

16 FEBRUARY 2018

**PLEASE READ THE IMPORTANT INFORMATION SECTION WITHIN THIS ANNOUNCEMENT.**

**THIS ANNOUNCEMENT, INCLUDING THE APPENDIX, AND THE INFORMATION CONTAINED HEREIN, IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF IRELAND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

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014. IN ADDITION, MARKET SOUNDINGS WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION PRIOR TO THE DATE OF THIS ANNOUNCEMENT. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.**

**UNLESS OTHERWISE INDICATED, CAPITALISED TERMS IN THIS ANNOUNCEMENT HAVE THE MEANINGS GIVEN TO THEM IN THE DEFINITIONS SECTION INCLUDED IN THE APPENDIX.**

**CVS Group plc  
("CVS", the "Company" or the "Group")**

#### **Proposed Accelerated Bookbuild**

CVS Group plc (AIM: CVSG), one of the UK's leading providers of integrated veterinary services, is pleased to announce its intention to conduct a placing of up to 6,391,000 new ordinary shares of 0.2 pence each in the Company (the "Placing Shares"), at a price expected to be not less than 1050 pence per Placing Share (the "Placing").

The Placing Shares are being offered by way of an accelerated bookbuild (the "Bookbuild"), which will be launched immediately following this Announcement. The final price and number of the Placing Shares will be determined following the Bookbuild. N+1 Singer is acting as sole bookrunner in connection with the Bookbuild.

The Placing Shares will represent a maximum of approximately 9.88 per cent. of the Company's existing total voting rights and the Company has existing shareholder authorities to issue and allot the Placing Shares on a non pre-emptive basis.

#### **Summary Details of the Placing**

- The net proceeds of the Placing will primarily be used to enable the Group to pay down debt and create additional headroom to help fund expected future acquisitions, including an identified pipeline (described more fully below) of approximately £40 million of deals which the Group expects to conclude in the next six months.
- The Placing and application of the net Placing proceeds are in line with the Group's existing funding and growth strategies.
- The Placing is being made under existing shareholder authorities and is conditional on, amongst other things, admission of the Placing Shares to trading on AIM.
- The minimum Placing Price represents a maximum discount of approximately 13.9 per cent. to the Closing Price on 15 February 2018, being the last practicable trading day prior to the release of this Announcement.
- The final Placing Price will be determined through the Bookbuild (the "Placing Price").
- The Bookbuild will close at such time as N+1 Singer and the Company may determine in their absolute discretion.
- Following the close of the Bookbuild, a further announcement will be made as to the final number of Placing Shares to be issued pursuant to the Placing and the Placing Price, the gross proceeds of the Placing, the estimated net proceeds and reconfirming the expected Admission date.

#### **Background to and Reasons for the Placing**

In summary, the net Placing proceeds will be used to enable the Group to pay down debt and create additional headroom to help fund expected future acquisitions, including an identified pipeline (described more fully below) of approximately £40 million of deals which the Group expects to conclude in the next six months. This represents a continuation of the Group's existing funding and growth strategies.

CVS is one of the UK's leading providers of integrated veterinary services through its national network of veterinary practices (servicing the small animal, equine and farm animal markets), specialist referral centres, diagnostic laboratories, pet crematoria and its on-line dispensary. The Group has demonstrated reliable growth trends since it floated in 2007, achieved through the implementation of its strategy to acquire and integrate veterinary practices and other complementary operations and a range of organic growth initiatives that benefit from CVS's scale and integrated model. The Group's integrated offering also includes out-of-hours centres, buying groups, and own brand products (medicines,

food, 'healthy animal' clubs and insurance). Cash generation and the measured use of debt and equity has funded both investment in the business and the making of acquisitions, creating significant shareholder value since float.

The Group's well-established, integrated model covers much of the UK and it entered the Netherlands in November 2016 with a view to developing, over time, a business similar to that in the UK.

In the year ended 30 June 2017, the Company's last completed financial year, CVS reported revenues of £271.8m, 24.6 per cent. higher than the prior year, and an operating profit of £17.2m (2016: £11.8m). From an acquisition perspective, 2017 saw a continuation of strong prior trends, with the Company acquiring 62 surgeries (2016: 67 surgeries, 3 crematoria). Total acquisition spend in the year ended 30 June 2017 was £48.4m (2016: £61.3 million). Of particular note were the acquisition of the Group's first practices in mainland Europe, through the purchase of nine surgeries in the Netherlands, and the acquisition of B&W Equine in the UK, which will allow for further development of the Company's equine business.

