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17 June 2020

STV Group PLC
 (“**STV**” or the “**Group**” or the “**Company**”)

**Proposed Placing to strengthen the balance sheet
and support continued strategic delivery**

STV Group plc today announces a proposed placing (the “**Placing**”) to raise approximately £16.2 million (before expenses) through the issue of new Ordinary Shares (“**Placing Shares**”) representing up to 17.99% of the Company’s issued share capital. The Placing is being conducted through an accelerated Bookbuild to institutional shareholders, subject to clawback in respect of shares with a value of approximately £800,000 which will be offered by way of a broker option in order to enable institutional and other qualifying investors to participate in, and with the intention of providing access to eligible retail investors to, the Placing. The Placing will be launched immediately following release of this announcement in accordance with the terms and conditions set out in the Appendix (this announcement and the Appendix together the “**Announcement**”).

Highlights

- The Board considers that the proposed Placing is a prudent step to strengthen the balance sheet and ensure that STV is in a strong position to continue to deliver its successful growth strategy when market conditions normalise.
- STV has taken proactive measures to mitigate the commercial impact of COVID-19, including cash savings of approximately £18 million for the year ending 31 December 2020 (“FY20”), increasing bank facilities from £60 million to £80 million, as well as postponing pension contributions.
- Over the previous two financial years, STV has demonstrated strong growth with adjusted operating profit up 19% and adjusted earnings per share up 17% despite a challenging economic backdrop.
- STV’s results for the year ended 31 December 2019 (“FY19”) confirmed this positive trajectory, with strong digital and regional growth driving a double digit increase in adjusted operating profit.

- While the economic outlook remains uncertain, the Board is confident in the long-term prospects of the Group, and there are modest signs that trading is stabilising and starting to improve; total Q1 2020 advertising revenue was slightly down (-1%), and, as a result of the impact of COVID-19, total advertising revenue was down 42% in April, 39% in May, with a further modest improvement expected in June.
- In the meantime STV's strong viewing performance has continued into Q2 2020, with broadcast viewing up 13% and online viewing up 70% year to date.

Simon Pitts, STV's Chief Executive, said:

“Over the last two years STV has been transformed into a leaner, more creative, digital-first media company that has been delivering a consistently strong viewing performance alongside double digit operating profit and earnings per share growth.

This placing is designed as a prudent step to strengthen the balance sheet and support the continued delivery of our successful growth strategy when market conditions normalise. While the short-term outlook remains uncertain, our on-screen performance continues to be excellent, we are starting to see modest signs of improvement in the advertising market, and the Board is confident in the long-term prospects of the Group.”

The Placing

The Placing is being conducted through an accelerated bookbuilding process (the “Bookbuild”), which will be launched immediately following this announcement. Pursuant to the Placing the Group intends to issue up to 7,050,665 new Ordinary Shares at a price to be determined following the Bookbuild. Approximately 5% of the new Ordinary Shares that will be allocated pursuant to the Placing will be subject to clawback to satisfy allocations made pursuant to a broker option of new Ordinary Shares which are being offered to institutional and other qualifying investors, and with the intention of providing access to the Placing to eligible retail investors. Panmure Gordon (UK) Limited (“Panmure Gordon”) and Peel Hunt LLP (“Peel Hunt”) are acting as joint bookrunners in connection with the Placing.

The Company is seeking to issue Placing Shares representing up to 17.99% of the Company's existing issued ordinary share capital on a non-pre-emptive basis and has, therefore, consulted with the Company's major institutional shareholders ahead of the release of this Announcement.

The Placing will be conditional on shareholder approval of a special resolution authorising the allotment of the new ordinary shares on a non-pre-emptive basis. The Company intends to convene a general meeting for the purposes of considering, and if thought fit approving, the special resolution on 6 July 2020 (the “**General Meeting**”).

Proposed placing to strengthen the balance sheet and support the continued delivery of the strategy when conditions normalise

Over the last two completed financial years, STV has demonstrated significant progress in delivering its growth strategy with adjusted operating profit and adjusted earnings per share up 19% and 17% respectively, against a challenging economic backdrop characterised by uncertainty around Brexit. Announced in May 2018, STV's growth strategy has three priorities; to maximise the value of the broadcast business, drive digital growth by creating an STV for everyone, and build a world class production business. Since then, STV has been transformed into a leaner, more creative, digital-first media company, having:

- A strong new management team
- Overtaken BBC1 to become the biggest peak time TV channel in Scotland
- Modernised and reinvigorated its news operation
- Disposed of the loss-making STV2, and currently in the process of disposing of the non-core asset STV ELM (Lottery)
- Delivered £2.5 million in cost savings
- Reinforced STV's advertising market leadership through its innovative Growth Fund (regional revenue +42%)
- Grown digital rapidly (digital revenue +60%)
- Invested in and strengthened STV's creative pipeline
- Embedded an entrepreneurial and creative culture

STV's FY19 results were announced on 10 March 2020 and at that point there had been little effect on the business from COVID-19. Since then the economic impact of the Government's lockdown measures has been significant, and STV has responded proactively to maximise cash and save costs. Cost savings of approximately £7 million are being implemented through reductions in the regional programme budget, in technology costs and across areas of discretionary expenditure. Additional cash savings of more than £11 million are being effected through reduced capital expenditure, the cancellation of the final dividend in respect of FY19, deferral of the Group's VAT payments, and deferral of the management board's bonuses in respect of FY19. In addition, Management Board and PLC directors have all taken a 25% cut in remuneration and the Group has agreed with the pension scheme trustees to postpone pension contributions payable in Q2 2020 to December 2020.

STV has also increased its bank facilities from £60 million to £80 million, coterminous with the existing facility maturing in June 2022, with a step down of £10 million in March 2022. The net debt to EBITDA ratio covenant will be replaced with a minimum liquidity threshold test when the Group's leverage ratio rises above 3x; at the most recent test date, 31 March 2020, the ratio was 1.33x. This covenant relaxation is now in place, although drawdown under the additional £20m facility is conditional on completion of a successful placing (and therefore shareholder approval of the Placing itself). The interest margin ratchet on the Group's existing facility will be amended to include a 'top end' margin for leverage over 3x with all other existing margin levels remaining the same. Finally, the payment of dividends will be restricted when leverage rises above 2.75x. This is considered a technical restriction since the Board would not in any event be proposing payment of a cash dividend in these circumstances.

