

Placing and Admission to AIM

Blue Prism Group plc



blueprism[®]

Software Robots - the Virtual Workforce

blueprism.com



Investec

Specialist Bank

Nominated Adviser, Sole Broker,
Bookrunner and Underwriter

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you should consult an independent professional adviser authorised under the Financial Services and Markets Act 2000, as amended, (the "FSMA") who specialises in advising on the acquisition of shares and other securities.

This document constitutes an AIM admission document relating to Blue Prism Group plc (the "**Company**") and has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA. Accordingly, this document has not been drawn up in accordance with the Prospectus Rules and has not been nor will it be approved by, or filed with, the Financial Conduct Authority ("**FCA**") or any other authority which would be a competent authority for the purposes of the Prospectus Directive.

AIM is a market designed primarily for emerging or 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 UK Listing Authority. 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, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 18 March 2016. The Ordinary Shares are not dealt in on any other recognised investment exchange and no application has been, or is intended to be, made for the Ordinary Shares to be admitted to trading on any other such exchange. It is emphasised that no application is being made for the admission of the Ordinary Shares to the Official List.

The Company (whose registered office appears on page 8 of this document) and the Directors, whose names, addresses and functions appear on page 8 of this document, accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company involves a high degree of risk. In particular, the attention of prospective investors is drawn to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of these risk factors.

Blue Prism Group plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered no. 09759493)

Placing of 27,041,318 Ordinary Shares at 78 pence per share and Admission of the Enlarged Share Capital to trading on AIM



Nominated Adviser, Sole Broker, Bookrunner and Underwriter

The Placing is conditional, amongst other things, on Admission taking place on or before 18 March 2016 (or such later date as the Company and Investec Bank plc may agree, but in any event not later than 31 March 2016). The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions declared, made or paid after Admission.

Investec Bank plc ("**Investec**"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively as nominated adviser, sole broker, bookrunner and underwriter to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Investec or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Investec's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by FSMA or the regulatory regime established thereunder, Investec does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Investec accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.blueprism.com.

PRESENTATION OF INFORMATION

General

Prospective investors should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors or Investec. No representation or warranty, express or implied, is made by Investec as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Investec as to the past, present or future. 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 representation must not be relied upon as having been so authorised. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary admission document pursuant to the AIM Rules for Companies, neither the delivery of this document nor any subscription or sale made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

The Company will update the information provided in this document by means of a supplement to it if a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this document. Any supplementary admission document will be made public in accordance with the AIM Rules for Companies.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult a legal adviser, an independent financial adviser duly authorised under FSMA or a tax adviser for legal, financial or tax advice in relation to any investment in or holding of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investing in and holding the Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, investors should carefully consider all of the information contained in this document, paying particular attention to the section entitled Risk Factors in Part II of this document. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information contained in this document and their personal circumstances.

Investec, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively as nominated adviser, sole broker, bookrunner and underwriter to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Investec or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. Investec's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by FSMA or the regulatory regime established thereunder, Investec does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Investec accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

In connection with the Placing, Investec and any of its affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares

being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Investec and any of its affiliates acting as investors for their own accounts. Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Investec and its affiliates may have in the past engaged, and may in the future, from time to time, engage in transactions with, and provided various investment banking, financial advisory and other ancillary activities in the ordinary course of their business with the Company, in respect of which they have received, and may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interest that may not be aligned, or could possibly conflict, with the interests of investors.

Notice to overseas persons

This document does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person to whom, or in any jurisdiction in which, such offer or solicitation is unlawful and is not for distribution in or into the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would be in breach of any law and/or regulations (the “**Prohibited Territories**”). The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) or any state of the United States or under any applicable securities laws of any of the Prohibited Territories. The Ordinary Shares may not be offered for sale or subscription, or sold or subscribed, directly or indirectly, within the United States unless the offer and sale of the Ordinary Shares has been registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. The Ordinary Shares are being offered and sold only in “offshore transactions” outside the United States in reliance on Regulation C of the Securities Act.

The distribution of this document and the Placing in certain jurisdictions may be restricted by law. No action has been taken or will be taken by the Company, the Directors or Investec to permit a public offer of Ordinary Shares or to permit the possession or distribution of this document in any jurisdiction where action for that purpose may be required. This document may not be distributed in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by the Company, the Directors and Investec to inform themselves about and to observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of the relevant jurisdiction.

THE ORDINARY SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR BY ANY US STATE SECURITIES COMMISSION OR AUTHORITY, NOR HAS ANY SUCH US AUTHORITY PASSED ON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE. THE ORDINARY SHARES HAVE NOT BEEN (AND WILL NOT BE) REGISTERED UNDER THE SECURITIES ACT OR SECURITIES LAWS OF ANY US STATE AND WILL NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER APPLICABLE LAWS.

Forward-looking statements

This document contains statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms “anticipates”, “believes”, “could”, “envisages”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should”, “will” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates

may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document. Prospective investors are strongly recommended to read the risk factors set out in Part II of this document for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Group operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. The forward-looking statements contained in this document speak only as at the date of this document. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with its legal and regulatory obligations (including under the AIM Rules for Companies).

Market and financial information

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group's position therein, are based on the Group's records or are taken or derived from statistical data and information derived from the sources described in this document. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Presentation of financial information

The report on financial information included in Part III of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part IV of this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this document, including Blue Prism Limited's audited consolidated financial statements for the years ended 31 October 2013, 2014 and 2015 and the notes to those financial statements, has been prepared in accordance with IFRS.

Non-IFRS information

This document contains certain financial measures that are not defined or recognised under IFRS, including EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA result from Group operating profit adjusted for depreciation and amortisation, share-based payments and exceptional items. Information regarding EBITDA, Adjusted EBITDA or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of EBITDA, Adjusted EBITDA or similar measures and the criteria upon which EBITDA, Adjusted EBITDA or similar measures are based can vary from company to company. EBITDA and Adjusted EBITDA, alone, do not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

Rounding

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

Currency presentation

In the document, references to "sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom and references to "\$", "USD" and "dollars" are to the lawful currency of the United States. Unless otherwise stated, the basis of translation of sterling into US dollars for the purposes of inclusion in this

document is \$1.43/£1.00 (being the exchange rate prevailing on 14 March 2016 (being the latest practicable date prior to the publication of this document)).

Unless otherwise indicated, the financial information contained in this document has been expressed in pounds sterling. The Group presents its financial statements in sterling.

No incorporation of website information

The contents of the Company's website or any hyperlinks accessible from the Company's website do not form part of this document and investors should not rely on them.

Defined terms and references

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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PLACING STATISTICS

Placing Price	78 pence
Number of New Ordinary Shares to be issued by the Company	12,820,513
Number of Sale Shares to be sold pursuant to the Placing	14,220,805
Total number of Placing Shares	27,041,318
Number of Ordinary Shares in issue following the Placing	62,210,968
Percentage of the Enlarged Share Capital represented by Placing Shares	43.5 per cent.
Gross proceeds of the Placing receivable by the Company	£10.0 million
Estimated net proceeds of the Placing receivable by the Company	£8.8 million
Market capitalisation of the Company at the Placing Price	£48.5 million
ISIN code	GB00BYQ0HV16
SEDOL	BYQ0HV1
AIM TIDM	PRSM

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	15 March 2016
Admission and commencement of dealings	8.00 a.m. on 18 March 2016
CREST accounts credited (where applicable)	18 March 2016
Despatch of definitive share certificates (where applicable)	18 March 2016

Each of the above times and dates set out above and mentioned elsewhere in this document may be subject to change at the absolute discretion of the Company or Investec without further notice. References in this document are references to London time unless otherwise stated.

DIRECTORS, SECRETARY AND ADVISERS

Directors	<p>Dr. Conrad <u>Jason</u> Kingdon (<i>Non-Independent Non-Executive Chairman</i>) <u>Alastair</u> Douglas Bathgate (<i>Chief Executive Officer</i>) <u>Gary</u> Michael Johnson (<i>Chief Financial Officer</i>) Christopher (<u>Chris</u>) Michael Batterham (<i>Senior Independent Non-Executive Director</i>) Kenneth (<u>Ken</u>) Lever (<i>Independent Non-Executive Director</i>) <u>Charmaine</u> Bridgette Eggberry (<i>Independent Non-Executive Director</i>)</p> <p>all of:</p> <p>Centrix House 26 Crow Lane Newton-le-Willows WA12 9UY</p>
Company Secretary	<p><u>Gary</u> Michael Johnson</p>
Registered and Head Office	<p>Centrix House 26 Crow Lane Newton-le-Willows WA12 9UY</p>
Nominated Adviser, Sole Broker, Bookrunner and Underwriter	<p>Investec Bank plc 2 Gresham Street London EC2V 7QP</p>
Solicitors to the Company	<p>Olswang LLP 90 High Holborn London WC1V 6XX</p>
Solicitors to Investec	<p>Osborne Clarke LLP One London Wall London EC2Y 5EB</p>
Auditors and Reporting Accountant to the Company	<p>BDO LLP 55 Baker Street London W1U 7EU</p>
Registrars	<p>Capita Asset Services (<i>a trading name of Capita Registrars Limited</i>) The Registry 34 Beckenham Road Beckenham Kent BR3 4TU</p>
Company website	<p>www.blueprism.com</p>

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Admission”	the admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules for Companies”	the rules for companies whose securities are admitted to trading on AIM, as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules setting out the eligibility requirements, ongoing obligations and certain disciplinary matters in relation to nominated advisers, as published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company adopted on 14 March 2016, a summary of certain provisions of which is set out in paragraph 4 of Part IV of this document
“Board” or “Directors”	the board of directors of the Company whose names are set out on page 8 of this document
“Business Day”	a day, other than a Saturday, Sunday or public holiday, when banks in the City of London are generally open for business
“CAGR”	compound annual growth rate
“certificated” or “in certificated form”	in relation to an Ordinary Share, recorded on the Company’s register as being held in certificated form (that is not in CREST)
“Companies Act 2006”	the Companies Act 2006
“Company”	Blue Prism Group plc, a company incorporated in England and Wales with registered number 09759493
“Corporate Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council, as in force from time to time
“CREST”	the electronic share settlement system for trading shares in uncertificated form operated by Euroclear in accordance with the CREST Regulations
“CREST Regulations” or “Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Disclosure and Transparency Rules” or “DTRs”	the disclosure and transparency rules made by the FCA under Part VI of FSMA
“EBITDA”	earnings before interest, taxation, depreciation and amortisation
“Employee Share Plan”	the Blue Prism Group plc Employee Share Plan, further details of which are set out in paragraph 6 of Part IV of this document
“Enlarged Share Capital”	the entire issued ordinary share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
“EU”	the European Union

“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 49,390,455 Ordinary Shares that will be in issue immediately prior to Admission
“Existing Shareholders”	holders of Ordinary Shares immediately prior to Admission
“FCA”	the UK Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000
“Group” or “Blue Prism”	the Company and its subsidiary undertakings (as defined in the Act) or, prior to the date on which the Company became the parent undertaking (as defined in the Act) of the Group, TradingCo and its subsidiary undertakings
“HMRC”	Her Majesty’s Revenue & Customs
“IFRS”	the International Financial Reporting Standards as adopted by the International Accounting Standards Board and the EU
“Investec”	Investec Bank plc, the nominated adviser, sole broker, bookrunner and underwriter to the Company
“Lock-in Agreement”	the lock-in and orderly market agreements described in paragraph 7.2 of Part IV of this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 12,820,513 new Ordinary Shares to be issued pursuant to the Placing
“Non-Employee Share Plan”	the Blue Prism Group plc Non-Employee Share Plan, further details of which are set out in paragraph 6 of Part IV of this document
“Official List”	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA
“Ordinary Share”	an ordinary share with a nominal value of one pence in the capital of the Company
“Other Share Plan”	any share incentive scheme operated by the Company enabling Executive or Non-Executive Directors, employees or consultants of any Company in the Group to acquire Ordinary Shares
“Placee”	an investor to whom Placing Shares are issued or sold pursuant to the Placing
“Placing”	the conditional placing by Investec on behalf of the Company and the Selling Shareholders of the Placing Shares with institutional and other investors at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 15 March 2016 made between the Company, the Directors, the Selling Shareholders and Investec relating to the Placing and which is summarised in paragraph 7.1 of Part IV of this document
“Placing Price”	78 pence per Placing Share

“Placing Shares”	the 12,820,513 New Ordinary Shares to be allotted and issued by the Company pursuant to the Placing and the 14,220,805 Sale Shares to be sold by the Selling Shareholders pursuant to the Placing
“Prohibited Territories”	the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa, Japan, New Zealand and any other jurisdiction in which it is a violation of the relevant laws, local laws or regulations of such jurisdiction to release, publish or distribute information concerning the Placing or Admission, directly or indirectly, in, into or from, and by any means
“Prospectus Directive”	the EU Prospectus Directive 2003/71/EC including any relevant measure in each member state of the European Economic Area that has implemented Directive 2003/71/EC
“Prospectus Rules”	the prospectus rules made by the FCA under Part VI of FSMA
“QCA Code”	the corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance
“Registrars”	Capita Asset Services (a trading name of Capita Registrars Limited)
“Sale Shares”	14,220,805 Existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing
“SEC”	the US Securities and Exchange Commission
“Securities Act”	the United States Securities Act of 1933, as amended
“Selling Shareholders”	Shareholders who are selling Ordinary Shares pursuant to the Placing
“Share Exchange Agreement”	an agreement dated 11 March 2016 entered into between the Company and each shareholder of TradingCo pursuant to which the Company acquired the entire issued share capital of TradingCo
“Shareholders”	the holders of Ordinary Shares
“Share Plans”	the Employee Share Plan and the Non-Employee Share Plan
“Takeover Code”	the UK City Code on Takeovers and Mergers
“Takeover Panel”	the Panel on Takeovers and Mergers
“TradingCo”	Blue Prism Limited, a company incorporated in England and Wales with registered number 04260035, a wholly-owned subsidiary of the Company
“TradingCo Shares”	shares in the issued capital of TradingCo
“UK Listing Authority” or “UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “in uncertificated form”	in relation to an Ordinary Share, recorded on the Company’s register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland

“United States” or “US”	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“USCo”	Blue Prism Software, Inc., a company incorporated in Delaware, United States with registered number 5249418, a wholly-owned subsidiary of the Company
“VAT”	value added tax
“\$” or “dollars”	US dollars, the lawful currency of the United States
“£” or “sterling”	UK sterling, the lawful currency of the United Kingdom

GLOSSARY OF TECHNICAL TERMS

The following glossary of technical terms applies throughout this document, unless the context otherwise requires:

“BPO”	Business Process Outsourcing
“Channel Partners”	alliance partners and value added resellers of the Group
“CRM”	Customer Relationship Management
“Direct Customers”	customers to whom the Group sells its software and services directly
“ERP”	Enterprise Resource Planning
“FOSS”	Free and Open Source Software
“Indirect Customers”	customers who purchase the Group’s software and services via a Channel Partner
“ISA ”	Individual Savings Account
“IT”	Information Technology
“PCI-DSS”	Payment Card Industry Data Security Standard
“Robotic Automation” or “RPA”	a term used to describe the process by which Software Robots are used to automate clerical processes in services industries by automating existing applications via a user interface
“Software Robot”	a software-based solution, typically hosted on a server, that can automate a rules-based process and operate this process in the same manner as a human would
“Virtual Workforce”	a term used to describe the architecture of the Group's Software Robots as distributed over a network and connected to a central server for management and control

PART I

INFORMATION ON THE GROUP

1. Overview

The Group is a leader in RPA, supplying a Virtual Workforce powered by Software Robots that are trained to automate routine back-office clerical tasks. The Group's enterprise-grade software enables the automation of manual, rules-based, administrative processes to create a more agile, cost effective and accurate back-office.

The Group launched a commercial version of its software product in 2008 and spent four years developing the software with a number of blue-chip customers, including Barclays Bank, Co-operative Banking Group, Telefónica O2, RWE npower and Shop Direct. These referenceable enterprise-scale deployments have demonstrated the compliance, resilience, repeatability, scalability and security of Blue Prism's software. The Directors believe that the completion of this industrialisation process has created a significant barrier to entry.

The impact of robotics and computerisation is set to transform the labour market. A 2013 study by Oxford Martin School, University of Oxford, on the effects of computerisation on US jobs found that 47 per cent. were at a "high risk" of being replaced by technology with a further 19 per cent. at a "medium" risk.¹ This analysis was echoed by the Chief Economist and Executive Director, Monetary Analysis & Statistics, of the Bank of England, Andrew Haldane, who commented in November 2015 that 15 million jobs in the UK could be at risk of automation.² The impact of robotics on the workplace was the main theme of the 2016 World Economic Forum in Davos, which described the advent of economy-changing technologies such as RPA as "The Fourth Industrial Revolution".³ The Directors believe these commentaries are indicative of the potential market opportunity available to the Group.

The Directors believe the Group's principal growth opportunity comes from an increasing adoption of RPA by large enterprises with significant back-office operations. As businesses have sought to reduce the cost base and improve the productivity of their back-offices, they have often turned to lower cost resourcing options. The Directors believe that the Group's Virtual Workforce is the next evolution in the labour market providing a third sourcing option (after onshore and offshore sourcing options) for businesses looking for the cost benefits of offshoring without the disadvantage often associated with it. In addition, RPA technology can enable large enterprises to better manage skilled labour shortages. Software Robots can be trained to complete the routine tasks previously performed by human agents enabling those employees to assume more strategic and creative roles within the organisation. RPA is therefore increasingly being viewed as an enabling technology in a workplace battling with skilled labour shortages.

In order to take advantage of this market opportunity, the Group is increasingly focused on establishing a global Channel Partner ecosystem. The Group had 26 Channel Partners including Accenture, Deloitte, EY, IBM, id. Management, NEOOPS and Thoughtonomy as at 31 January 2016.

The Group has experienced significant customer momentum, primarily through its Channel Partner ecosystem. In the financial year ended 31 October 2015, the Group won 25 new customers, (of which 18 were Indirect Customers), taking its total customer base to 57 predominantly blue-chip customers across the UK, US and Europe. This momentum has continued into the current financial year and, as at 31 January 2016, the Group has won a further 2 Direct and 15 Indirect Customers.

As at 31 October 2015, the Group had 43 employees based in offices in Newton-le-Willows and London (UK) and Miami (US).

The Group has been entirely self-funded since 2008, prior to which it raised approximately £1.7 million from a number of venture capital funds and high-net worth individuals.

1 Carl Frey & Michael Osborne, Oxford Martin School, University of Oxford (2013)

2 Andrew Haldane, Chief Economist and Executive Director, Monetary Analysis & Statistics, the Bank of England speech at the Trade Union Congress in November 2015

3 Yuang Yang, Financial Times, Davos, 2016: The 4 big themes facing the World Economic Forum, 19 January 2016

For the financial year ended 31 October 2015, the Group generated revenues of £6.1 million (£4.5 million for the financial year ended 31 October 2014) and an EBITDA loss of £0.7 million (£0.2 million for the financial year ended 31 October 2014). The Group had over 61 per cent. recurring revenues in the financial year ended 31 October 2015, and typical commercial arrangements with customers include three year term licences which are invoiced annually in advance.

2. History and Development

The Group was established in 2001 by Alastair Bathgate (Chief Executive Officer) and David Moss (Chief Technology Officer), initially as an automation consultancy. Since this time, the Group has invested in the development of its Software Robots and more recently in developing an efficient Channel Partner route to market. The Directors believe the Group is now well placed to take advantage of the nascent RPA market.

The Group's development since 2001 can be explained through three distinct phases:

Transition from provision of consulting services to software development (2001 – 2008)

The Group began as a consultancy business specialising in process automation and quickly established itself as an automation services provider, predominantly to the finance sector. Early customers of the Group included Barclays Bank, Co-operative Banking Group, Telefónica O2, RWE npower and Shop Direct.

During this period, the Group transitioned from an automation services provider to developing, in close collaboration with a number of customers, its Software Robots that could be trained to automate clerical tasks. During this period, the Group raised approximately £1.7 million in development capital to enable this productisation and has been entirely self-funded since this time. Jason Kingdon, formerly CEO and co-founder of Searchspace Limited, joined the Group in 2008 as Executive Chairman followed by a number of the Group's existing management team.

Software industrialisation (2008 – 2011)

During this period, the Group focused on industrialising its Software Robots. The Group launched the first commercial version of its software in 2008 and scale testing began in the same year. The Group focused on research and development of its Software Robots alongside establishing a delivery framework and methodology to address the technological and operational requirements of its customers.

To take advantage of the Group's approach to software development with its customers, it founded the Operational Agility Forum, an operations think tank for developing ideas regarding the use of RPA in the business services industry. Current members of the Operational Agility Forum (in addition to Blue Prism) include:

- Barclays Bank
- British Sky Broadcasting
- BT
- Captivate Associates
- COLT
- Co-operative Banking Group
- Telefónica O2
- RWE npower
- Shop Direct
- University Hospitals Birmingham NHS Foundation Trust

Using the feedback from its customers and the Operational Agility Forum, the Group developed its Software Robots to meet the robustness and strict security and governance requirements of its enterprise customers. The Directors believe that the completion of this 'industrialisation process' has enabled the Group to develop its Software Robots into a Virtual Workforce with referenceable, enterprise-scale deployments which demonstrate the compliance, resilience, repeatability, scalability and security of its software, and thereby creating a significant barrier to market entry.

By the financial year ended 31 October 2011, the Group had 11 Direct Customers and revenues of £1.9 million of which approximately 40 per cent. were recurring in nature.

Scaling-up and delivering customer momentum (2012 onwards)

Having successfully industrialised its Software Robots, the Group began to focus on scaling-up its business and capitalising on the increasing use of RPA within the outsourcing market.

The Group positioned itself as a thought leader in the use of RPA and coined the term “Robotic Automation” to describe the process by which Software Robots are used to automate clerical processes in business services industries. The Directors believe the Group’s position as a thought leader in RPA is a key strength which has enabled it to define the sector and meet the product standards expected by large enterprises from RPA technology. In 2013, the Group was recognised as a “Cool Vendor in Business Process Services” by Gartner, which the Directors believe identified the leadership position of the Group within its market.

The Group began developing its Channel Partner network with a number of multi-national and specialist consultancy and BPO businesses in order to provide a scalable sales model capable of increasing the Group’s operational leverage. The Group had 26 Channel Partners including Accenture, Deloitte, EY, IBM, id. Management, NEOOPS and Thoughtonomy as at 31 January 2016.

The Group has further invested to ensure the scalability of its Channel Partner network by establishing a largely online training system and sales academy for Channel Partners. The Directors believe this investment in the Group’s Channel Partner network will enable the Group to scale its business more efficiently and cost effectively. In the financial year ended 31 October 2015, the Group won 18 new customers through its expanding Channel Partner ecosystem and a further 15 new customers in the first quarter of the financial year ending 31 October 2016.

In January 2013, the Group opened its first international office in Miami (US) and won its first Direct Customers in North America in the following year. As at 31 October 2015, the Group had six customers based in North America and has won a further two customers in the first quarter of the financial year ending 31 October 2016.

For the financial year ended 31 October 2015, the Group had 57 customers (34 Indirect and 23 Direct Customers) and had revenues of £6.1 million, of which approximately 61 per cent. are recurring in nature. During this period, the Group had its first customer spending approximately £1.0 million per annum on recurring licence fees (which are considered by the Group to be “robot salaries”).

The Group’s customer momentum has continued into the first quarter of the financial year ending 31 October 2016. The Group signed 28 deals in the quarter, of which 17 were new customers (15 Indirect and two Direct Customers) and 11 were upsells to existing customers.

The Directors believe that the Group’s investment in its developing Channel Partner network and its position as a thought leader in the use of RPA will allow the Group to capitalise on the market opportunity.

3. Market landscape

Market background

The impact of technology and computerisation is set to transform the labour market. A 2013 study by Oxford Martin School, University of Oxford, on the effects of computerisation on US jobs found that 47 per cent. were at a “high risk” of being replaced by technology (a greater than 70 per cent. chance) with a further 19 per cent. at a “medium risk” (between 30 per cent. and 70 per cent. chance).⁴ This analysis was echoed by the Chief Economist and Executive Director, Monetary Analysis & Statistics, of the Bank of England, Andrew Haldane, who commented in November 2015 that 15 million jobs in the UK could be at risk of automation.⁵ In addition, a study by the Massachusetts Institute of Technology estimated that 44 per cent. of all US employment is “routine” work, defined as involving specific, repetitive tasks and thus offering an opportunity for automation.⁶ The impact of robotics on the workplace was the main theme of the 2016 World

4 Carl Frey & Michael Osborne, Oxford Martin School, University of Oxford (2013)

5 Andrew Haldane, Chief Economist and Executive Director, Monetary Analysis & Statistics, the Bank of England speech at the Trade Union Congress in November 2015

6 Carl Frey & Michael Osborne, Oxford Martin School, University of Oxford (2013)

Economic Forum in Davos, which described the advent of economy-changing technologies such as RPA as “The Fourth Industrial Revolution”.⁷

Furthermore, RPA technology can enable large enterprises to better manage skilled labour shortages. Software Robots can be trained to complete the routine tasks previously performed by human agents, enabling those employees to assume more strategic and creative roles within the organisation. The Directors believe these commentaries and macro themes are indicative of the potential market opportunity becoming available to the Group and believe that the Group’s progress to date with blue-chip organisations reflects an increasing adoption of RPA within the work place.

