

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolutions to be voted on at the General Meeting of the Company to be held at finnCap Ltd. ("finnCap"), 60 New Broad Street, London EC2M 1JJ at 11.30 a.m. on 4 May 2017. If you are in any doubt about the contents of this document or what action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, please forward this document and the accompanying Form of Proxy for use in relation to the General Meeting as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted into any jurisdiction where such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Existing Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was made.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on or around 5 May 2017.

AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consulting with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.



ZOO Digital Group plc

(Incorporated and registered in England and Wales with registered no. 03858881)

Proposed Placing of 28,388,889 New Ordinary Shares at 9 pence per share

Proposed Subscription of 222,222 New Ordinary Shares at 9 pence per share

Proposed Capitalisation of loan stock and a loan into 12,222,223 New Ordinary Shares at 9 pence per share

Extension and amendment of convertible loan stock instruments

**Subdivision of the Existing Ordinary Shares into Ordinary Shares and Deferred Shares
and**

Notice of General Meeting

Nominated Adviser and Broker:



Your attention is drawn to the letter from the Chairman of the Company which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. You should read this document in its entirety and consider whether to vote in favour of the Resolutions to be proposed at the General Meeting in light of all the information contained in this document.

Notice of a General Meeting of ZOO Digital Group plc to be held at **finnCap Ltd., 60 New Broad Street, London EC2M 1JJ** at 11.30 a.m. on 4 May 2017 is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is also enclosed with this document. The Form of Proxy should be completed and returned to the Company's Registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR in accordance with the

instructions printed on it as soon as possible and, in any event, so as to be received no later than 48 hours (excluding non-working days) prior to the General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

This document does not constitute an offer to the public within the meaning of section 85 and 102B of FSMA and accordingly is not a prospectus and neither does it constitute an admission document drawn up in accordance with the AIM Rules.

finnCap, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company. The responsibilities of finnCap as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, shareholder or any other person, in respect of his or her decision to acquire shares in the Company in reliance on any part of this document, or otherwise. finnCap makes no representation or warranty, express or implied, as to the contents of this document. finnCap will not be offering advice and will not be responsible for providing customer protections to recipients of this document in respect of the Placing, the Subscription or any acquisition of shares in the Company.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The offer, sale and/or issue of the New Ordinary Shares has not been, and will not be, qualified for sale under any applicable securities laws of the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland, New Zealand or Japan. The New Ordinary Shares may not be offered, sold or delivered within the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland, New Zealand or Japan, or to, or for the benefit of, any national, resident or citizen of the United States, Australia, Canada, the Republic of South Africa, the Republic of Ireland, New Zealand or Japan. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) ("**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon, or endorsed the merits of, the Placing or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. There will be no public offer of the New Ordinary Shares in the United States or elsewhere. Copies of this document will be available free of charge until 5 May 2017 at the Company's registered office, 7th Floor, Citygate, St. Mary's Gate, Sheffield, S1 4LW, during normal business hours.

Cautionary note regarding forward-looking statements

This document contains statements about the Company that are or may be deemed to be "forward-looking statements".

All statements, other than statements of historical facts, included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements may include, without limitation, statements relating to future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, etc.

These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual result, performance or achievements of any such person, or industry, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the City Code on Takeovers and Mergers, the Prospectus Rules made by the UKLA and/or FSMA, the Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

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DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Roger Jeynes, <i>Chairman</i> Dr Stuart Green, <i>Chief Executive Officer</i> Helen Gilder, <i>Chief Finance Officer</i> Gordon Doran, <i>Commercial Director</i>
Company Secretary	Helen Gilder
Registered Office	ZOO Digital Group plc 7th Floor Citygate St. Mary's Gate Sheffield S1 4LW
Nominated Adviser and Broker	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Legal Advisers to the Company	DLA Piper UK LLP 1 St Paul's Place Sheffield S1 2JX
Legal Advisers to finnCap	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR

EXPECTED TIMETABLE OF EVENTS

Announcement of the Proposals	7.00 a.m. on 18 April 2017
Latest time for receipt of Forms of Proxy	11.30 a.m. on 2 May 2017
General Meeting	11.30 a.m. on 4 May 2017
Record date for the Subdivision	Close of business on 4 May 2017
Subdivision effective	Close of business on 4 May 2017
Admission and commencement of dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 5 May 2017
CREST accounts expected to be credited	5 May 2017
Definitive share certificates to be dispatched by	15 May 2017

Each of the times and dates above is a reference to the time and date in the UK and is subject to change. Any such change will be notified by an announcement on a Regulatory Information Service.

ADMISSION AND PLACING STATISTICS

Total number of Existing Ordinary Shares	32,660,660
Number of Placing Shares	28,388,889
Number of Subscription Shares to be issued pursuant to the Subscription	222,222
Number of Capitalisation Shares to be issued pursuant to the Capitalisation	12,222,223
Number of New Ordinary Shares as a percentage of the Enlarged Share Capital*	55.56 per cent.
Placing Price	9 pence
Enlarged Share Capital*	73,493,994
Gross proceeds of the Placing and Subscription	£2.58 million
Market capitalisation of the Company on Admission at the Placing Price	£6.61 million
ISIN before and after Admission	GB00B1FQDL10
SEDOL before and after Admission	B1FQDL1

* Assuming no further ordinary shares are issued prior to the date of the General Meeting and Subdivision.

DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy unless the context requires otherwise:

“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers (each as amended from time to time)
“Articles”	the articles of association of the Company in force as at the date of this document
“Board” or “Directors”	the directors of the Company whose names are set out on page 4 of this document
“Business Day”	any day on which banks are usually open in England and Wales for the transaction of business, other than a Saturday, Sunday or public holiday
“Capitalisation”	the CLN3 Capitalisation and the SG Loan Capitalisation
“Capitalisation Agreements”	the CLN3 Capitalisation Agreement and the SG Loan Capitalisation Agreement
“Capitalisation Shares”	the 12,222,223 New Ordinary Shares to be issued in relation to the Capitalisation
“Companies Act”	the Companies Act 2006 (as amended from time to time)
“Company”	ZOO Digital Group plc, a company incorporated and registered in England and Wales with company number 03858881
“CLN Instruments”	the CLN1 Instrument, the CLN2 Instrument and the CLN3 Instrument
“CLN1”	the £3,541,000 unsecured convertible redeemable loan stock (of which £1,770,500 remains in issue), with a fixed interest rate of 7.5 per cent., a maturity date of 31 October 2017 and a conversion price of 48 pence
“CLN1 Instrument”	the loan stock instrument dated 1 September 2006, as amended by deeds dated 6 September 2011 and 31 October 2013 constituting CLN1
“CLN2”	the £800,000 unsecured convertible redeemable loan stock with a fixed interest rate of 7.5 per cent., a maturity date of 31 October 2017 and a conversion price of 48 pence
“CLN2 Instrument”	the loan stock instrument dated 21 November 2014 constituting CLN2
“CLN3”	the £500,000 unsecured convertible redeemable loan stock with a fixed interest rate of 7.5 per cent., a maturity date of 31 October 2017 and a conversion price of 48 pence

“CLN3 Accrued Interest”	the outstanding accrued interest on CLN3 from time to time
“CLN3 Capitalisation”	the capitalisation of the whole of CLN3 into New Ordinary Shares at the Placing Price, on the terms of the CLN3 Capitalisation Agreement
“CLN3 Capitalisation Agreement”	the conditional capitalisation agreement dated 18 April 2017 between (i) Herald and (ii) the Company in relation to the capitalisation of the whole of CLN3 into New Ordinary Shares at the Placing Price
“CLN3 Instrument”	the loan stock instrument dated 17 December 2015 constituting CLN3
“Convertible Loan Notes” or “CLNs”	together, CLN1, CLN2 and CLN3
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“Deferred Shares”	the deferred shares of 14 pence each in the capital of the Company which will be created as a result of the Subdivision
“Enlarged Share Capital”	the Company’s issued ordinary share capital immediately after the completion of the Proposals
“Existing Ordinary Shares”	the existing ordinary shares of 15 pence each in the capital of the Company at the date of this document
“Extensions”	the extension and variation to the terms of the CLN1 Instrument and the CLN2 Instrument such that CLN1 and CLN2 are to be extended and become redeemable on 31 October 2020 and effective from Admission, further details of which are set out in paragraph 4.4 of Part 1 of this document
“finnCap”	finnCap Ltd, 60 New Broad Street, London, EC2M 1JJ
“Form of Proxy”	the form of proxy attached to this document for use by Shareholders in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time)
“GM” or “General Meeting”	the general meeting of the Company to be held at finnCap, 60 New Broad Street, London, EC2M 1JJ at 11.30 a.m. on 4 May 2017, notice of which is set out in Part 2 of this document
“Group”	the Company and its subsidiaries
“Herald”	Herald Investment Trust plc (including where applicable its nominee, BNY (OCS) Nominees Limited, and/or Herald Investment Management Limited)
“Independent Directors”	the Directors other than Stuart Green and Roger Jeynes
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Ordinary Shares to be issued in connection with the Placing, the Subscription and the Capitalisation

“Ordinary Shares”	ordinary shares of one penny each in the capital of the Company which will be created as a result of the Subdivision
“Placing Agreement”	the conditional placing agreement dated 18 April 2017 between finnCap and the Company, details of which are set out in section 4.1 of Part 1 of this document
“Placing”	the proposed placing by finnCap, as agents for the Company, of the Placing Shares at the Placing Price on the terms of the Placing Agreement
“Placing Price”	9 pence per New Ordinary Share
“Placing Shares”	28,388,889 New Ordinary Shares to be issued pursuant to the Placing
“Proposals”	together the Placing, Subscription, Capitalisation, Subdivision and Extensions
“Registrars”	Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the notice of General Meeting contained in Part 2 of this document
“SG Capitalisation”	the capitalisation of the whole of the SG Loan into New Ordinary Shares at the Placing Price, on the terms of the SG Loan Capitalisation Agreement
“SG Loan”	the £600,000 secured loan to the Company made by Sara Green, the wife of Stuart Green, bearing an interest rate of 10 per cent.
“SG Loan Accrued Interest”	the outstanding accrued interest on the SG Loan from time to time
“SG Loan Agreement”	the loan agreement in relation to the SG Loan between Sara Green and the Company on 31 January 2013 for £200,000, as amended with effect from 19 November 2013 to extend the loan to £600,000
“SG Loan Capitalisation Agreement”	the conditional capitalisation agreement dated 18 April 2017 between (i) Sara Green and (ii) the Company in relation to the capitalisation of the whole of the SG Loan into New Ordinary Shares at the Placing Price
“Shareholders”	holders of Existing Ordinary Shares at the date of this document
“Subdivision”	the share capital subdivision to be proposed pursuant to Resolutions 1 and 2 in the Resolutions whereby, if such Resolutions are approved by Shareholders, each Existing Ordinary Share will be subdivided into one Ordinary Share and one Deferred Share
“Subscription”	the conditional share subscription by Roger Jaynes described in section 4.5 of Part 1 of this document
“Subscription Shares”	222,222 New Ordinary Shares to be issued to Roger Jaynes pursuant to the Subscription

“Subscription Agreement”	the subscription agreement described in section 4.5 of Part 1 of this document
“UK” or “the United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Conduct Authority, acting through the United Kingdom Listing Authority, in its capacity as the competent authority for the purposes of Part VI of FSMA

All references in this document to “£”, “pence” or “p” are to the lawful currency of the United Kingdom, all references to “US\$” or “\$” are to the lawful currency of the United States.