Current trading

As previously announced on 26 March 2020, COVID-19 and the associated lockdown affected STV's trading in late Q1 2020 and this has continued into Q2 2020. While the outlook for the remainder of the year remains uncertain, there are signs of modest improvement.

The exceptionally strong viewing performance in Q1 2020 has continued in Q2 2020, with broadcast viewing up 13% and online viewing up 70% year to date, with STV the fastest growing of all the UK's terrestrial broadcasters. STV is experiencing its highest linear viewing share since 2008, and digital viewing has grown by 52% in the last 2 years. This digital success is partly down to new STV Player-exclusive content which now accounts for over a quarter of all digital streams. STV Player will also shortly launch UK-wide on Virgin Media, considerably extending its reach.

Total advertising revenue was down slightly (1%) in Q1 2020 compared to the same period last year. However, in April, and as expected given the economic disruption, total advertising revenue (across national, regional and digital) fell by 42% year on year. In May it improved slightly to 39% down, with June expected to show a further modest improvement. Clearly any significant improvement in total advertising revenue in the second half of the year will depend on the timing and extent of the lifting of the COVID-19 lockdown restrictions. To stimulate advertiser demand as the economy reopens, STV has introduced a range of initiatives, which include a doubling of its successful *Growth Fund* aimed at SMEs in Scotland to £20m, as announced in March 2020. This fund has generated over 400 deals and brought over 170 new advertisers to TV in the last 2 years.

As expected STV Productions' revenue has been significantly impacted by the temporary cessation of filming. However, STV has been working closely with other broadcasters, producers and the UK and Scottish Governments to adopt new guidelines to allow for the safe return of production over the coming weeks. A number of productions, including those produced by STV, will recommence over the summer. Production revenue for FY20 will depend on the pace of this return although profitability for this division is expected to be broadly breakeven, in line with FY19, boosted by the increased demand from broadcasters for archive sales during lockdown.

Scenario planning

The extent and pace of any economic recovery post the easing of the current lockdown remains difficult to determine at this stage. The Group has therefore modelled a range of potential scenarios regarding how its business might perform in different economic contexts.

Whilst the Group believes the advertising market may start to recover in Q4 and return to more normal levels early in 2021, the Group has also modelled a downside scenario. This downside scenario assumes that the current uncertainty persists to the end of 2020, possibly as a consequence of a second spike in the COVID-19 virus, and recovers more slowly in 2021. Both scenarios assume limited activity within the Group's Production business in 2020 and incorporate the benefit from all the previously identified cost and cash mitigations.

Under this downside scenario, the Group's leverage peaks at the end of Q1 2021 with a period of elevated leverage from Q4 2020 to Q3 2021. The Company anticipates its net debt position, including the extended debt facility and placing, will remain within covenanted levels of headroom over the medium term, even in its downside scenario.

The Board believes that the Placing together with the concurrent extensions to the Group's banking facilities will strengthen the balance sheet and ensure it is in a strong position to continue to deliver its successful growth strategy in the medium term, even in its downside scenario outlined above.

Dividend policy

The Board recognises the importance to shareholders of paying a dividend, and while it believes that cancelling the final dividend in respect of 2019 was the right course of action in these exceptional circumstances, the Board's philosophy around the dividend has not changed and it remains committed to paying a progressive dividend which is appropriately covered when conditions allow.

The Board has decided that, while the current focus on cash conservation in the company persists as the full effects of Covid-19 remain uncertain, future dividends will be temporarily replaced by the issuance of new ordinary shares by way of bonus issue to shareholders, with any bonus issue for an interim FY20 dividend not to exceed 783,800 new ordinary shares. The Board's intention is to reintroduce cash dividend payments as soon as market conditions allow.

Directors' participation in the Placing

It is the intention of all of the Directors to participate in the Placing, to an aggregate value of approximately £125,000.

Name	Role	Approximate value of Placing Shares proposed to be acquired
Baroness Ford	Chairman	£11,950
Simon Pitts	Chief Executive	£75,000
Lindsay Dixon	Chief Financial Officer	£20,000
David Bergg	Non executive Director	£4,800
Anne Marie Cannon	Non executive Director	£4,250
Simon Miller	Non executive Director	£5,750
Ian Steele	Non executive Director	£3,700

The participation of Simon Pitts in the Placing constitutes a smaller related party transaction for the purposes of LR 11.1.10R of the Listing Rules.

Details of the Placing and Broker Option

STV is proposing to raise approximately £16.2 million before expenses through the issue of the Placing Shares. The Placing Shares will represent up to 17.99% of the Company's current issued share capital. Pursuant to the Placing the Group intends to issue up to 7,050,665 Placing Shares at a price to be determined following the Bookbuild. Approximately 5 per cent of the new Ordinary Shares that will be allocated pursuant to the Placing will be subject to clawback to satisfy allocations made pursuant to a broker option of new Ordinary Shares which are being offered to institutional and other qualifying investors and with the intention of providing access to the Placing to eligible retail investors. Retail investors should contact their respective stockbrokers directly to seek to have the opportunity to participate in the broker option via their stockbroker. If a stockbroker receives an allocation of Broker Option Shares, such stockbroker will determine whether and how to distribute such shares to its clients in accordance with the stockbroker's own internal policies. Accordingly, there can be no guarantee of any minimum level of participation (or of any participation at all) for such retail investors. Panmure Gordon and Peel Hunt are acting as joint bookrunners in connection with the Placing.

The issue of the Placing Shares, and therefore the Group's access to the £20m banking facility extension, will be conditional, amongst other things, on the passing of a resolution to dis-apply pre-emption rights to allot the Placing Shares at the General Meeting.

The Company intends to publish and send a circular (the "**Circular**") to shareholders convening the General Meeting in connection with the issue of the Placing Shares on 18 June 2020.

A further announcement will be made following the close of the Bookbuild, confirming final details of the Placing.

