Price, into the relevant Conversion Shares
<b>Debt Holders</b>	Herald and JBCF
<b>Debt Variation</b>	the proposed variation to the terms of the long-term debt held by the Debt Holders, and the proposed variation to the terms of the unsecured loan notes held by Herald
<b>Debt Variation Agreements</b>	the conditional agreements between the Company and the Debt Holders, relating to the Debt Variation
<b>Deferred Shares</b>	the 276,666,012 deferred shares of 1.99 pence each in the capital of the Company as at the date of this announcement
<b>Directors</b>	the directors of the Company as at the date of this announcement
<b>Enlarged Share Capital</b>	the issued share capital of the Company, as altered by (i) the Share Consolidation (ii) the issue and allotment of the Placing Shares and (iii) the issue and allotment of the Conversion Shares
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Existing Ordinary Shares</b>	the 1,489,573,609 Ordinary Shares in issue at the date of this announcement, all of which are admitted to trading on AIM



<b>Existing Share Capital</b>	the issued share capital of the Company at the date of this announcement
<b>FCA</b>	the Financial Conduct Authority (and its predecessor, the Financial Services Authority) in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>General Meeting</b>	the general meeting of the Company to be held in connection with the Proposals, notice of which will accompany the Circular
<b>Group</b>	the Company and its subsidiaries
<b>Herald</b>	Herald Investment Trust plc (company number: 02879728)
<b>HIML</b>	Herald Investment Management Limited (company number: 02877061)
<b>Independent Shareholders</b>	Shareholders who are independent of a person who would otherwise be required to make a Rule 9 Offer and any person acting in concert with him or her
<b>JB</b>	John David Sebastian Booth, a substantial shareholder of the Company and a director of HIML
<b>JBCF</b>	John Booth Charitable Foundation
<b>John Booth Parties</b>	JBCF and JB
<b>Joint Brokers</b>	N+1 Singer and Peterhouse (each a “ <b>Joint Broker</b> ”)
<b>LIBOR</b>	the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for sterling for the relevant period, displayed on page LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters
<b>London Stock Exchange or LSE</b>	London Stock Exchange plc
<b>MoL</b>	made outside London
<b>N+1 Singer</b>	Nplus1 Singer Advisory LLP, the Company's nominated adviser and Joint Broker
<b>New Ordinary Shares</b>	the new ordinary shares of 0.125 pence each in the capital of the Company
<b>Notice or Notice of General Meeting</b>	the notice of the General Meeting, which will accompany the Circular
<b>Official List</b>	the official list of the Financial Conduct Authority
<b>Ordinary Shares</b>	the ordinary shares of 0.00025 pence each in the capital of the Company

<b>Ordinary Share Bonus Issue</b>	in connection with the Preference Share Conversion, the bonus issue of New Ordinary Shares by the Company, pursuant to which the amount standing to the credit of the Company's share premium account will be capitalised and thereafter applied in paying up in full the Bonus Shares and allocating such Bonus Shares to Herald
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Peterhouse</b>	Peterhouse Capital Limited, the Company's Joint Broker and independent financial adviser for the purposes of the Code
<b>Placing</b>	the placing the Placing Shares at the Placing Price
<b>Placing Agreement</b>	the conditional placing agreement dated 17 January 2020 between (1) the Company (2) N+1 Singer and (3) Peterhouse relating to the Placing;
<b>Placing Price</b>	90 pence per Placing Share (as adjusted for the Share Consolidation)
<b>Placing Shares</b>	the New Ordinary Shares to be issued by the Company pursuant to the Placing
<b>Preference Dividend Share Issue</b>	in connection with the Preference Share Conversion, the proposed issue by the Company of the Preference Dividend Shares, at the Placing Price, to Herald, in consideration of Herald releasing the Company's liability to pay the accumulated unpaid dividend on its Preference Shares totalling £859,909
<b>Preference Dividend Shares</b>	the New Ordinary Shares to be issued by the Company to Herald pursuant to the Preference Dividend Share Issue (and effected as part of the Preference Share Conversion)
<b>Preference Share Conversion</b>	conversion of the Preference Shares, at the Placing Price, into the Conversion Shares, effected via the Consolidation and Redesignation, the Ordinary Share Bonus Issue and the Preference Dividend Share Issue;
<b>Preference Shares</b>	767,354 preference shares of 0.01 pence each in the capital of the Company, held by Herald, as at the date of this announcement
<b>Proposals</b>	the Placing, the Preference Share Conversion, the Debt Conversion, the Debt Variation, the Share Consolidation, the Article Amendments and the Capital Reduction
<b>Redesignated Shares</b>	the New Ordinary Shares created by the Company and registered to Herald pursuant to the Ordinary Share Bonus Issue (and effected as part of the Preference Share Conversion)
<b>Registrar</b>	Link Asset Services, registrars to the Company
<b>Resolutions</b>	the resolutions set out in the Notice of General Meeting
<b>Rule 9 Offer</b>	a general offer under Rule 9 of the Code
<b>Share Consolidation</b>	the proposed consolidation of the Company's ordinary share capital pursuant to which each 500 Ordinary Shares will be consolidated into one New Ordinary Share
<b>Shareholders</b>	holders of Ordinary Shares

<b>uncertificated or in uncertificated form</b>	recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America
<b>Waiver</b>	the waiver, to be agreed with the Panel (subject to the passing of the Whitewash Resolution as set out in the Notice of General Meeting) in respect of the obligation on the Concert Party to make a mandatory offer under Rule 9 of the Code in connection with the issue of the Placing Shares and the Conversion Shares
<b>Whitewash Resolution</b>	an ordinary resolution passed by the Independent Shareholders on a poll at the General Meeting approving the proposals giving rise to the obligation to make a Rule 9 Offer and the waiver of it by the Panel
<b>£, pounds sterling or pence</b>	UK pounds sterling, the lawful currency of the United Kingdom