In a trading update released on 17 January 2018, CVS confirmed that, since the start of the current financial year on 1 July 2017 and up to that date, the Group had made a total of 19 acquisitions of 30 surgeries bringing its total number of surgeries to 453. The total consideration paid for these latest acquisitions was approximately £28.0m. In that trading update, CVS also reported strong like-for-like trading in the first half of 5.6% compared to the same period last year (after adjusting for one less trading day compared to the half year ended 31 December 2016). Excluding the fast growing Animed online dispensary, the figure was 3.0%. This is in line with what the Board considers to be the longer term industry growth rate and was a marked improvement on the like-for-like trading growth observed at the time of the Group's November update for the 4 months to 31 October 2017. The recent recovery primarily reflects stronger like-for-like trading in November and December, and also, from 1 December 2017, a price increase on fees. On 1 January 2018, the Group increased its Healthy Pet Club prices for new members and renewals. At the time, the Company indicated that trading in the first half of the year was against stronger comparatives than the second half.

The Group has also separately announced today its interim results for the six months to 31 December 2017, confirming that, in the half year, the Group achieved revenues of £157.8m, 21.9 per cent. higher than for H1 2017. Whilst a substantial proportion of this increase came from acquisitions, like-for-like sales grew strongly by 5.6% (adjusted for one less day trading in the period compared to the prior half year). £17.2 million of the revenue growth reported in the period reflected the impact of acquisitions made in the prior year, with a further £4.7 million of top-line growth arising from acquisitions made during the period and from newly opened sites. Adjusted EBITDA<sup>1</sup> rose by 15.5 per cent. to £24.0m.

Operating profit was lower at £8.1m (2016: £9.5m) reflecting the increase in adjusted EBITDA<sup>1</sup> offset by the amortisation of intangible assets, deferred consideration and the costs of acquisitions. Adjusted profit before tax<sup>2</sup>, which excludes the amortisation of intangible assets, increased by 10.8 per cent. to £18.3m (2016: £16.5m) and adjusted earnings per share<sup>3</sup> rose by 6.5 per cent. from 21.5p to 22.9p, due to the significant increase in adjusted EBITDA.

In its interim results release, the Group also confirmed that it has acquired a further 4 surgeries in the UK, in the small animal and equine segments, for a provisional cash consideration of approximately £3.5m, bringing its total number of surgeries to 457.

Despite the emergence of a number of other large players, the UK market for veterinary services still remains relatively fragmented and the Board estimates that CVS's market share of the smaller animal market is approximately 14 per cent. and much lower in the farm animal and equine segments. In the past 18 months, CVS has made its first acquisitions in the Netherlands and in Northern Ireland, extending its geographical footprint. The Group now has 8 sites in Northern Ireland and 15 in the Netherlands, which is regarded by the Board as being a market that shares many of the characteristics of that of the UK. The extent of the Group's established network in the UK and its business in the Netherlands continue to offer significant opportunities for future acquisitive growth.

The pipeline of acquisitions over which the Company has visibility is strong, including approximately £40 million of accepted offers (which are non-binding, subject to due diligence and legal agreement). A significant proportion of the funding headroom created by the Placing will enable the Company to execute, in the coming six months, on this identified current pipeline. Whilst a low proportion of acquisitions do not proceed as planned, the Group's pipeline tends to replenish continually.

Over the past two-and-a-half years, the number and pace of acquisitions made by the Group in the UK and in the Netherlands has increased, and includes farm animal and equine as well as companion animals, and mixed practices. The identified pipeline includes opportunities in the UK and the Netherlands, and across all business areas. The Group wishes to ensure it is able to continue to acquire and integrate veterinary practices in the UK and the Netherlands, whilst sustaining an appropriate balance between debt and equity funding. Having considered the potential opportunities within the Company's current pipeline of targeted acquisitions and anticipated further acquisitions in the short and medium term, the Directors consider it is appropriate to raise further equity capital to help them achieve this objective.

<sup>1</sup> Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is profit before income tax, net finance expense, depreciation, amortisation, costs relating to business combinations and exceptional items.

<sup>2</sup> Adjusted profit before income tax is calculated as profit on ordinary activities before amortisation, taxation, costs relating to business combinations and exceptional items.