Enquiries

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The distribution of this Announcement and the offering, placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, Peel Hunt or Panmure Gordon or any of their respective affiliates 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, Peel Hunt and Panmure Gordon to inform themselves about and to observe any such restrictions.

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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 any 'manufacturer' (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities referred to herein have been subject to a product approval process, which has determined that such securities referred to herein 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 securities referred to herein may decline and investors could lose all or part of their investment; the securities referred to herein offer no guaranteed income and no capital protection; and an investment in the securities referred to herein 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. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing.

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 the securities referred to herein. Each distributor is responsible for undertaking its own target market assessment in respect of the securities referred to herein and determining appropriate distribution channels.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (each 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 in the Appendices to this Announcement and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendices to this Announcement.

Where a statement contained in this Announcement is presented on an “adjusted” basis, this means before exceptional items and IAS19. Certain statements contained in this Announcement constitute “forward-looking statements” with respect to the financial condition, performance, strategic initiatives, objectives, results of operations and business of the Company. All statements other than statements of historical facts included in this Announcement are, or may be deemed to be, forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “anticipates”, “estimates”, “projects”, “will”, “may”, “would”, “could” or “should”, or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of the Company's operations. Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results, performance or achievements to differ materially from those projected or implied in any forward-looking statements. The important factors that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, economic and business cycles, the terms and conditions of the Company's financing arrangements, foreign currency rate fluctuations, competition in the Company's principal markets, acquisitions or disposals of businesses or assets and trends in the Company's principal industries. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Announcement may not occur. The forward-looking statements contained in this Announcement speak only as of the date of this Announcement. The Company, its Directors, Peel Hunt and Panmure Gordon each expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law or regulation, the Listing Rules, MAR, the DTRs, the rules of the London Stock Exchange or the FCA.

Any indication in this Announcement of the price at which 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 as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Company, as appropriate, for the current or future years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Company.

Peel Hunt and Panmure Gordon are regulated in the United Kingdom by the FCA. Each of Peel Hunt and Panmure Gordon is acting exclusively for the Company and no one else in connection with the Placing, the content of this Announcement and other matters described in this Announcement. Peel Hunt and Panmure Gordon will not regard any other person as their respective clients in relation to the Placing, the content of this Announcement and other matters described in this Announcement and will not be responsible to anyone (including any placees) other than the Company for providing the protections afforded to their respective clients or for providing advice to any other person in relation to the Placing, the content of this Announcement or any other matters referred to in this Announcement.

In connection with the Placing, each of Peel Hunt and Panmure Gordon and any of their affiliates, acting as investors for their own account, may take up a portion of the shares in the Placing as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references to Placing Shares being offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, Peel Hunt and Panmure Gordon and any of their affiliates acting in such capacity. In addition, Peel Hunt and Panmure Gordon and any of their affiliates may enter into financing arrangements (including swaps) with investors in connection with which Peel Hunt and Panmure Gordon and any of their respective affiliates may from time to time acquire, hold or dispose of shares. Peel Hunt and Panmure Gordon do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

In addition, in the event that Peel Hunt and Panmure Gordon acquire Placing Shares in the Placing, they may co-ordinate disposals of such shares in accordance with applicable law and regulation. Except as required by applicable law or regulation, Peel Hunt and Panmure Gordon do not propose to make any public disclosure in relation to such transactions. 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. 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.

APPENDIX

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR PLACEEES ONLY REGARDING THE PLACING

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EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN NEW ORDINARY SHARES. THE PRICE OF SHARES IN THE COMPANY AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF SHARES.

For the purposes of this Appendix, "**Relevant Bookrunner**" means either of Panmure Gordon or Peel Hunt.

Relevant Persons who are invited to and who choose to participate in the Placing (including in respect of Broker Option Shares), by making (or on whose behalf there is made) an oral or written offer to subscribe for New Ordinary Shares in the Placing (each such person whose participation is accepted by the Relevant Bookrunner in accordance with this Appendix being hereinafter referred to as a "**Placee**" and together, as the "**Placees**"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix. In particular, each such Placee or subscriber represents, warrants and acknowledges that:

1. it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any New Ordinary Shares that are allocated to it for the purposes of its business;
2. in the case of any New Ordinary Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, (i) the New Ordinary Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area ("**EEA**") or to which the Prospectus Regulation otherwise applies other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where New Ordinary Shares have been acquired by it on behalf of persons in any Member State of the EEA other than Qualified Investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
3. it is acquiring the New Ordinary Shares for its own account or is acquiring the New Ordinary Shares for an account with respect to which it has authority to exercise, and is exercising, 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/or
5. it is acquiring the New Ordinary Shares outside the United States in an "offshore transaction" within the meaning, and meeting the requirements of, Regulation S under the Securities Act.

The Company, Panmure Gordon and Peel Hunt will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This Announcement does not constitute an offer, and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for New Ordinary Shares in any jurisdiction in which such offer or solicitation is or may be unlawful. No action has been taken by the Company or the Joint Bookrunners that would permit an offering of such securities or possession or distribution of this document or any other offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required. This Announcement and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Canada, Australia, New

Zealand, Japan or the Republic of South Africa or in any jurisdiction in which such publication or distribution is unlawful. Persons into whose possession this Announcement may come are required by the Company to inform themselves about and to observe any restrictions on transfer of this Announcement. No public offer of securities of the Company is being made in the United Kingdom, the United States or elsewhere.

In particular, the New Ordinary Shares referred to in this Announcement have not been and will not be registered under the Securities Act or any laws of, 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 within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. Furthermore, the New Ordinary Shares have not been recommended by any US federal or state securities commission or regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or confirmed the accuracy or determined the adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The New Ordinary Shares are being offered and sold outside the United States in accordance with Regulation S under the Securities Act.