PART 1

LETTER FROM THE CHAIRMAN

ZOO Digital Group plc

(Incorporated and registered in England and Wales with registered no. 03858881)

Directors:

Roger Jeynes, *Chairman*
Dr Stuart Green, *Chief Executive Officer*
Helen Gilder, *Chief Finance Officer*
Gordon Doran, *Commercial Director*

Registered office:

7th Floor
Citygate
St. Mary's Gate
Sheffield
S1 4LW

18 April 2017

To all Shareholders, and for information only, holders of options over Existing Ordinary Shares and holders of the SG Loan and Convertible Loan Notes

Dear Shareholder

Proposed Placing of 28,388,889 New Ordinary Shares at 9 pence per New Ordinary Share, Subscription of 222,222 New Ordinary Shares at 9 pence per New Ordinary Share, Capitalisation, Subdivision, Extensions and Notice of General Meeting

1. Introduction

The Company has announced today that it is proposing to raise gross funds of approximately £2.58 million, through a Placing and Subscription comprising the issue of 28,611,111 New Ordinary Shares at 9 pence per New Ordinary Share to provide growth capital to enable the Company to capitalise on the growing pipeline of opportunities. The Company has further announced that it is proposing to issue 12,222,223 New Ordinary Shares at 9 pence per New Ordinary Share in respect of the Capitalisation.

The Company is seeking the authority of Shareholders at the General Meeting to provide the Directors with, *inter alia*, authority to allot and issue the Placing Shares, the Subscription Shares, the Capitalisation Shares and to allot further shares and/or grant rights to subscribe for or convert any security into Ordinary Shares up to a nominal amount of £244,979.98 and to disapply the statutory rights of pre-emption in relation to the allotment of the Placing Shares, the Subscription Shares, and the Capitalisation Shares and otherwise up to a nominal amount of £73,493.99. In addition, the Company is also seeking similar authorities in respect of any Ordinary Shares that come to be allotted pursuant to future capitalisations of any Convertible Loan Notes which remain in issue. The Resolutions to be proposed at the General Meeting are contained in the Notice of General Meeting set out at the end of this document.

The Proposals are conditional, *inter alia*, on the passing of the Resolutions at the General Meeting, Admission and the Placing Agreement between the Company and finnCap becoming unconditional and not being terminated prior to Admission (in accordance with its terms). It is expected that the New Ordinary Shares will be admitted to trading on AIM at 8.00 a.m. on or around 5 May 2017. The Board believes that raising equity finance by the Placing and Subscription is the most appropriate method of financing for the Company at this time. This allows both existing and new institutional investors to be targeted to participate in the Placing in order to provide additional growth capital for the Company.

The Board is also proposing to undertake a restructuring of the Company's share capital to take effect in order to allow the Company to issue ordinary shares at a price of less than their current nominal value of 15 pence per ordinary share.

In addition, the Company has received approval (by way of resolutions in writing, which are extraordinary resolutions in accordance with the terms of each CLN Instrument) from at least 75 per cent. in nominal amount of each class of CLN1, CLN2 and CLN3 in relation to the Resolutions and (in respect of CLN1 and CLN2) the Extensions.

The purpose of this document is to set out the reasons for, and provide further information on, the Proposals, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions, as they have irrevocably undertaken to do so in respect of their own beneficial holdings of Existing Ordinary Shares, in aggregate representing approximately 15.41 per cent. of the Company's issued share capital on 13 April 2017 (being the last Business Day prior to publication of this document).

At the end of this document you will find a notice convening the General Meeting at which the Resolutions will be proposed by the Directors. The General Meeting has been convened for 11.30 a.m. on 4 May 2017 and will take place at finnCap, 60 New Broad Street, London EC2M 1JJ.

2. Background to the Proposals

The Group provides services allowing quality television and movie content to be subtitled in any language, and prepared for sale by both major online retailers and as physical products. Its full-service proposition includes digital distribution, subtitling and captioning, metadata creation and localisation, dubbing, artwork localisation, workflow, asset management, compliance editing and electronic screeners. ZOO's clients include major Hollywood studios, global broadcasters and independent distributors.

In recent years, online retailers, such as Apple, Amazon, Netflix and Google have contributed to a much enlarged market opportunity for the Company, due to their global distribution. Research from Adobe and the Diffusion Group indicates that US consumers now spend 42 per cent. of television viewing time watching streaming video services. Furthermore, growth of video captioning services in the US has been brought about by legislation, including recent changes in Federal Communications Commission (FCC) regulations. The Company's cloud technology enables content providers worldwide to meet increasing regulatory requirements for the delivery of online entertainment. As a result, the Directors believe the Company is well positioned to capitalise on this growth market. The proceeds from the Placing and Subscription will allow the Company to pursue a growth strategy to further penetrate this market.

Use of Proceeds

The net proceeds of the Placing and the Subscription will be used by the Company for general working capital purposes, as well as maintaining its investment in software development, additional sales resource, expansion of the service delivery team and to increase its marketing, in order to capitalise on the growing pipeline of opportunities including its new dubbing service, with focus on project managers, English editors, language managers and technical QC operators. The Directors believe that the Company has a competitive advantage over established video localisation service providers and that its full service offering means the Company differs from specialist technology providers. The Directors believe further funding for investment in the Company's software development and its end-to-end solution will enable the Company to continue to benefit from its competitive position in the marketplace.

3. Summary of Convertible Loan Notes and the SG Loan

On 27 September 2006 the Group issued £3,541,000 CLN1 which was due to mature on 31 October 2011. Following an agreement with the loan stock holders in August 2011, £1,770,500 CLN1 was converted into Existing Ordinary Shares and the maturity date in respect of the remaining £1,770,500 CLN1 was extended to 31 October 2013.

On 31 October 2013 the maturity of CLN1 was further extended to mature on 31 October 2017.

On 24 November 2014 further loan stock (being CLN2) was issued. The aggregate nominal value of CLN2 in issue is £800,000 and it is due to mature on 31 October 2017. On 17 December 2015 further loan stock (being CLN3) was issued. The aggregate nominal value of CLN3 in issue is £500,000 and it is due to mature on 31 October 2017.

Pursuant to each CLN Instrument, the loan stock holder is entitled, before the redemption date, to convert all or part of the relevant Convertible Loan Notes into fully paid ordinary shares on the basis of 1 ordinary share for every £0.48 of principal amount of the applicable Convertible Loan Notes.

