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**Audioboom Group plc**

**("Audioboom", the "Company" or the "Group")**

**Issue of 102,200,000 new Ordinary Shares to raise £2.55 million**

Audioboom Group plc (AIM: BOOM), the leading spoken word audio on-demand platform, is pleased to announce that it has conditionally raised £2.55 million by the issue of 102,200,000 new Ordinary Shares at 2.5 pence each to new and existing investors to fund working capital and acceleration of the growth in the business.

**Highlights**

- £2.55 million raised through a conditional placing (the "**Placing**") of 85,000,000 new Ordinary Shares (the "**Placing Shares**") and a conditional subscription (the "**Subscription**") for 17,200,000 new Ordinary Shares (the "**Subscription Shares**", together with the Placing Shares, the "**New Ordinary Shares**"), in each case at 2.5 pence per share (the "**Issue Price**")
- The New Ordinary Shares will represent approximately 16 per cent. of the Enlarged Share Capital
- The net proceeds of the Placing and Subscription will be applied for:
  - working capital: approximately £900,000;
  - technical development: approximately £1.2 million; and
  - content acquisition and creative initiatives: approximately £250,000
- An Extraordinary General Meeting of the Company has been convened on 22 August 2016 to approve, *inter alia*, the shareholder resolutions required in order for the Placing and Subscription to proceed
- The Circular containing a notice convening the Extraordinary General Meeting and full details of the Placing and Subscription is expected to be posted to shareholders shortly. Terms capitalised in this announcement have the meaning given to them in the Circular and in the Appendix to this announcement
- Liberum Capital Limited is acting as Nomad and Sole Bookrunner

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## Expected timetable of Principal Events

Circular posted to Shareholders	5 August 2016
Latest time and date for receipt of Form of Proxy	10:00 a.m. on 20 August 2016
Extraordinary General Meeting	10:00 a.m. on 22 August 2016
Admission of the Placing Shares and the Subscription Shares to trading on AIM	8:00 a.m. on 23 August 2016
CREST member accounts expected to be credited for the Placing Shares and the Subscription Shares in uncertificated form (where applicable)	23 August 2016
Dispatch of definitive shares certificates for Placing Shares and Subscription Shares in certified form (where applicable)	By 1 September 2016

## Placing and Subscription Statistics

Issue Price	2.5 pence
Number of Existing Ordinary Shares currently in issue	535,732,843
Total number of Placing Shares and Subscription Shares	102,200,000
Enlarged Issued Share Capital following the Placing and Subscription	637,932,843
Percentage of the Enlarged Share Capital comprised by the Placing Shares and the Subscription Shares	16 per cent.
Estimated gross proceeds of the Placing and Subscription	£2.55 million

The Appendix to this announcement (which forms part of this announcement) sets out the terms and conditions of the Placing. Persons who have chosen to participate in the Placing, by making an oral or written offer to acquire Placing Shares, 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 herein, and to be providing the representations, warranties and acknowledgements contained in the Appendix.

### Proposed Placing, Subscription and Notice of Extraordinary General Meeting

#### 1. Introduction

The Company announces today that it intends to raise £2.55 million (before expenses) by way of a placing of 85,000,000 Placing Shares and Subscription of 17,200,000 Subscription Shares each at the Issue Price. A Circular is to be sent to shareholders shortly.

#### 2. Background to and reasons for the Placing and Subscription

Over the last three years, the Company has developed an audio, cloud-based, software as a service platform which enables the creation, broadcast and syndication of digital audio content across multiple devices, networks and geographies.

During FY15 (the 12 month period to 30 November 2015), the Company focused its financial, technical and human resources to drive business to business platform adoption by key content partners to ensure that the Company remains the hosting and distribution platform of choice for some of the world's leading content

creators. The Company's business model is now based, principally, on entering into advertising revenue share agreements with content creators (principally broadcasters and publishers) using the Audioboom platform to embed audio content across their own websites, mobile apps and other distribution channels, such as Facebook and Twitter. Each piece of audio provides an opportunity to place traditional audio or video ads at the beginning, middle and end of the content (pre, mid and post roll advertising).

Working with content partners, third parties and/or programmatic advertising exchanges, Audioboom seeks to secure advertising to place on its inventory of audio content on the Audioboom platform. It will share the proceeds of such advertising with the content creator on a pre-agreed revenue share basis. Revenue will be driven by the number of listens to the particular content and the CPM rate at which the advertising is secured. The CPM is the cost per thousand listens of audio that the advertiser is willing to pay and dictates the revenue for Audioboom. CPMs may differ according to various factors including the type and length of content, the target audience and whether the advert is pre, mid or post roll.

In-read advertising, where the presenter promotes a product or brand during the broadcast, also presents a significant medium-term opportunity and which typically attracts higher CPMs.

With the strategic shift in the Group's business model from its early focus on the consumer app to a more scalable advertising/distribution model, so have the Company's key performance indicators (KPIs) evolved. The Company's focus now is on:

- content partners – third party brands, broadcasters, publishers and producers who post content to the Audioboom platform; and
- listens – the number of times users consume Audioboom hosted content via embeddable content players on third party websites or apps, on Audioboom's own website or apps, or via other distribution channels (such as iTunes),

which will ultimately generate advertising revenue for the Company.