The “long-tail” of automation

The traditional view of technology within a modern organisation is to use a combination of human agents working alongside technology. Human agents interact with customers, make judgement calls and interpret information. Technology, in contrast, has fixed rules of operation, is consistent in the processes it performs and its ability to process information at scale and in a repeatable fashion.

However, businesses are in constant change and are increasingly required to respond faster to competition and regulatory drivers. The existing technology infrastructure within a business is typically unable to adapt to these demands at the required speed. The result of this dynamic has seen human agents being increasingly used to “fill the gap” between an organisation’s IT systems and the processes which these IT systems are now asked to perform. To further compound the issue, many large companies have a patchwork of IT systems built-up over time that cannot be easily or quickly adapted to respond to these demands.

Given these demands, and often limited IT budgets, businesses have typically chosen to focus on IT projects that deliver significant business change such as a new ERP, CRM or billing system. Other processes continue to use human agents, often in low-cost or offshore locations, to “fill the gap” between existing IT systems and process requirements. These processes typically fail to meet the necessary business returns, often due to their time to delivery, business impact or resourcing constraints within IT departments creating an “IT bottleneck” or “long tail”. These processes constitute the “long-tail” of automation which have typically struggled to receive adequate IT resourcing, yet are suitable for automation through RPA.

The traditional response

There has traditionally been three responses to dealing with this IT bottleneck:

- Staff
Staff are used as the human agents to “fill the gap” between systems, working from one system to another, thereby bridging the gap between disparate IT systems
Disadvantages: Expensive, error prone, slow and people dependent
- Outsourcing
Outsourcing these tasks to BPO providers as the processes constituting the “long tail” are typically rules based, functional in nature and therefore subject to the global arbitrage wage costs of offshore outsourcing
Disadvantages: Error prone, inconsistent service delivery, slow, people dependent and poor management oversight
- “Grey IT”
“Grey IT” (or “rogue IT”) refers to the form of technical solutioning whereby employees build their own technology, normally in small databases or spreadsheets to create their own shortcuts and solutions
Disadvantages: considered high risk by IT departments as it can create (i) non-governed mission critical processes which do not comply with regulatory or compliance policies; and (ii) a risk to sales and process knowledge within the organisation

⁷ Yuang Yang, Financial Times, Davos, 2016: The 4 big themes facing the World Economic Forum, 19 January 2016

The Group’s Software Robots as a response to the “long-tail” of automation

The Group’s enterprise software can extend the benefits of technology down the “long-tail” by enabling business users to train and configure Software Robots to perform clerical tasks, as an alternative to or complementing their existing on shore or off shore resourcing options and can be used to replace “Grey IT” with a controlled and centralised technology-led approach.

What is a Software Robot?

A Software Robot is a software-based solution that can be trained to automate rules-based processes. Software Robots can automate large volumes of manual processes, manipulate data, trigger responses and communicate with an organisation’s IT systems in the same manner as their human counterparts. There are no requirements for the Software Robots to be integrated into a business’s IT systems as they are “trained” by business analysts or operations staff within 9 customer’s operations departments, akin to a new employee. The Software Robots use the same desktop configuration and applications as a human agent and can be deployed on-premise or hosted within a private, public or hybrid Cloud environment.

The Directors believe that there are several key benefits of using the Group’s Software Robots as a solution to address the “long-tail”, including:

- Lightweight IT Software Robots do not interrupt existing IT systems as they interact with these systems through existing user interfaces
- Ability to work within legacy IT environments Software Robots are well suited to working with legacy systems where integration is difficult between software developed several decades ago and more modern systems
- Auditability and security The processes performed by the Group’s Software Robots can be audited and security is centrally managed
- Easy to train Software Robots have been developed for use by the business as opposed to being an “IT tool”. As such, the Software Robots can be configured by employees within the business or operational functions to design a process using graphical tools without needing to write technical code

The Virtual Workforce

The Directors believe the Group’s RPA proposition differentiates itself from competitors through its ability to offer an enterprise scale software solution capable of extending the reach of technology into the “long-tail” through its Virtual Workforce. The Group’s Software Robots operate at high-scale, across multiple independent and parallel tasks, controlled through workflow and task management operating systems, creating a Virtual Workforce capable of replacing a business’s existing human workforce.

RPA disrupting the labour market

Businesses have sought to gain efficiencies within their back-offices, by addressing their cost bases. More recently, they have also sought to balance these efficiencies with other performance imperatives such as service excellence and business enablement. The options available to businesses looking for increased efficiencies and performance levels within their back office are:

- Offshoring In search of greater cost reductions, businesses can gain the benefits of labour arbitrage by sending work to offshore locations
- Onshoring Businesses often found that a consequence of offshoring was a lack of focus on quality of delivery leading to a decline in performance imperatives. Businesses therefore began a trend towards “right-shoring”, focusing on bringing a quality-driven, rather than cost-driven, approach to their back-office
- Virtual Workforce Businesses, with the introduction of RPA technology, have a new sourcing option. The Group’s Virtual Workforce provides a virtual back-office powered by Software Robots which the Directors believe is capable of providing businesses with both the performance imperatives of an onshore solution and the cost efficiencies of an offshore solution, creating the next evolution in the labour market

In addition, businesses are also battling with skilled labour shortages, particularly amid ageing workforces. The Group's Virtual Workforce can enable those businesses to better manage skilled labour shortages by allowing those organisations to reinvest capital and help employees enhance their skill sets to assume more strategic and creative roles whilst Software Robots complete routine tasks previously performed by human agents. The Directors believe RPA is therefore a third sourcing option for businesses, enabling them now to transform their back-office.

RPA's impact on the BPO market

Within these three labour options, businesses also have the option whether to insource or outsource. Businesses initially focused on reducing costs by passing routine, non-business critical, processes to outsourcing companies. Outsourcing businesses sought to standardise and centralise processes to reduce costs and realise margin with the market growing substantially such that by 2010 \$206.8 billion was being spent in outsourcing deals worldwide.⁸

As BPO providers have sought to maintain their advantages over insourcing options, the Directors believe that it is becoming increasingly important for those providers to have a stated RPA policy. One example of the potential disruption RPA can have on the outsourcing market is in the finance and accounting market. Everest Group estimates that of this subset of the outsourcing market, a circa \$4.6 billion market, between 25 to 40 per cent. of full time employees could be displaced by RPA technology.⁹ The Directors believe this trend is indicative of the potential market addressable by the Group and the disruption RPA technology can have on the BPO industry.

RPA is now a dominant topic in the BPO market. RPA is on the strategic agenda of many BPO providers who are increasingly required to have a stated RPA strategy. One example of a BPO provider which has a stated RPA strategy is Hexaware, the Indian-based global BPO, which recently announced it had entered into a strategic partnership with the Group to “transform support processes by enabling rapid automation of manual, rules based, back office administrative processes through RPA”.¹⁰

The Group's Virtual Workforce proposition

A number of research studies exist regarding the effectiveness and use cases of the Group's software with customers.¹¹ The Directors believe these reference cases demonstrate the Group's ability to provide a third sourcing option through its Virtual Workforce. These reference cases include:

	Xchanging	O2/Capita	Large UK-based utility
Processes automated	14 core processes	15 core processes	25 core processes
RPA transactions per month	120,000	400,000 to 500,000	Circa 1,000,000
Number of robots	27 (started with 10)	Over 160 (started with 10)	Over 300 (started with 10) and “supervised” by two people
Number of full time employees replaced	n/a	Over 100	Over 600

8 “The Seven Signs of India's Outsourcing Apocalypse”, Wall Street Journal, 2015
 9 Everest Group Research: Service Delivery Automation (SDA) Market in 2014 – Moving Business Process Services Beyond Labor Arbitrage
 10 Hexaware announcement on 23 November 2015 that it had entered into a global partnership with Blue Prism
 11 These case studies have been published by the London School of Economics and Political Science Outsourcing Unit as part of its Outsourcing Unit Working Research Paper Series. Blue Prism is a sponsor of the Outsourcing Unit

	Xchanging	O2/Capita	Large UK-based utility
Typical return on investment	30 per cent. as at June 2015	12 month payback period and return on investment over three years between 650 and 800 per cent.	200 per cent. within 12 months
Use cases	<ul style="list-style-type: none"> ● Validation of London Premium Advice Notes 	<ul style="list-style-type: none"> ● SIM card swaps ● Credit checks ● Order processing ● Mobile number porting 	<ul style="list-style-type: none"> ● Billing ● Human Resources ● Tariffs

4. Software overview

The Group's Software Robots have been designed to provide a robust, highly scalable, enterprise-strength Virtual Workforce that can be operated by the business function and supported by their IT department. The Group's Software Robots interface with third-party platforms or applications within an organisation's existing software suite such as an ERP, CRM or billing system. Its Software Robots can be hosted on-premise, or hosted within a private, public or hybrid Cloud environment.

Notable core features of the Group's software include:

Object Studio	A system level of "building blocks" that provides instructions to the Software Robots on how to interact with a given software application or tool to complete a given process
Process Studio	An orchestration layer that enables the design of processes, using objects and an array of options to handle data, enabling the user to design their own workflow processes. This includes items such as decision trees, exception handling and reacting to target applications
Control Room	A day-to-day operational environment to control, monitor and schedule a Virtual Workforce
Release Manager	A module for multi-step deployment allowing designed automation processes to be moved between different environments
Dashboard	A graphical interface for monitoring the overall solution using metrics from the database, such as process/resource utilisation, resource availability and volume information

Key additional features of the Group's software include security and functionality layers, developed alongside its customers during the Group's industrialisation phase. The Directors believe these features are difficult for the Group's competitors to replicate without going through the same customer development and industrialisation processes and act as a significant barrier to entry for contracting with large enterprises and blue-chip organisations.

These additional features include:

Policy management	Segregated user roles and permissions for different members of a customers' RPA team ensuring no individual has full control over the design of Software Robot processes
Security	Automated credential management for access to networks or specific applications allowing its Software Robots to meet enterprise security requirements by integrating with enterprise directories. In addition, the Group has written anti-tampering code into its Virtual Workforce allowing the secure storage of network and software credentials. The Directors believe that these security features are more advanced than its competitors and have enabled the Group to meet the software penetration testing standards required by its customers, particularly in the financial services sector
Compliance	A centralised "Control Room" which allows for a full audit trail of every process performed by a Software Robot. This feature is particularly important for the

	Group's customers who are required to comply with regulatory governance and best-practice regimes, for example PCI-DSS, the Health Insurance Portability and Accountability Act 1996 and the US Sarbanes–Oxley Act of 2002
Dynamic scheduling	The Group's "Control Room" allows for the dynamic scheduling of a customer's Virtual Workforce so that the Software Robot can perform real-time processing tasks with an associated service level agreement during working hours and then perform out-of-hours works with less onerous deadlines. In addition, the Software Robot can easily be redeployed as necessary during a demand peak (e.g. to process new ISA applications during "ISA season").
Robot functionality	The ability to distribute work based on how workload queues build-up. This feature is enabled by the "Control Room" and dynamic scheduling which allows the operator to drill-down into how each process is performing and reallocate Software Robots or workflows
Scalability	The Group's software has been designed from first-principles to operate at scale and has been tested extensively with customers in the field
Hybrid deployment	The Group's software can be deployed on or off-premise, or a combination of the two depending on the customers' requirements
Visual IP	The ability to "read screens visually" using basic screen-scraping techniques but importantly including image recognition technology and the ability to create dynamic mappings to an application's controls.

The Group has pending patent applications in the US, Australia, Brazil, Canada, Japan, New Zealand and South Africa and an international patent application under the Patent Cooperation Treaty to seek to protect its software product. It also has its own trade mark registrations for the BLUE PRISM name and logo in Europe and the US, further details of which are described in paragraph 12 of this Part I.

5. Competitive landscape

RPA is a broad technology category that describes software that uses a third-party applications user interface to automate a process.

The RPA market can be broadly segmented into the following categories:

Software development kits	<p>The automation process is coded by skilled IT developers as part of a project to deliver against pre-defined automation requirements. The technology is supplied as a toolkit which IT departments use to meet bespoke framework requirements from within the business. The IT department is required to consider the automation and deployment methodologies, change management, security and governance as these are typically not embedded within the product</p> <p>Benefits: These products can be tailored to individual requirements and can be made to operate in bespoke and individual processes</p> <p>Negatives: These products are commissioned on behalf of the business by the IT department and as such are typically subject to the IT departments' budget or other constraints</p>
Desktop recorded automation	<p>The automation process is coded or recorded individually and deployed on an individual user's desktop. Tasks are typically simple automation processes that are triggered manually such as in an Excel document or by simple events such as receipt of an email</p> <p>Benefits: These products are designed for rapid tactical automation aimed at helping individual users to navigate systems on a desktop or repetitive processes</p> <p>Negatives: This type of automation is not strategic or easily re-usable across an organisation as it often lacks the security and compliance features required by enterprise businesses</p>

Virtual Workforce	<p>Enterprise-grade RPA software that delivers Software Robots at scale with necessary controls and features capable of transforming an enterprise's back-office. Software Robots are used to create a software-based workforce capable of replacing human clerical agents and addressing the "long-tail" of automation</p> <p>Benefits: Designed to meet IT security standards, Software Robots are capable of performing at scale and meeting the compliance and audit standard of an enterprise. The Software Robots are controlled by the business operation and IT with easy to use functionality</p> <p>Negatives: Typically more expensive than other forms of RPA and often requires cultural adoption to ensure transformational benefits within an organisations back-office are realised</p>
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Examples of the Group's competitors in the broader RPA market include:

- Automation Anywhere
- EXILANT Technologies
- NICE Systems
- OpenSpan
- UiPath

The Group has focused on industrialising its Software Robots directly with customers to ensure its Virtual Workforce is enterprise-grade with significant blue-chip reference sites at various stages of RPA adoption. The Directors further believe the Group's expanding global Channel Partner network and Indirect Customer momentum to date demonstrates its software is a market leading enterprise-grade RPA software platform.

6. Routes to market

The Group's route to market is predominantly indirect alongside Channel Partners. It also operates a direct route to market which is seen as an enabler for the Group's indirect strategy by seeding the market for the Group's Channel Partners and providing customer reference sites.

Indirect route to market

The Group's indirect route to market, which accounted for approximately two thirds of the Group's total customers for the year ended 31 October 2015, has grown rapidly since its first Indirect Customer was signed in the financial year ended 31 October 2013. Customer momentum from the Group's indirect route strategy has increased from five to 34 Indirect Customers in the period from 31 October 2013 to 31 October 2015 respectively. Since the financial year end, the Group has signed a further 15 Indirect Customers and as at 31 January 2016 had a total of 49 Indirect Customers.

The Group has invested to ensure the scalability of its indirect route to market and Channel Partner network. The Group has developed a Channel Partner accreditation and training programme through its predominantly online training and sales academies. This programme is designed to ensure that the Group has a scalable automated partner on-boarding programme aimed at ensuring Channel Partners are adequately skilled, both technically and operationally, to sell and deliver the Group's Software Robots. The Group had 26 Channel Partners at 31 January 2016.

The Directors believe this indirect strategy is an advantage to the Group as it provides a scalable sales and delivery capacity which would otherwise be difficult and costly for the Group to replicate. Additionally, the Group's Channel Partners have access to large existing customer bases and key decision makers within those organisation as well as enabling the Group to expand geographically and through horizontal and vertical penetration. Furthermore, as the Group's Channel Partners increase their sales of the Group's Software Robots, they are increasingly developing value-added propositions that sit alongside the Group's software.

Examples of the Group's Channel Partners include alliance partners such as Accenture, Deloitte, EY, IBM, Sopra Steria and Symphony and value added resellers such as Alsbridge, HCL, id. Management, NEOOPS, The Burnie Group and Thoughtonomy.

Direct route to market

The Group's direct route to market, which accounted for approximately one third of the Group's total customers for the year ended 31 October 2015, has been used to seed markets and provide reference sites to enable the advancement of the Group's Channel Partner ecosystem, particularly in the UK and US.

The Group has a number of high profile blue-chip Direct Customers which the Directors believe has proven the Group's sales model for its Software Robots and encouraged the Group's Channel Partners to enter those geographies particularly in the UK and US. The Directors further believe that the Group's direct route to market has been a significant advantage historically as it allowed the Group's customers to provide direct feedback for its product roadmap. Examples of the Group's direct customers include organisations such as Barclays Bank, Co-operative Bank, Telefónica O2, RWE npower and University Hospitals Birmingham NHS Foundation Trust in the UK and BNY Mellon in the US.

7. Summary financial information

Income statement

<i>Year ended 31 October</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
	(£)	(£)	(£)
Licences	1,736,387	3,119,729	4,605,236
Professional services and training	1,213,037	1,368,591	1,456,601
Total Revenue	<u>2,949,424</u>	<u>4,488,320</u>	<u>6,061,837</u>
Cost of sales	(44,080)	(35,149)	(74,097)
Gross profit	2,905,344	4,453,171	5,987,740
Administrative expenses	(3,163,274)	(4,686,243)	(6,741,196)
Loss from operations	(257,930)	(233,072)	(753,456)
Finance income	6,519	7,820	10,091
Loss before tax	(251,411)	(225,252)	(743,365)
Income tax credit/(expense)	3,572	103,092	(52,614)
Loss after tax	<u>(247,839)</u>	<u>(122,160)</u>	<u>(795,979)</u>

Balance sheet

<i>As at 31 October</i>	<i>2013</i> (£)	<i>2014</i> (£)	<i>2015</i> (£)
Total non-current assets	32,212	138,126	111,804
Current assets			
Trade and other receivables	1,129,131	1,216,153	1,464,477
Adjustments and changes in working capital	1,239,858	1,950,867	2,350,908
Total current assets	<u>2,368,989</u>	<u>3,167,020</u>	<u>3,815,385</u>
Total assets	<u>2,401,201</u>	<u>3,305,146</u>	<u>3,927,189</u>
Current liabilities			
Trade and other payables	2,176,541	3,183,252	4,574,546
Corporation tax payable	1,304	1,564	1,977
Total current liabilities	<u>2,177,845</u>	<u>3,184,816</u>	<u>4,576,523</u>
Total liabilities	<u>2,177,845</u>	<u>3,184,816</u>	<u>4,576,523</u>
Net assets/liabilities	<u>223,356</u>	<u>120,330</u>	<u>(649,334)</u>

Cash flow statement

<i>Year ended 31 October</i>	<i>2013</i> (£)	<i>2014</i> (£)	<i>2015</i> (£)
Cash flows from operations			
Loss for the year	(247,839)	(122,160)	(795,979)
Adjustments and changes in working capital	384,772	834,416	1,228,784
Cash inflow generated from operations	<u>136,933</u>	<u>712,256</u>	<u>432,805</u>
Tax paid	(1,804)	(1,304)	(6,141)
Net cash inflow from operating activities	<u>135,129</u>	<u>710,952</u>	<u>426,664</u>
Cash flows from investing activities			
Net cash outflow from investing activities	(10,425)	(3,248)	(27,123)
Cash flows from financing activities			
Net cash inflow from financing activities	1,400	3,305	500
Net change in cash and cash equivalents	<u>126,104</u>	<u>711,009</u>	<u>400,041</u>
Cash and cash equivalents at the beginning of the period	1,113,754	1,239,858	1,950,867
Cash and cash equivalents at the end of the period	<u>1,239,858</u>	<u>1,950,867</u>	<u>2,350,908</u>

Revenue model and operating trends

Introduction

The Group has enjoyed strong levels of organic revenue growth. Revenue grew at a CAGR of 43 per cent. over the financial years ending 31 October 2013 to 31 October 2015. The primary focus of the Group is the sale of software licences. Licence revenue increased at a CAGR of 63 per cent. over the financial years ending 31 October 2013 to 31 October 2015. Based on its term licence model, a significant proportion of the Group's total revenue is recurring in nature, increasing during the same period from 52 per cent. to 61 per cent. of total revenue.

The Group's losses have increased from £0.2 million to £0.8 million as the Group invested in expanding its US operations and in sales and marketing. Despite its investments and losses after tax, the Group has a strong cash flow profile, generating £0.4 million in cash and cash equivalents in the financial year ended 31 October 2015.

Commercial model

The Group has experienced significant growth in its customer base, increasing from 17 to 74 customers between 31 October 2013 and 31 January 2016 respectively. Approximately two thirds of these customers are Indirect Customers with the majority being 'initialise' phase customers. Typical 'initialise' commercial contracts constitute:

Indirect alliance partner customer	<ul style="list-style-type: none">● Five to ten Software Robots at approximately £8,000 gross revenue per software licence per annum (pre-commission)● Three year term licence (although a number of the Group's customers are on four to five year term licences)● Invoiced annually in advance with revenue recognised rateably over the term● Typically scale-up the number of software licences or Software Robots over the course of their initial term● The Group invoices the customer and the alliance partner invoices the Group for its sales commission● End-user software licence sits with the Group
Indirect value added reseller customer	<p>Terms are typically the same as alliance partner customer except for the following:</p> <ul style="list-style-type: none">● One to two Software Robots at approximately £4,800 net revenue per software licence per annum (after commission)● Value added reseller invoices the customer and passes through the net revenue to the Group after deducting their margin
Direct customer	<p>Terms are typically the same as alliance partner customers except there are no commissions payable to partners</p>

A typical indirect alliance partner contract as stated above would provide the Group with total contracted revenue of £240,000 over a three year period. This would be invoiced annually in advance at £80,000 per annum and recognised rateably over the relevant term.

Revenue trends

The Group's revenue has grown entirely organically at a CAGR of 43 per cent. over the financial years from 31 October 2013 to 31 October 2015. Revenue consists of licence revenues (approximately 76 per cent. of Group revenue for the year ended 31 October 2015) and professional services and training (approximately 24 per cent. of Group revenues for the year ended 31 October 2015).

Software licences constitute the majority of Group's revenue with support and maintenance included in the licence fee. This revenue stream has grown at a CAGR of 63 per cent. over the financial years ending 31 October 2013 to 31 October 2015. The Group signed a large one-off contract in the financial year ended 31 October 2015 which accounted for approximately 15 per cent. of total revenues (approximately £800,000 for a perpetual licence with a £200,000 annual support and maintenance contract over a four year term). After deducting this large one-off contract, approximately 61 per cent. of the Group's revenue in the year ended 31 October 2015 remain recurring in nature, a nine percentage point increase on the financial year ended 31 October 2013. The Directors believe recurring revenue as a percentage of total Group revenue is expected to trend higher in the short-to-medium term.

The remainder of the Group's revenues are represented by professional services and training which are targeted at driving increased software licence adoption from customers. The Group is transitioning towards supporting Channel Partners who are increasingly providing the consulting and delivery services required by the Group's end-users.

Expenses

The Group's overheads have increased significantly over the period. This has been largely driven by the Group's investment in employees, notably:

- Investment in the Group's sales and marketing employees, increasing to 18 for the financial year ended 31 October 2015; and
- Investment in establishing and expanding the Group's US business.

Staff costs increased at a CAGR of 64 per cent. over the financial years ended 31 October 2013 to 31 October 2015 to £4.2 million, with other expenses increasing 27 per cent. over the same period to £2.6 million.

Cash generation

The Group has a strong history of consistent cash generation despite its investments in its US business and losses after tax. It typically receives cash upfront for its licence revenue and net cash inflow from operations (before tax) was £0.4 million in the financial year ended 31 October 2015.

The Group had a cash balance of £2.4 million as at 31 October 2015 and since the year end agreed a £2.0 million revolving credit facility with Clydesdale Bank plc of which approximately £1.0 million is currently drawn down.

8. Current trading and prospects

The Group has continued the customer momentum shown in previous financial years with a significant number of Indirect Customer wins which included one of the two largest Swiss banks as well as a number of Direct Customer wins in North America, including BNY Mellon. During the first quarter of the financial year ending 31 October 2016, the Group won 15 new Indirect Customers and two new Direct Customers and had a total of 74 customers (of which 49 were Indirect and 25 were Direct Customers respectively). The Group also completed 11 upsells with existing customers during this period.

The Group has continued to invest in sales and marketing and the market dynamics for the Group remain strong. Customer momentum has continued and across the Group's 26 Channel Partners it has over 200 leads in more than 10 geographies. The Group is trading in line with the Board's current expectations and the Board is confident about the future prospects for the Group.