<sup>3</sup> Adjusted earnings per share is calculated as adjusted profit before income tax less applicable taxation divided by the weighted average number of ordinary shares in issue during the period.

## Continuing Growth Strategy

CVS has a successful track record of acquiring and integrating veterinary practices and other complementary operations and implementing a range of organic growth initiatives that benefit from the Group's scale and integrated model. In addition to growth driven by current year acquisitions, the annualisation effect of owning acquired businesses for a full financial period, the maturing of sites and synergies derived from recently acquired operations, the drivers of future organic growth for the Group are believed by the Directors to include:

- increased membership and revenues from healthy pet club loyalty schemes;
- the increasing number and proportion of own brand medicines and pet food;
- greater buying power;
- dedicated out-of-hours emergency cover;
- increased specialist referral work;
- increasing sales of the Group's laboratory analysis services; and,
- growth opportunities from Animed Direct.

The Group also continues to expand its offering with the recently introduced own brand pet insurance product, MiPet Cover, being a key development.

The Group sees current levels of acquisition activity as sustainable in the medium term, supported by a pipeline of potential opportunities which remains full, even following the period of high activity experienced over the last two-and-a-half years. The Board considers that the markets in both the UK and the Netherlands offer further scope for consolidation and that CVS has an advantage in driving such business aggregation, given the merits to vendors and to their personnel of being part of a larger integrated group.

Following completion of the Placing, the Group will continue to invest in its integrated model in line with those details provided in its annual report for the year ended 30 June 2017. In addition to pursuing further acquisitions, continued expansion of its referrals business, development of its external sales and laboratory analyser units, investment in its crematoria businesses and expansion of its out-of-hours centres in order to reduce the Group's reliance on third party providers, CVS will also continue to invest in the training and career development of its staff and will look to develop both managerial and operational abilities through programmes such as its Aspirational Leadership and LEAP programmes. The Board sees these initiatives as key to attracting, retaining and motivating its staff and to managing the industry-wide challenges of recruitment and retention in the UK veterinary industry.

The Board does not currently intend to change its acquisitive or organic growth strategies following completion of the Placing, but to build on the many strengths of the Group's existing businesses. The Group will also seek to continue to improve its operating efficiency, whilst ensuring that resources remain adequate to successfully integrate acquisitions and to develop the business further.

#### **Authority to Issue Shares**

The Company has existing shareholder authorities to issue up to a total of 6,391,000 Placing Shares for cash, representing approximately 9.88 per cent. of its current total voting rights. This includes a general authority to issue up to 3,195,500 Placing Shares (approximately 4.94 per cent. of the Company's current total voting rights) and a further authority to issue another 3,195,500 Placing Shares only in certain circumstances, including the refinancing of debt utilised in the past 6 months to fund acquisitions. The announcement of the result of the Placing will include a list of acquisitions concluded within the six-month period prior to the date of this announcement, for which the Further Authority is being utilised.

The Board considers that, taken in aggregate, both the issue of the Placing Shares and the placing undertaken by the Company in December 2016 made, in each case, on a non pre-emptive basis, are consistent with the Pre-Emption Group Guidelines which detail when it is appropriate for an issuer to exceed the 7.5 per cent. threshold for total share issuance in any rolling three-year period. On both occasions, the Group has not only consulted with shareholders in advance through market soundings and by providing an explanation of the proposed new issuance, but has also explained to shareholders the circumstances in which the Company would use such authorities at the time they were sought (in both cases, in the preceding Notice of Annual General Meeting and at the relevant meeting itself).

#### **Risks and Uncertainties**

A description of the principal risks and uncertainties associated with the Group's businesses and how they are being managed is included in the Group's Annual Report and Accounts for the year ended 30 June 2017 (on pages 25 and 26). The Board considers that these principal risks and uncertainties are those which continue to be applicable to the Group at the current time.

#### **Expected Timetable**

Announcement of the Placing and start of Bookbuild	7.00 a.m. on Friday 16 February 2018
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on Tuesday 20 February 2018

Each of the times and dates refer to London time and are subject to change by the Company (with the agreement of N+1 Singer), in which case details of the new times and dates will be notified to the London Stock Exchange and the Company will make an appropriate announcement through a Regulatory Information Service.

Additional information on the Placing is included below. Attention is drawn to the section headed 'Important Information for Invited Placees Only Regarding the Placing' and to the Appendix containing the terms and conditions of the Placing

(representing important information for Placees only).

