

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares prior to the Ex-entitlement Date, please immediately forward this document as soon as possible to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded to, or transmitted in or into, any jurisdiction where to do so might violate the relevant laws and regulations in that jurisdiction. **In particular, such documents should not be forwarded to, or transmitted in or into, the United States, Australia, New Zealand, Canada, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations.** If you have sold or otherwise transferred part only of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

**This document should be read as a whole and in conjunction with the Notice of General Meeting set out at the end of this document. You are recommended to read the whole of this document but your attention is drawn to the letter from the Executive Chairman of the Company to Shareholders which is set out in this document and which recommends you vote in favour of the Resolutions to be proposed at the General Meeting.**

The Company and the Directors, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have 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.



# Accrol Group Holdings plc

*(Incorporated and registered in England and Wales with registered no. 09019496)*

**Placing of 93,954,668 New Ordinary Shares at a price  
of 44 pence per New Ordinary Share  
Open Offer of up to 9,297,454 New Ordinary Shares at a price of  
44 pence per New Ordinary Share  
Notice of General Meeting  
and  
Acquisition of Leicester Tissue Company Limited**

**Nominated Adviser and Joint Broker**

*Zeus Capital*

**Joint Broker**

**LIBERUM**

Notice of the General Meeting of Accrol Group Holdings plc to be held as a closed meeting at Delta Building, Roman Road, Blackburn, Lancashire BB1 2LD at 10.00 a.m. on 20 November 2020 is set out at the end of this document. The Board strongly urges Shareholders to follow Government's public health instructions in respect of COVID-19. To that end, the General Meeting will be held as a closed meeting with only two Directors who are also Shareholders in attendance to ensure that Government instructions on public gatherings are met and the meeting is quorate. In lieu of attending the General Meeting, all other Shareholders are requested to appoint the Chairman of the meeting as their proxy with their voting instructions. To be valid, such appointment for use in connection with the General Meeting must be completed and returned as soon as possible in accordance with the procedure set out in the Notes to the Notice of

General Meeting, and in any event, so as to be received by the Registrars, Link Group by no later than 10.00 a.m. on 18 November 2020. The Board will be implementing the following measures in respect of the General Meeting:

- Shareholders will not be allowed to attend the General Meeting and will be refused entry.
- No other Directors will be present in person at the meeting.

The situation regarding COVID-19 is evolving regularly and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the General Meeting (including any change to the location of the General Meeting) will be communicated to Shareholders before the General Meeting through the Company's website [www.accrol.co.uk](http://www.accrol.co.uk) and, where appropriate, by an announcement made by the Company to a Regulatory Information Service.

A summary of the action to be taken by Shareholders is set out in paragraph 25 of the letter from the Executive Chairman of the Company included in this document and in the Notice of General Meeting.

Conditional on, *inter alia*, Admission, an application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and they are expected to be admitted to AIM and to commence trading at 8.00 a.m. on 23 November 2020.

The Open Offer closes at 11.00 a.m. on 19 November 2020. If you are a Qualifying Shareholder and wish to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part III (Terms and Conditions of the Open Offer) of this document and, if you are a Qualifying Non-CREST Shareholder, complete and return the accompanying Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive instead a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement which will be enabled for settlement on 5 November 2020. If you do not wish to participate in the Open Offer, then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by persons becoming so entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares prior to the Ex-entitlement Date.

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

Zeus Capital Limited, which is authorised and regulated by the Financial Conduct Authority and is a member firm of the London Stock Exchange, is acting exclusively for Accrol Group Holdings plc and for no one else in relation to the matters described in this document and will not be responsible to anyone other than Accrol Group Holdings plc for providing the protections afforded to clients of Zeus Capital Limited or for providing advice on any other matter referred to herein. Zeus Capital Limited has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Zeus Capital Limited for the accuracy of any information or opinions contained in this document or for the omission of any information. Zeus Capital Limited, as nominated adviser and joint broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or any other person.

Liberum Capital Limited, which is authorised and regulated by the Financial Conduct Authority and is a member firm of the London Stock Exchange, is acting exclusively for Accrol Group Holdings plc and for no one else in relation to the matters described in this document and will not be responsible to anyone other than Accrol Group Holdings plc for providing the protections afforded to clients of Liberum Capital Limited or for providing advice on any other matter referred to herein. Liberum Capital Limited has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Liberum Capital Limited for the accuracy of any information or opinions contained in this document or for the omission of any information. Liberum Capital Limited, as joint broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or any other person.