9. Strategy

The Group intends to continue focusing on accelerating its organic growth opportunities. This includes:

Building a scalable sales and delivery channel	The Group intends to provide a scalable support infrastructure to its Channel Partners including further enhancing the automation of the Group's Channel Partner qualification and onboarding programme. The Group also intends to leverage its existing and growing Channel Partner infrastructure into new geographies and verticals
Increasing business with the Group's customers	A significant proportion of the Group's customers have become customers in the last two financial years. The Group aims to scale the number of Software Robot licences being used by these customers
Executing on the Group's US market strategy	The Group intends to continue its strategic focus on the US market as the world's leading technology economy by winning further reference sites as well as encouraging further Channel Partner sales activity
Exploiting the Group's market leadership to take advantage of RPA market adoption	The Group intends to maintain its premium branding and thought leadership position within the RPA market. In order to accomplish this, the Group intends to maintain its product leadership through continued investment and development

10. Board of Directors and Senior Management

Directors

Dr. Conrad Jason Kingdon (53) *(Non-Independent Non-Executive Chairman)*

Jason has significant experience in technology software start-ups. He was co-founder of University College London's ("UCL") Intelligent System Lab and co-founder and CEO of the artificial intelligence company Searchspace Limited from 1995 to 2005. Searchspace was twice named as one of the 50 fastest growing technology companies in the UK in Deloitte's Technology Fast 50 list and received the American Banking Association's anti-money laundering product endorsement. Searchspace was named in the Sunday Times' Tech Track 100 in both 2002 and 2005 and won IBM Partner of the Year Award, 2002. Searchspace was sold in 2005 to US private equity group Warburg Pincus for an estimated \$140 million. Jason has authored and edited several books on intelligent systems and was the Ernst & Young Entrepreneur of the Year in 2003. He has invested and is actively involved with technology start-ups including Moshogo and Telectic and is a member of UCL's Enterprise Advisory Board.

Jason has a PhD in Computer Sciences from University College London.

Alastair Douglas Bathgate (52) *(Chief Executive Officer & Co-Founder)*

Alastair has over 30 years' experience in enterprise software, manufacturing and banking. He co-founded the Group in 2001 alongside David Moss, having previously spent eight years in process improvement at Bradford & Bingley Building Society and four years delivering enterprise software solutions to major customers such as Barclays Bank at Lynx Financial Systems.

Alastair has an MBA with distinction from Leeds University Business School.

Gary Michael Johnson (60) *(Chief Financial Officer)*

Gary has over 20 years' experience in senior finance roles across the technology sector. He joined the Group in February 2015 and was most recently finance director of Testronic Laboratories, a digital testing company covering digital TV, video games and movies. His previous experience includes roles as chief operating officer at Sony Psygnosis and finance director of Acorn Computers plc and Rage plc.

Gary is a member of the Institute of Chartered Accountants in England & Wales.

Christopher (Chris) Michael Batterham (60) *(Senior Independent Non-Executive Director)*

Chris qualified as an accountant with Arthur Anderson and has significant experience in senior finance roles across the technology sector. He joined the board of the Group in September 2012 and was previously Financial Officer of Unipalm plc, the first internet company to IPO in the UK, until 2001 and chief financial officer of Searchspace Limited until 2005. Chris currently serves as Non-Executive Chairman of Eckoh plc and Non-Executive Director of SDL plc, lomart Group plc, NCC Group plc and Toumaz Group plc.

Chris has an MA from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Kenneth (Ken) Lever (62) *(Independent Non-Executive Director)*

Ken is an ex-partner of Arthur Andersen and has held senior executive director roles in many listed companies including Alfred McAlpine plc, Albright & Wilson plc and Tomkins plc. Ken was Chief Financial Officer of Numonyx in Switzerland from April 2008 to September 2010, and was Chief Executive Officer of Xchanging plc between 2011 and 2015.

Ken currently is a Non-Executive Director of Vertu Motors plc, Gresham House Strategic plc, DAC Beachcroft LLP and F.M. Insurance Company Limited.

From 2007 to 2013 Ken was a member of the Accounting Council (formally the UK Accounting Standards Board) of the Financial Reporting Council. Ken is a Fellow of the Institute of Chartered Accountants in England & Wales.

Charmaine Bridgette Eggberry (45) *(Independent Non-Executive Director)*

Charmaine was global senior vice president at Nokia. Between 2002 and 2008 Charmaine was managing director and vice president, EMEA at Research In Motion (BlackBerry). She also led Wayra, the digital

accelerator and was a non-executive director of Wayra UnLtd, a joint venture between the UK Government and Telefónica.

Charmaine currently is a Non-Executive Director of Avanti Communications Group plc and GB Group plc and chairperson of Buzzmove.

Senior Management

David Moss *(Chief Technology Officer & Co-Founder)*

David is the architect behind the Blue Prism software product and co-founded the business with Alastair Bathgate in 2001. He was a Senior Software Designer at Lynx Financial Systems, working for clients such as Barclays Bank, Nationwide Building Society, and Transamerica Commercial Finance.

David has a BSc (Hons) in Mathematics from Leeds University.

Martin Flood *(Director of Sales)*

Martin has nearly 30 years’ experience in sales and sales management within the IT Industry across a range of enterprise software and hardware businesses. He joined the Group in 2007 and most recently headed the New Products sales team across EMEA for Progress Software. His previous experience includes roles at large international organisations such as Sun Microsystems and Sybase as well as early stage software companies such as Whitelight Systems and Searchspace Limited.

Martin is a qualified engineer and has a Diploma in Management Studies.

Patrick (Pat) Geary *(Chief Marketing Officer)*

Pat has over 20 years’ experience in international marketing across a range of large multinational and start up software and hardware businesses. He joined the Group in 2008 and was most recently chief marketing officer at Skinkers and chief marketing officer for Livestation. His previous experience includes international marketing roles at Searchspace Limited, Sequent Computer Corporation and DEC.

Pat has a BSc (Hons) in Computer Science from the University of South Wales.

Neil Wright *(Director of Professional Services)*

Neil has over 20 years’ experience in the delivery of enterprise software to both public sector and blue-chip organisations. He joined the Group in 2008 and was most recently at EDS. His previous experience includes director and programme delivery roles with companies such as Lynx Financial Systems and Halifax Bank.

11. Employees

The Group is headquartered in Newton-le-Willows (UK) and has offices in London (UK) and Miami (US).

As at 31 October 2015, the Group employed 43 people, of whom 36 were employed in the UK and seven were employed in the US.

The Group’s employees by function as at 31 October 2015 are set out in the table below:

<i>Function</i>	<i>Headcount</i>
General and Administration	5
Sales and Marketing	18
Development and Customer Services	10
Professional Services	10
Total	43

12. Research and Development and Intellectual Property

Research and Development

The Group maintains an in-house research and development team to continually provide new enhancements to its Software Robots. This team is based in the Group’s headquarters in Newton-le-Willows.

Intellectual property

The Group owns the following patent applications relating to its proprietary software:

<i>Country</i>	<i>Application Number</i>	<i>Title</i>
US	14/053,319	System for automating processes
International (PCT)	PCT/GB2014/052050	System for automating processes
Australia	2014285872	System for automating processes
Brazil	BR112015033078-9	System for automating processes
Canada	To be allocated	System for automating processes
Japan	To be allocated	System for automating processes
New Zealand	715652	System for automating processes
South Africa	2016/00128	System for automating processes

The Group also owns a European Community and US trade mark registration for the BLUE PRISM name and associated logo.

13. Reasons for Admission and use of proceeds

The Directors believe that Admission will be an important step in the Group's development as it will allow the Group to underwrite its growth plans and will enhance its profile and reputation within its market.

The placing of the New Ordinary Shares on behalf of the Company will raise up to £8.8 million (net of expenses). The Directors intend to invest approximately £4.0 million to underwrite the growth plans of the Group with the remaining amount being used to provide balance sheet strength to contract with the Group's blue-chip customers and partners.

The Directors believe that Admission will also provide opportunities for the Group to attract, retain and incentivise employees through the Group's option schemes.

The Existing Shareholders will also have the opportunity to realise some or all of their long-term investment in the Group through their participation in the Placing. In addition, the Placing will secure a more diverse shareholder base for the Group.

14. Share Plans

The Directors believe that the success of the Group will depend to a significant degree on the future performance of the Group's management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group.

Accordingly, the Company has established the Share Plans. Further details of the Share Plans and the options granted thereunder are set out in paragraph 6 of Part IV of this document.

As at the date of this document, options have been granted under the Share Plans conditional on Admission over an aggregate of 4,861,868 Ordinary Shares, representing approximately 7.8 per cent. of the Enlarged Share Capital.

15. Details of the Placing

Investec has entered into the Placing Agreement with the Company, the Directors and the Selling Shareholders. Under the Placing Agreement, Investec has conditionally agreed, as agent of the Company, to use its reasonable endeavours to procure subscribers for the New Ordinary Shares and, as agent of the Selling Shareholders, purchasers for the Sale Shares, in each case at the Placing Price. The Placing Shares are being placed with institutional and other investors.

The Placing is conditional, amongst other things, on Admission taking place on or before 18 March 2016 (or such later date as the Company and Investec may agree, but in any event not later than 31 March 2016) and on the Placing Agreement becoming unconditional and not being terminated prior to Admission.

The New Ordinary Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission.

After deduction of fees, commissions and expenses payable by the Company, the net proceeds of the Placing receivable by the Company will be approximately £8.8 million. A commentary on the proposed use of the net proceeds of the Placing are set out in paragraph 13 of this Part I.

Further details of the Placing Agreement are set out in paragraph 7.1 of Part IV of this document.

16. Lock-in and orderly market arrangements

Each Director, each member of the senior management team listed in paragraph 11 of this Part I, and certain other Shareholders who will together be beneficially interested in a total of 31,422,532 Ordinary Shares on Admission (representing approximately 50.5 per cent. of the Enlarged Share Capital), have undertaken to Investec that, except in limited circumstances, they will not dispose of any Ordinary Shares during the period of 12 months from Admission and that, during the period of 12 months from the first anniversary of the date of Admission, they will not (other than in agreed circumstances) dispose of any Ordinary Shares unless such disposal is made on an orderly market basis through the Company's broker from time to time.

Accordingly, on Admission, a total of 31,422,532 Ordinary Shares will be subject to the lock-in and orderly market arrangements described above representing approximately 50.5 per cent. of the Enlarged Share Capital.

Further details of the lock-in and orderly market undertakings are set out in paragraph 7.2 of Part IV of this document.

17. Corporate governance

The Directors recognise the value and importance of high standards of corporate governance. Accordingly, whilst the Corporate Governance Code does not apply to AIM companies, the Directors intend to observe the requirements of the Corporate Governance Code to the extent they consider appropriate in the light of the Group's size, stage of development and resources. The Board also proposes, so far as practicable, to follow the recommendations set out in the QCA Code.

18. Board

The Board will be responsible for the overall management of the Group including the formulation and approval of the Group's long term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. Whilst the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The Board currently comprises six Directors, of whom two are Executive and four are Non-Executive. The Board considers three of the Non-Executives, being Chris Batterham, Charmaine Eggberry and Ken Lever, to be independent for the purposes of the Corporate Governance Code. Chris Batterham has been appointed as Senior Independent Director.

The Board has established an audit committee and remuneration committee with formally delegated duties and responsibilities, as described below.

19. Audit committee

The audit committee will be responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, monitoring the effectiveness of the internal audit function and overseeing

the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The audit committee will initially comprise Ken Lever, Chris Batterham and Charmaine Eggberry and will be chaired by Ken Lever. The audit committee will meet up to three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The audit committee will also meet regularly with the Company's external auditors.

20. Remuneration committee

The remuneration committee will be responsible for determining and agreeing with the Board the framework for the remuneration of the executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors will be a matter for the chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration.

The remuneration committee will initially comprise Charmaine Eggberry, Chris Batterham and Ken Lever and will be chaired by Charmaine Eggberry. The remuneration committee will meet at least twice a year and otherwise as required.

21. Share dealing code

The Company has adopted a share dealing code for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules for Companies relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules for Companies). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of the AIM Rules for Companies (including Rule 21).

22. Dividend policy

The Group is primarily seeking to achieve capital growth for Shareholders. It is the Board's intention during the current phase of the Group's development to retain distributable profits from the business to the extent any are generated. The Directors do not anticipate declaring any dividends in the foreseeable future but may recommend distributions at some future date depending upon the generation of sustainable profits when it becomes commercially prudent to do so.

23. Settlement and dealing arrangements

Application has been made to the London Stock Exchange for the Existing Ordinary Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 18 March 2016.

The Ordinary Shares will be in registered form and will be eligible for settlement through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles contain provisions concerning the holding and transfer of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

In the case of Placees who have requested to receive New Ordinary Shares in uncertificated form, it is expected that CREST accounts will be credited with effect from 18 March 2016. In the case of Placees who have requested to receive New Ordinary Shares in certificated form, it is expected that share certificates will be despatched by post on the date of Admission.

No temporary documents of title will be issued. All documents sent by or to a Placee who elects to hold Ordinary Shares in certificated form, or at his or her direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

24. Takeover Code

The Company is a public company incorporated in the UK and has its place of central management and control in the UK. Accordingly, the Takeover Code applies to the Company and, as a result, Shareholders are entitled to the benefit of the takeover offer protections provided under the Takeover Code.

Further information concerning the Takeover Code is set in paragraph 9 of Part IV of this document.

25. Taxation information for investors

The attention of investors is drawn to the information regarding taxation set out in paragraph 8 of Part IV of this document. This information is intended only as a general guide to the current tax position under UK taxation law for certain types of investor. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

26. Further information

The attention of prospective investors is drawn to the financial and other information set out in Parts I to IV inclusive of this document, which provide additional information on the Company. In particular, prospective investors are advised to consider carefully the risk factors relating to any investment in Ordinary Shares set out in Part II of this document.

PART II

RISK FACTORS

An investment in Ordinary Shares may be subject to a number of risks. Accordingly, prospective investors should consider carefully all of the information set out in this document and the risks attaching to such an investment, including in particular the risks described below (which are not set out in any order of priority), before making any investment decision in relation to Ordinary Shares.

The information below does not purport to be an exhaustive list of relevant risks, since the Group's performance might be affected by other factors including, in particular, changes in market and/or economic conditions or in legal, regulatory or tax requirements. Prospective investors should consider carefully whether an investment in Ordinary Shares is suitable for them in the light of information in this document and their individual circumstances. An investment in Ordinary Shares should only be made by those with the necessary expertise to evaluate fully that investment.

This document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumption and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in this Part II. The Directors believe that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement. Factors that might cause a difference include, but are not limited to, those discussed in this Part II. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company disclaims any obligation to update any such forward-looking statements in the document to reflect future events or developments.

Prospective investors are advised to consult an independent adviser authorised under FSMA. If any of the following risks relating to the Group were to materialise, the Group's business, financial condition and results of future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his, her or its investment.

Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group. In addition to the usual risks associated with an investment in a company, the Directors consider the following risk factors to be significant to potential investors:

Risks relating to the Group

Failing to successfully implement its growth strategies

As set out in Part I of this document, the Company intends to carry out certain growth and expansion strategies. The Group's growth and future success will be dependent to some extent on the successful completion of such growth and expansion strategies currently or proposed to be undertaken by the Group and the sufficiency of demand for the Group's software. The execution of the Group's growth and expansion strategies may also place strain on its managerial, operational and financial reserves and the failure to implement such a strategy may adversely affect the Group's reputation, business, prospects, results of operation and financial condition.

Dependence on Channel Partners

The Group is increasingly selling its Software Robots through Channel Partners and is increasingly focussing on this indirect route to market including establishing Channel Partner training and sales academies. There can be no guarantee that these Channel Partners will sell or will continue to sell the Group's Software Robots to their end-customers. The loss of certain key Channel Partners (and the resulting loss of Indirect Customers contracted via those Channel Partners) could have a material adverse effect on the Group's business growth prospects.

The Group faces competition in a rapidly evolving market

Although the Directors believe that significant barriers to entry exist in the markets in which the Group operates, including for example the technical skill and expertise required to develop its technology, the Group may face an increasing amount of competition. Competitors may seek to develop software which more successfully competes with the Group's current software and services and they may also adopt more aggressive pricing models or undertake more extensive marketing and advertising campaigns. This may have a negative impact on sales volumes or profit margins achieved by the Group in the future. The Group would also face an increase in competition if its competitors adopted but further developed the Group's software or if there were new entrants to the market with comparable or competitively superior technology.

Failure of the market to accept the Group's operating model of a fully automated Virtual Workforce

A large proportion of the Group's target market still uses traditional systems relying on human driven activities for the major part of their operations. The Directors believe that the market needs further education on the virtues of its Virtual Workforce, and on how to integrate it into its current operations. Potential customers may continue to favour more traditional methodologies and/or be cautious about investing in the Group's software due to a lack of education as to how it operates. Failure by the Group to bring about a change in the market's readiness to accept a new technology will lead to slower than projected growth in the Group's revenues and profits.

Dependence on certain key customers

The Group's business is dependent on certain key customers who may seek lower prices or may reduce their demand for the software or services of the Group. The relationship of the Group with its key customers could be materially adversely affected by a number of factors, including a decision by a key customer to diversify or change how, or from whom, they source the software or services currently provided by the Group, an inability to agree on mutually acceptable pricing terms with any one of its key customers or a significant dispute with or between the Group and one of its key customers. If the Group's commercial relationship with any of its key customers terminates for any reason, or if one of its key customers significantly reduces its business with the Group and the Group is unable to enter into similar relationships with other customers on a timely basis, or at all, the Group's business, its results of operations and/or its financial condition could be materially adversely affected.

Reputation is important in winning contracts with both new and existing customers

The Group's reputation, in terms of the software and the services it provides and the way in which it conducts its business, is central to the Group winning contracts with both new and existing customers. Failure to meet the expectations of these customers and other business partners may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition. The Group's future revenue growth and the contracts it wins depend on its ability to provide customers with high quality software and a high quality of service. If the Group is unable to provide customers with high quality software and a high quality of service, it could face customer dissatisfaction, leading to decreased demand for its software and services, a loss of revenue and damage to the Group's reputation.

Undetected defects in the software provided by the Group

The Group's business involves providing customers with reliable software. If the software contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy contract specifications. As a result, it may lose customers and/or become liable to its customers for damages and this may, amongst other things, damage the Group's reputation and financial condition. The Group endeavours to negotiate limitations on its liability in its customer contracts, however, defects in either the software developed on behalf of customers or developed and sold by the Group could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team. A successful claim by a customer to recover such losses could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

The Group's software may not perform as expected and the Group could be at risk of defects which adversely affect its customers

There is no guarantee that the Group's software will perform as intended. Costs spent on developing the software may therefore not be recouped and this may result in reduced profitability for the Group. As the Group's software is complex, it may contain defects or vulnerabilities which may not be detected until after its deployment to end customers. These could result in the Group's customers being vulnerable to, among other things, security attacks or adverse performance. The Group moreover may not always be able to identify the cause of performance problems in its software. The Group's business would be harmed if any of the events described above caused its customers or potential customers to believe the Group's software is not reliable or secure.

Security breaches of the Group's or customer's systems

The Group is often required and authorised by its customers to work with confidential information in the deployment of the Group's software and services. Although the Group employs security and testing measures for the software it deploys, these may not protect against all possible security breaches that could harm the Group's or its customers' business. Any compromise of the Group's security could harm its reputation or financial condition and, therefore, its business. In addition, a party who is able to circumvent the Group's security measures could, among other things, misappropriate proprietary information, interrupt the Group's operations or expose customers to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against the Group. Whilst the Group will, where possible, seek to ensure that its customer agreements contain provisions that limit the Group's liability, the Group may need to enforce these provisions to enjoy the benefit of them, with the associated risk and expense.

The Group's software may be at risk from cyber-attacks

The Group relies on information technology systems to conduct its operations. Because of this, the Group and its software are at risk from cyber-attacks. Cyber-attacks can result from deliberate attacks or unintentional events and may include (but are not limited to) third parties gaining unauthorised access to the Group's software for the purpose of misappropriating financial assets, intellectual property or sensitive information, corrupting data, or causing operational disruption. If the Group suffers from a cyber-attack, whether by a third party or insider, it may incur significant costs and suffer other negative consequences, such as remediation costs (including liability for stolen assets or information) and repairing any damage caused to the Group's network infrastructure and systems. The Group may also suffer reputational damage and loss of investor confidence. If the Group suffers a cyber-attack, this could expose the Group to potential financial and reputational harm.

The Group may be adversely affected by technological change in the artificial intelligence industry

The Group expects that new artificial intelligence technology will continue to emerge and develop, therefore it is possible that this technology may be superior to, or render obsolete or unmarketable, the software that the Group currently offers. Any failure of the Group to ensure that its software remains up to date with the latest technology may have a material impact on the Group's competitiveness and financial performance. The Group plans to continue to develop innovative solutions for its customers but there can be no assurance that the Group will be able to successfully develop new products and expand its business as planned or that these new products will be successful or profitable. The Company's success will depend, in part, on its ability to develop and adapt to these technological changes and industry trends.

The Group's performance is dependent on maintaining competitive customer service levels

Failure to provide and maintain competitive customer service levels and operational and back-office processes could result in customers moving to other providers, and this could have an adverse effect on the financial position of the Group.

Inability to contract with customers on the most favourable terms to the Group

The Group contracts with a wide variety of companies and partners, many of which are in strong negotiating positions and have greater financial resources than the Group. Whilst the Group has sought to create a sustainable pricing model for its software and contract terms, the Group may have limited scope for negotiation of the price or contract terms with its customers.

Additionally, the Group does not have an adequate history to be able to predict the long-term rate of its pricing model and contract terms.

Contracts not renewing

Certain existing customers of the Group are engaged on contracts which may not be renewed by that customer at relatively short notice or may not be renewed by that customer. Although the Group has limited examples of this occurring, any such termination or failure to renew could affect the Group's profitability and financial position.

Dependence on key officers, managers and technical personnel

Attracting and retaining experienced sales and technical personnel, including individuals with significant sales expertise, is a critical component of the future success of the Group's business as is the continued training and monitoring of such individuals. Competition for experienced sales people, particularly experienced in selling software in the US is high. Accordingly, the Group puts in place arrangements to incentivise key personnel but the Group may nevertheless encounter difficulties in attracting or retaining such individuals. Continued growth may therefore cause a significant strain on existing managerial, sales, operational, financial and technical resources.

The departure of any of the Group's executive officers or core members of its sales and marketing teams or technical team may have a negative impact on its customer relations and growth. In the event that future departures of employees occurs, the Group's ability to execute its business strategy successfully, or continue to provide its software to its customers or win new customers and partners could be adversely affected.

The Group is dependent on maintaining a highly skilled specialist workforce

The Group requires highly skilled employees to carry out its business and enable it to achieve its growth targets. The Directors believe that there is significant competition for skilled personnel, including software engineers, consultants and project managers with the skills and technical knowledge that the Group requires for its operations. The Group's ability to achieve substantial revenue growth will depend, in large part, on its success in recruiting, developing and retaining sufficient numbers of such people to support its growth. Any failure to attract, develop and retain suitable personnel may impact the Group's performance.

Growth management

The Directors believe that further expansion, either organically or through acquisition, may be required to capitalise on the market opportunities available to the Group. Such expansion is expected to place further demands on management, support functions, sales and marketing functions and other resources of the Group. In order to manage the further expansion of the Group's business and the growth of its operations and personnel, the Group may be required to expand and enhance its infrastructure and technology and enhance its operational and financial systems as well as its procedures and controls from time to time in order to match that expansion. This could have a material cost to the Group. Historically, the Group has invested in its people, infrastructure, processes and policies to enable and support continued revenue growth but its future success will depend, in part, on its ability to continue to manage this anticipated expansion.

There can be no assurance that the Group's current and planned staff, infrastructure, systems, procedures and controls will be adequate to support its expanding operations in the future. If the Group fails to manage its expansion effectively, its business, prospects and results of operations may be materially and adversely affected.

Intellectual property, domain knowledge and know-how

The Group has sought to protect its proprietary software, know-how and other intellectual property by the filing of patent applications, entering into non-disclosure agreements with employees, independent contractors and third parties in the ordinary course of its business, implementing and maintaining internal and external controls and processes restricting access to the software's underlying source code, and the laws of copyright, trade secret, confidentiality.

It is possible that none of its pending patent applications will result in granted patents or the Group may be required to narrow the scope of its patent claims compared to those on file currently during the examination process.

Any intellectual property, whether or not registered owned and/or used by the Group in the course of its business or in respect of which the Group believes it has rights, may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Group may be prevented from using such intellectual property or it may require the Group to become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition. Conversely, while the Directors believe the Group has taken precautions, they cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Group of the intellectual property rights of others could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Despite precautions which may be taken by the Group to protect its software, unauthorised parties may attempt to copy, or obtain and use, its software and the technology incorporated in them. This could cause the Group to have to incur significant unbudgeted costs in defending its software and technology.