The Placing Shares will be allotted under the Company's existing shareholder authorities granted at the annual general meeting held on 30 November 2017. The number of Placing Shares to be issued in connection with the Placing will be agreed by CVS and N+1 Singer following the close of the Bookbuild to further orders, and the results of the Placing will be announced as soon as practicable thereafter. The timing of the closing of the book, acceptance of any orders received after a close of Bookbuild announcement, the pricing and final allocations will be determined at the absolute discretion of CVS and N+1 Singer. The number of Placing Shares will not exceed 6,391,000 (representing approximately 9.88 per cent. of the Company's existing total voting rights). Such number of Placing Shares remains within the Company's existing shareholder authorities to issue and allot securities on a non pre-emptive basis, which are in accordance with the Pre-Emption Group Guidelines.

This Announcement contains inside information for the purposes of Article 7 of EU Regulation 596 of 2014 ("MAR"). In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

**Enquiries:**

**CVS Group plc**

Simon Innes, Chief Executive  
Nick Perrin, Finance Director

Tel: 01379 644 288

**N+1 Singer (Nominated Adviser, Sole Bookrunner & Broker)**

Aubrey Powell  
Michael Taylor  
Liz Yong  
James Hopton

Tel: 020 7496 3000

**FORWARD LOOKING STATEMENTS**

To the extent that this Announcement contains certain forward-looking statements with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance, a number of risks and uncertainties exist. The Group cautions readers that any forward-looking statement is no guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements.

A forward-looking statement can be identified by the fact that it does not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "predict" or other words of similar meaning. Examples of forward-looking statements include, amongst others, statements regarding or which make assumptions in respect of the planned use of the proceeds of the Placing, the liquidity position of the Group, the future performance of the Group, future foreign exchange rates, interest rates and currency controls, the future political and fiscal regimes in the overseas markets in which the Group operates, the Group's future financial position, plans and objectives for future operations and any other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("IFRS") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

Any forward-looking statements made in this Announcement by or on behalf of the Group speak only as of the date they are made. These forward-looking statements reflect the Group's judgement at the date of this Announcement and are not intended to give any assurance as to future results. Except as required by the FCA, the London Stock Exchange, the AIM Rules or applicable law, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this announcement to reflect any changes in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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

**UNLESS DEFINED BELOW CAPITALISED TERMS ARE AS DEFINED AT THE END OF THIS APPENDIX.**

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

**THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX, IS FOR INFORMATION PURPOSES ONLY AND DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS ANNOUNCEMENT AND THE APPENDIX DOES NOT CONSTITUTE OR CONTAIN ANY INVITATION, SOLICITATION, RECOMMENDATION, OFFER**

OR ADVICE TO ANY PERSON TO SUBSCRIBE FOR, OTHERWISE ACQUIRE OR DISPOSE OF ANY SECURITIES OF CVS GROUP PLC IN ANY JURISDICTION IN WHICH ANY SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

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

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND IS DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED ("QUALIFIED INVESTORS"), BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(e) OF DIRECTIVE 2003/71/EC AS AMENDED, INCLUDING BY THE 2010 PROSPECTUS DIRECTIVE AMENDING DIRECTIVE (DIRECTIVE 2010/73/EC) AND TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE (THE "PROSPECTUS DIRECTIVE"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO (I) ARE PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

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

#### INFORMATION TO DISTRIBUTORS

FOR THE PURPOSES OF THE PRODUCT GOVERNANCE REQUIREMENTS OF EACH OF (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 FOR NO OTHER PURPOSES, N+1 SINGER HAS CARRIED OUT AN ASSESSMENT OF THE ORDINARY SHARES AND HAS DETERMINED THEM TO BE: (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 UNDER THE FCA'S CONDUCT OF BUSINESS SOURCEBOOK; AND (II) ELIGIBLE FOR DISTRIBUTION THROUGH ALL DISTRIBUTION CHANNELS AS ARE PERMITTED BY MIFID II (THE "TARGET MARKET ASSESSMENT").