The New Ordinary Shares will not be lodged with or registered by the Australian Securities and Investments Commission and are not being offered for subscription or sale and may not be directly or indirectly offered, sold, taken up, transferred or delivered in or into Australia or to or for the account or benefit of any person or corporation in (or with a registered address in) Australia. The relevant clearances have not been, and will not be obtained from the Ministry of Finance of Japan and no circular in relation to the New Ordinary Shares has been or will be lodged with or registered by the Ministry of Finance of Japan. The New Ordinary Shares may not therefore be offered, taken up, transferred or sold, directly or indirectly, in or into Japan, its territories and possessions and any areas subject to its jurisdiction or to any resident of Japan. The approval of the South African Exchange Control Authorities has not been, and will not be, obtained in relation to the New Ordinary Shares. The New Ordinary Shares may not therefore be offered, taken up, transferred or sold directly or indirectly in or into South Africa or to a resident of South Africa. The New Ordinary Shares may not be offered, taken up, transferred or sold directly or indirectly in or into Canada or to a resident of Canada.

Any indication in this Announcement of the price at which 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 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 New Ordinary Shares will not be admitted to trading on any stock exchange other than the Main Market of the London Stock Exchange.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

Panmure Gordon, which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company and no-one else in connection with the transactions and arrangements described in this Announcement and will not regard any other person (whether or not a recipient of this Announcement) as a client in relation to the transactions and arrangements described in this Announcement. Panmure Gordon is not responsible to anyone other than the Company for providing the protections afforded to clients of Panmure Gordon or for providing advice in connection with the contents of this Announcement or the transactions and arrangements described herein.

Peel Hunt, which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company and no-one else in connection with the transactions and arrangements described in this Announcement and will not regard any other person (whether or not a recipient of this Announcement) as a client in relation to the transactions and arrangements described in this Announcement. Peel Hunt is not responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt or for providing advice in connection with the contents of this Announcement or the transactions and arrangements described herein.

The Joint Bookrunners are 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 the Joint Bookrunners or for providing advice in relation to the matters described in this Announcement. To the fullest extent permissible by law, none of the Company, the Joint Bookrunners or any of their respective affiliates, agents, directors, officers or employees, shall have any liability to Placees nor shall they owe any Placees fiduciary duties in respect of any claim they may have (or to any other person whether acting on behalf of a Placee or otherwise) under these terms and conditions. In particular, none of the Company, the Joint Bookrunners or any of their respective affiliates, agents, directors, officers or employees shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Bookbuild and the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the New Ordinary Shares to the Placees and neither the Joint Bookrunners nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to the Placees for the failure of the Company to fulfil those obligations.

Details of the Placing

The Joint Bookrunners have entered into the Placing Agreement with the Company under which the Joint Bookrunners have, on the terms and subject to the conditions set out therein, undertaken to use their reasonable endeavours to procure, as agents for the Company, Placees for the Institutional Shares at the Issue Price, of which up to 6,698,132 new Ordinary Shares shall be placed firm and 352,533 new Ordinary Shares shall be placed subject to recall in accordance with the terms of the Broker Option (as detailed below).

In addition, the Company has also granted the Broker Option to the Joint Bookrunners in the event that requests to participate in the Placing are received from institutional investors and certain other investors during the period from the date of this Announcement to 2 p.m. on 19 June 2020.

The Broker Option is exercisable at any time prior to 2 p.m. on 19 June 2020. Any Broker Option Shares issued pursuant to the exercise of the Broker Option will be issued on the same terms and conditions as the Institutional Shares. The Broker Option may only be exercised by the Joint Bookrunners with the prior written consent of the Company (such consent not to be unreasonably withheld or delayed). The maximum number of Broker Option Shares that may be issued pursuant to the exercise of the Broker Option is 352,533. The maximum number of New Ordinary Shares (including Broker Option Shares) that may be issued pursuant to the Placing is 7,050,665.

Directors of the Company shall also be subscribing for 54,515 new Ordinary Shares in the Company.

The Placing Agreement contains customary undertakings and warranties given by the Company to the Joint Bookrunners including as to the accuracy of information contained in this Announcement, to matters relating to the Company and its business and a customary indemnity given by the Company to the Joint Bookrunners in respect of liabilities arising out of or in connection with the Placing.

The Placing is conditional upon Admission becoming effective and shareholder approval being obtained to dis-apply pre-emption rights in respect of the issuance of new ordinary shares in connection with the Placing and the Placing Agreement not being terminated in accordance with its terms.

The New Ordinary Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of the Ordinary Shares after the relevant date of issue of the New Ordinary Shares.

The Company, subject to certain exceptions, has agreed not to offer, issue, lend, sell or contract to sell, consolidate, subdivide, issue options in respect of, enter into any swap or other agreement, or otherwise dispose of or announce an offer or issue of any of its Ordinary Shares or securities exchangeable or convertible into its Ordinary Shares in the period of 120 days from the date of Admission without prior consultation with Panmure Gordon and Peel Hunt.

Application for admission to trading

Application will be made to the London Stock Exchange for Admission. It is expected that settlement of the New Ordinary Shares and Admission will become effective on or around 7 July 2020 and that dealings in the New Ordinary Shares will commence at that time.

Bookbuild

The Joint Bookrunners will today commence the Bookbuilding to determine demand for participation by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing.

The Joint Bookrunners and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

Participation in, and principal terms of, the Placing

1. The Joint Bookrunners will arrange the Placing severally, and not jointly, or jointly and

severally, as bookrunners and agents for and on behalf of the Company.