The Group's partners may decide to develop their own competing software and services

In order to increase scale and benefit from the Group's operational leverage, the Group has developed partnerships or alliances with a number of Channel Partners. There can be no guarantee that the Group's Channel Partners will not develop software which is competitive to that supplied by the Group or which reduce the appeal of the Group's Virtual Workforce.

Increasing research and development spend may impact profitability

In order to remain competitive, the Group must continually update its software. The process of updating its software could result in increased costs and the Group's investment may therefore affect the Group's profitability.

History of losses and ability to become profitable in the future

Historically, the Group has been self-funding since 2008 whilst incurring net losses in each year to fund the Group's growth strategy. These losses and the accumulated deficit are likely to increase as the Group spends the funds raised as part of the Placing set out in Part I of this document. The market for the Group's software is rapidly evolving and has not yet reached widespread adoption and is difficult to predict the Group's future results of operations. The Group may not achieve sufficient revenue to attain and maintain profitability. The Group expects its operating expenses to exceed profits in the short term as it continues to invest in its sales and marketing. Any failure to sustain or increase profitability on a consistent basis could cause the Group to remain loss-making in the future and may require additional funding.

The Group's underlying software platform providers may implement new features or changes that may hurt the Group's business

The Group is heavily dependent on Microsoft's software solutions. As Microsoft continuously makes changes to its platforms and impose restrictions, procedures and/or policies on use of its platforms, such restrictions, both intended and unintended (for example software updates), may affect the Group's software, including materially disrupting the ability of the Group's technology to optimally perform, whether by disrupting its ability to collect required data or by disrupting its ability to interact or integrate with its customers' existing IT systems. Such disruptions and/or changes may have an adverse effect on the Group's financial performance and growth prospects.

General risks

Taxation

Any change in the Group's tax status or in taxation legislation could affect the Group's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Statements in this document concerning

the taxation of holders of Ordinary Shares are based on current UK tax law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

Volatility of Ordinary Share price

The Placing Price may not be indicative of the market price for the Ordinary Shares following Admission. The subsequent market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part II, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the Group's actual financial, trading or operational performance. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares (or the perception that such sales may occur, as, for example in the period leading up to the expiration of the various lock-in agreements to which certain Shareholders are subject), legislative changes and market, economic, political or regulatory conditions.

Liquidity of Ordinary Shares

Admission to trading on AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following Admission. The liquidity of a securities market is often a function of the volume of the underlying Ordinary Shares that are publicly held by unrelated parties. If a liquid trading market for Ordinary Shares does not develop, the price of Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for Ordinary Shares.

Ordinary Shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List

Ordinary Shares will be admitted to trading on AIM and will not be admitted to the Official List of the London Stock Exchange's main market for listed securities or to any other stock exchange. The rules of AIM are less rigorous than those of the Official List and an investment in Ordinary Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Investors should therefore be aware that the market price of the Ordinary Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Group. For these and other reasons, investors may not be able to sell at a price which permits them to recover their original investment.

Legislation and compliance

This document has been prepared on the basis of current legislation, rules and practice and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change.

Additional capital and dilution

The Directors (having made due and careful enquiry) are of the opinion that taking into account existing cash, bank and other facilities available to the Company and its Group and the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its Group is sufficient for its present requirements, that is for at least 12 months from the date of Admission.

If the Group fails to generate sufficient revenue, then it may need to raise additional capital in the future, whether from equity or debt sources, to fund expansion and development. If the Group is unable to obtain this financing on terms acceptable to it, then it may be forced to curtail its planned strategic development. If additional funds are raised through the issue of new equity or equity-linked securities of the Group other than on the basis of a pro rata offer to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at a price which is equal to or in excess of the Placing Price.

Dividends

There can be no assurance that the Company will declare dividends or as to the level of any dividends. The approval of the declaration and amount of any dividends of the Company is subject to the discretion of the directors of the Company (and, in the case of any final dividend, the discretion of the Shareholders) at the relevant time and will depend upon, among other things, the Group's earnings, financial position, cash requirements and availability of distributable profits, as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

The risks listed above do not necessarily comprise all those faced by the Group and are not intended to be presented in any order of priority.

PART III

HISTORICAL FINANCIAL INFORMATION

The Group's business has historically operated under the trading company Blue Prism Limited ("**TradingCo**"). A new holding company, Newincco 1381 Limited, was incorporated on 2 September 2015, renamed Blue Prism Group Limited on 17 January 2016 and then registered as a public limited company on 14 March 2016 ("**HoldCo**"). Blue Prism Group plc has been established for the sole purpose of holding 100 per cent. of the issued share capital of TradingCo. On 11 March 2016 HoldCo acquired the entire issued share capital of TradingCo.

Whilst this reorganisation has taken place ahead of Admission, it was effected after the period of the historical financial information for the three years ended 31 October 2015. HoldCo has not yet commenced operations. It has no material assets or liabilities other than its investment in TradingCo and no financial statements have been prepared as at the date of this document. As such, the financial information presented in this Part III presents the financial information of TradingCo with the financial information looking through to HoldCo.

SECTION A – ACCOUNTANT’S REPORT



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Blue Prism Group plc
Centrix House
26 Crow Lane
Newton-le-Willows
WA12 9UY

15 March 2016

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Dear Sirs

Blue Prism Limited (“BPL”) and its subsidiary undertaking (together, the “BPL Group”)

Introduction

We report on the historical financial information of the BPL Group (the “financial information”) set out in Section B of Part III of the admission document of Blue Prism Group plc dated 15 March 2016 (the “Admission Document”). The financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Blue Prism Group plc are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the BPL Group as at 31 October 2013, 2014 and 2015 and of its losses, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**SECTION B – HISTORICAL FINANCIAL INFORMATION
FOR THE THREE YEARS ENDED 31 OCTOBER 2015**

Consolidated statements of comprehensive income

	Note	Year ended 31 October		
		2013 (£)	2014 (£)	2015 (£)
Revenue	3	2,949,424	4,488,320	6,061,837
Cost of sales	4	<u>(44,080)</u>	<u>(35,149)</u>	<u>(74,097)</u>
Gross profit		2,905,344	4,453,171	5,987,740
Administrative expenses	5	<u>(3,163,274)</u>	<u>(4,686,243)</u>	<u>(6,741,196)</u>
Loss from operations		(257,930)	(233,072)	(753,456)
Finance income	7	<u>6,519</u>	<u>7,820</u>	<u>10,091</u>
Loss before tax		(251,411)	(225,252)	(743,365)
Income tax credit/(expense)	8	<u>3,572</u>	<u>103,092</u>	<u>(52,614)</u>
Total comprehensive loss attributable to shareholders		<u><u>(247,839)</u></u>	<u><u>(122,160)</u></u>	<u><u>(795,979)</u></u>
Basic and diluted loss per share attributable to shareholders	9	<u><u>(0.81)</u></u>	<u><u>(0.40)</u></u>	<u><u>(2.56)</u></u>

Consolidated statements of financial position

		As at 31 October		
	Note	2013 (£)	2014 (£)	2015 (£)
Non-current assets				
Property, plant and equipment	10	19,882	21,140	42,855
Deferred tax assets	12	12,330	116,986	68,949
Total non-current assets		<u>32,212</u>	<u>138,126</u>	<u>111,804</u>
Current assets				
Trade and other receivables	14	1,129,131	1,216,153	1,464,477
Cash and cash equivalents	11	1,239,858	1,950,867	2,350,908
Total current assets		<u>2,368,989</u>	<u>3,167,020</u>	<u>3,815,385</u>
Total assets		<u>2,401,201</u>	<u>3,305,146</u>	<u>3,927,189</u>
Current liabilities				
Trade and other payables	15	2,176,541	3,183,252	4,574,546
Corporation tax payable		1,304	1,564	1,977
Total current liabilities		<u>2,177,845</u>	<u>3,184,816</u>	<u>4,576,523</u>
Total liabilities		<u>2,177,845</u>	<u>3,184,816</u>	<u>4,576,523</u>
Net assets (liabilities)		<u>223,356</u>	<u>120,330</u>	<u>(649,334)</u>
Equity attributable to shareholders				
Called up share capital	16	1,390,163	1,392,808	1,393,248
Share premium		355,178	355,839	355,899
Share based payment reserve		61,652	77,480	103,295
Retained losses		(1,583,637)	(1,705,797)	(2,501,776)
		<u>223,356</u>	<u>120,330</u>	<u>(649,334)</u>

Consolidated statements of changes in equity

	<i>Share capital (£)</i>	<i>Share premium (£)</i>	<i>Share based payment reserve (£)</i>	<i>Retained losses (£)</i>	<i>Total (£)</i>
Equity as at 1 November 2012	1,082,146	661,795	37,271	(1,335,798)	445,414
Issue of shares for cash	1,400	–	–	–	1,400
Bonus issue of shares	306,617	(306,617)	–	–	–
Comprehensive loss for the year	–	–	–	(247,839)	(247,839)
Share based payment	–	–	24,381	–	24,381
Equity as at 31 October 2013	<u>1,390,163</u>	<u>355,178</u>	<u>61,652</u>	<u>(1,583,637)</u>	<u>223,356</u>
Issue of shares for cash	2,645	661	–	–	3,306
Comprehensive loss for the year	–	–	–	(122,160)	(122,160)
Share based payment	–	–	15,828	–	15,828
Equity as at 31 October 2014	<u>1,392,808</u>	<u>355,839</u>	<u>77,480</u>	<u>(1,705,797)</u>	<u>120,330</u>
Issue of shares for cash	440	60	–	–	500
Comprehensive loss for the year	–	–	–	(795,979)	(795,979)
Share based payment	–	–	25,815	–	25,815
Equity as at 31 October 2015	<u><u>1,393,248</u></u>	<u><u>355,899</u></u>	<u><u>103,295</u></u>	<u><u>(2,501,776)</u></u>	<u><u>(649,334)</u></u>

Note:

Share premium

Share premium represents the amount of capital contributed in excess of the nominal value of each ordinary share.

Share-based payment reserve

The reserve comprises the cumulative share based payment expense in respect of options granted but not yet exercised.

	<i>Year ended 31 October</i>		
	2013	2014	2015
	(£)	(£)	(£)
Cash flows from operating activities			
Loss for the year	(247,839)	(122,160)	(795,979)
Adjustments for:			
Depreciation	5,300	9,810	15,499
Finance income	(6,519)	(7,820)	(10,091)
Income tax (credit)/expense	(3,572)	(103,092)	52,614
Share based payment expense	24,381	15,828	25,815
	<u>(228,249)</u>	<u>(207,434)</u>	<u>(712,142)</u>
Operating loss before working capital changes			
Changes in working capital			
Increase in trade and other receivables	(370,881)	(87,022)	(248,324)
Increase in trade and other payables	736,063	1,006,712	1,393,271
	<u>136,933</u>	<u>712,256</u>	<u>432,805</u>
Cash inflow generated from operations			
Tax paid	(1,804)	(1,304)	(6,141)
	<u>135,129</u>	<u>710,952</u>	<u>426,664</u>
Investing activities			
Interest received	6,519	7,820	10,091
Purchase of property, plant and equipment	(16,944)	(11,068)	(37,214)
	<u>(10,425)</u>	<u>(3,248)</u>	<u>(27,123)</u>
Financing activities			
Proceeds from the issuance of ordinary shares	1,400	3,305	500
	<u>1,400</u>	<u>3,305</u>	<u>500</u>
Net change in cash and cash equivalents	126,104	711,009	400,041
Cash and cash equivalents at the beginning of the period	1,113,754	1,239,858	1,950,867
Cash and cash equivalents at the end of the period	<u>1,239,858</u>	<u>1,950,867</u>	<u>2,350,908</u>

Notes to the financial information

1. Corporate information

The financial information represents the results of Blue Prism Limited and its subsidiary, Blue Prism Software Inc., together referred to as the “BPL Group”.

Blue Prism Limited is a company incorporated and domiciled in the UK. Its subsidiary, Blue Prism Software Inc., is incorporated in the US. The registered office of Blue Prism Limited is located at Centrix House, Crow Lane East, Newton-le-Willows, St Helens, Merseyside, WA12 9UY.

The principal business of the BPL Group is the licensing of Robotic Process Automation (RPA) software used to automate routine, rules-based, back office processes. The business provides its customers with a virtual workforce powered by software robots.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Accounting convention

The financial information has been prepared on a going concern basis and under the historical cost convention. The financial information is presented in sterling.

Basis of preparation

The financial information represents financial information for Blue Prism Limited and its subsidiary for each of the three years ended 31 October 2013, 31 October 2014 and 31 October 2015.

The financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union. This is the first financial information of the BPL Group prepared in accordance with IFRS and the BPL Group has applied IFRS 1 ‘First time adoption of IFRS’ from the transition date of 1 November 2012. Please refer to note 23 for details of the adjustments required to present the accounts under IFRS, including any exemptions taken.

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the BPL Group have been published but are not yet effective, and have not been adopted early by the BPL Group. These are listed below:

<i>Standard/interpretation</i>	<i>Content</i>	<i>Applicable for financial years beginning on/after</i>
IFRS 9 Financial Instruments (2009) and amendment	IFRS 9 ‘Financial instruments’ is effective for periods commencing on or after 1 January 2018 subject to endorsement by the EU. IFRS 9 is a replacement for IAS 39 ‘Financial Instruments’ and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting.	1 January 2018

<i>Standard/interpretation</i>	<i>Content</i>	<i>Applicable for financial years beginning on/after</i>
IFRS 15 Revenue from Contracts with Customers	IFRS 15, 'Revenues from Contracts with Customers', replaces IAS 18, 'Revenues', and introduces a five step approach to revenue recognition based on performance obligations in customer contracts. The International Accounting Standards Board ('IASB') has proposed to issue some clarifications and to defer the standard's effective date of 1 January 2017 to 1 January 2018. The effective date for the BPL Group is also subject to EU endorsement.	1 January 2018
IFRS 16 Leases	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.	1 January 2018

Basis of consolidation

A company is classified as a subsidiary when the BPL Group has the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

The financial information presents the results of the company and its subsidiary as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Going concern

The directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of this financial information.

The forecast contains certain assumptions about the performance of the business including growth in future revenue, staffing and deployment costs and ongoing product development. The growth in revenue is predicated on (a) renewal and increase in services from existing contracts and on (b) securing new customers/ licences for the product and support services. Blue Prism Limited is established and is profitable, whilst its subsidiary in the U.S. is in its development stage and is loss making. The directors after taking into account the historical positive cash flows, growth in customers and repeat business and the inherent risks and uncertainties facing the business, have derived forecast assumptions that are the directors' best estimate of the future development of the business.

The BPL Group has, after 31 October 2015, entered into a Revolving Credit Facility with Clydesdale Bank PLC for an amount of £2,000,000 for working capital purposes.

After considering the credit available, the forecast assumptions of the future development of the business and the risks, the directors have a reasonable expectation that the BPL Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial information.

The financial information does not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors.

The Board considers that the BPL Group's project activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the BPL Group by reference to total results against budget.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the BPL Group financial information.

Revenue recognition

The BPL Group recognises revenue depending on the substance and legal form of the contracts with its customers. Revenue is recognised once a legally binding contract between the BPL Group and its customers has been established and the delivery of the service has commenced. Service delivery is triggered by the provision of a 'software key' to the customer. Revenues are accrued or deferred based on the length of time through the contract, and this policy is consistently applied across all customers and contracts.

Provided the amount of revenue can be measured reliably and it is probable that the BPL Group will receive consideration, revenue from the provision of services is recognised from the commencement and over the period in which the services are rendered, as adjusted for the stage of completion of individual contracts.

Licence fee revenue is recognised on an accruals basis; when invoiced in advance, the income is deferred in the statement of financial position and recognised in the income statement over the length of the licence.

Maintenance revenues are recognised over the period of the contract, the fee for which is included within the licence fee agreed.

Professional services revenues are recognised when the service has been delivered. If billed in advance, the income related to consultancy days not yet delivered at the end of the period is deferred and recognised in the income statement when the service takes place.

Training revenues are recognised when Blue Prism is notified that the online training course has been completed.

Functional currency

The BPL Group's financial information is presented in sterling, which is the functional currency of both Blue Prism Limited and its subsidiary company.

Foreign currency transactions are translated into sterling using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business and are stated net of any provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default, or significant delay in payment) that the BPL Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short term liquid investments with original maturities of three months or less.

Share capital

Ordinary shares

Ordinary shares are classified as equity.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

Share options

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 17 to the financial information.

The fair value determined at the grant date of the equity-settled share-based payments is expensed in three tranches over the vesting period, based on the BPL Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the BPL Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

The BPL Group leases certain property under operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. There were no leases classified under the category of finance leases.

Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the BPL Group.

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the BPL Group pays fixed contributions into the pension plan held by a third party entity. The BPL Group has no legal or constructive obligations to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The BPL Group's contributions to defined contribution plans are recognised in the income statement in the period to which they relate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rates used for this purpose are:

Computer equipment – straight line over 3 years

Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is capitalised if, and only if, the BPL Group can demonstrate all of the following:

- (i) the ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible; its future economic benefits are probable;
- (iii) the ability to use or sell the developed asset; and
- (iv) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure that does not meet the criteria is expensed as incurred.

Capitalised development expenditure is amortised on a straight-line method when the services are ready for sale or use. In the event that it is no longer probable that the expected future economic benefits will be recovered, the development expenditure is written down to its recoverable amount.

Taxation

Income tax for each reporting period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate in effect during the reporting period.

Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the substantively enacted tax rate at the end of each reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

A deferred tax asset arises on share options issued in respect of the difference between the grant price of the shares and share options and the market price of the company's shares at the accounting year end.

Financial instruments

Financial instruments are recognised in the statements of financial position when the BPL Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the BPL Group has transferred substantially all the risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(i) Financial assets

The only financial assets held by the BPL Group are loans and receivables.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. The BPL Group's loans and receivables financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' included in the Consolidated Statement of Financial Position. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, approximate their fair value.

(ii) Financial liabilities

Financial liabilities are recognised when the BPL Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

Financial liabilities categorised at fair value through the income statement are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. There were no financial liabilities classified under this category.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(iii) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key critical accounting estimates and judgements are:

Capitalisation of research and development costs

The capitalisation of research and development costs policy conforms to the latest IFRS standards, namely IAS 38. The directors have reviewed the development projects that have been completed over the last 4 years. Following this review, the directors are of the opinion that none of these projects meet the capitalisation criteria as set out in IAS38 and have therefore expensed the development costs in the financial information.

Deferred tax assets

Deferred tax is recognised in respect of relevant temporary differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The deferred tax assets and liabilities are not discounted.

The directors, after considering the cash and profitability forecasts, the strategy and growth assumptions, consider the deferred tax asset to be recoverable and appropriately recognised in the financial information.

3. Segmental analysis

The BPL Group has one operating segment being the licensing of Robotic Process Automation (RPA) software used to automate routine, rules-based, back office processes. This has been determined by the chief operating decision maker, the Board of Directors.

The BPL Group operates in two main geographical areas: UK and US. The Board of Directors only monitors revenue on this basis. Business performance is otherwise monitored by reference to total results against budget.

Revenue for each of the geographical areas is as follows:

	2013 (£)	2014 (£)	2015 (£)
UK	2,898,812	4,176,526	5,478,667
US	50,612	311,794	583,170
Total	<u>2,949,424</u>	<u>4,488,320</u>	<u>6,061,837</u>

The BPL Group currently has two key sources of revenue:

1. Licensing – for the provision of software licences, where the agreement is established by way of a legally binding contract between the BPL Group and its customers. Maintenance and support services are included in the licence fee.
2. Professional services and training – where the customer requires consultancy or training on a project by project basis.

Revenue for each of the sources is summarised as follows:

	2013 (£)	2014 (£)	2015 (£)
Licences	1,736,387	3,119,729	4,605,236
Professional services and training	1,213,037	1,368,591	1,456,601
Total	<u>2,949,424</u>	<u>4,488,320</u>	<u>6,061,837</u>

The BPL Group has the following customers who in 2015 each contributed to more than 10 per cent. of the BPL Group's revenues: Aviva, Npower and Barclays (2014: Npower and Barclays; 2013: Npower and Barclays).

Assets and liabilities and sources of revenue are not analysed by geography as the business performance measure utilised by the chief operating decision maker, the Board of Directors, is the total business result.

4. Cost of sales

	2013 (£)	2014 (£)	2015 (£)
Other direct expenses	44,080	35,149	74,097
Total cost of sales	<u>44,080</u>	<u>35,149</u>	<u>74,097</u>

5. Loss from operations

Loss is stated after charging/(crediting):

	2013 (£)	2014 (£)	2015 (£)
Auditors' remuneration	27,935	20,428	40,848
Depreciation of property, plant and equipment	5,300	9,810	15,499
Staff costs (note 6)	1,551,641	2,718,463	4,158,575
Bad debt expense	–	39,157	8,892
Foreign exchange losses/(gains)	10,373	20,394	(12,585)
Operating lease rentals	60,404	92,561	131,558
Other administrative expenses	1,507,621	1,785,430	2,398,409
Total administrative expenses	<u>3,163,274</u>	<u>4,686,243</u>	<u>6,741,196</u>

6. Staff costs

Staff costs (including directors' emoluments) incurred during the period were as follows:

	2013 (£)	2014 (£)	2015 (£)
Wages and salaries	1,261,363	2,336,255	3,610,371
Social security costs	209,967	292,846	417,392
Share-based payments	24,381	15,828	25,815
Pension costs	55,930	73,534	104,997
Total staff costs	<u>1,551,641</u>	<u>2,718,463</u>	<u>4,158,575</u>

The average monthly number of employees (including directors) during the period was as follows:

	2013 No.	2014 No.	2015 No.
Directors	7	7	8
Staff			
Administration	2	2	1
Sales and marketing	3	6	13
Technical services	8	13	17
	<u>20</u>	<u>28</u>	<u>39</u>

Remuneration of key management personnel

The directors of the company are considered to be the key management personnel of the BPL Group.

Directors' emoluments and benefits include:

	2013 (£)	2014 (£)	2015 (£)
Salary and fees	473,595	556,887	650,007
Bonuses	156,052	–	124,254
Commission	115,087	95,127	140,896
Pension contributions	31,215	34,292	35,763
Employer's national insurance	93,338	80,228	114,687
Car allowances	32,451	32,798	40,404
Total remuneration of key management	901,738	799,332	1,106,011

The gain on exercise of share options for each of the key management personnel who exercised in the period was; 2013: £180, 2014: £504, 2015: £2,250.

7. Finance income

	2013 (£)	2014 (£)	2015 (£)
Finance income			
Interest from banks	6,519	7,820	10,091

8. Tax (credit)/expense

	2013 (£)	2014 (£)	2015 (£)
Corporation tax – current year	1,304	1,564	1,977
Overseas Corporation tax	–	–	2,600
Deferred tax:			
Current period	(4,876)	89,081	80,235
Recognition of deferred tax assets in respect of prior periods	–	(193,737)	(32,198)
Total deferred tax	(4,876)	(104,656)	48,037
Net taxation	(3,572)	(103,092)	52,614

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the BPL Group is as follows:

	2013 (£)	2014 (£)	2015 (£)
Loss before tax	(251,411)	(225,252)	(743,365)
Tax at domestic tax rate (2015: 20.0% , 2014: 22.1%, 2013: 23.5%)	(59,081)	(49,555)	(148,673)
Effects of:			
Expenses not deductible for tax purposes	3,683	1,768	2,205
R & D enhanced deduction	(34,863)	–	–
Foreign losses not recognised	147,555	251,695	457,360
Differences in foreign tax rates	(60,866)	(113,263)	(226,080)
Recognition of deferred tax in respect of prior periods	–	(193,737)	(32,198)
Tax (credit)/expense	<u>(3,572)</u>	<u>(103,092)</u>	<u>52,614</u>

The BPL Group has tax losses of approximately £2,082,723 at 31 October 2015 (31 October 2014: £1,683,688; 31 October 2013: £1,386,343) to carry forward against future profits. The tax value of such losses amounted to £776,806, £536,363 and £361,221 at 31 October 2015, 31 October 2014 and 31 October 2013, respectively. The UK tax losses have no expiry date and have been recognised as a deferred tax asset. US tax losses expire after 20 years if not utilised and no deferred tax asset has been recognised in respect of them. The tax losses have arisen over 2013 – 2015.

9. Basic and diluted loss per share

	2013 (£)	2014 (£)	2015 (£)
Weighted average number of shares for the purpose of earnings per share	306,907	309,065	310,382
Loss after tax	(247,839)	(122,160)	(795,979)
Loss per share	<u>(0.81)</u>	<u>(0.40)</u>	<u>(2.56)</u>

Where the BPL Group has incurred a loss in a year, the diluted loss per share is the same as basic loss per share as the loss is not diluted.