ALL DISTRIBUTORS SHOULD NOTE THAT: THE PRICE OF ORDINARY SHARES MAY DECLINE AND INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENT; THE ORDINARY SHARES OFFER NO CERTAINTY OF INCOME AND NO CAPITAL PROTECTION; AND AN INVESTMENT IN THE ORDINARY SHARES IS COMPATIBLE ONLY WITH INVESTORS WHO: (I) DO NOT NEED A CERTAIN AND PROTECTED INCOME OR CAPITAL PROTECTION; AND (II) (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 HAVE SUFFICIENT RESOURCES TO BE ABLE TO BEAR ANY LOSSES THAT MAY RESULT THEREFROM. THE TARGET MARKET ASSESSMENT IS ADDITIONAL TO THE RESTRICTIONS CONTAINED WITHIN THE TERMS OF THE PLACING. IN ALL CIRCUMSTANCES, N+1 SINGER WILL ONLY PROCURE INVESTORS WHO MEET THE CRITERIA OF PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES.

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 OTHERWISE; 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 ORDINARY SHARES.

EACH DISTRIBUTOR IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE ORDINARY SHARES AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

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

EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE DISTRIBUTION OF THIS ANNOUNCEMENT, ANY PART OF IT OR ANY

**INFORMATION CONTAINED IN IT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS ANNOUNCEMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.**

No action has been taken by the Company, N+1 Singer or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to the Placing Shares in any jurisdiction where action for that purpose is required.

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

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of FSMA does not apply.

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

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

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

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

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

- 1 it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 2 in the case of a Relevant Person in a member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") who acquires any Placing Shares pursuant to the Placing:
  - 2.1 it is a Qualified Investor within the meaning of Article 2(1)(e) of the Prospectus Directive;
  - 2.2 in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
    - 2.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of N+1 Singer has been given to the offer or resale; or
    - 2.2.2 where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 3 it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Announcement;
- 4 it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Appendix; and
- 5 except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 3 above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act.

**No prospectus**

No prospectus or other offering document has been or will be submitted to be approved by the FCA or any other regulatory body in any Relevant Member State in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Announcement and any information publicly announced through a Regulatory Information Service by or on behalf of the Company on or prior to the date of this Announcement (the "**Publicly Available Information**") and subject to any further terms set forth in the Form of Confirmation to be sent to individual Placees.

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

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

N+1 Singer has today entered into the Placing Agreement with the Company under which, on the terms and subject to the conditions set out in the Placing Agreement, N+1 Singer, as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees to subscribe for the Placing Shares at the Placing Price, such subscription commitments being conditional upon the conditions (summarised below) being satisfied by the Company or otherwise waived by N+1 Singer.

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

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

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

It is expected that Admission will take place at 8.00 a.m. on or around 20 February 2018 and that dealings in the Placing Shares on AIM will commence at the same time.

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

- 1 N+1 Singer is acting as nominated adviser, financial adviser and broker to the Placing, as agent for and on behalf of the Company. N+1 Singer is authorised and regulated in the United Kingdom by the FCA and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of N+1 Singer or for providing advice in relation to the matters described in this Announcement.
- 2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited by N+1 Singer to participate. N+1 Singer and any of its respective affiliates are entitled to participate in the Placing as principal.
- 3 The price per Placing Share will be payable by all Placees to N+1 Singer (as agent of the Company). The Placing Price and number of Placing Shares will be agreed between the Company and N+1 Singer at the close of the Bookbuild and confirmed to Placees by telephone and/or email along with their final allocation, and will be disclosed in the announcement confirming the result of the Placing.
- 4 Each Placee's allocation is determined by N+1 Singer in its discretion following consultation with the Company and has been or will be confirmed orally by N+1 Singer and a Form of Confirmation will be dispatched as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of N+1 Singer and the Company, under which it agrees to acquire the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Except with N+1 Singer's prior written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted.
- 5 Each Placee's allocation and commitment will be evidenced by a Form of Confirmation issued to such each Placee by N+1 Singer. The terms of this Appendix will be deemed incorporated in that Form of Confirmation.
- 6 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to N+1 Singer (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee.
- 7 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be issued pursuant to the Placing will be required to be made at the same time, on the basis explained below under "**Registration and Settlement**".
- 8 All obligations of N+1 Singer under the Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".
- 9 By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

10 To the fullest extent permissible by law and applicable FCA rules, none of (a) N+1 Singer, (b) any of N+1 Singer's affiliates, agents, directors, officers, consultants, (c) to the extent not contained within (a) or (b), any person connected with N+1 Singer as defined in FSMA ((b) and (c) being together "**affiliates**" and individually an "**affiliate**" of N+1 Singer) or (d) any person acting on N+1 Singer's behalf, shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, neither N+1 Singer nor any of its respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing or of such alternative method of effecting the Placing as N+1 Singer and the Company may agree.