2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Joint Bookrunners. The Joint Bookrunners shall determine with the Company (each acting in good faith) all matters in respect of the Placing, including the extent of each Placee's participation in the Placing.
3. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any New Ordinary Shares.
4. The final number of New Ordinary Shares to be issued and the issue price per share (the "**Issue Price**") shall be determined by the Joint Bookrunners and the Company in a reasonable manner following completion of the Bookbuild. Subject to the execution of a term sheet, the number of New Ordinary Shares to be issued (and the number of Institutional Shares to be placed firm) and the issue price will be announced through a Regulatory Information Service via a results announcement. The number of Broker Option Shares (if any) to be issued will be announced following the exercise (or expiry) of the Broker Option.
5. To bid in the Bookbuild (or subsequently for Broker Option Shares), Placees should communicate their bid by telephone or in writing to their usual sales contact at the Joint Bookrunners. Each bid should state the number of New Ordinary Shares which the prospective Placee wishes to acquire at the Issue Price. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph 9 below. The Joint Bookrunners are arranging the Placing as agents of the Company.
6. A bid in the Bookbuild (or subsequently for Broker Option Shares) will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with the Joint Bookrunners' consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee's obligations will be owed to the Company and the Joint Bookrunners.
7. The Bookbuild is expected to close by 18 June 2020 but may be closed earlier or later at the absolute discretion of the Joint Bookrunners. The Joint Bookrunners may, in agreement with the Company, accept bids that are received after the Bookbuild has closed. The Company reserves the right (upon the agreement of the Joint Bookrunners) to reduce or seek to increase the amount to be raised pursuant to the Placing.
8. Each prospective Placee's allocation (including in respect of Broker Option Shares) will be determined by the Joint Bookrunners after consultation with the Company (each acting in good faith) and if successful will be confirmed to it either orally or in writing by Panmure Gordon or Peel Hunt following the close of the Bookbuild (or exercise of the Broker Option in respect of Broker Option Shares). Oral or written confirmation from the Joint Bookrunners to such Placee confirming its allocation will constitute an irrevocable legally binding commitment upon such Placee in favour of the Joint Bookrunners and the Company to acquire the number of New Ordinary Shares allocated to it on these terms and conditions. The terms of this Appendix will be deemed incorporated by reference therein. Each Placee's allocation and commitment

together with settlement arrangements will be confirmed by a Contract Note issued to such Placee by one of the Joint Bookrunners in due course.

9. Subject to paragraphs 8 and 10 above, the Joint Bookrunners may choose to accept bids, either in whole or in part, on the basis of allocations determined in agreement with the Company (each acting in good faith), and may scale down any bids for this purpose on such basis as they may determine. The Joint Bookrunners may also, notwithstanding paragraphs 8 and 10 above, subject to the prior consent of the Company (i) allocate New Ordinary Shares after the time of any initial allocation to any person submitting a bid after that time; and/or (ii) allocate New Ordinary Shares after the Bookbuild has closed to any person submitting a bid after that time. The acceptance of offers shall be at the absolute discretion of the Joint Bookrunners and the Company.
10. Except as required by law or regulation, no press release or other announcement will be made by the Joint Bookrunners or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
11. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Company and the Joint Bookrunners, to pay in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out below, an amount equal to the product of the Issue Price and the number of New Ordinary Shares such Placee has agreed to take up and the Company has agreed to allot.
12. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all New Ordinary Shares to be acquired pursuant to the Placing will be required to be made at the times and on the basis explained below under "Registration and Settlement".
13. All obligations under the Bookbuild and Placing will be subject to fulfilment or (where applicable) waiver of, amongst other things, the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
14. By participating in the Bookbuild, 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.

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 Joint Bookrunners' obligations under the Placing Agreement are conditional on, inter alia:

- (a) the publication by the Company of certain announcements through a Regulatory Information Service;
- (b) the Company allotting, subject only to Admission, the New Ordinary Shares in accordance with the Placing Agreement;

- (c) Admission taking place not later than 8.00 a.m. on 7 July 2020;
- (d) the Company and the Joint Bookrunners entering into a term sheet in accordance with the Placing Agreement and following the completion of the Bookbuild recording the agreed number of New Ordinary Shares and the Issue Price;
- (e) the publication of the Circular and its posting to the Company's shareholders;
- (f) the passing of the special resolution at the General Meeting by no later than 6 July 2020; and
- (g) none of the warranties being untrue, inaccurate or misleading at the date of the Placing Agreement or having ceased to be true and accurate or having become misleading at any time following the date of the Placing Agreement and up to and including the time of Admission with reference to the facts and circumstances which shall then exist.

The Joint Bookrunners' obligations under the Placing Agreement are also conditional on, inter alia, in the opinion of the Joint Bookrunners (acting in good faith), there not having occurred since the date of the Placing Agreement no development or event (or any development or event involving a prospective change of which the Company or either of the Joint Bookrunners are aware) whether or not foreseeable at the date of the Placing Agreement which will or is likely to have a material adverse effect on the condition (financial or otherwise), prospects, management, results of operations, financial position, business or general affairs of the Group.

If (i) any of the conditions contained in the Placing Agreement are not fulfilled or waived by both of the Joint Bookrunners in writing by the time or date where specified, or (ii) the Placing Agreement is terminated as described below, the Placing will lapse and the Placees' rights and obligations hereunder in relation to the New Ordinary Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Each Joint Bookrunner may, in its absolute discretion, waive the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement, save that the condition relating to Admission taking place, and the time by which this must occur, may not be waived or extended and the period for compliance with all other such conditions may be extended to such later date as the Joint Bookrunners may agree. Any such waiver will not affect Placees' commitments as set out in this Announcement.

None of Panmure Gordon, Peel Hunt or the Company, nor any of their respective affiliates, agents, directors, officers or 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 they 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 Panmure Gordon, Peel Hunt and the Company.

Right to terminate under the Placing Agreement

Panmure Gordon and/or Peel Hunt are entitled in their absolute discretion, at any time

before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, inter alia:

- (a) where there has been a material breach by the Company of any of its obligations under the Placing Agreement (to the extent such obligations fail to be performed prior to Admission);
- (b) where there has been a material breach of any of the warranties, representations, undertaking or other obligations on the part of the Company;
- (c) in the opinion of either of the Joint Bookrunners (acting in good faith), there has been a development or event (or any development or event involving a prospective change of which the Company is aware) whether or not foreseeable at the date of this agreement which will or is likely to have a material adverse effect on or affecting the operations, the condition (financial or otherwise), prospects, management, results of operations, financial position, business or general affairs of the Company or the Group respectively; or
- (d) there has been a change in national or international financial, political, economic or stock market conditions (primary or secondary); an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law, material escalation in the response to the Covid-19 pandemic, or any other calamity or crisis; a suspension or material limitation in trading of securities generally on any stock exchange; any change in currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption in commercial banking, in each case as would be likely in the opinion of either of the Joint Bookrunners (acting in good faith) to make it impractical to enforce contracts for the sale of the New Ordinary Shares.