The CLN3 Instrument and the CLN3 will be discharged in full through the CLN3 Capitalisation, subject to Admission having taken place, and conditional upon but effective immediately after the completion of the Placing.

On 31 January 2013 Sara Green, wife of Dr Stuart Green, made a loan to the Company of £200,000. This amount was extended by £400,000, to a total of £600,000, with effect from 19 November 2013. The loan currently attracts interest at a rate of 10 per cent. The underlying value of the loan was £600,000 and the full amount remained outstanding at 31 March 2017. This loan is secured by a fixed and floating charge over the assets of the Group. Subject to Admission having taken place, and conditional upon but effective immediately before completion of the Placing this loan will be discharged in full through the SG Loan Capitalisation.

Subject to the passing of the Resolutions and completion of the Placing, the Company intends to undertake the Extensions and the Capitalisation.

Further details of these arrangements are set out in paragraph 4 below. The Company has obtained written consent from the requisite majority of the holders of each class of CLN1 and CLN2 to approve the relevant Extensions.

4. Details of the Placing, Subscription, Extensions and Capitalisation

It was announced on 18 April 2017 that the Company proposes to raise, in aggregate, approximately £2.58 million (before expenses) by way of a Placing of 28,388,889 Placing Shares and a Subscription of 222,222 Subscription Shares with certain new and existing investors representing in aggregate 38.93 per cent. of the Enlarged Share Capital, at a price of 9 pence per New Ordinary Share. It was further announced that the Company proposes to issue the Capitalisation Shares in relation to the Capitalisation.

The Placing Price of 9 pence per New Ordinary Share represents a discount of 20 per cent. to the closing mid-market price of 11.25 pence on 13 April 2017, being the last Business Day prior to the publication of this document and represents a discount of 15.1 per cent. to the volume weighted average price of 10.6 pence over the preceding 30 calendar days (Source: Bloomberg, 13 April 2017). Therefore, the Board unanimously agrees that the level of discount is appropriate to secure the investment necessary in order to undertake the Placing, the Subscription and the Capitalisation.

Each of the Placing and the Subscription is conditional upon the completion of the Subdivision, details of which are set out in paragraph 5 of this Part 1 below.

4.1 The Placing Agreement

In connection with the Placing, the Company has entered into the Placing Agreement with finnCap, pursuant to which finnCap has agreed to use its reasonable endeavours on behalf of and as agents for the Company, to procure placees to subscribe for the Placing Shares at the Placing Price. The Placing is conditional, *inter alia*, on:

- the passing of the Resolutions at the General Meeting, including in respect of the Subdivision;
- the conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission;
- the Subscription Agreement having been duly executed and having become unconditional in all respects prior to Admission (save for any conditions as to the Placing Agreement having become unconditional or Admission having taken place) and not having been terminated;
- the Capitalisation Agreements having been duly executed and having become unconditional in all respects prior to Admission (save for any conditions as to the Placing Agreement having become unconditional or Admission having taken place) and not having been terminated; and
- Admission becoming effective by no later than 8.00 a.m. on 5 May 2017 (or such later date as finnCap and the Company may agree, being not later than 8.00 a.m. on 31 May 2017).

Accordingly, if any of these conditions are not satisfied or, if applicable, waived, the Placing will not proceed and the Placing Agreement and the rights and obligations contained in it shall terminate.

The Placing has not been underwritten by finnCap or any other party.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. The New Ordinary Shares will rank *pari passu* in all respects with all other Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of any Ordinary Shares of the Company following Admission. It is expected that Admission will become effective, and that dealings on AIM will commence, at 8.00 a.m. on or around 5 May 2017.

The Placing Agreement contains customary warranties given by the Company to finnCap in relation to, *inter alia*, the accuracy of the information in this document, certain financial information and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify finnCap and its Affiliates (as such term is defined in the Placing Agreement) in respect of all losses and liabilities that finnCap and its Affiliates may suffer or incur in connection with the Proposals (subject to certain exceptions).

finnCap is entitled to terminate the Placing Agreement prior to Admission in certain customary circumstances, including, *inter alia*:

- the occurrence of an event or omission which (in the reasonable opinion of finnCap), materially adversely affects the financial position and/or prospects of the Group or which is or will or is likely to materially and adversely affect the Group, the Placing or Admission or the subscription for Placing Shares by placees;
- a change in national or international financial, monetary, economic, political, environmental, or stock market conditions which in the reasonable opinion of finnCap will or is likely to materially prejudice the Group, the Placing or Admission or the subscription for Placing Shares by placees and in each case whereby, in the reasonable opinion of finnCap, it is unreasonable for placees to subscribe for Placing Shares at the Placing Price;
- any warranty in the Placing Agreement being untrue, inaccurate or misleading;
- the failure of the Company to comply with any of its obligations under the Placing Agreement, FSMA, the AIM Rules or other applicable law; and
- the Group's situation is such that Admission is likely, in the reasonable opinion of finnCap, to be detrimental to the ordinary operation or reputation of AIM.

If this right is exercised, the Placing will not proceed. The Placing Agreement is not subject to any right of termination after Admission. The Placing Agreement provides for payment by the Company to finnCap of certain commissions relating to the Placing Shares.

4.2 **Amendment to CLN3 and the CLN3 Capitalisation**

Pursuant to the CLN3 Capitalisation Agreement, the Company has agreed with Herald that, conditionally in all respects and effective immediately after the Placing becoming unconditional and being completed:

- the terms of the CLN3 Instrument be amended so that the Company is obliged to repay the whole of CLN3 (together with the CLN3 Accrued Interest) on written demand;
- Herald makes a demand for immediate redemption of the entire principal amount of CLN3 and the CLN3 Accrued Interest; and
- the Company shall issue to Herald 5,555,556 New Ordinary Shares at the Placing Price and undertake to repay the CLN3 Accrued Interest (which shall continue to accrue to the date of completion of the CLN3 Capitalisation) out of the Company's existing cash resources within 14 days of completion of the CLN3 Capitalisation in consideration for Herald treating CLN3 as satisfied and discharged.