Basic and diluted loss per share are calculated by dividing the loss after tax attributable to the equity holders of the BPL Group by the weighted average number of shares in issue during the year.

10. Property, plant & equipment – Computer equipment

	(£)
Cost	
At 1 November 2012	70,027
Additions	16,944
	<hr/>
At 31 October 2013	86,971
Additions	11,068
	<hr/>
At 31 October 2014	98,039
Additions	37,214
	<hr/>
At 31 October 2015	135,253
	<hr/> <hr/>
Depreciation	
At 1 November 2012	61,789
Charge for the year	5,300
	<hr/>
At 31 October 2013	67,089
Charge for the year	9,810
	<hr/>
At 31 October 2014	76,899
Charge for the year	15,499
	<hr/>
At 31 October 2015	92,398
	<hr/> <hr/>
Net book value	
At 31st October 2013	19,882
	<hr/> <hr/>
At 31st October 2014	21,140
	<hr/> <hr/>
At 31st October 2015	42,855
	<hr/> <hr/>

11. Cash and Cash equivalents

	2013 (£)	2014 (£)	2015 (£)
Cash and cash equivalents	<u>1,239,858</u>	<u>1,950,867</u>	<u>2,350,908</u>

12. Deferred tax assets

	2013 (£)	2014 (£)	2015 (£)
At 1 November	7,454	12,330	116,986
Deferred tax credit on share options in issue	4,876	3,166	5,163
Deferred tax in respect of trading losses	–	104,915	(49,395)
Capital allowances in excess of depreciation	–	(3,425)	(3,805)
	<hr/>	<hr/>	<hr/>
At 31 October	<u>12,330</u>	<u>116,986</u>	<u>68,949</u>

The deferred tax balances relate to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial Information as summarised below.

	2013 (£)	2014 (£)	2015 (£)
Deferred tax credit on share options in issue	12,330	15,496	20,659
Deferred tax in respect of trading losses	–	104,915	55,520
Capital allowances in excess of depreciation	–	(3,425)	(7,230)
	<u>12,330</u>	<u>116,986</u>	<u>68,949</u>

13. Financial instruments – Risk Management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the BPL Group’s competitiveness and flexibility. Further details regarding these policies are set out below.

The Board of Directors reviews its monthly reports through which it assesses the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

(i) **Categories of financial assets and liabilities**

The principal financial instruments used by the BPL Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

Trade and other receivables are initially measured at fair value. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Due to their short term nature, the carrying value of trade and other payables approximates their fair value.

A summary of the financial instruments held by category is provided below:

	2013 (£)	2014 (£)	2015 (£)
<i>Financial assets</i>			
Cash and cash equivalents	1,239,858	1,950,867	2,350,908
Trade receivables	895,691	1,076,382	1,253,190
Other receivables	12,471	14,131	13,131
Total	<u>2,148,020</u>	<u>3,041,380</u>	<u>3,617,229</u>
	2013 (£)	2014 (£)	2015 (£)
<i>Financial liabilities</i>			
Trade payables	147,396	123,931	188,383
Other taxation and social security costs	233,556	458,941	485,113
Other payables	4,853	5,612	9,609
Accruals	122,384	353,138	466,113
Total trade and other payables	<u>508,189</u>	<u>941,622</u>	<u>1,149,218</u>

(ii) **Credit risk**

The BPL Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The BPL Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the BPL Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The BPL Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The allowance comprises a provision against individually significant exposures.

Credit risk concentration profile

The BPL Group's trade receivables do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The BPL Group defines major credit risk as exposure to a concentration exceeding 10 per cent. of a total class of such asset.

Exposure to credit risk

As the BPL Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of each reporting period. From 1 December 2015 the BPL Group has trade debtor insurance to mitigate any credit risk further.

Ageing analysis

The ageing analysis of the BPL Group's trade receivables is as follows:

	2013 (£)	2014 (£)	2015 (£)
Current	834,691	474,382	973,190
Up to 30 days	30,000	303,000	146,000
30 to 60 days	20,000	134,000	71,000
90 days and older	11,000	165,000	63,000
	<u>895,691</u>	<u>1,076,382</u>	<u>1,253,190</u>

The BPL Group believes that no impairment allowance is necessary in respect of these trade receivables apart from a provision made in 2014 for £234,940 in respect of non-payment of an outstanding US debt. This provision is maintained as the BPL Group is pursuing the debt through the court. All other companies have a good collection track record and no recent history of default.

These receivables are not secured by any collateral or credit enhancement.

The exposure of credit risk for trade receivables by geographical region is as follows:

	2013 (£)	2014 (£)	2015 (£)
UK	852,264	1,022,654	946,454
US	43,427	53,728	306,736
	<u>895,691</u>	<u>1,076,382</u>	<u>1,253,190</u>

(iii) **Liquidity risk**

Liquidity risk arises from the BPL Group's management of working capital. It is a risk that the BPL Group will encounter difficulty in meeting its financial obligations as they fall due. As described in note 2, the company has entered into a Revolving Credit Facility for £2,000,000 for the purpose of funding working capital requirements.

Ageing profile of trade payables:

	2013 (£)	2014 (£)	2015 (£)
Current	104,396	99,931	108,383
Up to 30 days	43,000	20,000	42,000
30 to 60 days	–	1,000	28,000
90 days and older	–	3,000	10,000
	<u>147,396</u>	<u>123,931</u>	<u>188,383</u>

(iv) **Foreign exchange risk**

Functional and presentational currency

Items included in the financial information are measured using the currency of the primary economic environment in which the BPL Group operates (“the functional currency”) which is considered by the directors to be Pounds Sterling (£).

The US subsidiary has transactions in US dollars. Currency and foreign exchange rates exposures are continually monitored. Foreign exchange risk is largely managed at a local level by matching the currency in which income and expenses are transacted and also the currencies of the underlying assets and liabilities.

(v) **Capital management**

The BPL Group’s capital is made up of share capital, share premium, retained earnings and the share-based payment reserve.

The BPL Group’s objectives when maintaining capital are:

- to safeguard the entity’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders, by pricing services commensurately with the level of risk.

To meet these objectives, the BPL Group reviews its budgets and forecasts on a monthly basis to ensure there is sufficient capital to meet the needs of the BPL Group through to profitability.

The capital structure of the BPL Group consists of shareholders’ equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources. After the period end, the BPL Group secured a revolving credit facility of £2,000,000 on 3 December 2015.

(vi) **Capital risk management**

The BPL Group’s objectives when managing capital are to safeguard the BPL Group’s ability to continue as a going concern in a volatile and tight credit economy.

Whilst the BPL Group does not currently pay dividends, it is part of the capital strategy to provide returns to shareholders and benefits for other members in the future. However, the BPL Group’s growth plan means it will continue to be important to maintain the BPL Group’s credit rating and ability to borrow should acquisition targets become available.

Capital for further development of the BPL Group’s activities will, where possible, be achieved by share issues or other finance, as appropriate.

14. Trade and other receivables

	2013 (£)	2014 (£)	2015 (£)
Trade receivables	895,691	1,311,322	1,488,130
Less: provision for impairment of trade receivables	–	(234,940)	(234,940)
Trade receivables net	895,691	1,076,382	1,253,190
Prepayments	220,969	125,640	198,156
Other receivables	12,471	14,131	13,131
Total	1,129,131	1,216,153	1,464,477

15. Trade and other payables

	2013 (£)	2014 (£)	2015 (£)
Trade payables	147,396	123,931	188,383
Other taxes & social security costs	233,556	458,941	485,113
Other payables	4,853	5,612	9,609
Deferred income	1,668,352	2,241,630	3,425,328
Accruals	122,384	353,138	466,113
Total	2,176,541	3,183,252	4,574,546

16. Share capital

Allotted and fully paid up:

	2013 (£)	2014 (£)	2015 (£)
Ordinary share capital	307,517	310,162	310,602
Class B Preference shares	306,797	775,849	306,797
8% irredeemable preference shares	775,849	306,797	775,849
Balance at 31 October	1,390,163	1,392,808	1,393,248

Ordinary share capital

	Number of ordinary shares			Share capital			Share premium		
	2013	2014	2015	2013 (£)	2014 (£)	2015 (£)	2013 (£)	2014 (£)	2015 (£)
Opening balance	306,297	307,517	310,162	306,297	307,517	310,162	661,795	355,178	355,839
Issue of new shares	1,220	2,645	440	1,220	2,645	440	180	661	60
Bonus share issue	–	–	–	–	–	–	(306,797)	–	–
Closing balance	307,517	310,162	310,602	307,517	310,162	310,602	355,178	355,839	355,899

Ordinary shares are classified as equity.

The ordinary share capital consists of fully paid ordinary shares with a nominal value of £1. All shares are equally eligible to receive dividends. B Preference Shares have prior rights on return of capital. After this prior right, the remaining shares are equally eligible to the repayment of capital and represent one vote at shareholders' meetings.

During the year ended 31 October 2013, the company issued 1,220 ordinary shares at a premium of 14.75 pence for a cash consideration of £1,400.

During the year ended 31 October 2014, the company issued 2,645 ordinary shares at a premium of 25 pence for a cash consideration of £3,306.

During the year ended 31 October 2015, the company issued 440 ordinary shares at a premium of 13.6 pence for a cash consideration of £500.

Preference share capital

<i>B Preference shares</i>	<i>Number of shares</i>			<i>Preference Share Capital</i>		
	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2013</i> <i>(£)</i>	<i>2014</i> <i>(£)</i>	<i>2015</i> <i>(£)</i>
Opening balance	–	306,797	306,797	–	306,797	306,797
Bonus Issue of new shares	306,797	–	–	306,797	–	–
Closing balance	<u>306,797</u>	<u>306,797</u>	<u>306,797</u>	<u>306,797</u>	<u>306,797</u>	<u>306,797</u>
8% Irredeemable preference shares	<u>775,849</u>	<u>775,849</u>	<u>775,849</u>	<u>775,849</u>	<u>775,849</u>	<u>775,849</u>

The company issued 306,797 B Preference shares of £1 each, as fully paid bonus shares out of share premium during the year ended 31 October 2013. These shares have been classified as B Preference Shares. B Preference shareholders have prior rights on the return of capital but neither voting rights nor entitlement to dividends.

Irredeemable preference shares carry a fixed 8 per cent. annual dividend payable on exit of the shareholders but no voting rights.

Contingent liability

At 31 October 2015, the company had a potential liability relating to arrears of fixed preferential cumulative dividends above of £248,442 (2014: £186,374). The preference dividends become a contractual liability of the company immediately prior to the sale of the company or on a winding up. The contractual liability crystallised at the point at which the company was acquired by Blue Prism Group plc.

17. Share Options

The company introduced a Share Option Plan (SOP) in August 2008, whereby the Board of Directors is entitled to grant options to staff, which are convertible into ordinary shares. Options have been granted with a fixed exercise price of £1.00 and £1.25. The contractual life of an option is 10 years. All staff are eligible for awards under the current SOP. There are no reload features. The company has made annual grants each year since 21 September 2008. Options granted under the SOP vest over a three-year period, one third of the options per annum from the date of grant. Exercise of an option is subject to continued employment and SOP members may not transfer or sell their shares except as permitted or required to do under articles subject to the Articles of Association of the company. Options were valued using the Black-Scholes option-pricing model. There are no performance conditions. The fair value per option granted and the assumptions used in the calculation are as follows:

<i>Grant Date</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Share price at grant date	£1.50	£3.35	£6.36
Exercise price	£1.25	£1.25	£1.25
Shares under option	143,678	148,275	154,155
Vesting period (years)	3	3	3
Expected volatility	20%	30%	30%
Option life (years)	10	10	10
Expected life (years)	5	5	5
Risk free rate	2.01%	2%	2%

The expected volatility is based on historical volatility over the last three years of comparable companies over the life of the options. The expected life is the average expected period to exercise. The risk free rate of return is the yield on UK Government Bonds of a term consistent with the assumed option life. A reconciliation of option movements is shown below:

	2013		2014		2015	
	<i>Number</i>	<i>Weighted average exercise price</i>	<i>Number</i>	<i>Weighted average exercise price</i>	<i>Number</i>	<i>Weighted average exercise price</i>
Outstanding at 1 November	135,400	£1.25	143,678	£1.25	148,275	£1.25
Granted	9,498		8,445		8,920	
Exercised	(720)		(240)		(440)	
Lapsed	(500)		(3,608)		(2,600)	
Outstanding options at 31 October	<u>143,678</u>		<u>148,275</u>		<u>154,155</u>	

Of the total number of options outstanding at 31 October 2015, 31 October 2014, and 31 October 2013; 138,975, 113,446 and 67,600 respectively have vested and are exercisable.

The weighted average share price during the period for options exercised in the year ended 31 October 2015 was £6.36 (2014: £3.35; 2013: £1.50).

The number of options exercised by the directors was as follows:

Name of Director	2013	2014	2015
David Moss	–	–	200
Jason Kingdon	–	–	–
Chris Batterham	720	240	240
Total options exercised by directors	<u>720</u>	<u>240</u>	<u>440</u>

18. Subsidiary

Details of the subsidiary of the company which has been included in the financial information, is as follows:

<i>Name</i>	<i>Principal activity</i>	<i>Ownership</i>	<i>Country of Incorporation</i>
Blue Prism Software Inc	Provision of sales and marketing services	100%	United States of America

19. Lease commitments

The amounts of minimum lease payments under non-cancellable operating leases are as follows:

	2013 (£)	2014 (£)	2015 (£)
Operating lease which expire:			
Within one year	41,044	61,845	21,398
Between one and five years	–	35,844	–
After more than five years	–	–	–
	<u>41,044</u>	<u>97,689</u>	<u>21,398</u>

20. Related party transactions

Remuneration of directors and other transactions

The remuneration, interests and related party transactions with the directors of the company, who are considered to be the key management personnel of the entity, are disclosed in Note 5.

Moshogo Limited, a company incorporated in England and Wales, holds 86,601 (2014: 86,601 and 2013: 86,601) irredeemable preference shares in the company. A director of the company controls Moshogo Limited.

21. Events after the reporting date

On 3 December 2015, Blue Prism Limited entered into a Revolving Credit Facility with Clydesdale Bank PLC for an amount of £2,000,000 for working capital purposes.

On 2 September 2015, Blue Prism Group plc was incorporated. A share for share exchange between the shareholders of Blue Prism Limited and Blue Prism Group plc was completed on 11 March 2016. As a consequence, the company became a wholly owned subsidiary of Blue Prism Group plc.

22. Ultimate controlling party

There is no ultimate controlling party of the company.

23. Transition to IFRS

The historical financial information prepared for the three years ended 31 October 2015 is the first the BPL Group has been prepared in accordance with IFRS. For periods up to and including the year ended 31 October 2015, the BPL Group prepared its financial statements in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), and under the Financial Reporting Standard for Smaller Entities ("FRSSE").

Accordingly, the BPL Group has prepared financial information which complies with IFRS applicable for periods ending on or after 31 October 2015, as described in the summary of significant accounting policies. In preparing the financial information, the BPL Group's opening statement of financial position was prepared as at 1 November 2012, the BPL Group's date of transition to IFRS. In restating its UK GAAP financial statements, the BPL Group has made provision for accrued holiday pay and accounted for share based option expenses (including related deferred tax) in accordance with accounting policies described below.

A summary of the impact of transition to the consolidated statement of financial position is as follows:

	<i>As at</i> <i>1 November</i> <i>2012</i> <i>(£)</i>	<i>As at</i> <i>31 October</i> <i>2013</i> <i>(£)</i>	<i>As at</i> <i>31 October</i> <i>2014</i> <i>(£)</i>	<i>As at</i> <i>31 October</i> <i>2015</i> <i>(£)</i>
Equity reported in accordance with UK GAAP and FRSSE	447,890	236,306	129,206	(667,382)
Transition adjustments:				
Accrued holiday pay	(9,930)	(25,280)	(24,372)	(2,611)
Deferred tax on share-based payments	7,454	12,330	15,496	20,659
Equity reported in accordance with IFRS	<u>445,414</u>	<u>223,356</u>	<u>120,330</u>	<u>(649,334)</u>

Notes:

Short-term benefits such as accrued holiday pay are recognised as a liability under IFRS. Under UK GAAP, no such liability was recognised.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. A deferred tax asset arising from recognition of such expenses is also recognised under IFRS. Under UK GAAP, neither the share-based payment nor the related deferred tax asset was recognised.

A summary of the impact of transition to the consolidated income statement is as follows:

	<i>Year ended 31 October 2013 (£)</i>	<i>Year ended 31 October 2014 (£)</i>	<i>Year ended 31 October 2015 (£)</i>
Loss after tax reported in accordance with UK GAAP	(212,984)	(110,406)	(797,088)
Transition adjustments:			
Accrued holiday pay	(15,350)	908	21,761
Share-based payments expense	(24,381)	(15,828)	(25,815)
Deferred tax on share-based payments	4,876	3,166	5,163
Total comprehensive income reported in accordance with IFRS	<u>(247,839)</u>	<u>(122,160)</u>	<u>(795,979)</u>

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Company (whose registered office appears on page 8 of this document) and the Directors (whose names, address and functions appear on page 8 of this document) accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and its subsidiary undertakings

- 2.1 The Company was incorporated on 2 September 2015 in England and Wales and registered under the Companies Act 2006 as a private company limited by shares with registered number 09759493 and with the name "Newincco 1381 Limited". On 17 February 2016 the Company changed its name to "Blue Prism Group Limited" On 14 March 2016 the Company re-registered as a public company limited by shares pursuant to Part 7 of the Companies Act 2006 and changed its name to "Blue Prism Group plc".
- 2.2 The principal legislation under which the Company operates is the Companies Act 2006. The Company is domiciled in the United Kingdom.
- 2.3 The address and telephone number of the registered office, and principal place of business, of the Company is Centrix House, 26 Crow Lane, Newton-le-Willows, WA12 9UY, +44 870 879 3000, and will remain so on Admission. The Group's website is www.blueprism.com.
- 2.4 The Company, and the Group, trade under the name "Blue Prism".
- 2.5 The liability of the members of the Company is limited to the amount paid up on their shares.
- 2.6 The Company's principal activity is that of a holding company. It is the ultimate parent company of the Group comprising the Company and the subsidiary undertakings set out in paragraph 2.7 of this Part IV.
- 2.7 As at the date of this document the Company has, and will on Admission have, the following subsidiary undertakings, all of which (unless otherwise stated) are directly or indirectly wholly-owned:

<i>Name</i>	<i>Country of incorporation</i>	<i>Field of activity</i>	<i>Percentage held</i>
Blue Prism Limited	England	Robotic process automation	100
Blue Prism Software, Inc.	Delaware, United States	Robotic process automation	100

- 2.8 The registered office of Blue Prism Limited is Centrix House, 26 Crow Lane, Newton-le-Willows, WA12 9UY and the registered office of Blue Prism Software, Inc. is 2711 Centerville Road, Suite 400, Wilmington, New Castle, Delaware 19808, United States.
- 2.9 The Company's accounting reference date is 31 October.

3. Share capital

- 3.1 As at 2 September 2015, the date of the Company's incorporation, the issued share capital of the Company was £1.00, consisting of one ordinary share of £1.00, which was issued fully paid to the subscriber of the Company's memorandum of association, Olswang Nominees Limited.

3.2 The following changes in the issued share capital of the Company have taken place between incorporation and the date of this document:

3.2.1 On 17 February 2016 the subscriber share was transferred from Olswang Nominees Limited to Jason Kingdon.

3.2.2 On 11 March 2016 the following resolutions of the members of the Company were passed:

3.2.2.1 an ordinary resolution authorising the Directors for the purpose of section 551 Companies Act 2006 to allot and issue ordinary shares of £1.00 each for an aggregate nominal value not exceeding £315,000, preference shares of £1.00 each for an aggregate value not exceeding £776,000 and B preference shares of £1.00 each for an aggregate value not exceeding £307,000, in each case in connection with the acquisition of the entire issued share capital of TradingCo pursuant to the Share Exchange Agreement described in paragraph 3.2.5 below, such power to expire (unless previously renewed, varied or revoked by the Company in general meeting) on 30 June 2016;

3.2.2.2 a special resolution empowering the Directors in accordance with section 570 Companies Act 2006 to allot equity securities (as defined in section 560 Companies Act 2006) for cash pursuant to the authorities conferred by the resolution detailed at paragraph 3.2.2.1 above as if section 561(1) Companies Act 2006 did not apply to any such allotment, such power to expire (unless previously renewed, varied or revoked by the Company in general meeting) on 30 June 2016; and

3.2.2.3 a special resolution to subdivide each ordinary share of £1.00 into 100 Ordinary Shares, such sub-division to occur automatically upon the passing by the Board of a resolution resolving that such resolution should become effective.

3.2.3 On 14 March 2016 the following resolutions of the members of the Company were passed:

3.2.3.1 a special resolution to convert the preference shares of £1.00 each and the B preference shares of £1.00 each held by a shareholder into Ordinary Shares and deferred shares of £0.01 on the basis of a formula, the outcome of which depends upon the date on which Admission occurs but which will lead to those shares converting into 2,994,755 Ordinary Shares and 105,269,845 deferred shares of £0.01 if Admission occurs on 18 March 2016, such conversion to occur at 11.59 p.m. on the day before Admission subject to the passing by the Board of a resolution resolving that such resolution should become effective;

3.2.3.2 generally and unconditionally authorising the Directors for the purposes of section 551 Companies Act 2006 to allot shares or grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights"):

(i) up to an aggregate nominal amount of £128,500 in connection with the placing of New Ordinary Shares;

(ii) up to an aggregate nominal amount of £207,370; and

(iii) up to an aggregate further nominal amount of £207,370 in connection with pre-emptive issues of Ordinary shares,

such authorities to expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company following the passing of the resolution or, if earlier, 14 June 2017 (save that the Directors may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights pursuant to such offer or agreement as if the authority had not expired);

3.2.3.3 generally empowering the directors of the Company in accordance with section 570 Companies Act 2006 to allot equity securities (as defined in section 560 Companies Act 2006) for cash pursuant to the authority conferred by the resolution detailed at paragraph 3.2.3.2 above, as if section 561(1) Companies Act 2006 did not apply to

any such allotment provided that such power be limited to the allotment of equity securities:

- (i) in connection with a rights issue or other pre-emptive offer (but in case of the authority granted under paragraph (iii) of the resolution at paragraph 3.2.3.2, by way of a rights issue only) in favour of holders of Ordinary Shares where the equity securities are proportionate (as nearly as practicable) to the respective number of Ordinary Shares held by such holders, but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable in relation to fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory; and
- (ii) otherwise than pursuant to paragraph (i), up to an aggregate nominal amount of £62,211 (representing approximately one tenth of the issued share capital)

such power to expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company following the passing of the resolution or, if earlier, 14 June 2017 (save that the Company may before that date make an offer or agreement which would, or might, require equity securities to be allotted after such time and the directors of the Company may allot equity securities in pursuance of such offer or agreement notwithstanding that this power has expired.

3.2.4 On 11 March 2016 the Company entered into the Share Exchange Agreement with TradingCo and each shareholder of TradingCo pursuant to which the Company agreed to acquire the entire issued share capital of the TradingCo, in exchange for the allotment and issue of 311,602 ordinary shares of £1.00 each, 775,849 preferred shares of £1.00 each and 306,797 B preferred shares of £1.00 each in aggregate, to TradingCo's shareholders. Completion of the Share Exchange Agreement occurred on 11 March 2016, this being the date on which the consideration shares referred to in this paragraph were allotted and issued pursuant to the Share Exchange Agreement.

3.2.5 On 14 March 2016 the Company issued 7,885,500 Ordinary Shares for cash at subscription prices of between £0.01 and £0.0125 per share in connection with the exercise of options previously granted to employees, former employees, consultants and former consultants of members of the Group.

3.2.6 On 14 March 2016 the Board resolved that the resolution referred to at paragraph 3.2.2.3 should become effective, whereupon all the ordinary shares of £1.00 were sub-divided into 100 Ordinary Shares of £0.01.

3.2.7 A further 7,430,000 Ordinary Shares will be allotted on Admission for cash at a subscription price of £0.01 per share in connection with the exercise of options by employees.

3.2.8 At 11.59 p.m. on the day prior to Admission the preference shares of £1.00 and the B preference shares of £1.00 shall convert into Ordinary Shares and deferred shares of £0.01 on the basis described in paragraph 3.2.3.1 above.