#### **Registration and Settlement**

If Placees are allocated any Placing Shares in the Placing they will be sent a Form of Confirmation by N+1 Singer, as soon as it is able, which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to N+1 Singer (as agent for the Company).

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by N+1 Singer in accordance with either the standing CREST or certificated settlement instructions which they have in place with N+1 Singer.

Settlement of transactions in the Placing Shares (ISIN: GB00B2863827) following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to take place on 20 February 2018 unless otherwise notified by N+1 Singer and Admission is expected to occur no later than 8.00 a.m. on 20 February 2018 unless otherwise notified by N+1 Singer. Admission and settlement may occur at an earlier date which, if achievable, will be notified through a Regulatory Information Service. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and N+1 Singer may agree that the Placing Shares should be issued in certificated form. N+1 Singer reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as it deems necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

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

Each Placee agrees that, if it does not comply with these obligations, N+1 Singer may sell, charge by way of security (to any funder of N+1 Singer) or otherwise deal with any or all of their Placing Shares on their behalf and retain from the proceeds, for N+1 Singer's own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by N+1 Singer as a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

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

#### **Conditions of the Placing**

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

The obligations of N+1 Singer under the Placing Agreement are, and the Placing is, conditional upon, inter alia:

- (a) none of the warranties or undertakings on the part of the Company contained in the Placing Agreement being or having become untrue, inaccurate or misleading at any time before Admission, and no fact or circumstance having arisen which would constitute a breach of any of the warranties or undertakings given in the Placing Agreement or which would have a Material Adverse Effect;
- (b) the performance by the Company of its obligations under the Placing Agreement to the extent they fall to be performed prior to Admission;
- (c) no matter having arisen before Admission which might reasonably be expected to give rise to an indemnity claim under the Placing Agreement;
- (d) each condition to enable the Placing Shares to be admitted as participating securities (as defined in the Regulations) in CREST (other than Admission) and enabled for settlement being satisfied on or before 8.00 a.m. on the date of Admission; and
- (e) Admission occurring by not later than 8.00 a.m. on 2 March 2018 (or such later date as the Company and N+1 Singer may agree in writing, in any event being not later than 16 March 2018),

(all conditions to the obligations of N+1 Singer included in the Placing Agreement being together, the "**conditions**").

If any of the conditions are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and N+1 Singer may agree, provided that the time for

satisfaction of the condition set out in (e) above shall not be extended beyond 8.00 a.m. on 16 March 2018), or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placees rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

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

Certain conditions may be waived in whole or in part by N+1 Singer, in its absolute discretion by notice in writing to the Company and N+1 Singer may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

N+1 Singer may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither N+1 Singer, 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 any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing, each Placee agrees that any such decision is within the absolute discretion of N+1 Singer.

#### **Termination of the Placing**

N+1 Singer may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, inter alia:

- 1 it comes to the attention of N+1 Singer that any of the warranties on the part of the Company contained in the Placing Agreement were not true or accurate, or were misleading when given or deemed given; or
- 2 it comes to the attention of N+1 Singer that the Company has failed to comply with its obligations under the Placing Agreement, FSMA, the AIM Rules or other applicable law; or
- 3 it comes to the attention of N+1 Singer that any statement contained in the Placing Materials has become or been discovered to be untrue, inaccurate or misleading in any material respect; or
- 4 there shall have developed or occurred any act of terrorism, outbreak of hostilities, change in national or international financial, monetary, economic, political or market conditions, including fluctuation in exchange rates, which would have a Material Adverse Effect.

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

By participating in the Placing, each Placee agrees with the Company and N+1 Singer that the exercise by the Company or N+1 Singer of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or N+1 Singer and that neither the Company nor N+1 Singer need make any reference to such Placee and that neither N+1 Singer, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Placing" section above and will not be capable of rescission or termination by it after the issue by N+1 Singer of a Form of Confirmation confirming each Placee's allocation and commitment in the Placing.