4.3 Amendment to the SG Loan and the SG Loan Capitalisation

Pursuant to the SG Loan Capitalisation Agreement, the Company has agreed with Sara Green, wife of Stuart Green that, conditionally in all respects on and effective immediately before the Placing Agreement becoming unconditional and subject to Admission having taken place:

- the terms of the SG Loan Agreement be amended so that the Company is obliged to repay the whole of the SG Loan (together with the SG Loan Accrued Interest) on written demand;
- Sara Green makes a demand for immediate repayment of £600,000 of the SG Loan and the SG Loan Accrued Interest; and
- the Company shall issue to Sara Green 6,666,667 New Ordinary Shares at the Placing Price for the SG Loan and will repay the SG Loan Accrued Interest (which is currently approximately £12,000, and shall continue to accrue to the date the SG Loan Capitalisation Agreement becomes effective) from the Company's existing cash resources in consideration for Sara Green treating the SG Loan as fully satisfied and discharged.

4.4 Extensions to the CLN1 Instrument and CLN2 Instrument

All Convertible Loan Notes which remain in issue under the CLN1 Instrument and the CLN2 Instrument after the CLN3 Capitalisation are due to mature on 31 October 2017. On maturity, CLN1 and CLN2 will either convert into Ordinary Shares or be repaid. The Company has received conditional approval (by way of resolutions in writing, which are extraordinary resolutions in accordance with the terms of the relevant CLN Instruments) from at least 75 per cent. in nominal amount of each class of CLN1 and CLN2 in relation to the relevant Extensions.

4.5 Details of the Subscription

Pursuant to the conditional Subscription Agreement between the Company and Roger Jeynes, 222,222 New Ordinary Shares will be issued to Roger Jeynes at a price of 9 pence per New Ordinary Share for an aggregate subscription price of approximately £20,000. The Subscription is conditional on the passing of the Resolutions and is subject to Admission.

5. Details of the Subdivision and amendment to the Articles

5.1 Subdivision

The Existing Ordinary Shares have recently been trading on AIM at a price below their nominal value of 15 pence per share. The issue of new shares by a company incorporated in England and Wales at a price below their nominal value is prohibited by the Companies Act and accordingly, the Company is unable to issue further Existing Ordinary Shares at a price of less than 15 pence per share.

Accordingly, the Board is proposing a reorganisation of the Company's share capital that comprises a subdivision of the Existing Ordinary Shares that will create two new classes of shares: Ordinary Shares with a nominal value of one penny and Deferred Shares with a nominal value of 14 pence. The Subdivision is expected to be implemented at close of business on the date the Resolutions are passed at the General Meeting.

The proportion of the issued ordinary share capital of the Company held by each Shareholder immediately before and after the Subdivision will remain unchanged. Other than a change in nominal value, the Ordinary Shares will carry equivalent rights as the Existing Ordinary Shares under the Articles.

No application will be made to the London Stock Exchange for admission of the Deferred Shares to trading on AIM nor will any application be made for them to be admitted to the Official List or to any other recognised investment exchange. The Deferred Shares will have no right to vote, attend or speak at general meetings of the Company and will have no right to receive any dividend or other distribution and will have only limited rights to participate in any return of capital on a winding-up or liquidation of the Company. The Deferred Shares are effectively valueless. The Deferred Shares are required to be issued in order for the aggregate par value of the Company's share capital, once sub-divided, to remain the same as prior to the Subdivision.

Subject to the provisions of the Companies Act, the Deferred Shares may then be cancelled by the Company or may be bought back by the Company for £1 and then cancelled as permitted under the Articles (as

amended), leaving the number of shares in issue the same as at the date of this document (except for shares subsequently issued). Further particulars of the rights attaching to the Deferred Shares are set out in paragraph 5.2 below. If the Company determines to cancel or buy back the Deferred Shares, it will advise Shareholders accordingly at the relevant time.

Approval for the Subdivision will be sought by passing of resolutions 1 and 2 at the General Meeting.

Following the Subdivision, the ISIN code for the Ordinary Shares will remain GB00B1FQDL10.

5.2 **Amendments to the Articles**

It is proposed to amend the Articles to permit the creation of the Deferred Shares and to set out the rights attaching to them. The rights in respect of the Deferred Shares are as follows:

- The holders of the Deferred Shares shall not be entitled to receive any dividends made or paid.
- On a distribution of capital, the holders of the Deferred Shares shall be entitled to receive the amount paid up on their shares after there shall have been distributed (in cash or in specie) to the holders of the Ordinary Shares the amount of £10,000 in respect of each Ordinary Share held by them respectively.
- The holders of Deferred Shares shall not be entitled to receive notice of or attend (either personally or by proxy) any meeting of shareholders, or vote on any shareholder resolution.
- The Company shall have the power and authority at any time to purchase all or any of the Deferred Shares for an aggregate consideration of £1.
- The Deferred Shares shall not be listed on any stock exchange and shall not be transferable except in accordance with the Articles (as amended) or with the written consent of the Board.
- The Company may, at its option and subject to compliance with the provisions of applicable legislation, at any time, cancel such shares by way of reduction of capital for no consideration.
- The Company shall have irrevocable authority to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer/cancellation of the Deferred Shares and/or an agreement to transfer/cancel the same, without making any payment to the holders of the Deferred Shares to such person or persons as the Company may determine as custodian thereof and, pending such transfer and/or cancellation and/or purchase, to retain the certificate(s) if any, for such shares.
- The Company shall not be required to issue any share certificates in respect of the Deferred Shares unless specifically required to by the provisions of any applicable legislation.

6. **Current Trading and Outlook**

The Company has made good progress in the current financial year, and announced a trading update for the year ended 31 March 2017 on 7 April 2017, via a Regulatory Information Service and made the announcement available on the Company's website. Highlights for the period included:

- Revenue of at least \$16m (2016: \$11.6m)
- EBITDA to be at least \$1.8m (2016: \$0.2m)
- Less seasonal variation than in previous years
- Improvement in month on month cash flow

The Company continues to make progress with its strategy of winning new clients and diversifying its revenue sources. The Directors believe that the Company has the opportunity to grow consistently and win market share in digital distribution and localisation, being a large and expanding segment of the media and entertainment industry.