The rights and obligations of the Placees shall terminate only in the circumstances described in this Appendix and in the Placing Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by either Joint Bookrunner of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of that Joint Bookrunner, and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or decision not to exercise. Placees will have no rights against Panmure Gordon, Peel Hunt, the Company or any of their respective directors or employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

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 and the Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix), the announcement of the results of the Bookbuild 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 the Joint Bookrunners or any other person other than the Publicly Available Information and none of the Joint Bookrunners 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

Settlement of transactions in the New Ordinary Shares (ISIN: GB00B3CX3644) following Admission will take place within CREST provided that, subject to certain exceptions, the Joint Bookrunners reserve the right to require settlement for, and delivery of, the New Ordinary Shares (or a portion thereof) to Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

Following the close of the Bookbuild (or otherwise, in respect of Broker Option Shares, following exercise of the Broker Option), each Placee allocated New Ordinary Shares in the Placing will be sent a Contract Note stating the number of New Ordinary Shares allocated to it at the Issue Price, the aggregate amount owed by such Placee to the Relevant Bookrunner (as agent for the Company) and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the CREST or certificated settlement instructions that it has in place with the Relevant Bookrunner.

It is expected that settlement in respect of the New Ordinary Shares will be on 7 July 2020 following shareholder approval of the resolution proposed at the General Meeting of the Company and in accordance with the instructions set out in the Contract Note and in accordance with the instructions given by the Joint Bookrunners.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Joint Bookrunners.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Joint Bookrunners may sell any or all of the New Ordinary Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Joint Bookrunners' account and benefit (as agents for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable and shall indemnify each Joint Bookrunner (as agents for the Company) on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such New Ordinary Shares on such Placee's behalf. By communicating a bid for New Ordinary Shares, each Placee confers on the Joint Bookrunners all such

authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which each Joint Bookrunner lawfully takes in pursuance of such sale.

If New Ordinary Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the Contract Note is copied and delivered immediately to the relevant person within that organisation.

Insofar as New Ordinary 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 New Ordinary Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations, warranties and further terms

By submitting a bid and/or participating in the Placing each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to the Company and the Joint Bookrunners, namely that, each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read and understood the Announcement, including this Appendix, in its entirety and that its participation in the Bookbuild and the Placing and its subscription for New Ordinary Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and not in reliance on any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Company, the Placing, the New Ordinary Shares or otherwise, other than the information contained in this Announcement, and undertakes not to redistribute or duplicate this Announcement or any part of it;
2. acknowledges that no offering document, admission document or prospectus has been prepared in connection with the Bookbuild or the Placing and represents and warrants that it has not received and will not receive a prospectus, admission document or other offering document in connection therewith;
3. acknowledges that the Ordinary Shares are (and New Ordinary Shares will be) are admitted to the Official List and to trading on the Main Market, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the Main Market and applicable legislation 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 Main Market listed company, without undue difficulty;
4. acknowledges that none of the Joint Bookrunners, the Company, any of their respective affiliates or any person acting on behalf of any of them has provided it, and will not provide it, with any material regarding the New Ordinary Shares or the Company other than this Announcement; nor has it requested any of the Joint Bookrunners, the Company, their respective affiliates or any person acting on behalf of

any of them to provide it with any such material or information;

5. acknowledges that neither of the Joint Bookrunners nor any of their respective affiliates, agents, directors, officers and employees accept any responsibility for any acts or omissions of the Company or any of the directors of the Company or any other person (other than the relevant Joint Bookrunner) in connection with the Placing;
6. acknowledges that the content of this Announcement and the Placing Documents are exclusively the responsibility of the Company, and that none of the Joint Bookrunners, their respective affiliates, agents, directors, officers or employees, or any person acting on its or their behalf has or shall have any liability for any information, representation or statement contained in this Announcement, the Placing Documents or any information previously or concurrently published by or on behalf of the Company, and will not be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement or the Placing Documents or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the New Ordinary Shares is contained in this Announcement and the Placing Documents, such information being all that such Placee deems necessary to make an investment decision in respect of the New Ordinary Shares and that it has neither received nor relied on any other information given or representations, warranties or statements (express or implied) made by any of the Joint Bookrunners, the Company or any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them, or, if received, it has not relied upon any such information, representations, warranties or statements (including any management presentation that may have been received by any prospective Placee or any material prepared by the Research Department of either Joint Bookrunner (the views of such Research Departments not representing and being independent from those of the Company and the Corporate Finance Departments of the Joint Bookrunners and not being attributable to the same)), and neither Joint Bookrunner, nor the Company, will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it may not place the same degree of reliance on this Announcement as it may otherwise place on a prospectus or admission document. Each Placee further acknowledges and agrees that it has relied solely on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing and it will not rely on any investigation that the Joint Bookrunners, their affiliates, agents, directors, officers or employees or any other person acting on their behalf has or may have conducted;
7. represents and warrants that it has neither received nor relied on any 'inside information' as defined in the Market Abuse Regulation ((Regulation 596/2014/EU) concerning the Company in accepting this invitation to participate in the Placing;
8. acknowledges that the Joint Bookrunners do not have any duties or responsibilities to it, or its clients, similar or comparable to the duties of "best execution" and "suitability" imposed by the Conduct of Business Sourcebook in the FCA's Handbook of Rules and

Guidance and that the Joint Bookrunners are not acting for it or its clients and that the Joint Bookrunners will not be responsible for providing protections to it or its clients;