3.3 The following table shows the issued share capital of the Company as at the date of this document:

	<i>Number of Ordinary Shares</i>	<i>Aggregate nominal value of Ordinary Shares (£)</i>	<i>Number of preference shares of £1.00</i>	<i>Aggregate nominal value of preference shares (£)</i>	<i>Number of B preference shares of £1.00</i>	<i>Aggregate nominal value of B preference shares (£)</i>
Number of shares issued and fully paid up	38,965,700	385,102	775,849	775,849	306,797	306,797

3.4 The following table shows the issued share capital of the Company as it will be immediately following Admission and the Placing:

	<i>Number of Ordinary Shares</i>	<i>Aggregate nominal value of Ordinary Shares</i>	<i>Number of deferred shares of £0.01</i>	<i>Aggregate nominal value of deferred shares of £0.01</i>
Number of shares issued and fully paid up	62,210,968	622,110	105,269,845	1,052,698

3.5 The deferred shares of £0.01 carry no votes, no rights to income and the right to the return of a maximum of £0.001 on a winding up of the Company.

3.6 The holders of Existing Ordinary Shares will be diluted by the issue of the 12,820,513 New Ordinary Shares. The effective dilution rate, assuming none of those holders participate in the Placing, is approximately 20.6 per cent.

3.7 Since incorporation up to and including the date of this document, approximately 80.9 per cent. of the issued Ordinary Shares and all of the preference shares of £1.00 and B preference shares of £1.00 have been paid for with assets other than cash, such assets being the shares of TradingCo acquired by the Company pursuant to the Share Exchange Agreement.

3.8 The New Ordinary Shares are to be allotted and issued pursuant to the Placing. The legislation under which the New Ordinary Shares have been created is the Companies Act 2006 and regulations made under it. The New Ordinary Shares are denominated in sterling. They will be allotted on 17 March 2016, conditional only on Admission taking place, and issued on Admission, which is expected to be on 18 March 2016.

3.9 The Existing Ordinary Shares are, and the New Ordinary Shares will be, in registered form. They are capable of being held in certificated form or, following Admission, in uncertificated form and traded on CREST. The records in respect of shares held in uncertificated form will be maintained by Euroclear and the Registrars.

3.10 Save in connection with the allotment and issue of the New Ordinary Shares, the grant of options under the Share Plans and the allotment and issue of Ordinary Shares pursuant to options already granted under the Share Plans (as described in paragraph 6 of this Part IV) there is no present intention to issue any of the authorised but unissued share capital of the Company or to utilise any of the authorities referred to in paragraph 3.2 of this Part IV.

3.11 The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares including (without limitation to the generality of the foregoing) in relation to voting rights and the right to receive all dividends or other distributions declared, paid or made after Admission.

3.12 There have been no public takeover bids by third parties for all or any part of the Company's equity share capital during the last financial year of the Company or the period up to and including the date immediately prior to the date of this document.

3.13 As at the date of this document there is no class of shares in issue other than Ordinary Shares, preference shares of £1.00 and B preference shares of £1.00, and no shares have been issued other than as fully paid.

3.14 Save as set out in paragraph 3 of this Part IV, the Company has not issued or granted, or agreed to issue or grant, any options, warrants, exchangeable securities, securities with warrants or any convertible securities of the Company.

3.15 The Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility nor has any application for such admission been made and it is not intended to make such arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with the Admission.

3.16 The Company does not have in issue any securities not representing share capital.

4. The Articles

The Articles, which were adopted pursuant to a resolution of the members of the Company and shall become effective on Admission, contain, *inter alia*, provisions to the following effect:

4.1 Objects

The Articles contain no specific restrictions on the Company's objects and therefore, by virtue of section 31(1) of the Companies Act 2006, the Company's objects are unlimited.

4.2 Voting rights

Subject to paragraph 4.7 below, and to any special rights or restrictions attached to any share, on a vote on a resolution (whether on a show of hands or on a poll) every member who, being an individual, is present in person or by proxy or, being a corporate member, is present by a duly appointed representative, shall have one vote for every Ordinary Share held by him, except that on a vote on a resolution on a show of hands at a meeting a proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one member entitled to vote on the resolution and the proxy has been instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more other of those members and wishes to use that discretion to vote in the other way. A proxy need not be a member of the Company.

The deferred shares carry no right to vote at a general meeting of the Company.

4.3 Variation of rights

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of share may be varied or abrogated with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any treasury shares) or with the authority of a special resolution passed at a separate general meeting of the holders of the shares of that class. The quorum at any such meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class (excluding any treasury shares) or for any adjourned meeting any one holder of shares of the class present in person or by proxy.

A proxy will be treated as holding or representing only those shares in respect of which he is authorised to exercise voting rights and any holder of shares of the class present in person or by proxy and entitled to vote (other than the Company as holder of any treasury shares) may demand a poll. Every such holder shall have one vote for every share of the class held by him (subject to any special rights or restrictions attaching to the class).

4.4 Alteration of capital

The Company may, subject to the Companies Act 2006, increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a small nominal value and cancel any shares not taken, or agreed to be taken, by any person.

Subject to and in accordance with the provisions of the Companies Act 2006, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

4.5 Transfer of shares

A member may transfer all or any of his shares (i) in the case of certificated shares by instrument in writing in any usual or common form, or in any form approved by the Directors and (ii) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and

the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of, the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The Directors may refuse to register any transfer of a certificated share which is not a fully paid share provided that in the case of any class of shares which is admitted to trading on AIM the refusal could not prevent the shares from continuing to be admitted to trading on AIM. The operator of the relevant system may also refuse to register any transfer of an uncertificated share in the circumstances set out in the Regulations. The Directors may also refuse to register a transfer of the shares if the transfer is in favour of more than four persons jointly. Subject to that and to paragraph 4.7 below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share, is duly stamped (if stampable), and is deposited at the office, or at such other place as the board may determine, and (except where the shares are registered in the name of a market nominee and no certificate has been issued for them) is accompanied by the relevant share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer has been complied with.

4.6 **Dividends**

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, may fix the time for payment of such dividends, but no dividend shall exceed the amount recommended by the Directors. The Directors may pay interim dividends (including any dividend payable at a fixed rate) if it appears to the Directors that they are justified by the financial position of the Company.

Subject to the rights attached to, or the terms of issue of, any share, and subject to paragraph 4.7 below, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid (provided that, no amount paid on a share in advance of calls shall be treated as paid on that share). Dividends may be declared or paid in any currency.

The Directors may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares (excluding the Company as holder of treasury shares) the right to elect to receive further shares of that class, credited as fully paid instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution. The Directors may decide that the right of election shall not be made available to any members with registered addresses in any territory where, in the opinion of the Directors, this would be unlawful or compliance with local laws or regulations would be unduly onerous.

Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and shall cease to remain owing by the Company.

No dividends are payable on the deferred shares.

4.7 **Suspension of rights**

If the holder of, or any other person appearing to be interested in, any share has been given notice under section 793 of the Companies Act 2006 and that holder or other such person has, at the end of the period of 14 days from service of that notice (or such longer period as may be specified by the Company), failed to give the Company the information required by that notice in relation to that share or made a statement which is false or inadequate in any material particular in relation to that share, such member shall not be entitled to attend or vote at any general meeting or at any separate meeting of the holders of that class of shares or to exercise any other right conferred by membership in relation to general meetings in respect of the shares which are the subject of such notice. Where the interest represents 0.25 per cent. or more in nominal value of the issued shares of their class (excluding any treasury shares), the payment of dividends may be withheld, and no transfer of any shares held by the member shall be registered except as provided for in the Articles.

4.8 **Return of capital**

If the Company is being wound up the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act 2006 divide among the members in specie the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how such division shall be carried out as between the members or different classes of members, provided that the maximum amount payable on any deferred share shall be £0.001. The liquidator may also vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit but so that no member shall be compelled to accept any assets in respect of which there is any liability.

4.9 **Pre-emption rights**

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares. In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Companies Act 2006 in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

4.10 **Shareholder meetings**

Annual general meetings should be held within the time periods specified by the Companies Act 2006. Other general meetings may be convened by the board whenever it thinks fit or when one has been requisitioned in accordance with the Companies Act 2006 or the Articles. The quorum requirements in section 318 of the Companies Act 2006 shall apply to the Company, except that a person shall not count as a "**qualifying person**" for this purpose unless (in addition to satisfying the requirements of the Companies Act 2006) he is entitled to vote on the business to be transacted at the meeting.

Save as permitted or required by the Companies Act 2006, an annual general meeting shall be called by notice of at least 21 days, exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. In the case of any other general meeting, at least 14 days' notice shall be given, exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. A general meeting may be called on shorter notice providing all members entitled to attend and vote agree and a general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent.

Every notice calling a meeting of the Company must state the time and date of the meeting and the place of that meeting including identification of the principal venue, and any other place at which the meeting is to be held in accordance with the Articles. The notice shall also include details of any arrangements, for persons entitled to attend a general meeting, to be able to view and hear the proceedings of, and to speak at, that meeting from a location which is not classified as a meeting place (making clear that participation in these arrangements will not amount to attendance at the meeting to which the notice relates). The Directors may also make such arrangements for limiting the level of attendance at any general meeting or alternative viewing location but such arrangements must allow any members and proxies excluded from attendance at the principal venue to attend at one of the other venues.

4.11 **Directors**

A Director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing or varying the terms of appointment), or the termination of his own appointment, as a Director of, or the holder of any other office or place of profit with, the Company or any undertaking in which the Company is interested. However, where proposals for such resolutions relate to two or more Directors, those proposals may be divided and a resolution

may be put in relation to each Director separately and in such case each of the Directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution, except that concerning him.

Save as otherwise provided in the Articles, a Director shall not vote (or be counted in the quorum) in respect of any transaction or arrangement or any other proposal in which he (or any person connected with him) has an interest which may reasonably be regarded as likely to give rise to a conflict of interest and, if he purports to do so, his vote shall not be counted.

The Directors may, to the fullest extent permitted by law in accordance with the Articles, authorise a Director to be involved in any matter which would otherwise constitute or give rise to a breach by such Director of his duty under the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company (including a breach which would arise by virtue of his appointment as Director).

A Director shall (unless otherwise prohibited under the Articles) vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

- (a) any transaction, arrangement or proposal in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (b) the giving of any guarantee, security or indemnity in respect of (i) money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or (ii) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) any arrangement, transaction or proposal concerning the issue or offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase, in respect of which he is or may be entitled to participate in his capacity as a holder of any such securities or as an underwriter or sub-underwriter;
- (d) any transaction, arrangement or proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he (together with persons connected with him) does not hold an interest representing one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company;
- (e) any transaction or arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the transaction or arrangement relates;
- (f) the purchase or maintenance of insurance either for or for the benefit of any Director or persons who include Directors;
- (g) the giving of any indemnity against liability incurred by him in connection with his duties, powers or office in relation to the Company or any of its subsidiary undertakings, where all other directors are also offered indemnities on substantially the same terms; and
- (h) any transaction, arrangement or proposal relating to the funding of expenditure incurred by him in defending proceedings in connection with his duties, powers or office in relation to the Company or any of its subsidiary undertakings (or enabling him to avoid incurring such expenditure), where all other Directors are also offered a transaction, arrangement or proposal on substantially the same terms.

A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration or otherwise) as the Directors may decide and may enter into any transaction or arrangement with the Company with regard to his tenure of any office or position in the management, administration or conduct of its business or as vendor, purchaser or otherwise. A Director may act by himself or by his firm in a professional capacity for the Company (except as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director. No Director shall, by reason of

his holding office be liable to account to the Company for any remuneration, profit or benefit received as a result of any aforementioned permitted interest and no transaction or arrangement shall be avoided by reason of any Director having any such permitted interest.

The fees of the Directors (other than any Director who holds an executive office or employment with the Company or any subsidiary of the Company) for their services as Directors shall not exceed in aggregate £500,000 per annum (or such higher amount as the Company may decide to set by ordinary resolution). Subject to this limit, a Director shall be paid a fee (to accrue from day to day) at such rate as the Directors may decide.

Any Director who holds any executive office (including the office of chairman or deputy chairman, whether or not such office is held in an executive capacity) or who serves on any committee or who acts as trustee of a retirement benefits scheme or employees' share scheme or who otherwise performs services which, in the opinion of the Directors are beyond the ordinary duties of a Director may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may decide in accordance with the Articles.

The Company will pay to any Director all proper and reasonable expenses incurred by him in attending and returning from meetings of the board or of any committee or general meetings or otherwise in connection with the business of the Company or in the performance of his duties as a Director.

4.12 **Borrowing Powers**

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and, subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company, so as to secure that the aggregate principal amount for the time being of all borrowings by the Group (excluding any money owed between members of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three (3) times the adjusted capital and reserves of the Group.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the Shareholders.

5. **Interests of the Directors and others, major shareholders and related party transactions**

5.1 **Directors' interests**

5.1.1 The interests of the Directors and of those persons connected with them (within the meaning of sections 252 to 254 of the Companies Act 2006) in the share capital of the Company as at the date of this document and at Admission (all of which are beneficial unless stated otherwise) are as follows:

As at the date of this document

	<i>Number of Ordinary Shares</i>	<i>Aggregate nominal value of Ordinary Shares (£)</i>	<i>Number of preference shares of £1.00</i>	<i>Aggregate nominal value of preference shares (£)</i>	<i>Number of B preference shares of £1.00</i>	<i>Aggregate nominal value of B preference shares (£)</i>
Alastair Bathgate	3,000,000	30,000	Nil	Nil	30,000	30,000
Chris Batterham	144,000	1,440	Nil	Nil	Nil	Nil
Charmaine Eggberry	Nil	Nil	Nil	Nil	Nil	Nil
Gary Johnson	87,000	870	Nil	Nil	Nil	Nil
Jason Kingdon	6,002,900	60,029	86,601	86,601	60,029	60,029
Ken Lever	Nil	Nil	Nil	Nil	Nil	Nil

As at the date of this document Alastair Bathgate holds options to subscribe for 4,200,000 Ordinary Shares at a price of £0.01 per share. These options will be exercised at Admission.

On Admission

	<i>Number of Ordinary Shares</i>	<i>Aggregate nominal value of Ordinary Shares (£)</i>	<i>Number of deferred shares of £0.01</i>	<i>Aggregate nominal value of deferred shares of £0.01 (£)</i>
Alastair Bathgate	6,308,462	65,085	2,961,538	29,615
Chris Batterham	200,000	2,000	Nil	Nil
Charmaine Eggberry	320,512	3,205	Nil	Nil
Gary Johnson	99,820	998	Nil	Nil
Jason Kingdon*	6,229,822	62,298	14,436,078	144,361
Ken Lever	32,051	321	Nil	Nil

* Jason Kingdon has entered into an agreement to transfer 141,024 Ordinary Shares to a number of parties, such transfer to be conditional upon admission occurring. The interests noted in this table are stated excluding the Ordinary Shares which will be the subject of the transfer.

- 5.1.2 As at the date of this document, the following options over Ordinary Shares had been granted pursuant to the Share Plans to the following Directors for nil consideration conditional upon Admission:

<i>Director</i>	<i>No. of Ordinary Shares under option</i>	<i>Exercise Period</i>	<i>Exercise Price (p)</i>
Alastair Bathgate	497,436	18/03/19-14/03/26	78
Chris Batterham	Nil	N/A	N/A
Charmaine Eggberry	Nil	N/A	N/A
Gary Johnson	402,564	18/03/19-14/03/26	78
Jason Kingdon	Nil	N/A	N/A
Ken Lever	Nil	N/A	N/A

- 5.1.3 None of the Directors, nor persons connected with them (within the meaning of sections 252 to 254 of the Companies Act 2006), has any related financial product (as defined in the AIM Rules for Companies) referenced to the Ordinary Shares.

- 5.1.4 Pursuant to an agreement entered into between Liverpool Seed Fund LP and Risingstars Growth Fund LP (the “**Investors**”) on the one hand and Jagama Limited (now called Moshogo Limited) (“**Jagama**”), a company controlled by Jason Kingdon on the other hand, at the time when Jason Kingdon became a director of TradingCo, subject to Admission occurring the Investors will in aggregate become obliged to pay approximately £974,890 to Jagama.

5.2 **Directors’ service contracts and letters of appointment**

- 5.2.1 Jason Kingdon is engaged by the Company as a Non-Executive Chairman on the terms of a letter of appointment dated 22 February 2016 for an initial term of three years, terminable at any time on three months’ notice from either party. Mr Kingdon commenced in that office on 17 February 2016 and, accordingly, has served in that office for approximately one month. He was previously an Executive Director of TradingCo, having been appointed as such in March 2008. Accordingly Mr Kingdon has been a director of a member of the Group for approximately eight years. Mr Kingdon will receive a fee of £55,000 per annum and is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period.

- 5.2.2 On 14 March 2016 the Company entered into a service agreement with Alastair Bathgate. The contract provides for Mr Bathgate to act as Chief Executive Officer of the Company at a salary of £130,000 per annum. Mr Bathgate was previously employed as Chief Executive Officer of TradingCo. His employment with TradingCo commenced in December 2001 and, accordingly, he has served as chief executive of the Group for 14 years and four months. The service agreement has no fixed term and is terminable by 12 months’ notice in writing by either party.

Under the service agreement, Mr Bathgate is entitled to 25 paid working days holiday each year in addition to public and bank holidays in England and Wales, to participate in a discretionary bonus scheme, a car allowance, a contribution to a personal pension scheme and participation in a Group life assurance scheme. Mr Bathgate is subject to non-competition and non-solicitation covenants for periods of nine to 12 months following termination of his employment with the Company and to a confidentiality undertaking.

- 5.2.3 On 14 March 2016 the Company entered into a service agreement with Gary Johnson. The service agreement provides for Mr Johnson to act as Chief Financial Officer of the Company at a salary of £110,000 per annum. Mr Johnson was previously employed as finance director of TradingCo. His employment with TradingCo commenced in February 2015 and, accordingly, he has served as finance director of the Group for approximately one year and one month. The service agreement has no fixed term and is terminable by six months' notice in writing by either party. Under the service agreement, Mr Johnson is entitled to 25 paid working days holiday each year in addition to public and bank holidays in England and Wales, to participate in a discretionary bonus scheme, a car allowance, a contribution to a personal pension scheme and participation in a Group life assurance scheme. Mr Johnson is subject to non-competition and non-solicitation covenants for periods of nine to 12 months following termination of his employment with the Company and to a confidentiality undertaking.
- 5.2.4 Chris Batterham is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 22 February 2016 for an initial term of three years, terminable at any time on three months' notice from either party. Mr Batterham commenced in that office on 22 February 2016. He was previously a Non-Executive Director of TradingCo, having been appointed as such in September 2012. Accordingly, Mr Batterham has been a Non-Executive Director of a member of the Group for approximately three years and six months. Mr Batterham will receive a fee of £40,000 per annum plus £5,000 per annum for each committee on which he serves and is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period.
- 5.2.5 Charmaine Eggberry is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 22 February 2016 for an initial fixed term of three years, terminable at any time on three months' notice from either party. Ms Eggberry commenced in that office on 22 February 2016 and, accordingly, has served in that office for approximately one month. Ms Eggberry will receive a fee of £40,000 per annum plus £5,000 per annum for each committee on which she serves and is subject to confidentiality undertakings. She is not entitled to any payment on termination of her appointment by the Company, other than for fees due in respect of her notice period.
- 5.2.6 Ken Lever is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 22 February 2016 for an initial fixed term of three years, terminable on three months' notice from either party. Mr Lever commenced in that office on 22 February 2016 and, accordingly, has served in that office for approximately one month. Mr Lever will receive a fee of £50,000 per annum and is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period.
- 5.2.7 Save as set out above, since the Company's incorporation there have been no, and there are no existing or proposed, service contracts between any of the Directors and the Company or any member of the Group providing for benefits upon termination of employment and none are currently proposed.
- 5.2.8 The total aggregate remuneration (including benefits in kind, pension contributions and any contingent or deferred compensation) paid to the Directors, for services in all capacities to the Group, by all members of the Group for the financial year of the Company which ended on 31 October 2015 amounted to £318,008 and, under the arrangements in force at the date of this document, the estimated aggregate total remuneration payable to the Directors by any member of the Group for the current financial year will amount to £395,130.

5.3 **Senior managers' interests**

5.3.1 The interests of the senior managers named in paragraph 10 of Part I of this document and those persons connected with them (within the meaning of sections 252 to 254 of the Companies Act 2006) in the share capital of the Company as at the date of this document and as at Admission (all of which are beneficial unless stated otherwise) are as follows:

As at the date of this document

	<i>Number of Ordinary Shares</i>	<i>Aggregate nominal value of Ordinary Shares (£)</i>	<i>Number of shares of £1.00 preference B preference</i>	<i>Aggregate nominal value of preference shares (£)</i>
Martin Flood	1,080,000	10,800	Nil	Nil
Patrick Geary	1,584,000	15,840	Nil	Nil
David Moss	4,800,000	48,000	15,500	15,500
Neil Wright	1,440,000	14,400	Nil	Nil

As at the date of this document David Moss holds options to subscribe for 3,230,000 Ordinary Shares at a price of £0.01 per share. These options will be exercised at Admission.

On Admission

	<i>Number of Ordinary Shares</i>	<i>Aggregate nominal value of Ordinary Shares (£)</i>	<i>Number of deferred shares of £0.01</i>	<i>Aggregate nominal value of deferred shares of £0.01 (£)</i>
Martin Flood	1,000,000	10,000	Nil	Nil
Patrick Geary	1,408,000	14,080	Nil	Nil
David Moss	4,016,872	40,169	1,530,128	15,301
Neil Wright	1,293,300	12,933	Nil	Nil

5.3.2 As at the date of this document, the following options over Ordinary Shares had been granted pursuant to the Share Plans to the senior managers named in paragraph 10 of Part I of this document for nil consideration conditional upon Admission:

	<i>No. of Ordinary Shares under option</i>	<i>Exercise Period</i>	<i>Exercise Price (p)</i>
Martin Flood	402,564	18/03/19-14/03/26	78
Patrick Geary	402,564	18/03/19-14/03/26	78
David Moss	402,564	18/03/19-14/03/26	78
Neil Wright	402,564	18/03/19-14/03/26	78

5.4 **Significant shareholders**

5.4.1 So far as the Company is aware, as at the date of this document, the following persons are the only persons who hold voting rights (within the meaning of the Disclosure and Transparency Rules) directly or indirectly, in respect of 3 per cent. or more of the Company's issued share capital or will hold such rights immediately following Admission.

Name	Immediately before Admission		Immediately following Admission	
	*Number of Existing Ordinary Shares	*Percentage of Existing Ordinary Shares	Number of Ordinary Shares	Percentage of Ordinary Shares
RisingStars Growth Fund LP	12,144,126	24.6	9,561,549	15.4
Liverpool Growth Fund LP	9,039,748	18.3	Nil	Nil
Alastair Bathgate	7,238,462	14.7	6,308,462	10.1
Jason Kingdon	6,229,822	12.6	6,229,822	10.0
David Moss	4,819,872	9.8	4,016,872	6.5
Pat Geary	1,584,000	3.2	1,408,000	2.3

*These numbers and percentages are stated assuming that (i) conversion of the preference shares of £1.00 and B preference shares of £1.00 has occurred and (ii) that Alastair Bathgate has exercised an option to subscribe for 4,200,000 Ordinary Shares and that David Moss has exercised an option to subscribe for 7,200,000 Ordinary Shares. In practice these matters will only occur immediately prior to or simultaneously with Admission.

5.4.2 The Company is not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5.4.3 The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5.4.4 The persons referred to in paragraph 5.4.1 of this Part IV, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

5.5 **Other interests**

5.5.1 Over the five years preceding the date of this document, the Directors have been directors or partners of the following companies and partnerships:

Name of Director	As at the date of this document		During the 5 years preceding the date of this document	
	Directorship	Partnership or other interest	Directorship	Partnership or other interest
Alastair Bathgate	N/A	N/A	N/A	N/A
Chris Batterham	Eckoh plc Iomart Group plc NCC Group plc SDL plc Toumaz Group plc	N/A	DRS Data and Research Services plc office2office plc The Risk Advisory Group (Holdings) plc	N/A
Charmaine Eggberry	Avanti Communications Group plc GB Group plc Removal Stars Limited Plan B Consulting Limited Marketing Hall of Legends	N/A	Wayra Social Ventures Limited	N/A

<i>Name of Director</i>	<i>As at the date of this document</i>		<i>During the 5 years preceding the date of this document</i>	
	<i>Directorship</i>	<i>Partnership or other interest</i>	<i>Directorship</i>	<i>Partnership or other interest</i>
Gary Johnson	Slan Consulting Limited	N/A	Active Business Coaching Limited Testline Limited Testronic Laboratories Limited Warmer Bathrooms Ltd	
Jason Kingdon	Moshogo Limited	N/A	Teletica Limited	N/A
Kenneth Lever	F.M. Insurance Company Limited Gresham House Strategic plc SVBM Ltd Vertu Motors plc	N/A	Catesby Property Group plc Holmewood Residents Limited Tomkins plc Xchanging B.V. Xchanging Global Insurance Solutions Limited Xchanging Global Insurance Systems Limited Xchanging Holdings Limited Xchanging plc Xchanging UK Limited	N/A

5.5.2 Save as set out in paragraph 5.5.4 of this Part IV, none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) had any bankruptcy order made against him or her or entered any form of individual voluntary arrangement;
- (c) been a director of a company at the time of, or within the 12 months preceding the date of, its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or composition or arrangement with its creditors generally or any class of creditors;
- (d) been a partner in a partnership at the time of, or within the 12 months preceding the date of, its compulsory liquidation, administration or partnership voluntary arrangement;
- (e) owned any asset which has been placed in receivership or been a partner of any partnership at the time at which, or within the 12 months preceding the date on which, any asset of that partnership has been placed in receivership;
- (f) been subject to any public criticism by any statutory or regulatory authority (including a recognised professional body); or
- (g) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.5.3 No Director has been interested in any transaction with the Company that was unusual in its nature or conditions or was significant to the business of the Group taken as a whole and which was effected by the Group since incorporation and which at the date of this document remains outstanding or unperformed.