7. **General Meeting**

A notice convening the General Meeting to be held at finnCap, 60 New Broad Street, London EC2M 1JJ at 11.30 a.m. on 4 May 2017 is set out at the end of this document.

Set out below is an explanation of the resolutions to be considered at the General Meeting. Resolutions 2, 3, 5 and 7 will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 1, 4, 6 and 8 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

- *Resolution 1 – amendments to the Articles*

The Deferred Shares constitute a new class of share, the creation of which necessitates an amendment to the Articles. Resolution 1 in the accompanying notice of General Meeting seeks approval to amend the Articles to create the Deferred Shares as a new class of share.

- *Resolution 2 – Subdivision of the Existing Ordinary Shares*

Resolution 2 in the accompanying notice of General Meeting seeks approval to the above described reorganisation of the Company's share capital by way of the Subdivision, which is conditional on Shareholders approving the amendments to the Articles (Resolution 1). If Resolution 2 is approved, the Subdivision will occur at close of business on the date of the General Meeting.

- *Resolutions 3 and 4 – authority to allot and non pre-emptive allotment of the Placing Shares, Subscription Shares and Capitalisation Shares*

Resolutions 3 and 4 empower the Directors to allot the Placing Shares, the Subscription Shares and the Capitalisation Shares and that such allotments may be made for cash otherwise than in accordance with the statutory pre-emption provisions set out in the Companies Act.

- *Resolutions 5 and 6 – authority to allot and non pre-emptive allotment of shares in the capital of the Company (general authority)*

Resolutions 5 and 6 empower the Directors to allot shares in the capital of the Company and that such allotments may be made for cash otherwise than in accordance with the statutory pre-emption provisions set out in the Companies Act.

- *Resolutions 7 and 8 – authority to allot and non pre-emptive allotment of shares in respect of remaining CLNs*

Resolutions 7 and 8 empower the Directors to allot shares in the capital of the Company and that such allotments may be made for cash otherwise than in accordance with the statutory pre-emption provisions set out in the Companies Act in relation to the remaining CLNs.

8. Directors' shareholdings

Roger Jeynes is participating in the Subscription and Stuart Green's wife is participating in the SG Loan Capitalisation and the beneficial interests of the Directors (including their spouses but excluding their participation in the ZOO Digital Group Share Incentive Plan) in Existing Ordinary Shares as at the date of this document and following the Placing, the Subscription, and the Capitalisation are set out below:

<i>Director</i>	<i>Date of this document</i>		<i>Immediately following the Placing, Subscription and Capitalisation</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Stuart Green	4,857,335	14.87%	11,524,002	15.68%
Roger Jeynes	120,000	0.37%	342,222	0.47%
Helen Gilder	56,019	0.17%	56,019	0.08%
Gordon Doran	–	–	–	–
Total	<u>5,033,354</u>	<u>15.41%</u>	<u>11,922,243</u>	<u>16.22%</u>

9. Related Party Transactions

Where a company enters into a related party transaction, under the AIM Rules, the independent directors of the company are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable in so far as its shareholders are concerned.

Herald

As at the date of this Circular, Herald has an interest in approximately 6,350,685 Existing Ordinary Shares (representing an interest of approximately 19.4 per cent. of the issued share capital). Herald has agreed to subscribe for further ordinary shares through its participation in the Placing and Capitalisation. Pursuant to the Placing and Capitalisation, Herald has subscribed for 2,611,111 Placing Shares and 5,555,556 Capitalisation Shares at the Placing Price and accordingly, upon Admission, will be interested in an aggregate of 14,517,352 ordinary shares in the Company (representing approximately 19.75 per cent. of the Enlarged Share Capital). By virtue of Herald's current interests in the Company, Herald is considered to be a "related party" as defined under the AIM Rules, and accordingly Herald's participation in the Placing, Capitalisation and the Extensions (as a holder of CLNs issued pursuant to the CLN1 Instrument and the CLN2 Instrument) constitute a related party transaction for the purposes of Rule 13 of the AIM Rules ("**Herald Related Party Transaction**").

The Directors, having consulted with the Company's nominated adviser, finnCap, consider that the Herald Related Party Transaction is fair and reasonable insofar as the Company's shareholders are concerned.

Stuart Green

By virtue of being a Director of the Company, Stuart Green is considered to be a "related party" as defined under the AIM Rules, and accordingly Stuart's wife's participation in the SG Loan Capitalisation and Stuart's participation in the Extensions (as a holder of CLN1) constitute a related party transaction for the purposes of Rule 13 of the AIM Rules ("**Stuart Green Related Party Transaction**").

The Independent Directors, having consulted with the Company's nominated adviser, finnCap, consider that the Stuart Green Related Party Transaction is fair and reasonable insofar as the Company's shareholders are concerned.

Roger Jeynes

By virtue of being a Director of the Company, Roger Jeynes is considered to be a "related party" as defined under the AIM Rules, and accordingly Roger's participation in the Subscription and participation in the Extensions (as a holder of CLN1) constitute a related party transaction for the purposes of Rule 13 of the AIM Rules ("**Roger Jeynes Related Party Transaction**").

The Independent Directors, having consulted with the Company's nominated adviser, finnCap, consider that the Roger Jeynes Related Party Transaction is fair and reasonable insofar as the Company's shareholders are concerned.

10. Enterprise Investment Scheme and Venture Capital Trusts

The Directors believe that the Company will continue to be a qualifying company for the purposes of the Enterprise Investment Scheme ("**EIS**") and Venture Capital Trust ("**VCT**") legislation, however, they can offer no certainty in this regard.

The Company has sought, and received, confirmation from Her Majesty's Revenue and Customs ("**HMRC**") that:

- (a) the Company is a qualifying company for the purposes of the EIS and for investment by a VCT; and
- (b) the ordinary shares of the Company are eligible shares.