9. acknowledges that none of the Joint Bookrunners, their respective affiliates, agents, directors, officers or employees, or any person acting on behalf of them has or shall have any liability for the Placing Documents, 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;
10. neither of the Joint Bookrunners, their ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective affiliates, agents, directors, officers or employees shall be liable to Placees for any matter arising out of the Joint Bookrunners' roles as placing agent or otherwise in connection with the Placing and that where any such liability nevertheless arises as a matter of law each Placee will immediately waive any claim against any of such persons which you may have in respect thereof;
11. it is subscribing for the New Ordinary Shares for its own account or for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the acknowledgements, representations and agreements contained in this Announcement;
12. it is acting as principal only in respect of the Placing or, if it is acting for any other person, it is (i) duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person; and (ii) will remain liable to the Company and/or the Joint Bookrunners 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);
13. it irrevocably appoints any duly authorised officer of each Joint Bookrunner 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 New Ordinary Shares for which it agrees to subscribe for upon the terms of this Announcement;
14. acknowledges that the New Ordinary Shares are being offered and sold only pursuant to Regulation S under the Securities Act in a transaction not involving a public offering of securities in the United States and the New Ordinary Shares have not been and will not be registered under the Securities Act or with any state or other jurisdiction of the United States, nor approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, and that the offer and sale of the New Ordinary Shares to it has been made outside of the United States in an "offshore transaction" (as such term is defined in Regulation S under the Securities Act) and agrees not to reoffer, resell, pledge or otherwise transfer the New Ordinary Shares except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and otherwise in accordance with any applicable securities laws of any state or jurisdiction of the United States; therefore, it agrees that it will not offer, sell,

pledge or otherwise transfer any New Ordinary Shares in the United States unless and until the New Ordinary Shares are registered under the US Securities Act (which it acknowledges the Company has no obligation to do) or unless the New Ordinary Shares are offered, sold, pledged or transferred in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the laws of any state or other jurisdiction of the United States;

15. represents and warrants that neither it, nor the beneficial owner if different of such New Ordinary Shares, will be a resident of Canada, Australia, New Zealand, Japan or the Republic of South Africa;
16. acknowledges and agrees that the relevant clearances have not been and will not be obtained from the securities commission of any province of Canada and that the New Ordinary Shares have not been and will not be registered under the securities legislation of Australia, New Zealand, Japan or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;
17. represents and warrants that the issue to it, or the person specified by it for registration as holder, of New Ordinary Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the New Ordinary Shares are not being acquired in connection with arrangements to issue depository receipts or to transfer New Ordinary Shares into a clearance system;
18. represents and warrants that: (i) it is aware of and has complied with its obligations under the Criminal Justice Act 1993 and the Market Abuse Regulation (Regulation 596/2014/EU); (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any related rules, regulations or guidelines issued, administered or enforced by any government agency having jurisdiction in respect thereof; and (iii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (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 and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to each Joint Bookrunner such evidence, if any, as to the identity or location or legal status of any person which the Joint Bookrunners may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the

form and manner requested by the Joint Bookrunners on the basis that any failure by it to do so may result in the number of New Ordinary Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Joint Bookrunners may decide in their sole discretion;

19. if a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, represents and warrants that the New Ordinary 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 European Economic Area or to which the Prospectus Regulation otherwise applies other than Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale;
20. represents and warrants that it has not offered or sold and will not offer or sell any New Ordinary Shares to persons in the European Economic Area prior to 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 in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Regulation (including any relevant implementing measure in any member state);
21. represents and warrants that it has only communicated or caused to be communicated and 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 the New Ordinary Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
22. represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Ordinary Shares in, from or otherwise involving, the United Kingdom;
23. if in a Member State of the European Economic Area, unless otherwise specifically agreed with the Joint Bookrunners in writing, represents and warrants that it is a Qualified Investor within the meaning of the Prospectus Regulation;
24. if in the United Kingdom, represents and warrants that it is a person (i) who has professional experience in matters relating to investments falling within Article 19(1) of Order; or (ii) falling within Article 49(2)(A) to (D) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order; or ((iii) to whom this Announcement may otherwise be lawfully communicated;
25. represents and warrants that it and any person acting on its behalf is entitled to acquire the New Ordinary Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities and taken any other necessary actions to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) and will honour such obligations;

26. where it is acquiring New Ordinary Shares for one or more managed accounts, represents and warrants that it is authorised in writing by each managed account: (a) to acquire the New Ordinary Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Announcement of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by either of the Joint Bookrunners;
27. it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook;
28. undertakes that it (and any person acting on its behalf) will make payment for the New Ordinary Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant New Ordinary Shares may be placed with other subscribers or sold as the Joint Bookrunners may in their sole discretion determine and without liability to such Placee and it will remain liable and will indemnify the Joint Bookrunners on demand for any shortfall below the net proceeds of such sale and the placing proceeds of such New Ordinary Shares and may be required to bear the liability for any stamp duty or stamp duty reserve tax or security transfer tax (together with any interest or penalties due pursuant to or referred to in these terms and conditions) which may arise upon the placing or sale of such Placee's New Ordinary Shares on its behalf;
29. its allocation (if any) of New Ordinary Shares will represent a maximum number of New Ordinary Shares which it will be entitled, and required, to acquire, and that the Joint Bookrunners may call upon it to acquire a lower number of New Ordinary Shares (if any), but in no event in aggregate more than the aforementioned maximum;
30. acknowledges that none of the Joint Bookrunners, any of their affiliates, or 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 treated for these purposes as a client of either Joint Bookrunner and that neither Joint Bookrunner has any duties or responsibilities to it for providing the protections afforded to their clients or customers 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 their rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
31. undertakes that the person whom it specifies for registration as holder of the New Ordinary Shares will be (i) itself or (ii) its nominee, as the case may be. Neither of the Joint Bookrunners, 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 participate in the Placing and it agrees to indemnify the Company and the Relevant Bookrunner in respect of the same on the basis that the New Ordinary Shares will be allotted to the CREST stock accounts of the Joint Bookrunners who will hold them as nominee on

- behalf of such Placee until settlement in accordance with its standing settlement instructions;
32. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreement shall be governed by and construed in accordance with the laws of England and Wales 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 (including non-contractual matters) arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the New Ordinary Shares (together with any interest chargeable thereon) may be taken by the Company or either Joint Bookrunner 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;
 33. acknowledges that time shall be of the essence as regards to obligations pursuant to this Appendix;
 34. agrees that the Company, the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Joint Bookrunners on their own behalf and on behalf of the Company and are irrevocable and are irrevocably authorised to produce this Announcement or a copy thereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby;
 35. agrees to indemnify on an after-tax basis and hold the Company, the Joint Bookrunners and their respective affiliates 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 in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;
 36. acknowledges that no action has been or will be taken by any of the Company, the Joint Bookrunners or any person acting on behalf of the Company or the Joint Bookrunners that would, or is intended to, permit a public offer of the New Ordinary Shares in any country or jurisdiction where any such action for that purpose is required;
 37. acknowledges that it is an institution that has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the New Ordinary Shares. It further acknowledges that it is experienced in investing in securities of this nature and in this sector and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are 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 associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
 38. acknowledges that its commitment to subscribe for New Ordinary Shares on the terms

set out herein and in the Contract Note will continue notwithstanding any amendment that may in future be made to the terms 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 conduct of the Placing;