During FY15, the Company entered into an advertising revenue share agreement with Cumulus Media Holdings, Inc. ("**Cumulus**"), the second largest radio group in the US, for Cumulus to use the Audioboom platform to provide on-demand creative, hosting, broadcasting and advertising tools for its radio network, encompassing over 450 stations, over 100 nationally syndicated shows and over 240 million unique listeners. Cumulus monetises this digital on-demand content through the sale of pre-roll and post-roll video, audio and display advertising, as well as 'in-read' native advertising for high profile podcasts. Audioboom stands to benefit from the Cumulus deal through an increase in monthly listens and a share of advertising revenues.

In January 2016, the Company announced it had entered into a non-binding heads of terms with Eros International plc ("**Eros**"), a leading global company in the Indian film and entertainment industry, in respect of Eros Now, Eros' digital over-the-top content platform. Eros and Audioboom will operate an advertising revenue share arrangement. In February 2016, the Company announced that it had been selected as one of 11 podcast/spoken-word content partners for the new look Google Play application in the US. Content provided for Google Play under the arrangement will initially only be available to Google Play users in the US, who access the service via a dedicated app burnt onto Android devices. The increased reach that Google Play provides will make Audioboom a more attractive host to existing and prospective content partners.

The momentum built during FY15 has continued into H1 2016. As announced today, for H1 2016 (the six month period to 31 May 2016), the Company has made tangible progress in growing revenue, securing significant new content partners and further broadening its geographic distribution. This progress includes:

- major new content, distribution and monetisation partnerships, with companies such as Spotify, NBC Sports, Univision and SAAVN (an American digital distributor of English, Bollywood and regional Indian music);

- full integration of the Company's new US commercial team, which is now driving monetisation through in-read advertising revenue and further agreements such as the one signed with Cumulus; and
- revenue for H1 2016 increasing to £329,000 (FY15: £192,000), with secured advanced booking of advertising revenue that exceed total revenues in H1.

The Company has also recorded a strong KPI performance, including:

- total H1 listens of 222 million, up 80% (H1 2015: 123 million). Of those listens, 70 per cent. were in the US, 11 per cent. in the UK, five per cent. in Australia and 14% in the rest of the world;
- the Company achieving its 1 billion lifetime listen; and
- content partner channels to 8,115, up 55% (H1 2015: 5,237).

During FY15 and H1 2016 it has become clear to the Company that the key markets of the US and India present the greatest opportunity for monetisation. As set out in the Company's interim results, Audioboom is now building momentum in the US, the world's largest media market, with US based users accounting for 70 per cent. of listens in the period, compared with approximately 30 per cent. 12 months earlier. The Company expects the US to continue to be the strongest region for revenue growth throughout 2016 and beyond and, given its importance, the Company appointed Thomas Mancusi (formerly of CBS radio) as US commercial director in April 2016, who has made a considerable impact on revenue bookings since his arrival. The Company also recognises the huge opportunity in India, recruiting a new country manager and commercial director to capitalise on increasing demand for the Company's services and also manage the key relationships with Eros, SAAVN and RedFM.

The Company believes the time is right to capitalise on the growth opportunities offered in its key markets however is currently constrained from doing so by the cash position of the Company. Accordingly, the Company wishes to complete the Placing and Subscription and in doing so provide the funding to accelerate the growth and future success of the Company.

### **3. Use of proceeds**

The net proceeds of the Placing and Subscription will be approximately £2.35 million and are expected to be applied as follows:

- Working capital to accelerate growth: approximately £900,000.

The Company has recognised the need to focus its head count and business development activity to capitalise on the countries the Board has identified as those that afford the greatest opportunity for monetisation, being the US and India. To reflect this, the Company intends to relocate staff from its UK operations and increase the commercial function overseas.

- Technical development: approximately £1.2 million.

By 2017 the Company's ad-serving costs will increase substantially through both listen and inventory growth. Much of this total is related to using third party ad servers. Audioboom has identified using new funds to build its own market leading digital audio ad-server, utilising Neuro-linguistic Programming, Artificial Intelligence and audio to text transcription as a strategic way to reduce ad-serving costs and remove reliance on third parties thereby allowing the Company to target advertising in a much more effective and valuable way.

- Content acquisition and creative initiatives: approximately £250,000.

Over the last 12 months Audioboom has focused on acquiring established podcast talent and creating its own bespoke podcast content. Audioboom will accelerate this acquisition and creation strategy in its strategic markets to enable it to rapidly scale revenues from 'host read' or 'in-read' advertising sale and in doing so intends to add a further two people to its headcount.

#### **4. Potential strategic investment**

The Company is currently in discussions with a Chinese fund (the “Investor”) for a strategic investment of up to US\$8 million (including the loan described below) to be made at not less than the Issue Price. The funds received from the strategic investment are to be applied towards accelerating the growth of the Company and not for working capital purposes. The Board currently expects that a formal agreement will be entered into with the Investor and announced by the end of September 2016. The investment will be conditional on the Chief Executive Officer of the Company, Rob Proctor, accepting a loan from the Investor of approximately US\$500,000 to be utilised in the acquisition of Ordinary Shares at not less than the Issue Price at the same time as the subscription by the Investor. The loan is expected to be repayable on the earlier of the date which is three years from drawdown of the loan or the purchase of 100% of all of the outstanding share capital of the Company (whether by the Investor or otherwise). The loan will accrue interest at five per cent. per annum and will be secured against Rob Proctor’s existing interest in the capital of the Company.