This authorises the Company to issue certificates under Section 204 (1) Income Tax Act 2007 in respect of the shares to be issued, confirming the eligibility of the ordinary shares for the purposes of the EIS scheme.

The continuing availability of EIS relief and the status of the relevant New Ordinary Shares as a qualifying holding for VCT purposes are conditional, *inter alia*, on the Company continuing to satisfy the relevant

requirements throughout the period of three years from the date of the investor making his investment (under EIS), and, for VCT purposes, throughout the period the New Ordinary Shares are held as a “qualifying holding”. Neither the Company nor the Directors make any general warranty or give any general undertaking that relief will be available in respect of any investment in the Placing Shares or any of the other New Ordinary Shares, nor do they warrant or undertake that the Company will keep its qualifying status throughout the relevant period or that, once given, such relief will not be withdrawn.

Investors considering taking advantage of any of the relief under the EIS or relief available to VCTs should seek their own professional advice in order that they may fully understand how the rules apply in their individual circumstances.

11. Irrevocable Undertakings

Certain of the Directors, Sara Green (Stuart Green’s wife) and Herald have irrevocably undertaken to vote in favour of the Resolutions in respect of their own beneficial holdings (but, in the case of the Directors, excluding their participation in the ZOO Digital Share Incentive Plan) of 11,384,039 Existing Ordinary Shares, in aggregate representing approximately 34.86 per cent. of the Company’s issued share capital on 13 April 2017 (being the last Business Day prior to publication of this Circular).

12. Action to be taken in respect of the General Meeting

Please check that you have received with this document:

- a Form of Proxy for use in respect of the General Meeting; and
- if you are a Shareholder based in the United Kingdom, a reply-paid envelope for use in conjunction with the return of the Form of Proxy.

Whether or not you propose to attend the General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand, to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, by no later than 11.30 a.m. on 2 May 2017 (not later than 48 hours before the time fixed for the holding of the meeting (excluding any part of a day that is not a Business Day)).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the General Meeting in the event of your absence. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting, or any adjournment thereof, in person should you wish to do so.

13. Recommendation

The Directors believe that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and the Shareholders as a whole and unanimously recommend that you vote in favour of the Resolutions. The Directors have irrevocably undertaken to vote in favour of the Resolutions in respect of, in aggregate, their beneficial interests in 5,033,354 Existing Ordinary Shares as more particularly described in paragraph 8 above, representing approximately 15.41 per cent. of the Existing Ordinary Shares in issue as at the date of this letter.

Yours faithfully

Roger Jeynes
Chairman

PART 2

NOTICE OF GENERAL MEETING

ZOO Digital Group plc

(Incorporated in England and Wales with registered no. 03858881) (the "Company")

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at finnCap Ltd., 60 New Broad Street, London EC2M 1JJ at 11.30 a.m. on 4 May 2017 for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 2, 3, 5, 7 will be proposed as ordinary resolutions and resolutions 1, 4, 6, 8 will be proposed as special resolutions:

SPECIAL RESOLUTION

1. That, the articles of association of the Company be amended as follows:

a. by deleting article 3 in its entirety and replacing it with the following:

3 Amount

The share capital of the Company is divided into ordinary shares of £0.01 each and the deferred shares of £0.14 each.

b. by adding a new article 3A after article 3:

"3A.1 The rights and restrictions attached to the deferred shares shall be as follows:

3A.1.1 As regards income the holders of the deferred shares shall not be entitled to receive any dividend out of the profits of the Company available for distribution and resolved to be distributed in respect of any financial year or any other income or right to participate therein.

3A.1.2 As regards capital on a distribution of assets on a winding-up or other return of capital (otherwise than on conversion or redemption on purchase by the Company of any of its shares) the holders of the deferred shares shall be entitled to receive the amount paid up on their deferred shares after there shall have been distributed (in cash or in specie) to the holders of the ordinary shares the amount of £10,000 in respect of each ordinary share held by them respectively. For this purpose distributions in currency other than Sterling shall be treated as converted into Sterling, and the value for any distribution in specie shall be ascertained in Sterling, in such manner as the directors of the Company in general meeting may approve. The deferred shares shall not entitle the holders thereof to any further or other right of participation in the assets of the Company.

3A.1.3 As regards voting the holders of deferred shares shall not be entitled to receive notice of or to attend (either personally or by proxy) any general meeting of the Company or to vote (either personally or by proxy) on any resolution to be proposed thereat.

3A.1.4 The deferred shares shall not be listed on any stock exchange and shall not be transferable except with the written consent of the board.

3A.1.5 The rights attached to the deferred shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares. In addition neither the passing by the Company of any resolution for the cancellation of the deferred shares for no consideration by means of a reduction of capital requiring the confirmation of the court nor the obtaining by the Company nor the making by the court of any order confirming any such reduction of capital nor the becoming effective of any such order shall constitute a variation, modification or abrogation of the rights attaching to the deferred shares and accordingly the deferred shares may at any time be cancelled for no consideration by means of a reduction of capital effected in

accordance with applicable legislation without sanction on the part of the holders of the deferred shares.

- 3A.1.6 Notwithstanding any other provision of these Articles, the Company shall have the power and authority at any time to purchase all or any of the deferred shares for an aggregate consideration of £1.00.
- 3A.1.7 The Company shall have irrevocable authority to appoint any person to execute on behalf of the holders of the deferred shares a transfer/cancellation of the deferred shares and/or an agreement to transfer/cancel the same, without making any payment to the holders of the deferred shares to such person or persons as the Company may determine as custodian thereof and, pending such transfer and/or cancellation and/or purchase, to retain the certificate(s) if any, for such shares.
- 3A.1.8 Notwithstanding any other provision of these Articles, and unless specifically required by the provisions of applicable legislation, the Company shall not be required to issue any certificates or other documents of title in respect of the deferred shares.”