39. in connection with the Placing, the Joint Bookrunners and any of their affiliates acting as an investor for its own account may subscribe for New Ordinary Shares in the Company and in that capacity may retain, purchase or sell for its own account such New Ordinary Shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing and the Joint Bookrunners do not intend to disclose the extent of any investment otherwise than in accordance with any legal or regulatory obligation to do so. Accordingly, references in this Announcement to the New Ordinary Shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to each of the Bookrunners or any of their affiliates acting in such capacity;
40. represents and warrants that, if it is a pension fund or investment company, its purchase of New Ordinary Shares is in full compliance with all applicable laws and regulation; and
41. to the fullest extent permitted by law, it acknowledges and agrees to the disclaimers contained in the Announcement including this Appendix.

The representations, warranties, acknowledgments and undertakings contained in this Appendix are given to the Joint Bookrunners and the Company and are irrevocable and shall not be capable of termination in any circumstances.

The agreement to allot and issue New Ordinary Shares (and/or to persons for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the New Ordinary Shares in question. Such agreement assumes that the New Ordinary Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the New Ordinary Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the New Ordinary Shares, stamp duty or stamp duty reserve tax may be payable, for which none of the Company or the Joint Bookrunners will be responsible, and the Placee to whom (or on behalf 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 New Ordinary Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Bookrunners in the event that any of the Company or the Joint Bookrunners has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Joint Bookrunners 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 subscription by them of any New Ordinary Shares or the agreement by them to subscribe for any New Ordinary Shares.

Each Placee, and any person acting on behalf of the Placee, acknowledges that neither Joint Bookrunner owes any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that the Joint Bookrunners, or any of their affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the New Ordinary Shares.

When a Placee or person acting on behalf of the Placee is dealing with the Joint Bookrunners, any money held in an account with either Joint Bookrunner 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 rules and regulations of the FCA made under the FSMA. The 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 Relevant Bookrunner's money in accordance with the client money rules and will be used by the Relevant Bookrunner in the course of its own business and the Placee will rank only as a general creditor of the Relevant Bookrunner.

All times and dates in this Announcement may be subject to amendment. The Joint Bookrunners shall notify the Placees and any person acting on behalf of the Placees of any changes.

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

DEFINITIONS

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

'Act' means the Companies Act 2006, as amended from time to time;

'Admission' means the admission of all the New Ordinary Shares (including such number of Broker Option Shares as may be subscribed for) to trading on the Main Market;

'Announcement' means this announcement (including the appendix to this announcement);

'Bookbuild' means the accelerated bookbuild process to be conducted to establish the demand for the Institutional Shares and the Issue Price;

'Broker Option' means the option granted by the Company to the Joint Bookrunners to allow each of them to require the Company to allot Broker Option Shares to Placees, pursuant to the terms of the Placing Agreement;

'Broker Option Shares' means up to 352,533 new Ordinary Shares to be subscribed for at the Issue Price, to the extent that the Broker Option is exercised;

'Business Day' means any day on which banks are generally open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday;

'Circular' means the circular of the Company giving details of the Placing and incorporating the notice of General Meeting;

'Company' means STV Group plc;

'Contract Note' means the trade confirmation to be sent to each Placee stating the number of New Ordinary Shares allocated to it at the Issue Price, the aggregate amount owed by such Placee to the Relevant Bookrunner (as agent for the Company) and settlement instructions;

'CREST' means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations);

'CREST Regulations' means the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time;

'Directors' or **'Board'** means the directors of the Company as at the date of this Announcement;

'FCA' means the Financial Conduct Authority of the United Kingdom;

'FSMA' means the Financial Services and Markets Act 2000 (as amended);

'General Meeting' means the general meeting of the shareholders of the Company to be convened and held to pass the proposed resolutions;

'Institutional Shares' means the up to 7,050,665 new Ordinary Shares which are to be issued to Placees pursuant to the Placing but excluding any such Ordinary Shares which are subscribed for any the Broker Option;

'Issue Price' means the price per New Ordinary Share determined by the Joint Bookrunners and the Company following completion of the Bookbuild;

'Joint Bookrunners' means, together, Panmure Gordon and Peel Hunt;

'London Stock Exchange' means London Stock Exchange plc;

'Main Market' means the main market of the London Stock Exchange;

'New Ordinary Shares' means, together, the Institutional Shares and the Broker Option Shares;

'Official List' means the official list of the FCA;

'Ordinary Shares' means the ordinary shares of 50 pence each in the capital of the Company;

'Panmure Gordon' means Panmure Gordon (UK) Limited, registered in England and Wales with company registration number 04915201, whose registered office is at One New Change, London EC4M 9AF;

'Peel Hunt' means Peel Hunt LLP, registered in England and Wales with company registration number OC357088, whose registered office is at Moor House, 120 London Wall, London EC2Y 5ET;

'Placing' means the placing by the Joint Bookrunners on behalf of the Company of the Institutional Shares and, if the Broker Option is exercised, Broker Option Shares, pursuant to the Placing Agreement;

'Placing Agreement' means the placing agreement between the Company and the Joint Bookrunners dated 17 June 2020 in respect of the Placing;

'Placing Documents' means this Announcement, the announcement of the results of the Bookbuild and the announcement of the results of the Broker Option;

'Prospectus Regulation' means Regulation (EU) 2017/1129;

'Regulatory Information Service' means any of the services set out in Appendix 3 of the Listing Rules;

'Securities Act' means the US Securities Act of 1933, as amended;

'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.