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

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where N+1 Singer expressly agrees in writing to the contrary):

- 1 it has read and understood this Announcement in its entirety and that its subscription for the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing Shares or otherwise, other than the information contained in this Announcement and the Publicly Available Information;
- 2 it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Directive; and (b) has been or will be prepared in connection with the Placing;
- 3 the Ordinary Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;

- 4 it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial and trading position of the Company in accepting a participation in the Placing and neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Announcement, or the Publicly Available Information; nor has it requested any of N+1 Singer, the Company, any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
- 5 neither N+1 Singer, the Company, any person acting on behalf of either of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- 6 the only information on which it is entitled to rely and on which it has relied in committing to subscribe for the Placing Shares is contained in the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information;
- 7 neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information;
- 8 it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and
- 9 it has not relied on any investigation that N+1 Singer, the Company or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;
- 10 the content of this Announcement and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that neither N+1 Singer nor any person acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this Announcement or the Publicly Available Information nor will they be liable for any Placée's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement, the Publicly Available Information or otherwise. Nothing in this Appendix shall exclude any liability of any person for fraudulent misrepresentation;
- 11 the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, the Republic of Ireland, Australia, Canada, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, the Republic of Ireland, Australia, Canada, the Republic of South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;
- 12 it and/or each person on whose behalf it is participating:
- 12.1 is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
- 12.2 has fully observed such laws and regulations;
- 12.3 has capacity and authority and is entitled to enter into and perform its obligations as an acquirer of Placing Shares and will honour such obligations; and
- 12.4 has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placée, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its subscription for Placing Shares;
- 13 it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed for will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
- 14 the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the Securities Act for the re-offer, resale, pledge or transfer of the Placing Shares;

- 15 it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;
- 16 it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;
- 17 it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing, in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- 18 neither N+1 Singer, its respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of N+1 Singer and N+1 Singer has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 19 it has the funds available to pay for the Placing Shares for which it has agreed to subscribe and acknowledges and agrees that it will make payment to N+1 Singer for the Placing Shares allocated to it in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant Placing Shares may be placed with others on such terms as N+1 Singer may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- 20 no action has been or will be taken by any of the Company, N+1 Singer or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
- 21 the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither N+1 Singer nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to acquire Placing Shares pursuant to the Placing and agrees to pay the Company and N+1 Singer in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of N+1 Singer or transferred to a CREST stock account of N+1 Singer which will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
- 22 it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and N+1 Singer 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);
- 23 the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- 24 it will not make an offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Directive;
- 25 it and any person acting on its behalf (if within the United Kingdom) is a person of a kind described in: (a) Article 19(5) (Investment Professionals) and/or 49(2) (High net worth companies etc.) of the Order and/or an authorised person as defined in section 31 of FSMA; and (b) section 86(7) of FSMA ("**Qualified Investor**"), being a person falling within Article 2.1(e) of the Prospectus Directive. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
- 26 it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges:
- 26.1 it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of FSMA in respect of anything done in, from or otherwise involving the United Kingdom);

- 26.2 if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the express prior written consent of N+1 Singer has been given to the offer or resale;
- 26.3 (other than as set out in the Placing Materials) it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;
- 26.4 neither N+1 Singer nor any of its respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Announcement or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;
- 26.5 neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of N+1 Singer, the Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings or indemnities contained in the Placing Agreement nor the exercise or performance of N+1 Singer's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 26.6 acknowledges and accepts that N+1 Singer may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for its own account for the purpose of hedging its underwriting exposure or otherwise and, except as required by applicable law or regulation, N+1 Singer will not make any public disclosure in relation to such transactions;
- 26.7 N+1 Singer and each of its affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Announcement to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by N+1 Singer and/or any of its affiliates, acting as an investor for its or their own account(s). Neither N+1 Singer nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
- 26.8 it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (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;
- 26.9 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, the EU Market Abuse Regulation No. 596 of 2014 and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 26.10 in order to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, N+1 Singer (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to N+1 Singer or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at N+1 Singer's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at N+1 Singer's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity N+1 Singer (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, N+1 Singer and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
- 26.11 acknowledges that its commitment to acquire Placing Shares on the terms set out in this Announcement and in the Form of Confirmation will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or N+1 Singer's conduct of the Placing;