5.5.4 The following disclosures are made against paragraph 5.5.2:

- (a) Gary Johnson was a director of Rage plc and Rage Games Limited when administrative receivers were appointed to those companies on 15 January 2003. These companies were subsequently liquidated, with there being a shortfall due to secured and unsecured creditors.
- (b) Chris Batterham was a director of Mediawave Group Limited which entered into administration on 6 December 2001 (followed by insolvent liquidation). Chris Batterham resigned as a director of Conclusive Logic Limited on 6 November 2001 and Conclusive Logic Limited subsequently entered into creditors voluntary winding up on 27 February 2002. Chris Batterham was a director of Whitechapel Workstations Ltd when it entered into creditors' voluntary winding up on 24 May 1988.
- (c) Ken Lever was a director of Corton Beach plc when it entered into administrative receivership in October 1990 and was subsequently liquidated.

5.6 **Related party transactions**

5.6.1 On 11 March 2016, pursuant to the Share Exchange Agreement, the Company acquired the entire issued share capital of TradingCo from its shareholders, including certain Directors and directors of TradingCo. Details of this acquisition are set out in paragraph 7.5 below. The transaction reflected in the Share Exchange Agreement was concluded on arms' length terms.

5.6.2 Save for the transaction listed in paragraph 5.6.1, no member of the Group has entered into any related party transactions, being transactions which as a single transaction or in their entirety are or may be material to the Group and have been entered into by the Company or any other member of Group within the financial periods covered by the report in Part III of this document or from the end of that period to the date of this document.

6. **Share scheme arrangements**

On 22 February 2016 the Company approved the establishment of the Employee Share Plan and the Non-Employee Share Plan (together the "**Share Plans**"). The principal terms of the Share Plans are as follows:

General

- 6.2 The Share Plans are discretionary share plans. The Employee Share Plan is administered by the remuneration committee of the Board ("**Committee**"). The Non-Employee Share Plan is administered by the Board.
- 6.3 With the exception of the persons to whom awards may be granted (see "Eligibility" below), the commercial terms of the Non-Employee Share Plan broadly mirror those of the Employee Share Plan. Where the terms differ, the difference is explained below.

Awards

- 6.4 Awards under the Share Plans take the form of options to acquire Ordinary Shares with an exercise price equal to the market value of an Ordinary Share on the date of grant ("**Options**") or "**Performance Share Awards**" being either options to acquire Ordinary Shares with an exercise price of nil ("**Nil Cost Options**") or contingent rights to acquire Ordinary Shares for no consideration ("**Contingent Awards**").
- 6.5 The Employee Share Plan has been designed to allow options granted under it to qualify as enterprise management incentives ("**EMI Option**") under Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003 ("**Schedule 5 of ITEPA**"). It also includes a schedule pursuant to which US tax efficient incentive stock options may be granted to employees resident in the US (on broadly the same commercial terms as awards under the Employee Share Plan).
- 6.6 All awards granted conditional on Admission take the form of an option.

Eligibility

- 6.7 All employees (including executive directors) of the Group may be granted awards under the Employee Share Plan. Non-Executive directors and consultants of the Group may be granted awards under the Non-Employee Share Plan.

Grant of Awards

- 6.8 The Committee (or, in the case of the Non-Employee Share Plan, the Board) has absolute discretion to select the persons to whom awards may be granted, the type of award to be granted and, subject to the limits set out under "Plan Limits" below, in determining the number of Ordinary Shares to be subject to each award.
- 6.9 Awards may ordinarily be granted during the period of 42 days commencing on: (a) the date of Admission; (b) the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year; or (c) any other times fixed by the Committee (or, as the case may be, the Board) where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of awards.
- 6.10 No award will be granted after the tenth anniversary of the date on which the Share Plans were established.

Plan limits

- 6.11 On a given date, the total number of Ordinary Shares issued or transferred from treasury (or capable of issue or transfer from treasury) in respect of awards granted under the Share Plans, when added to all other options, awards or rights granted in the preceding ten year period under any Other Share Plan, will not exceed 12.5 per cent. of the ordinary share capital of the Company in issue at that time. Ordinary Shares subject to awards granted pursuant to the Share Plans on or before Admission will not be subject to, or count towards, the 12.5 per cent. limit.
- 6.12 In addition, the aggregate market value of Ordinary Shares subject to all outstanding EMI Options (calculated as at the date of grant of each EMI Option) will not exceed £3,000,000 (or such other amount as may be permitted under Schedule 5 of ITEPA from time to time).

Individual limits

- 6.13 Each individual's participation in the Employee Share Plan is limited so that the aggregate market value of Ordinary Shares subject to all EMI Options (calculated as at the date of grant of each EMI Option) held by that individual will not exceed £250,000 (or such other amount as may be permitted under Schedule 5 of ITEPA from time to time).

Exercise Price

- 6.14 The exercise price per Ordinary Share payable under an Option will be determined by the Committee (or, as the case may be, the Board) at the time of grant of an Option, but may not be less than the market value of an Ordinary Share as at the date of grant.

Vesting and Exercise of Options

- 6.15 The Committee (or, as the case may be, the Board) has discretion at the time of grant of an award to determine the basis on which an award will vest and, in the case of Options and Nil Cost Options, become exercisable. The vesting of awards may be made conditional on the achievement of objective performance conditions, and/or the passage of time, set at the time of grant. The vesting of Performance Share Awards will be made conditional on the achievement of objective performance conditions unless the Committee determines that exceptional circumstances justify the grant of a Performance Share Award that is not subject to performance conditions.
- 6.16 Options granted conditional on Admission to Directors vest on the third anniversary of the date of the grant. All other options granted conditional on Admission (including those granted to members of the senior management listed in paragraph 10 of Part I of this document) vest in three equal tranches on

the first, second and third, anniversaries of the date of the grant. None of the options granted conditional on Admission are subject to performance conditions.

- 6.17 Options and Nil Cost Options will not be capable of being exercised later than the day immediately prior to the tenth anniversary of their date of grant and, unless exercised, will lapse on the tenth anniversary of its date of grant.
- 6.18 If the Committee (or, as the case may be, the Board) imposes performance conditions in respect of an award granted pursuant to either of the Share Plans, the Committee or the Board (as the case may be) may subsequently vary such performance conditions if anything happens which causes the Committee or the Board (as the case may be) to consider it appropriate to do so provided that any amended condition is not materially more difficult and is no less challenging to satisfy than the original performance condition was intended to be when originally set.

Cessation of employment

- 6.19 An award will lapse upon the holder of the award ceasing to be employed by (or holding office with or providing services to) the Group or giving or receiving notice to terminate his employment (or office or provision of services), in each case other than:
- 6.19.1 due to injury, ill-health or disability; or
 - 6.19.2 in the case of awards granted pursuant to the Employee Share Plan, due to retirement, redundancy or upon the transfer out of the Group of a company or business by which the award holder is employed; or
 - 6.19.3 in any other circumstance determined by the Committee (or the Board, as the case may be) to be one in which it is fair that an award should be retained.

If an award holder ceases to be employed (or engaged, as the case may be) in one of the circumstances set out above, any award then held by the award holder that is not subject to the satisfaction of objective performance conditions will vest immediately following cessation of employment and unless the Committee (or the Board, as the case may be) in its discretion determines otherwise, will be scaled back to reflect the proportion of the usual vesting period which had expired before the cessation of employment (or engagement). Any award held by the participant that is subject to the satisfaction of an objective performance condition will vest at the end of the usual vesting period to the extent to which the applicable performance conditions are met and, unless the Committee (or the Board, as the case may be) in its discretion determines otherwise, will be scaled back to reflect the proportion of the usual vesting period which had expired before the cessation of employment (or engagement). In its discretion, the Committee (or the Board, as the case may be) may accelerate vesting to the date of cessation (apply the performance conditions on such modified basis as it considers appropriate). In either case, Options and Nil Cost Options may be exercised within six months following the date of vesting.

- 6.20 If an award holder dies, an award held by the individual in question will vest (and in the case of an Option or Nil Cost Option be exercisable) immediately following cessation of employment and the Committee (or the Board, as the case may be) may apply any performance conditions on such modified basis as it considers appropriate. Vested Options and Nil Cost Options must be exercised within 12 months of the date of the award holder's death.

Takeover events

- 6.21 In the event of a takeover of the Company, Options may be exercised in full. Performance Share Awards may vest (and, in the case of Nil Cost Options be exercisable) in the event of a takeover of the Company subject, unless the Committee (or the Board, as the case may be) in its discretion determines otherwise, to:
- 6.21.1 the extent to which any applicable performance conditions are met (assessed on such modified basis as the Committee (or the Board, as the case may be) considers to be appropriate); and
 - 6.21.2 being scaled back to reflect the proportion of the usual vesting period which had expired before the date of the takeover.

Other Award terms

6.22 Awards granted under the Share Plans are not be capable of transfer or assignment. Benefits obtained under the Share Plans are not pensionable.

Adjustment of Awards

6.23 The number of Ordinary Shares under an award, their nominal value and the exercise price of an Option may be adjusted by the Committee or the Board, as the case may be, in the event of any alteration to the share capital of the Company, a rights issue, a demerger or a special dividend.

Clawback

6.24 'Clawback' provisions apply where it is discovered (within three years of the vesting of an award) that there has been a material misstatement in the financial results of the Company and such misstatement has resulted in the award vesting to a greater extent than it otherwise should have done.

Administration and amendment

6.25 The Board may amend the provisions of the Share Plans.

7. Material contracts

Other than as set out below and in paragraph 5.6, there are no contracts, not being contracts entered into in the ordinary course of business, which have been entered into by any member of the Group in the two years immediately prior to the date of this document or which are or may be material or which, having been entered into by any member of the Group at any time before the date of this document, contain provisions under which any member of the Group has any obligation or entitlement which is or may be material to the Group as at the date of this document.

7.1 Placing Agreement

Investec has entered into the Placing Agreement with the Company, the Directors and the Selling Shareholders. Under the Placing Agreement, Investec has conditionally agreed, as agent of the Company, to use its reasonable endeavours to procure subscribers for the New Ordinary Shares and, as agent for of the Selling Shareholders, to use its reasonable endeavours to procure purchasers for the Sale Shares, in each case at the Placing Price.

The Placing Agreement contains indemnities from the Company and warranties from the Company, the Directors and the Selling Shareholders in favour of Investec, together with provisions which enable Investec to terminate the Placing Agreement in certain circumstances before Admission, including circumstances where any of the warranties are found not to be true or accurate in any material respect. The liability of the Company, the Directors and the Selling Shareholders for breach of warranty is limited.

A commission of four per cent. of the aggregate value of the Placing Shares at the Placing Price is payable to Investec on Admission with the Company to pay the commissions due on the issue of the New Ordinary Shares and the Selling Shareholders to pay the commissions due on the sale of the Sale Shares.

Details of the names of the Selling Shareholders and the number of Ordinary Shares each Selling Shareholder is selling pursuant to the Placing are set out below:

<i>Selling Shareholder</i>	<i>Number of Ordinary Shares</i>
RisingStars Growth Fund Limited Partnership	2,582,577
Alliance Fund Managers Nominees Limited (as nominee for Liverpool Seed Fund Limited Partnership)	9,039,748
Endeavour Ventures Limited	43,559
Richard Hargreaves	255,721
Simon Noakes	28,657
Jennifer Noakes	28,657
Alastair Bathgate	930,000
David Moss	803,000
Neil Wright	146,700
Patrick Geary	176,000
Martin Flood	80,000
Ciaran Gultnieks	5,333
Chris Sneddon	20,000
Peter Walker	2,467
Simon Burton	10,000
Pauline Brown	1,067
Samantha Fidler	5,000
Andrea Dutton	10,000
John Briggs	7,000
Glyn Moore	833
Larry Hollander	41,819
Chris McDermot	167
Maria Miletic	2,500

Save as set out below, each Selling Shareholder is a director or an employee of a member of the Group and the business address of each of them is Centrix House, 26 Crow Lane, Newton-le-Willows WA12 9UY. The Selling Shareholders identified below are external investors who have previously subscribed for shares in the capital of TradingCo:

<i>Selling Shareholder</i>	<i>Business Address</i>
RisingStars Growth Fund Limited Partnership	Preston Technology Management Centre c/o Enterprise Ventures Ltd, Unit F26, Marsh Lane, Preston, PR1 8UQ
Alliance Fund Managers Nominees Limited	2nd Floor, Exchange Court, 1 Dale Street, Liverpool L2 2PP
Endeavour Ventures Limited	Winchester House, 259-269 Old Marylebone Road, London NW1 5RA
Richard Hargreaves	c/o Winchester House, 259-269 Old Marylebone Road, London NW1 5RA
Simon Noakes	c/o Winchester House, 259-269 Old Marylebone Road, London NW1 5RA
Jennifer Noakes	c/o Winchester House, 259-269 Old Marylebone Road, London NW1 5RA

7.2 **Lock-up and orderly-market arrangements**

Pursuant to an agreement dated 15 March 2016 between Investec, the Company, each Director, each member of the Group's senior management team listed in paragraph 11 of Part I of this document, and certain other Shareholders, each Shareholder has agreed with Investec not to dispose of any interest he or she holds in Ordinary Shares for a period of 12 months from Admission, except

in certain limited circumstances. Each such shareholder has also agreed (subject to certain exceptions) that, for a further period of 12 months thereafter, he or she will only dispose of his Ordinary Shares through Investec in order to maintain an orderly market, unless (in each case) otherwise agreed in writing with Investec.

7.3 **Registrar's agreement**

7.3.1 Pursuant to a registrar agreement dated 14 March 2016 between the Company and the Registrar, the Company appointed the Registrar to act as its share registrar. Under this agreement the Company has agreed to pay a series of fixed and variable fees for which the Registrar will perform the services of the Company's share registrar in relation to the trading of the Ordinary Shares on AIM. The Registrar may also be entitled to fees for additional services requested by the Company.

7.3.2 The registrar agreement shall continue (unless terminated in accordance with the early termination provisions) for an initial term of 12 months renewing automatically thereafter for periods of 12 months unless terminated by either party giving written notice to the other not less than three months prior to the expiry of the initial term or any subsequent 12 month period. The registrar agreement contains certain representations, warranties and indemnities given by the Company to the Registrar.

7.4 **Nomad and broker agreement**

Pursuant to an agreement dated 15 March 2016 between Investec and the Company, the Company has appointed Investec to act as the Company's nominated adviser and broker for the purposes of Admission and following Admission. The agreement which contains customary representations, warranties and indemnities in favour of Investec, is terminable by either party on the giving of not less than 30 days notice to the other, provided that notice to terminate the agreement may not be given prior to the first anniversary of entry into of it. In addition, Investec may summarily terminate the agreement in certain specified circumstances.

7.5 **Share Exchange Agreement**

Pursuant to an agreement dated 11 March 2016 between the Company, Trading Co and the former shareholders of Trading Co, the former shareholders of Trading Co agreed to sell to the Company the entire issued share capital of Trading Co in exchange for an issue of shares in the Company. Completion of this agreement, pursuant to which Trading Co became a wholly owned subsidiary undertaking of the Company, occurred on 11 March 2016. Pursuant to this agreement, each former shareholder of Trading Co gave limited representations and warranties to the Company with respect to the title to the shares sold by it to the Company.

7.6 **Clydesdale Bank plc financial facility**

Pursuant to an agreement dated 3 December 2015 between Clydesdale Bank plc (the "**Bank**") and TradingCo, the Bank made a revolving credit facility of up to £2 million available to TradingCo for general corporate purposes. The facility is available to be drawn on at any time up to the third anniversary of the agreement. Interest is payable pursuant to the agreement at a rate per annum equal to the aggregate of (i) 6.25 per cent., (ii) LIBOR and (iii) certain mandatory costs, rounded up to the nearest one eighth percentage. The facility is secured by a debenture in favour of the Bank comprising fixed and floating charges over TradingCo's property, assets and undertaking. An arrangement fee of £25,000 was payable on signature and, in addition, a deferred arrangement fee of £85,000 is payable upon cancellation of the facilities. TradingCo gave customary representation and warranties to the Bank (which repeat on aperiodic basis) and the agreement contains customary covenants, including negative covenants, covenants with respect to amounts of cash "consumed" by the Group in specified periods and the amounts of invoiced revenues of the Group in specified periods.

On 11 March 2016 the Company entered into a guarantee of TradingCo's obligations under the revolving credit facility and granted a debenture in favour of the Bank comprising fixed and floating charges over the Company's property, assets and undertaking.

8. UK taxation

The following paragraphs are intended as a general guide based on current legislation and HMRC practice as at the date of this document regarding the UK tax position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who beneficially hold their shares as investments (otherwise than under an individual savings account ("ISA")).

The following paragraphs do not constitute tax advice. In particular, Shareholders who receive shares in connection with an employment contract with the Company or as an office holder, should seek specific advice on their tax position. Any Shareholder who is in doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, is strongly recommended to consult their professional advisers.

8.1 *Taxation of dividends*

Under current UK taxation legislation, no tax is withheld at source from dividend payments made by the Company.

An individual Shareholder who is resident (for tax purposes) in the United Kingdom and who receives a dividend paid by the Company will currently be entitled to receive a tax credit equal to 1/9th of the cash dividend. The individual will be taxable upon the total of the dividend and the related tax credit (the "gross dividend") which will be regarded as the top slice of the individual's income. An individual Shareholder who is not liable to income tax at a rate greater than the basic rate (currently 20 per cent.) will pay tax on the gross dividend at the dividend ordinary rate (currently 10 per cent.). Accordingly, the tax credit will be treated as satisfying the individual's liability to income tax in respect of the dividend and there will be no further tax to pay. It should be noted however that there is no right to claim any repayment of the tax credit from HMRC.

To the extent that the gross dividend (taken together with other taxable income) exceeds the individual's threshold for the higher rate of income tax the individual will, to that extent, pay tax on the gross dividend at the dividend upper rate (currently 32.5 per cent.). A UK resident individual Shareholder who is liable to tax at the additional rate will be liable to tax on the gross dividend at the rate of 37.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate tax payer will have further income tax to pay at the rate of 22.5 per cent. on the gross dividend (equivalent to 25 per cent. of the dividend received). An additional rate taxpayer will have further income tax to pay at the rate of 27.5 per cent. on the gross dividend (equivalent to 30.55 per cent. of the dividend received). Tax credits are not repayable to Shareholders with no income tax liability or whose liability to income tax does not exceed the amount of tax credit.

Subject to exceptions for certain insurance companies and companies which hold shares as trading stock, a Shareholder which is a company resident (for tax purposes) in the United Kingdom and which receives a dividend paid by the Company will not in most circumstances be liable to corporation tax or income tax on the dividend.

Trustees of discretionary trusts are liable to account for income tax at the dividend trust rate, currently 37.5 per cent. of the gross dividend (equivalent to 30.55 per cent. of the dividend received). United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but are not entitled to claim repayment of the tax credit.

Shareholders who are resident in countries other than the UK may be entitled to repayment of all or a proportion of the tax credit in respect of the dividends paid to them. This will depend upon the provisions of the double tax treaty (if any) between the country in which the Shareholder is resident and the United Kingdom. In addition, a Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders not resident in the UK should consult their own tax adviser on the application of such provisions and the procedure for claiming relief.

Individuals – new rules from 6 April 2016

The Summer Finance Bill 2015 announced the withdrawal of the dividend tax credit for dividends paid after 5 April 2016 and the introduction of a dividend allowance of £5,000 per annum. Dividends

falling within this allowance will not be subject to income tax. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 7.5 per cent. (for individuals not liable to tax at a rate above the basic rate), 32.5 per cent. (for individuals subject to the higher rate of income tax) and 38.1 per cent. (for individuals subject to the additional rate of income tax). The Summer Finance Bill 2015 received Royal Assent on 18 November 2015.

8.2 **Taxation on capital gains for shareholders**

To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will generally constitute the base cost of a Shareholder's holding.

A disposal or deemed disposal of Ordinary Shares by a UK resident Shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax ("**CGT**") (where the Shareholder is an individual or a trustee of a settlement) or UK corporation tax on chargeable gains (where the Shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

As regards an individual Shareholder or trustees of settlements, the principal factors that will determine the extent to which a gain will be subject to CGT are (i) the extent to which he realises any other capital gains in the tax year of assessment in which the gain arises, (ii) the extent to which he has incurred capital losses in that or any earlier tax year or assessment and (iii) the level of annual allowance of tax-free gains in the tax year of assessment in which the disposal takes place.

Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by UK resident (or ordinarily resident) individuals, trustees and personal representatives will generally be subject to CGT at the rate of 28 per cent. Individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band are subject to CGT at the rate of 18 per cent., except to the extent that the aggregate of their total taxable income and gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to CGT at the rate of 28 per cent.

Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to UK corporation tax at the prevailing rate of up to 20 per cent. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a chargeable loss.

8.3 **Stamp duty and stamp duty reserve tax ("**SDRT**")**

Currently dealings in Ordinary Shares will normally be subject to stamp duty or SDRT.

However, as from 28 April 2014, transactions on securities are exempt from stamp duty and SDRT where those securities are admitted to trading on any recognised growth market (such as AIM) and are not listed on any recognised stock exchange.

Where this exemption is not applicable, then the transfer on sale of Ordinary Shares will usually be liable to ad valorem stamp duty, at the rate of 0.5 per cent. (rounded up, if necessary, to the next multiple of £5.00) of the amount or value of the consideration paid. Stamp duty will normally be paid by the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the Ordinary Shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT

at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC. The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate as mentioned above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Agreements to transfer shares to charities will not usually give rise to a liability to stamp duty or SDRT.

9. Takeover Code, mandatory bids, squeeze-out and sell-out rules

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if an acquisition of interests in shares were to cause the acquirer and/or persons acting in concert with it to be interested in shares carrying, in aggregate 30 per cent. or more of the voting rights in the Company, the acquirer and/or (depending on the circumstances) persons acting in concert with it would be required (except with the consent of the Takeover Panel) to make a cash offer for all of the equity share capital of the Company not already owned by the acquirer and persons acting in concert with it at a price not less than the highest price paid for an interest in a share by the acquirer or persons acting in concert with it during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of interests in shares by a person who alone or together with persons acting in concert with is interested in shares carrying at least 30 per cent but not more than 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and the persons acting in concert with it.

The Takeover Code defines persons “acting in concert” to comprise “persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate an offer for a company”. The Takeover Code defines “control” to mean “an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interest give de facto control.”

The Takeover Code contains a number of presumptions as to persons who may be regarded as “acting in concert” with each other and, *inter alia*, one of those presumptions relates to shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a second company to which either the Takeover Code applies or to which the Takeover Code subsequently comes to apply as a result of the re-registration of that company as a public company in connection with an initial public offering. As a result of the Company having acquired TradingCo, following which the Company was re-registered as a public limited company, this particular presumption applies with respect to the Company. The Company has agreed with the Takeover Panel that each of Alastair Bathgate, Chris Batterham, Jason Kingdon and David Moss should be regarded as “acting in concert” on this basis, these individuals being referred to as the “**Concert Party**” in this paragraph. The Takeover Panel has agreed with the Company that the presumption that the other shareholders of TradingCo should be regarded as “acting in concert” with the members of the Concert Party has been rebutted.