The aggregate holding of the Investor and Rob Proctor post completion of the strategic investment is expected to be up to approximately 29.9 per cent. The Investor will have the right to appoint up to two directors to the Board of the Company.

Shareholders should note that there is no certainty that the investment described above will proceed or, if it does proceed, that it will be on the terms described above. In the event that the investment does proceed, it will be conditional on Shareholder approval at an extraordinary general meeting of the Company and so the Resolutions being proposed at the Extraordinary General Meeting being convened by the Notice of Extraordinary General Meeting do not relate to the investment described in this paragraph 4. Note that, should the proposed investment proceed, the investment would be a related party transaction and the requirements of the AIM Rules for Companies in that regard would be addressed.

#### **5. Potential strategic acquisition**

The Company is currently considering the acquisition of SONR News Limited (“SONR”), primarily for the purpose of obtaining their engineering team and Neuro-Linguistic Programming and Artificial Intelligence algorithms. The Board believes that the acquisition of SONR has the potential to accelerate the Company’s speed to market of the ad-serving platform, through acquiring the required engineering/coding team and specialist algorithms. Accordingly, the Company has entered into informal discussions with the board of SONR, with a view to a potential acquisition of SONR by the Company. It is currently envisaged that the consideration would be satisfied by the issue of new Ordinary Shares in the Company.

The Company intends on requesting specific information from the SONR board to allow the Company to evaluate SONR’s technology, assess its suitability for SONR’s ad-serving requirements and model an indicative price for the SONR business.

Nick Candy and Rob Proctor, Chief Executive Officer, currently have a combined equity interest of approximately 27.6 per cent. in SONR. Both have declared their interest to the Board and independent directors of the Company will therefore manage any evaluation and negotiation in relation to this potential deal.

Shareholders should note that there can be no certainty that the strategic acquisition will proceed or the terms on which it will proceed. Note that, should the proposed strategic acquisition proceed, the acquisition would be a related party transaction and the requirements of the AIM Rules for Companies in that regard would be addressed.

#### **6. Effects of the Placing and Subscription**

On 30 July 2015 the Company announced that it had issued 20,000,000 warrants to subscribe for Ordinary Shares to Cumulus as part of the advertising revenue share agreement with Cumulus. The warrants issued to Cumulus have an exercise price of 12.5 pence which are reset if the Company issues Ordinary Shares

in an equity fundraising at a price lower than 12.5 pence per share at any time while any warrants remain outstanding, subject to certain excluded issuance events and subject to a minimum reset price of 10 pence. These warrants remain outstanding and so the issue of the New Ordinary Shares at the Issue Price will result in the exercise price of the warrants issued to Cumulus being reset to 10 pence.

The Company also announced on 30 July 2015 that it had issued 1,200,000 warrants to Yea Networks, LLC (“Yea”). The warrants issued to Yea were unconditional and were otherwise issued on identical terms to the warrants issued to Cumulus. As such, the issue of the New Ordinary Shares at the Issue Price will result in the exercise price of the warrants held by Yea being reset to 10 pence.

## **7. Details of the Placing, Subscription and Admission**

The Company is planning to raise £2.55 million (before expenses) for the Company by way of a conditional placing, conducted by Liberum, of the Placing Shares at the Issue Price and a conditional subscription of the Subscription Shares at the Issue Price with new and existing investors.

The Placing is conditional, inter alia, upon:

- the passing of the Fundraising Resolutions;
- the Placing Agreement (as described in more detail below) becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- admission of the Placing Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 23 August 2016 (or such later time and/or date (not being later than 31 August 2016) as Liberum and the Company may agree).

The Subscription Letters relating to the Subscription are conditional upon the Placing Agreement becoming unconditional in all respects save for the condition as to Admission. Accordingly, if the Placing Agreement conditions are not satisfied, or, if applicable, waived, the Placing and the Subscription will not proceed.

The Placing and Subscription will result in the issue of a total of 102,200,000 New Ordinary Shares, representing, in aggregate, approximately 16% of the Enlarged Share Capital. The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore will rank equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and such admission is expected to occur on 23 August 2016. It is expected that CREST accounts will be credited on the day of Admission as regards the New Ordinary Shares in uncertificated form and that certificates for the New Ordinary Shares to be issued in certificated form will be dispatched by first class post by 1 September 2016.

## **8. The Placing Agreement**

Pursuant to the terms of the Placing Agreement, Liberum, as agent for the Company, has agreed conditionally to use its reasonable endeavours to procure places for the Placing Shares at the Issue Price. The Placing is not underwritten.

The obligations of Liberum under the Placing Agreement are conditional, among other things, upon: (i) the passing of the Fundraising Resolutions; and (ii) Admission becoming effective by not later than 8.00 a.m. on 23 August 2016 (or such later time and/or date (not being later than 31 August 2016) as Liberum and the Company may agree).