ORDINARY RESOLUTIONS

- 2. That, subject to the passing of Resolution 1, each of the existing ordinary shares of £0.15 each in the capital of the Company be subdivided into one new ordinary share of £0.01 each and one deferred share of £0.14 each, as at close of business on the date of the general meeting at which this resolution is passed.
- 3. That, subject to the passing of Resolutions 1 and 2, the Directors be and they are hereby generally and unconditionally authorised to exercise all of the powers of the Company to allot equity securities (as defined in section 560 of the Companies Act 2006 (the “**Act**”), (“**Equity Securities**”)) pursuant to section 551 of the Act, of up to an aggregate nominal amount of:
 - a. £283,888.89 in connection with the Placing (as defined in the Circular);
 - b. £122,222.23 in connection with the Capitalisation (as defined in the Circular);
 - c. £2,222.22 in connection with the Subscription (as defined in the Circular); and

provided always that the authorities conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

The authority granted by this resolution shall be in addition to all existing authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 551 of the Act.

SPECIAL RESOLUTION

- 4. That, subject to Resolution 3 above being passed, the Directors be and they are hereby authorised and empowered pursuant to section 570 of the Act to allot Equity Securities for cash pursuant to the section 551 authority referred to in Resolution 3 above, as if section 561(1) of the Act did not apply to any such allotment, provided that such power is limited to the allotment of Equity Securities of up to the aggregate nominal amounts set out in Resolution 3, and provided always that the authorities conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

The authority granted by this resolution shall be in addition to all existing authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 570 of the Act.

ORDINARY RESOLUTION

5. That, subject to the passing of Resolutions 1, 2, 3 and 4, the Directors be and they are hereby generally and unconditionally authorised to exercise all of the powers of the Company to allot Equity Securities pursuant to section 551 of the Act, of up to an aggregate nominal amount of £244,979.98 provided always that the authorities conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

The authority granted by this resolution shall be in substitution for the authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect) at the Company's annual general meeting held on 28 September 2016, but in addition to all other existing authorities.

SPECIAL RESOLUTION

6. That subject to Resolution 5 above being passed, the Directors be and they are hereby authorised and empowered pursuant to section 570 of the Act to allot Equity Securities for cash pursuant to pursuant to the authority granted by Resolution 5 above as if section 561(1) of the Act did not apply to any such allotment, provided that such power is limited to:
 - a. in connection with an offer of Equity Securities (whether by way of a rights issue, open offer or otherwise):
 - (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective number of ordinary shares held by them; and
 - (ii) to holders of other Equity Securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - b. otherwise than pursuant to paragraph a. of this Resolution, up to an aggregate nominal amount of £73,493.99.

and provided always that the authorities conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

The authority granted by this resolution shall be in substitution for the authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect) at the Company's annual general meeting held on 28 September 2016, but in addition to all other existing authorities.

ORDINARY RESOLUTION

7. That, subject to the passing of Resolutions 1 and 2, the Directors be and they are hereby generally and unconditionally authorised to exercise all of the powers of the Company to allot Equity Securities pursuant to section 551 of the Act, of up to an aggregate nominal amount of £53,552.08 in relation to the balance in issue at Admission and following Capitalisation (each defined in the Circular) of loan stock created and issued by the Company pursuant to the CLN Instruments (as defined in the Circular) provided always that the authorities conferred by this resolution shall expire on 31 October 2020 (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

The authority granted by this resolution shall be in addition to all existing authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 551 of the Act.

SPECIAL RESOLUTION

8. That subject to Resolution 7 above being passed, the Directors be and they are hereby authorised and empowered pursuant to section 570 of the Act to allot Equity Securities for cash pursuant to the section 551 authority referred to in Resolution 7 above, as if section 561(1) of the Act did not apply to any such allotment, provided that such power is limited to the allotment of up to an aggregate nominal amount of £53,552.08, provided always that the authorities conferred by this resolution shall expire on 31 October 2020 (unless previously renewed, varied or revoked by the Company in a general meeting) and provided further that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

The authority granted by this resolution shall be in addition to all existing authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 570 of the Act.

Dated: 18 April 2017

Registered office:
7th Floor, Citygate, St. Mary's Gate, Sheffield, S1 4LW

By Order of the Board
Helen Gilder
Company Secretary

Notes

1. A shareholder entitled to attend and vote at the General Meeting may appoint a proxy to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder of the Company but must attend the meeting in person. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share held by the appointing shareholder. Where two or more valid but different proxy forms are delivered for the same share for use at the same meeting, the one which was executed last shall be treated as replacing and revoking the other or others as regards that share. If in such circumstances the Company is unable to determine which form of proxy was executed last, none of them shall be treated as valid in respect of that share.
2. A proxy form is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR, or the form of proxy may be photocopied.
3. To be effective, the relevant proxy form must be completed and lodged with the Company's registrar, Share Registrars Limited at the address set out in note 2, no later than 48 hours (excluding non-working days) before the General Meeting together with the original of any power of attorney or other authority under which the form of proxy is signed. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. Completion and return of the relevant proxy form enclosed herewith will not prevent a shareholder from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or withhold from voting at his/her discretion. Your proxy will vote (or withhold from voting) as he/she thinks fit in relation to any other matter which is put before the meeting.
5. To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut off time for receipt of proxy appointments (see note 3 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut off time will be disregarded. Where you would like to change the proxy instructions, please contact Share Registrars Limited at the address set out in note 2.
6. In order to revoke a proxy instruction you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at the address set out in note 2 no later than 48 hours (excluding non-working days) before the General Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the specified time, then your proxy appointment will remain valid.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).
8. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the General Meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.
9. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company at 11.30 a.m. on 2 May 2017 (or if the General Meeting is adjourned, members entered on the Register of Members of the Company not later than 48 hours (excluding non-working days) before the time fixed for the adjourned General Meeting) shall be entitled to attend, speak and vote at the General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after 11.30 a.m. on 2 May 2017 shall be disregarded in determining the rights of any person to attend, speak or vote at the General Meeting.
10. Except as provided above, members who have general queries about the General Meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of General Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