Following Admission the interests of Alastair Bathgate, Chris Batterham, Jason Kingdon and David Moss (and any person whose interests in Ordinary Shares they are taken to be interested in pursuant to Part 22 of the Companies Act 2006 and related regulations), all of which are beneficial unless otherwise stated, will be as follows:

<i>Name</i>	<i>Number of shares conferring voting rights</i>	<i>Percentage of shares conferring voting rights</i>
Alastair Bathgate	6,308,462	10.1
Chris Batterham	200,000	0.3
Jason Kingdon	6,229,822	10.0
David Moss	4,016,872	6.5
Aggregate interests of the Concert Party	16,755,156	26.9

Following Admission, Alastair Bathgate and David Moss will each hold options to acquire Ordinary Shares pursuant to the Share Plans as described in paragraphs 5.1.2 and 6 of this Part IV. If Alastair Bathgate and David Moss were to exercise these options in circumstances where no other shares have been allotted following Admission, the aggregate interests of the Concert Party would be increased as follows:

<i>Name</i>	<i>Number of shares conferring voting rights</i>	<i>Percentage of shares conferring voting rights</i>
Alastair Bathgate	6,805,898	10.8
Chris Batterham	200,000	0.3
Jason Kingdon	6,229,822	9.9
David Moss	4,419,436	7.0
Aggregate interests of the Concert Party	17,655,156	28.0

Assuming that the Concert Party's interests in the share capital of the Company have not increased for other reasons, the exercise by Alastair Bathgate and/or David Moss of the options described in paragraphs 5.1.2 and 6 of this Part IV will not give rise to an obligation on the members of the Concert Party to make an offer for the Company in accordance with the provisions of Rule 9 of the Takeover Code.

Under the Companies Act 2006, if a person who has made a general offer to acquire Ordinary Shares (the "**offeror**") were to acquire, or contract to acquire, 90 per cent. of the Ordinary Shares which are the subject of such offer within four months of making its offer, the offeror could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding Shareholders telling them that the offeror will compulsorily acquire their Ordinary Shares and then, six weeks later, executing a transfer of the outstanding Ordinary Shares in the offeror's favour and paying the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to those Shareholders whose Ordinary Shares are compulsorily acquired under the Companies Act 2006 must, in general, be the same as the consideration that was available under the general offer.

The Companies Act 2006 gives minority Shareholders a right to be bought out in certain circumstances by a person who has made a general offer as described in the above paragraph. If, at any time before the end of the period within which the general offer can be accepted, the offeror holds, or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can, by a written communication to the offeror, require it to acquire that holder's Ordinary Shares.

The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

10. Working capital

The Directors (having made due and careful enquiry) are of the opinion that taking into account existing cash, bank and other facilities available to the Company and its Group and the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

11. Corporate governance

To date the Company has not complied with the requirements of the English corporate governance regime because those requirements only apply to listed companies. The Company's future intentions regarding compliance with the English corporate governance regime are set out in paragraph 17 of Part I of this document.

12. Employees

As at the date of this document, the Company has 2 employees and the Group has a total of 49 employees, details of which are set out in paragraph 12 of Part I of this document.

13. Litigation

No member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

14. Use of proceeds, expenses and general

- 14.1 The total proceeds expected to be raised by the Placing amount to approximately £21.0 million, and the net proceeds of the Placing receivable by the Company (following the deduction of the expenses of Admission and the Placing referred to in paragraph 14.2 below) are estimated to amount to £8.8 million.
- 14.2 The overall costs and expenses payable by the Company in connection with Admission and the Placing (including professional fees, commissions, underwriting commission, the costs of printing and the fees payable to the Registrars) are estimated to amount to approximately £1.2 million (excluding VAT).
- 14.3 The estimated net proceeds of the Placing receivable by the Company referred to in paragraph 14.1 above are intended for the following principal uses, presented in descending order of priority:
- (i) Underwriting the growth plans of the Group £4.0 million
 - (ii) Provide balance sheet strength to contract with the Group's blue-chip customers and partners £4.8 million
- 14.4 Save as disclosed in paragraphs 3.2.4 and 7.5 of this Part IV (and save in relation to arrangements with trade suppliers) no person has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission, or entered into contractual arrangements to receive, directly or indirectly, on or after Admission:
- (i) fees totalling £10,000 or more;
 - (ii) securities of the Company having a value of £10,000 or more calculated by reference to the expected opening price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 14.5 Save as disclosed in paragraph 12 of Part I of this document, the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 14.6 There has been no significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information has been published.
- 14.7 Investec Bank plc is acting in the capacity as nominated adviser, broker, sole bookrunner and underwriter to the Company. Investec has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 14.8 BDO LLP, whose registered office is at 55 Baker Street, London W1U 7EU, has given and has not withdrawn its consent to the inclusion in this document of its report set out in Part III in the form and context in which it is included.

15. Auditors and nature of financial information

- 15.1 The auditors to TradingCo between 1 November 2012 and 5 October 2015 were DSC Accountants Limited, registered auditors and members of the Institute of Chartered Accountants in England and Wales, of Tattersal House, East Parade, Harrogate, HG1 5LT. On 20 October 2015 BDO LLP were appointed as auditors to TradingCo. BDO LLP are registered auditors and a member firm of the Institute of Chartered Accountants in England and Wales. BDO LLP's address is 55 Baker Street, London W1U 7EU. BDO LLP are also the auditors of the other members of the Group.
- 15.2 The financial information in this document relating to the Group and in particular the financial information contained in the accountant's report in Part III of this document, does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. No statutory accounts have been prepared to date in respect of the Company. Statutory accounts in respect of TradingCo have been prepared in respect of the financial years ended 31 October 2013, 31 October 2014 and 31 October 2015. The auditors of TradingCo, being BDO LLP, have audited the statutory accounts of TradingCo for the financial year ended 31 October 2015 and have given an unqualified audit report on those statutory accounts within the meaning of section 495 of the Companies Act 2006. DSC Accountants Limited have audited the statutory accounts of TradingCo for the financial years ended 31 October 2013 and 31 October 2014 and have given unqualified audit reports on those statutory accounts within the meaning of section 495 of the Companies Act 2006. None of those reports contained any statement under sections 498(2) or 498(3) of the Companies Act 2006. The statutory accounts of TradingCo for the financial years ended 31 October 2013, 31 October 2014 and 31 October 2015 have been delivered to the Registrar of Companies in England and Wales.

Dated 15 March 2016

PART V

TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (EACH A “MEMBER STATE”) 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 THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE “PROSPECTUS DIRECTIVE”); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “ORDER”); (II) FALL 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”). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

1. Introduction

These terms and conditions (“**Terms and Conditions**”) apply to persons making an offer to acquire Placing Shares under the Placing.

Each person to whom these Terms and Conditions apply, as described above, who confirms its agreement to Investec and the Company to acquire Placing Shares (which may include Investec or its nominee(s)) (an “**Investor**”) hereby agrees with Investec and the Company, to be bound by these Terms and Conditions as being the terms and conditions upon which the Placing Shares will be sold under the Placing. An Investor shall, without limitation, become so bound if Investec confirms to the Investor (i) the Placing Price and (ii) its allocation of Placing Shares.

The Company and/or Investec may require any Investor to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Investor to execute a separate investor letter (an “**Investor Letter**”).

2. Agreement to acquire Placing Shares

Conditional upon: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on 18 March 2016 (or such other time as Investec may notify to the Company but, in any event, no later than 8.00 a.m. on 31 March 2016); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms; and (iii) Investec confirming to the Investors their allocation of Placing Shares, each Investor agrees to become a member of the Company and agrees to acquire at the Placing Price those Placing Shares allocated to it by Investec. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Investor may have.

3. Payment for Placing Shares

Each Investor undertakes to pay the Placing Price for the Placing Shares acquired by such Investor in the manner and by the time directed by Investec.

Each Investor is deemed to agree that, if it fails to pay the Placing Price for the Placing Shares acquired by such Investor, Investec may sell any or all of the Placing Shares allocated to that Investor and

which have not been paid for on such Investor's behalf and retain from the proceeds, for Investec's account and benefit (as agent for the Company and the Selling Shareholders (as the case may be)), an amount equal to the aggregate amount owed by the Investor plus any interest due. Any excess proceeds will be paid to the relevant Investor at its risk. The relevant Investor will, however, remain liable and shall indemnify Investec, the Company and the Selling Shareholders on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Investor's behalf. By agreeing to acquire Placing Shares, each Investor confers on Investec all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Investec lawfully takes in pursuance of such sale.

4. Representations and warranties

By agreeing to acquire Placing Shares under the Placing, each Investor which enters into a commitment to acquire Placing Shares will (for itself and any person(s) procured by it to acquire Placing Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Selling Shareholders, the Registrar and Investec that:

- 4.1 it has read this document in its entirety and it is relying solely on this document (and any supplementary admission document published by the Company subsequent to the date of this document) and not on any other information given, or representation or statement made at any time, by any person concerning the Group or the Placing. It acknowledges that its participation in the Placing shall be made solely on the terms and conditions set out in these Terms and Conditions, the Placing Agreement and the Articles. It agrees that these Terms and Conditions and the contract note issued by Investec to such Investor represent the whole and only agreement between the Investor, Investec, the Selling Shareholders and the Company in relation to the Investor's participation in the Placing and supersedes any previous agreement between any such parties in relation to such participation. It agrees that none of the Company, the Selling Shareholders, Investec or the Registrar, nor any of their respective directors, officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation. This paragraph 4.1 shall not exclude any liability for fraudulent misrepresentation;
- 4.2 it has the funds available to pay the Placing Price in respect of the Placing Shares for which it has given a commitment under the Placing;
- 4.3 the contents of this document and any supplementary admission document published by the Company subsequent to the date of this document are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Company, the Selling Shareholders or Investec by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Investec, the Company, the Selling Shareholders nor any person acting on their behalf nor any of their affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this document or any supplementary admission document published by the Company subsequent to the date of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Placing Shares or the Placing and nothing in this document and any supplementary admission document published by the Company subsequent to the date of this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Investec, the Company and the Selling Shareholders accordingly disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this document or any supplementary admission document published by the Company subsequent to the date of this document or any such statement;
- 4.4 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Placing Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its placing commitment in any territory and that it has not taken any action or omitted to take any action which will result in

the Company, the Selling Shareholders, Investec, the Registrar or any of their respective directors, officers, agents, affiliates or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

- 4.5 it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
- 4.6 it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring Placing Shares solely on the basis of this document and any supplementary admission document published by the Company subsequent to the date of this document and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Placing Shares;
- 4.7 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and any supplementary admission document published by the Company subsequent to the date of this document and, if given or made, any information or representation must not be relied upon as having been authorised by Investec, the Company or the Selling Shareholders;
- 4.8 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986 and no instrument under which it acquires Placing Shares (whether as principal, agent or nominee) would be subject to stamp duty or SDRT at the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of Placing Shares, are not participating in the Placing as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Placing Shares would give rise to such a liability;
- 4.9 it, or the person specified by it for registration as a holder of the Placing Shares, will be liable for any stamp duty or SDRT liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services), registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Placing Shares and acknowledge and agree that, save for the Selling Shareholders who have agreed to pay any stamp duty or SDRT under section 87 of the Finance Act 1986, none of Investec, the Selling Shareholders nor the Company nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;
- 4.10 it accepts that none of the Placing Shares have been or will be registered under the laws of any Prohibited Territory. Accordingly, the Placing Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Prohibited Territory unless an exemption from any registration requirement is available;
- 4.11 if it is receiving the details of the Placing in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.12 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;
- 4.13 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to acquire Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and acquired by and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

- 4.14 it acknowledges that none of Investec or any of its respective affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Investec or any of its affiliates, that Investec is acting for the Company and no-one else and that none of Investec or any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertaking or indemnities contained in these Terms and Conditions or in any Investor Letter, where relevant;
- 4.15 it acknowledges that it is not located within the United States, it is acquiring Placing Shares in an “offshore transaction” as defined in Regulation S promulgated under the Securities Act (“**Regulation S**”) and where it is acquiring Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Placing Shares for each such account; (ii) to make on each such account’s behalf the representations, warranties and agreements set out in this document or in any Investor Letter, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Investec. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 4.16 it is acting as principal only in respect of the Placing, or, if it is acting for any other person (i) it is and will remain liable to the Company and/or Investec and/or the Selling Shareholders for the performance of all its obligations as an Investor in respect of the Placing (regardless of the fact that it is acting for another person) (ii) it is both an “authorised person” for the purposes of FSMA and a “qualified investor” as defined at Article 2.1(e)(i) of the Prospectus Directive acting as agent for such person and (iii) such person is either (1) a FSMA “qualified investor” or (2) its “client” (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- 4.17 it confirms that any of its clients, whether or not identified to Investec or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Investec or any of their affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.18 where it or any person acting on its behalf is dealing with Investec, any money held in an account with Investec on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Investec to segregate such money as that money will be held by Investec under a banking relationship and not as trustee;
- 4.19 it has not and will not offer or sell any Placing Shares to persons in the United Kingdom, 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 102B of FSMA;
- 4.20 it is an “eligible counterparty” or a “professional investor” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is subscribing for or purchasing the Placing Shares for investment only and not for resale or distribution;
- 4.21 it irrevocably appoints any Director and any director of Investec to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 4.22 it accepts that if the Placing does not proceed or the conditions to Investec’s obligations in respect of such Placing under the Placing Agreement are not satisfied or the Placing Agreement is terminated prior to Admission for any reason whatsoever or such Placing Shares are not admitted to trading on AIM for any reason whatsoever, then neither Investec nor the Company nor the Selling Shareholders

nor any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.23 it has not taken any action or omitted to take any action which will or may result in Investec, the Company, the Selling Shareholders or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory requirements of any territory in connection with the Placing or its acquisition of Placing Shares pursuant to the Placing;
- 4.24 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 and that its placing commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) ("**Money Laundering Directive**"); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.25 due to anti-money laundering and the countering of terrorist financing requirements, Investec, the Company and/or the Selling Shareholders may require proof of identity of the Investor and related parties and verification of the source of the payment before the placing commitment can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Investec, the Company and/or the Selling Shareholders may refuse to accept the placing commitment and the subscription moneys relating thereto. It holds harmless and will indemnify Investec, the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the placing commitment, if such information as has been required has not been provided by it or has not been provided timeously;
- 4.26 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of FSMA and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;
- 4.27 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Placing Shares pursuant to the Placing or to whom it allocates such Placing Shares have the capacity and authority to enter into and to perform their obligations as an Investor of the Placing Shares and will honour those obligations;
- 4.28 as far as it is aware it is not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and it is not a related party of the Company for the purposes of the AIM Rules for Companies;
- 4.29 Investec is entitled to exercise any of its rights under the Placing Agreement or any other right in its absolute discretion, including the right to terminate the Placing Agreement, without any liability whatsoever to it (or any agent acting on their behalf) and Investec shall not have any obligation to consult or notify Investors in relation to any right or discretion given to it or which it is entitled to exercise;
- 4.30 Investec expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Placing. If such right is exercised, the Placing (and the arrangements associated with it) will lapse and any monies received in respect of the Placing will be returned to Investors without interest;
- 4.31 the representations, undertakings and warranties given by an Investor as contained in this document or in any Investor Letter, where relevant, are irrevocable. It acknowledges that Investec, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations,

undertakings or warranties made or deemed to have been made by its application for Placing Shares are no longer accurate, it shall promptly notify Investec and the Company;

- 4.32 it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Placing Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 4.33 nothing has been done or will be done by it in relation to the Placing that has resulted or could result in any person being required to publish a prospectus in relation to the Company or to any Ordinary Shares in accordance with FSMA or the Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
- 4.34 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure and Transparency Rules as they apply to the Company;
- 4.35 it accepts that the allocation of Placing Shares shall be determined by Investec following consultation with the Company and that Investec may scale down any placing commitments on such basis as it may determine; and
- 4.36 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.

5. Indemnity

Each Investor irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, Investec and the Selling Shareholders and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these Terms and Conditions.

6. Supply and disclosure of information

If Investec, the Selling Shareholders, the Registrar or the Company or any of their agents request any information in connection with an Investor's agreement to acquire Placing Shares under the Placing or to comply with any relevant legislation, such Investor must promptly disclose it to them.

7. Miscellaneous

- 7.1 The rights and remedies of the Company, the Selling Shareholders, Investec and the Registrar under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.2 On the acceptance of their placing commitment, if an Investor is a discretionary fund manager, that Investor may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Investor's risk. They may be returned by post to such Investor at the address notified by such Investor.
- 7.3 Each Investor agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Investor has agreed to acquire pursuant to the Placing, have been acquired by the Investor. The contract to acquire Placing Shares under the Placing and the appointments and authorities mentioned in this document will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Selling Shareholders, Investec and the Registrar, each Investor irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against an Investor in any other jurisdiction.

- 7.4 In the case of a joint agreement to acquire Placing Shares under the Placing, references to an “Investor” in these terms and conditions are to each of the Investors who are a party to that joint agreement and their liability is joint and several.
- 7.5 Investec, the Selling Shareholders and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of Investec to notify to the Company the extension for the dates and times for satisfaction of any or all of the conditions in the Placing Agreement (provided that such conditions are not extended beyond 8.00 a.m. on 31 March 2016).
- 7.6 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated in accordance with its terms. For further details of the terms of the Placing Agreement please refer to paragraph 7.1 of Part IV of this document.
- 7.7 Investec may, and its affiliates acting as an investor for its or their own account(s) may, acquire 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 these Terms and Conditions to the Placing Shares being offered, subscribed, sold, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Investec and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither Investec 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.
- 7.8 Each Investor which acquires Placing Shares will be deemed to undertake that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax 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 such investor or any other person on the acquisition by such Investor of any Placing Shares or the agreement by such Investor to acquire any Placing Shares.

8. Sales outside the United States

Each acquirer of the Placing Shares offered in reliance on Regulation S will be deemed to represent, warrant and agree as follows:

- 8.1 it and any person, if any, for whose account it is acquiring the Placing Shares, is purchasing the Placing Shares outside the United States in an offshore transaction meeting the requirements of Regulation S and the transaction was not pre-arranged with a buyer in the United States;
- 8.2 it is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Placing Shares;
- 8.3 it is aware that the Placing Shares have not been and will not be registered under the Securities Act and are being offered and sold only in “offshore transactions” outside the United States in reliance on Regulation S;
- 8.4 it is not acquiring the Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Placing Shares into the United States or any jurisdiction referred to above;
- 8.5 if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- 8.6 it has received, carefully read and understands this document and has not distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Placing Shares to any persons within the United States, nor will it do any of the foregoing; and

- 8.7 that the Company, Investec and the Selling Shareholders, their affiliates and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations or agreements made by it, if it becomes aware that the foregoing acknowledgements, representations or agreements are no longer accurate or have not been complied with, it will immediately notify the Company and Investec and, if it is acquiring any Placing Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make such foregoing acknowledgements, representations and agreements on behalf of each such account.

9. Selling restrictions

- 9.1 The distribution of this document and the offer of Ordinary Shares pursuant to the Placing in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

- 9.2 The Ordinary Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of the Ordinary Shares pursuant to the Placing contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or acquire any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

9.3 European Economic Area

In relation to each Member State, an offer to the public of any Ordinary Shares may not be made in that Member State, except that an offer to the public in that Member State of any Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Member State:

- (a) to any legal entity which is a “qualified investor” as defined under the Prospectus Directive;
- (b) to fewer than 100, or, if the Member State has implemented the relevant provisions of the 2010 Prospectus Amending Directive (Directive 2010/73/EC), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Member State, subject to obtaining the prior consent of Investec; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the Company or Investec to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Investec and the Company that it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Ordinary Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Placing and any Ordinary Shares so as to enable an investor to decide to acquire any Ordinary Shares, as the same may be varied for that Member State by any measure implementing the Prospectus Directive in that Member State.

In the case of any Ordinary Shares being offered to a “financial intermediary” as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Placing have

not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Company and Investec has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, Investec and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified Investec of such fact in writing may, with the consent of Investec, be permitted to acquire Ordinary Shares in the Placing.

9.4 **United States of America**

The Ordinary Shares have not been and will not be registered under the Securities Act or under the securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into 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. There will be no offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold only outside the United States in “offshore transactions” in reliance on Regulation S.

In addition, until 40 days after the commencement of the Placing, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

9.5 **Australia**

This document has not been and will not be lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange and is not a disclosure document for purposes of Australian law. This document (whether in preliminary or definitive form) may not be issued or distributed in Australia and no offer or invitation may be made in relation to the issue, sale or purchase of any Ordinary Shares in Australia (including an offer or invitation received by a person in Australia) and no shares may be sold in Australia, unless the offer or invitation does not need disclosure to investors under Part 6D.2 of the Corporations Act 2001.

Each acquirer of Ordinary Shares will be deemed to have acknowledged the above and, by applying for Ordinary Shares under this document, gives an undertaking to the Company not to offer, sell, transfer, assign or otherwise alienate those securities to persons in Australia (except in the circumstances referred to above) for 12 months after their issue.

9.6 **Canada**

The relevant clearances have not been and will not be, obtained from the Securities Commission of any province or territory of Canada. Accordingly, subject to certain exceptions the Ordinary Shares may not, directly or indirectly, be offered or sold within Canada, or offered or sold to a resident of Canada.

9.7 **Republic of South Africa**

The relevant clearances have not been and will not be, obtained from the South African Reserve Bank nor any other applicable body in the Republic of South Africa. Accordingly, the Placing Shares will not, directly or indirectly, be offered or sold within the Republic of South Africa.

9.8 **Japan**

The Placing Shares have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold directly or indirectly in Japan except under circumstances that result in compliance of all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorised in effect at the relevant time.

10. **Allocation**

- 10.1 Investec has solicited indications of interest from prospective investors to acquire Ordinary Shares in the Placing. On this basis, prospective investors have been asked to specify the number of Ordinary Shares that they are prepared to acquire at different prices. Multiple applications under the Placing are permitted.
- 10.2 A number of factors have been considered in deciding the Placing Price and the bases of allocation, including prevailing market conditions, the level and the nature of the demand for Ordinary Shares, the objective of encouraging long-term ownership of the Ordinary Shares. The Placing Price has been established at a level determined in accordance with these arrangements, taking into account indications of interest received from persons (including market-makers and fund managers) connected with Investec. Accordingly, the Placing Price may be lower than the highest price at which all of the Ordinary Shares, in respect of which indications of interest have been received or which are available for subscription or sale in the Placing, could have been accepted.
- 10.3 Investors will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation.
- 10.4 Investors will be contractually committed to acquire the number of Placing Shares allocated to them at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing with the Placing Shares may not begin before notification is made.
- 10.5 All Ordinary Shares to be issued or sold pursuant to the Placing will be issued or sold, payable in full, at the Placing Price.
- 10.6 The rights attaching to the Ordinary Shares are uniform in all respects and they form a single class for all purposes.
- 10.7 Each Ordinary Share ranks equally in all respects with each other Ordinary Share and has the same rights (including voting and dividend rights and rights to a return of capital) and restrictions as each other Ordinary Share, as set out in the Articles.
- 10.8 Subject to the provisions of the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Companies Act 2006 allow for the disapplication of pre-emption rights which may be waived by special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.
- 10.9 Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profit of the Company.
- 10.10 The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares, subject to the Companies Act 2006.
- 10.11 Further details of the rights attached to the Ordinary Shares are set out in paragraphs 4.2, 4.5 and 4.6 of Part IV of this document.

11. **Dealing arrangements**

- 11.1 The Placing is subject to the satisfaction of certain conditions contained in the Placing Agreement, which are typical for an agreement of this nature, including Admission occurring and becoming effective by 8.00 a.m. on 18 March 2016 or such later date as may be determined in accordance

with such agreement and the Placing Agreement not having been terminated in accordance with its terms. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and Investec. Further details of the Placing Agreement are described in paragraph 7.1 of Part IV of this document.

- 11.2 Application will be made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. Admission of the Ordinary Shares is not being sought on any market other than AIM.
- 11.3 It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 18 March 2016.
- 11.4 Each Investor will be required to undertake to pay the Placing Price for the Ordinary Shares sold to such Investor in such manner as shall be directed by Investec.
- 11.5 The Ordinary Shares are in registered form and can be held in certificated or uncertificated form. Title to certificated Ordinary Shares (if any) will be evidenced in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry into the operator register maintained by the Registrar (which will form part of the register of members of the Company).
- 11.6 It is intended that allocations of Placing Shares to Investors who wish to hold Placing Shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Placing Shares will be posted by first class post as soon as is practicable following Admission. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share certificates in respect of any Placing Shares which are not settled in CREST, transfers of those Placing Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

12. CREST

With effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

13. Placing arrangements

- 13.1 The Company, the Directors, the Selling Shareholders and Investec have entered into the Placing Agreement, pursuant to which Investec has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the New Ordinary Shares, and as agent for the Selling Shareholders, to use its reasonable endeavours to procure purchasers for the Sale Shares, in each case at the Placing Price.
- 13.2 The Placing Agreement contains provisions entitling Investec to terminate the Placing (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Placing and these arrangements will lapse and any monies received in respect of the Placing will be returned to Investors without interest. The Placing Agreement provides for Investec to be paid a commission in respect of the Placing Shares acquired by Investors. Any commission received by Investec may be retained and any Placing Shares acquired by them may be retained or dealt in, by it, for its own benefit.
- 13.3 Further details of the terms of the Placing Agreement are set out in paragraph 7.1 of Part IV of this document.