The Placing Agreement contains certain warranties and indemnities given by the Company in favour of Liberum as to certain matters relating to the Company’s group and its business. The obligations of Liberum under the Placing Agreement may be terminated in certain circumstances if there occurs either a material breach of any of the warranties or if a materially adverse event occurs at any time prior to Admission. Such rights exist in the event that such circumstances arise prior to Admission. If the conditions in the Placing

Agreement are not fulfilled on or before the relevant date in the Placing Agreement or, if applicable, waived then the subscription monies will be returned to Placees without interest.

The Placing Agreement also provides for the Company to pay Liberum commissions and certain other costs and expenses incidental to the Placing and Admission.

## **9. Related Party Transactions**

Malcolm Wall and Roger Maddock, Directors of the Company, are each subscribing for 1,000,000 New Ordinary Shares and 10,000,000 New Ordinary Shares respectively, in each case at the Issue Price. In addition, Nick Candy, a previous Director and existing Shareholder, is subscribing for 40,000,000 New Ordinary Shares at the Issue Price. The participation of Malcolm Wall, Roger Maddock and Nick Candy in the Placing and Subscription constitute related party transactions under rule 13 of the AIM Rules. The Independent Directors consider, having consulted with Liberum, that the terms of the related party transactions are fair and reasonable insofar as its Shareholders are concerned.

On 2 April 2015 the Company announced that it had granted warrants to subscribe for 12,000,000 Ordinary Shares to Nick Candy as a fee for his services as a non-executive director of the Company. The warrants granted to Nick Candy have an exercise price of 8.375 pence per Ordinary Share. The Company has agreed, conditional on Admission, to re-price the exercise price of the warrants issued to Nick Candy to the Issue Price. The re-pricing of the exercise price of Nick Candy's warrants constitutes a related party transaction under rule 13 of the AIM Rules. The Independent Directors consider, having consulted with Liberum, that the terms of the related party transaction are fair and reasonable insofar as its Shareholders are concerned.

## **10. Extraordinary General Meeting**

A notice convening the Extraordinary General Meeting of the Company, to be held at the offices of Fladgate LLP at 16 Great Queen Street, London, WC2B 5DG at 10:00 a.m. on 22 August 2016 is set out at the end of the Circular. At the Extraordinary General Meeting, the following Resolutions will be proposed:

1. an ordinary resolution to grant authority to the Directors to allot Ordinary Shares up to a maximum of 102,200,000 Ordinary Shares pursuant to the Placing and Subscription;
2. a special resolution to dis-apply pre-emption rights contained in the Articles in respect of the allotment for cash of up to a maximum of 102,200,000 Ordinary Shares pursuant to the Placing and Subscription;
3. an ordinary resolution to grant authority to the Directors to allot Ordinary Shares up to a maximum of 63,793,284 Ordinary Shares in connection with the raising of equity finance to fund future growth. This represents approximately 10 per cent of the Enlarged Share Capital;
4. a special resolution to dis-apply pre-emption rights contained in the Articles in respect of the allotment of the Ordinary Shares referred to in Resolution 3.

Resolutions 1 and 3 will be proposed as ordinary resolutions and Resolutions 2 and 4 as special resolutions. Under Jersey law a special resolution requires a two-thirds majority of those voting at the meeting in person or by proxy to vote in favour of the resolution.

## **11. Action to be taken by Shareholders**

Shareholders will find accompanying the Circular a Form of Proxy for use at the Extraordinary General Meeting. Whether or not Shareholders intend to be present at the Extraordinary General Meeting, they are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF as soon as possible and, in any event, so as to arrive no later than 10:00 a.m. on 20 August 2016. Completion and return of the Form of Proxy will not affect Shareholders' right to attend and vote in person at the Extraordinary General Meeting if they so wish.

In the case of non-registered Shareholders who receive these materials through their broker or other intermediary, the Shareholder should complete and send a letter of direction in accordance with the instructions provided by their broker or other intermediary.

In order for the Placing and Subscription to proceed, Shareholders will need to approve both of the Fundraising Resolutions set out in the Notice of Extraordinary General Meeting. If the Fundraising Resolutions are not passed at the Extraordinary General Meeting, the Placing and the Subscription will not proceed in the form currently envisaged, with the result that the anticipated net proceeds of the Placing and the Subscription will not become available to fund proposed upcoming expenditure and to achieve the objectives set by the Board and the Company's business plans, and so the Company's growth prospects and available working capital may be materially adversely affected as a result.

Accordingly it is important that Shareholders vote in favour of the Fundraising Resolutions, in order that the Placing and Subscription can proceed.

## **12. Directors' Recommendation**

The Directors consider the Placing, Subscription and the Resolutions to be in the best interests of the Company and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as they intend to do in respect of their own beneficial holdings of 7,419,709 Existing Ordinary Shares, representing approximately 1.38% of the Existing Ordinary Shares.

## **Appendix – Terms and conditions of the Placing**

### **IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING**

In this Appendix, unless the context otherwise requires, "**Placee**" means those persons to whom Placing Shares are to be issued and allotted.

No prospectus will be made available in connection with the matters contained in this announcement. Liberum, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no-one else in relation to the Placing, and will not be responsible to any other person for providing the protections afforded to its clients nor for providing advice in connection with the matters contained 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 Liberum, or by 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 therefore is expressly disclaimed.