- 26.12 it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- 26.13 it irrevocably appoints any duly authorised officer of N+1 Singer as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe upon the terms of this Announcement;
- 26.14 the Company, N+1 Singer and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to N+1 Singer, on its own behalf and on behalf of the Company and are irrevocable;
- 26.15 if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such account;
- 26.16 time is of the essence as regards its obligations under this Appendix;
- 26.17 any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to N+1 Singer;
- 26.18 the Placing Shares will be issued subject to the terms and conditions of this Appendix; and
- 26.19 these terms and conditions in this Appendix and all documents into which this Appendix is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or N+1 Singer 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.
- 27 by participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, N+1 Singer and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Appendix or incurred by N+1 Singer, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this Announcement, and further agrees that the provisions of this Appendix shall remain in full force and effect after completion of the Placing. The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and neither the Company nor N+1 Singer shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and should notify N+1 Singer accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company and N+1 Singer in the event that either the Company and/or N+1 Singer has incurred any such liability to such taxes or duties.
- 28 The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to N+1 Singer for itself and on behalf of the Company and are irrevocable.
- 29 Each Placee and any person acting on behalf of the Placee acknowledges that N+1 Singer does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.
- 30 Each Placee and any person acting on behalf of the Placee acknowledges and agrees that N+1 Singer may (at its absolute discretion) satisfy its obligation to procure Placees by itself agreeing to become a Placee in respect of

some or all of the Placing Shares or by nominating any connected or associated person to do so.

- 31 When a Placee or any person acting on behalf of the Placee is dealing with N+1 Singer, any money held in an account with N+1 Singer on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from N+1 Singer's money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.
- 32 References to time in this Announcement are to London time, unless otherwise stated.
- 33 All times and dates in this Announcement may be subject to amendment.
- 34 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.
- 35 The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the Placing Shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.
- 36 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.
- 37 Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

## DEFINITIONS

The following definitions apply in this Appendix to the Announcement and, as the context shall admit, in the Announcement:

"Admission"	admission of the Placing Shares to trading on AIM;
"AIM"	AIM, a market operated by the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers as applicable, published by the London Stock Exchange;
"Announcement"	this Announcement;
"Closing Price"	the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange;
"Company" or "CVS"	CVS Group plc, a company incorporated in England and Wales with registered number 06312831 with its registered office at CVS House, Owen Road, Diss, Norfolk IP22 4ER;
"CREST"	the computerised settlement system to facilitate transfer of the title to an interest in securities in uncertificated form operated by Euroclear UK and Ireland Limited;
"Directors" or the "Board"	the directors of the Company on the date of this Announcement;
"Existing Ordinary Shares"	the 64,658,875 Ordinary Shares in issue as at the date of this Announcement;
"FCA"	the Financial Conduct Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"Form of Confirmation"	the form of confirmation or electronic confirmation to be despatched by N+1 Singer to each Placee in connection with the Placing following receipt of each Placee's firm order;
"Further Authority"	the authority to issue up to 3,195,500 new Ordinary Shares on a non pre-emptive basis, for use only for the purposes of financing (or refinancing within six months of the date of acquisition) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Pre-Emption Group Guidelines obtained at the Company's annual general meeting on 30 November 2017
"Group"	the Company and its subsidiary undertakings;
"London Stock Exchange"	London Stock Exchange plc;
"Material Adverse Effect"	an effect which in the opinion of N+1 Singer (acting in good faith):  (a) is or will or is likely to be materially prejudicial to the prospects or financial position of the Company; and which

(b) by itself or together with any other such occurrence, is material in the context of the Placing;

"N+1 Singer"	Nplus1 Singer Advisory LLP, acting as nominated adviser and broker to the Company in respect of the Placing, and where the context allows, its affiliates;
"Ordinary Shares"	the ordinary shares of 0.2 pence each in the capital of the Company;
"Placees"	those persons procured by N+1 Singer acting as agent for the Company who have agreed to subscribe for all or any of the Placing Shares pursuant to the Placing;
"Placing"	the conditional placing by N+1 Singer on behalf of the Company of the Placing Shares at the Placing Price, in accordance with the Placing Agreement;
"Pre-Emption Group Guidelines"	the Pre-Emption Group's Statement of Principles on Disapplying Pre-Emption Rights;
"Placing Agreement"	the agreement dated 16 February 2018 between the Company and N+1 Singer relating to the Placing;
"Placing Materials"	this Announcement and any other announcement issued in connection with the Placing via a Regulatory Information Service and any other material prepared by the Company and provided to prospective investors by it in connection with the Placing;
"Placing Price"	the price at which the Placing Shares are to be placed with Placees, to be determined via the Bookbuild and notified via a Regulatory Information Service;
"Placing Shares"	up to 6,391,000 new Ordinary Shares; and
"Regulatory Information Service"	a regulatory information service approved by the London Stock Exchange for the distribution of AIM announcements.