The distribution of this announcement may be restricted by law in certain jurisdictions. No action has been taken by the Company or Liberum that would permit an offering of the Placing Shares or possession or distribution of this announcement or any other offering or publicity material relating to the 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 Liberum to inform themselves about, and to observe, such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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 2.1(E) OF DIRECTIVE 2003/71/EC AS AMENDED, INCLUDING BY THE 2010 PROSPECTUS DIRECTIVE AMENDING DIRECTIVE (DIRECTIVE 2010/73/EC) AND TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE (THE "**PROSPECTUS DIRECTIVE**"); (2) IF IN THE UNITED KINGDOM, QUALIFIED INVESTORS AND (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) ARE PERSONS WHO FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE

ORDER OR (3) PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE 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 AUDIOBOOM GROUP PLC.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, REGULATORY, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING SHARES.

This announcement is not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia).

This announcement does not constitute or form part of an offer of, or solicitation to purchase or subscribe for, securities in the United States. The Placing Shares may not be offered, sold or transferred, directly or indirectly, within the United States absent registration under the US Securities Act of 1933 (the "**Securities Act**") or an exemption therefrom. The Company has not registered and does not intend to register any of the Placing Shares under the Securities Act. No money, securities or other consideration is being solicited from any person inside the United States and, if sent in response to the information herein, will not be accepted. The Placing Shares will not be offered or sold to the public in the United States.

Any indication in this announcement of the price at which ordinary shares in the capital of the Company ("**Ordinary Shares**") have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that the 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 Ordinary Shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the Placing Shares.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation (EU) No 596/2014.

## **FORWARD-LOOKING STATEMENTS**

Certain statements included in this announcement contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. Nothing in this announcement should be construed as a profit forecast and no part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company, and must not be relied upon in any way in connection with any investment decision. Any forward-looking statements made herein by or on behalf of the Company speak only as of the date they are made. Except as required by the FCA, the London Stock Exchange or by applicable law, the AIM Rules for Companies, the Prospectus Rules or the Disclosure Guidance and Transparency Rules, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## Details of the Placing

Liberum has entered into the Placing Agreement with the Company under which Liberum has undertaken, on the terms and subject to the conditions set out in the Placing Agreement, to use its reasonable endeavours as agent of the Company to seek to procure Placees for the Placing Shares at the Placing Price. The Placing is conditional upon the Placing Agreement becoming unconditional in all respects.

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

As part of the Placing, the Company has agreed that it will not allot, issue, offer, sell, transfer, create an encumbrance over or otherwise dispose of any Ordinary Shares for a period of 180 days from the date of Admission without the prior written consent of Liberum. The Placing Agreement is subject to certain customary exceptions and does not prevent the Company from granting options under, and allotting and issuing ordinary shares pursuant to options granted under, the Company's share option and incentive schemes in accordance with normal practice.

## Application for Admission to trading

Application will be made for admission of the Placing Shares to trading on the AIM market of the London Stock Exchange ("**AIM**") ("**Admission**").

It is expected that Admission will take place at 8.00 a.m. (London time) on 23 August 2016 and that dealings in the Placing Shares on AIM will commence at that time.

## Participation in, and principal terms of, the Placing

- 1 Liberum is acting as nominated adviser and sole bookrunner to the Company, as agent for and on behalf of the Company.
- 2 Participation in the Placing is only available to persons who may lawfully be, and who have been, invited to participate by Liberum, Liberum and any of its Affiliates and/or agents are entitled to participate in the Placing as investors for their own account.
- 3 By participating in the Placing, Placees will be deemed to have read and understood this Announcement (including this Appendix) in its entirety and to be participating and making an offer for Placing Shares on the terms and conditions, and to be providing the representations, warranties, indemnities, acknowledgments, agreements and undertakings contained in this Appendix.
- 4 Each Placee irrevocably appoints any director of Liberum as its agent for the purposes 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 agreed to be taken up by it under the Placing.
- 5 The price per Placing Share is fixed at 2.5 pence per Placing Share payable to Liberum.
- 6 Each prospective Placee's allocation has been determined at the discretion of Liberum following consultation with the Company and was confirmed orally or in writing by Liberum, as agent of the Company. Liberum's oral or written confirmation of an allocation constitutes an irrevocable legally binding commitment upon that person to subscribe for the number of Placing Shares allocated to it at the Placing Price on the terms and subject to the conditions set out in this Appendix and the Company's Memorandum and Articles of Association. Each Placee has an immediate, separate, irrevocable and binding obligation, owed to Liberum, 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.
- 7 Each Placee's allocation and commitment will be evidenced by a trade confirmation issued to such Placee by Liberum. The terms of this Appendix will be deemed incorporated by reference therein.
- 8 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing was 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 under the Placing are 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 under "Termination of the Placing".
- 10 By participating in the Placing, each Placee agrees 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 To the fullest extent permissible by law, neither Liberum nor any of its Affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Liberum nor any of its Affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of Liberum's conduct of 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 Liberum under the Placing Agreement are, and the Placing is, conditional on, *inter alia*:

- 1 certain announcement obligations;
- 2 the Extraordinary General Meeting being duly convened and held and the passing of the Shareholder Resolutions by the requisite majority at the Extraordinary General Meeting by not later than 5.00 p.m. on 22 August 2016;
- 3 the warranties on the part of the Company contained in the Placing Agreement being true and accurate and not misleading at all times prior to Admission, by reference to the facts and circumstances then subsisting;
- 4 the compliance by the Company of its obligations under the Placing Agreement to the extent they are required to be performed or complied with prior to Admission;
- 5 Admission occurring no later than 8.00 a.m. (London time) on 23 August 2016 or such later date as may be agreed in writing between the Company and Liberum (not to be later than 31 August 2016 (the "**Longstop Date**")); and
- 6 in the opinion of any of Liberum, there having not been, since the date of the Placing Agreement any material adverse change (financial or otherwise) in the operations or prospects of the Group or with regard to certain other matters,

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

If any of the conditions in the Placing Agreement in relation to the Placing Shares are not satisfied or waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and Liberum may agree, not being later than the Longstop Date), or has become incapable of being satisfied or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations under these terms and conditions 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.

Liberum may, at its discretion and upon such terms as it thinks fit, waive compliance by the Company, or extend the time and/or date for fulfilment by the Company, with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement, save that the time and date for satisfaction of any condition shall not be extended beyond the Longstop Date. Any such extension or waiver will not affect Placees' commitments as set out in this Appendix.

Neither of Liberum nor any of its Affiliates nor the Company or any other person 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 they 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 Liberum.

### **Termination of the Placing**

The Placing Agreement will terminate if any condition is not satisfied or waived or becomes incapable of being fulfilled in accordance with the Placing Agreement. Liberum may, at its discretion, by notice in writing to the Company, terminate the Placing Agreement under certain customary circumstances, including if at any time prior to Admission any matter has arisen which would be likely to give rise to a claim under the indemnity provisions in the Placing Agreement.

If the Placing Agreement is terminated in accordance with its terms, the parties to the Placing Agreement shall be released and discharged (except for any accrued rights, obligations and liabilities as at the date of termination) from its obligations under or pursuant to the Placing Agreement subject to certain exceptions and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and Liberum that the exercise by the Company or Liberum 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 Liberum (as the case may be) and that neither the Company nor Liberum need make any reference to such Placee and that neither the Company, Liberum nor any of its Affiliates 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 or failure so to exercise.

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

### **No prospectus or admission document**

No prospectus or admission document or other offering document has been or will be submitted to be approved by the FCA or AIM or any other regulatory body in relation to the Placing and the Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix) and any information publicly announced by the Company to a Regulatory Information Service (the "**Publicly Available Information**").

Each Placee, by participating in the Placing, agrees that the content of this Announcement (including this Appendix) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or Liberum or any other person other than the Publicly Available Information and neither of Liberum nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the business, financial position 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.

### **Registration and settlement**

Each Placee allocated Placing Shares in the Placing will be sent a trade confirmation stating the number of Placing Shares allocated to it at the Placing Price and containing settlement instructions. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed with Liberum in accordance with either the standing CREST or certificated settlement instructions that it has in place with either of them (as appropriate).

Settlement of transactions in the Placing Shares (ISIN: JE00B5NFKB77) following Admission will take place within the CREST system. Liberum and the Company reserve the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof), to Placees, by such other means as they deem necessary if

delivery or settlement to Placees is not possible or practicable within the CREST system or would not be consistent with regulatory requirements in any Placee's jurisdiction.

The Company will procure delivery of the Placing Shares to a CREST account operated by Liberum as agent for the Company and Liberum will enter its delivery (DEL) instructions into the CREST system.

It is expected that settlement will be on 23 August 2016 in accordance with the instructions set out in the trade confirmation (or such other time and/or date as the Company and Liberum may agree).

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 Liberum.

Each Placee is deemed to agree that if it does not comply with these obligations, Liberum may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for its own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall between 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.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the trade 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 UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing. If there are circumstances in which any other stamp duty or stamp duty reserve tax is payable in respect of the issue of the Placing Shares, neither the Company nor Liberum nor any of its Affiliates will be responsible for the payment thereof.

### **Representations and further terms**

By participating in the Placing, each prospective Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees that:

- 1 it has read and understood this Announcement (including this Appendix) in its entirety and that its purchase of the Placing Shares is 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 any information given or any representations 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 (including this Appendix) and the Publicly Available Information;
- 2 it has not received a prospectus or admission document or other offering document in connection with the Placing and acknowledges that no prospectus or admission document or other offering document has been 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, 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 neither of Liberum or the Company nor any of their Affiliates nor 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 this Announcement; nor has it requested Liberum, the Company, any of their Affiliates or any person acting on behalf of any of them to provide it with any such information;
- 5 neither of Liberum nor any person acting on behalf of it nor any of its Affiliates has or shall have any

liability for any publicly available or filed 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 (i) 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 in deciding to participate in the Placing; (ii) none of Liberum, nor the Company nor its Affiliates has made any representation 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; and (iii) it has had sufficient time to consider and conduct its own investigation in connection with its subscription for Placing Shares, has conducted its own investigation of the business, financial and other position of the Company and the terms of the Placing, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing;
- 7 the content of this Announcement (including this Appendix) is exclusively the responsibility of the Company and that neither Liberum nor any person acting on its behalf 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 (including this Appendix) or the Publicly Available Information nor will 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 unless otherwise specifically agreed in writing with Liberum, it is not (and at the time the Placing Shares are acquired will not be), and it is not subscribing on behalf of, a resident of Australia, Canada, the Republic of South Africa, or Japan at the time the Placing Shares are acquired, and each of it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be: (i) outside the United States or acquiring the Placing Shares in an 'offshore transaction' in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or (ii) if it is not outside the United States, is a QIB or acquiring the Placing Shares on behalf of a QIB, and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Placing Shares, is able to bear the economic risk of an investment in the Placing Shares, has adequate means of providing for its current and contingent needs, is able to sustain a complete loss of the investment in the Placing Shares and has no need for liquidity with respect to its investment in the Placing Shares and in the case of (ii) above, warrants that it is acquiring the Placing Shares for its own account or for one or more accounts as to each of which it exercises sole investment discretion and each of which is a QIB, for investment purposes and not with a view to any distribution or for resale in connection with, the distribution (within the meaning of US securities laws) thereof in whole or in part, in the United States;
- 9 the Placing Shares have not been 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, Australia, Canada, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold directly or indirectly, in or into the United States, Australia, Canada, the Republic of South Africa or Japan;
- 10 it and/or each person on whose behalf it is participating:
  - 10.1 is entitled to acquire Placing Shares pursuant to the Placing under the laws of all relevant jurisdictions;
  - 10.2 has fully observed such laws;
  - 10.3 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;
  - 10.4 has full power to make the acknowledgements, representations, warranties, undertakings and agreements herein for itself and/or each person on whose behalf it is participating;

- 10.5 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
- 10.6 has not taken any action or omitted to take any action which will or may result in the Company or Liberum or any of its Affiliates or any person acting on their behalf being in breach of the legal and/or regulatory requirements of any territory in connection with the Placing;
- 11 the Placing Shares have not and will not be registered under the Securities Act, or under the securities laws of any state of the United States;
- 12 it is not acquiring any of the Placing Shares as a result of any form of general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act);
- 13 if it is a pension fund or investment company, its acquisition of Placing Shares is in full compliance with applicable laws and regulations;
- 14 no representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- 15 it will not distribute, forward, transfer or otherwise transmit this Appendix, or any other presentational or other materials concerning the Placing in or into 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;
- 16 no action has been or will be taken by any of the Company, Liberum or any person acting on behalf of the Company or Liberum that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
- 17 neither of Liberum, nor any of its Affiliates, nor any person acting on behalf 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 Liberum and that Liberum will have no duties or responsibilities to a Placee for providing protections afforded to its clients under the rules of the FCA or for providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgments, agreements, 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;
- 18 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 of the total subscription amount for the Placing Shares allocated to it in accordance with the terms and conditions of this Announcement (including this Appendix) 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 Liberum may in its 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;
- 19 the person who it specifies for registration as holder of the Placing Shares will be: (i) the Placee; or (ii) a nominee of the Placee, as the case may be. Liberum and the Company will not 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 indemnify the Company and Liberum in respect of the same on the basis that the Placing Shares will be allotted to a CREST stock account of Liberum or transferred to a CREST stock account of Liberum who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;

- 20 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 and 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;
- 21 (i) it and any person acting on its behalf is a Relevant Person 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 and (ii) it and any person acting on its behalf is entitled to subscribe for Placing Shares comprised in its allocation under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities;
- 22 if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive (including any relevant implementing measure in any member state), represents and warrants that the Placing Shares purchased 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 Directive other than to qualified investors, or in circumstances in which the prior consent of Liberum has been given to the proposed offer or resale;
- 23 it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom 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;
- 24 if it is within the EEA, it is a qualified investor as defined in section 86(7) of FSMA, being a person falling within Article 2.1(e)(i), (ii) or (iii) of the Prospectus Directive;
- 25 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;
- 26 it has complied and it will comply with all applicable provisions of the FSMA with respect to anything done by it or on its behalf in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
- 27 if it has received any confidential price sensitive information about the Company in advance of the Placing, it has not: (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to the information being made generally available;
- 28 neither of Liberum, nor any of its Affiliates nor any person acting on behalf of Liberum or its Affiliates 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 any of Liberum's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 29 acknowledges and accepts that Liberum may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for its own account and, except as required by applicable law or regulation, Liberum will not make any public disclosure in relation to such transactions;
- 30 it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA prior to Admission except to persons whose ordinary activities involve them 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 Directive (which means Directive 2003/71/EC and includes any relevant implementing measure in any member state);
- 31 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 (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;
- 32 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 are 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 associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- 33 its participation in the Placing would not give rise to an offer being required to be made by it or any person with whom it is or it is deemed, or presumed to be, acting in concert pursuant to Rule 9 of the City Code on Takeovers and Mergers;
- 34 unless paragraph 35 applies, it has neither received nor relied on any inside information (for the purpose of Market Abuse Regulation EU No 596/2014 ("**MAR**") and section 56 of the Criminal Justice Act 1993 ("**CJA**")) in relation to its participation in the Placing;
- 35 if it has received any inside information (for the purposes of MAR and section 56 of the CJA) in relation to the Company and its securities, it confirms that it has not: (a) dealt (or attempted to deal) in the securities of the Company; (b) encouraged, recommended or induced another person to deal in the securities of the Company; or (c) unlawfully disclosed inside information to any person, prior to the information being made publicly available;
- 36 the Company, Liberum, its Affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements, agreements and undertakings;
- 37 the Placing Shares will be issued subject to the terms and conditions of this Appendix;
- 38 it irrevocably appoints any director of Liberum as its agent for the purposes 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 agreed to be taken up by it under the Placing;
- 39 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 Liberum;
- 40 this Appendix, any agreements entered into by it pursuant to this Appendix, all documents into which this Appendix is incorporated by reference or otherwise validly forms a part, including any other non-contractual obligations arising out of or in connection with such documents, will be governed by and construed in accordance with English law and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that proceedings may be taken by the Company or Liberum 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; and
- 41 it (and any person acting on its behalf) agrees to indemnify (on an after tax basis) and hold the Company, Liberum and its Affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses): (i) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix; or (ii) incurred by Liberum and/or the Company arising from the performance of the Placee's obligations as set out in this Announcement (including this Appendix), and further agrees that the provisions of this Appendix shall survive after completion of the Placing.

The representations, warranties, acknowledgements, agreements and undertakings contained in this Appendix are given to Liberum for itself and on behalf of the Company and are irrevocable.

The agreement to allot and issue Placing Shares to Placees (and/or the persons for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Such agreement assumes, and is based on a warranty from each Placee, that neither it, nor the person specified by it for registration as holder of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing 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 Liberum 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 notify Liberum accordingly.

In addition, Placees should note that they will be liable for any 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 UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire for any Placing Shares.

Liberum is acting exclusively for the Company and no one else in connection with the Placing and Liberum will not be responsible to anyone (including Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matters referred to in this Announcement (including this Appendix).

Each Placee and any person acting on behalf of the Placee acknowledges that Liberum 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 Liberum may (at its absolute discretion) satisfy their obligations to procure Placees by themselves agreeing to become a Placee in respect of some or all of the Placing Shares.

When a Placee or any person acting on behalf of the Placee is dealing with Liberum, any money held in an account with Liberum on behalf of that Placee and/or any person acting on behalf of that 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 Liberum's money in accordance with the client money rules and will be used by Liberum in the course of its own business and a Placee will rank only as a general creditor of Liberum.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

All times and dates in this Announcement (including this Appendix) may be subject to amendment. Liberum will notify Placees and any persons acting on behalf of the Placees of any changes.

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

## **Definitions**

In this Announcement:

**"Admission"** means the admission of the Placing Shares to trading on the AIM market of the London Stock Exchange;

**"AIM"** means the AIM market of the London Stock Exchange;

"**Affiliate**" means any group undertaking as defined in section 1161 of the Companies Act 2006 or associated undertaking as defined in section 449 of the Corporation Tax Act 2010;

"**Board**" means the Board of Directors of the Company or a duly authorised committee thereof;

"**conditions**" means all conditions to the obligations of Liberum included in the Placing Agreement;

"**CREST**" means the system enabling title to securities to be evidenced and transferred in dematerialised form operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755);

"**Directors**" means the directors of the Company;

"**EEA**" means the European Economic Area;

"**Extraordinary General Meeting**" means the extraordinary general meeting of shareholders of the Company proposed to be convened by the Board to be held on 22 August 2016 or such later date as shall be agreed pursuant to the Placing Agreement;

"**FCA**" means the Financial Conduct Authority;

"**FSMA**" means the Financial Services and Markets Act 2000, as amended;

"**Group**" means the Company and its subsidiary undertakings;

"**Independent Directors**" means the Directors with the exception of any Director who is involved in the transaction as a related party;

"**Liberum**" means Liberum Capital Limited;

"**London Stock Exchange**" means London Stock Exchange plc;

"**Order**" means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;

"**Ordinary Shares**" means ordinary shares of no par value in the capital of the Company;

"**Placees**" means those persons who have agreed to subscribe for Placing Shares and "**Placee**" means any one of them;

"**Placing**" means the placing of the Placing Shares by Liberum with institutional and other investors on behalf of the Company;

"**Placing Agreement**" means the agreement between the Company and Liberum in connection with the Placing;

"**Placing Price**" means 2.5 pence per Placing Share;

"**Placing Shares**" means the new Ordinary Shares which are to be issued in connection with the Placing;

"**Prospectus Directive**" means Article 3(2) of the Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (No 2003/71/EC) (as amended);

"**Publicly Available Information**" means any information publicly announced by the Company to a Regulatory Information Service;

"**QIBs**" has the meaning given by Rule 144A under the United States Securities Act of 1933, as amended;

"**Qualified Investors**" means 'qualified investors' within the meaning of Article 2(1)(e) of the Prospectus Directive;

"**Regulations**" means the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations (2007);

"**Regulatory Information Service**" means any of the regulatory information services included within the list maintained on the London Stock Exchange's website;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Shareholder Resolutions**" means the resolutions to be proposed at the Extraordinary General Meeting;

"**Shareholders**" means holders of Ordinary Shares;

"**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland; and

"**United States**" or "**US**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.