## IMPORTANT NOTICE

**This document is being sent to all Shareholders for information purposes only, to enable them to exercise their rights as shareholders vis-à-vis the General Meeting to be held.**

This document does not constitute a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute an offer to sell or the solicitation of an offer to buy any security.

### **Notice to overseas persons**

The distribution of this document (and/or any of its accompanying documents) in, into or within jurisdictions other than the United Kingdom may be restricted by law or regulation and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of the relevant jurisdiction. By accepting this document, you agree to be bound by the foregoing instructions and limitations. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of the relevant jurisdiction.

The Primary Placing Shares, the Secondary Placing Shares and/or the Open Offer Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, the Republic of South Africa or Japan. Accordingly, subject to certain exceptions, the Primary Placing Shares, the Secondary Placing Shares and/or the Open Offer Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan. Shareholders who are residents or citizens of any country other than the United Kingdom and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

### **Cautionary note regarding forward-looking statements**

This document includes “forward looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Enlarged Group’s financial position, business strategy, plans and objectives of management for future operations, or any statements proceeded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Group and/or Enlarged Group to be materially different from future results, performance or achievements expressed or implied by such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Enlarge Group will operate in the future. These forward looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

### **Basis on which information is presented**

In this document, references to “pounds sterling”, “sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom, references to “\$”, “US\$” or “US Dollars” are to the lawful currency of the United States and references to “€”, “EUR” or “Euros” are to the lawful currency of certain members of the European Union.

All dates and times referred to in this document are, unless otherwise stated, references to the date in London and to London time, respectively.

In accordance with the AIM Rules, this document will be available to Shareholders on the Company’s website [www.accrol.co.uk](http://www.accrol.co.uk) from the date of this document, free of charge.

### **References to defined terms**

Certain terms used in this document are defined and explained in the section of this document headed “Definitions”.

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## KEY STATISTICS

### PLACING AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares 195,246,536

#### Primary Placing

Issue Price 44 pence  
Number of Primary Placing Shares to be issued 87,500,000  
Percentage of Enlarged Share Capital represented by Primary Placing Shares 44.8 per cent.  
Gross proceeds of the Primary Placing £38.5 million

#### Option Exercise

Number of Option Shares to be issued pursuant to the Option Exercise 19,310,642  
Percentage of the Enlarged Share Capital represented by the Option Shares 6.2 per cent.

#### Secondary Placing

Issue Price 44 pence  
Number of Secondary Placing Shares to be sold 6,454,668  
Percentage of Enlarged Share Capital represented by Secondary Placing Shares 2.1 per cent.  
Gross proceeds of the Secondary Placing<sup>1</sup> £2.8 million

#### Open Offer

Number of Open Offer Shares up to 9,297,454  
Issue Price 44 pence  
Basis of Open Offer one Open Offer Share for every 21 Existing Ordinary Shares  
Percentage of Enlarged Share Capital represented by the Open Offer Shares<sup>2</sup> 3.0 per cent.  
Gross proceeds of the Open Offer<sup>2</sup> £4.1 million

#### Proposals

Number of Ordinary Shares in issue at Admission<sup>2</sup> 311,354,632  
Gross proceeds of the Primary Placing and the Open Offer payable to the Company<sup>2</sup> £42.6 million  
Net proceeds of the Primary Placing and the Open Offer payable to the Company<sup>2,3</sup> £39.1 million  
Estimated market capitalisation of the Company at Admission at the Issue Price<sup>2</sup> £137.0 million  
TIDM ACRL  
ISIN of the Placing Shares GB00BZ6VT592  
LEI 213800MC56M5G69RJ226  
ISIN of the Basic Entitlement Shares GB00BMCK9599  
ISIN of the Excess Shares GB00BMCK9607

#### Notes

1. The Company will not receive any of the proceeds from the sale of any Secondary Placing Shares by the Selling Shareholders.
2. Information given in relation to the ordinary share capital of the Company and the proceeds of the Primary Placing, the Secondary Placing and the Open Offer have been calculated on the basis that all Open Offer Shares are subscribed for by Qualifying Shareholders and on the basis that Admission occurs.
3. Net proceeds has been calculated based on the total costs associated with the Primary Placing, the Open Offer and the Acquisition.

## DIRECTORS AND ADVISERS

|   |  |
|---|--|
| <b>Directors</b>  | Daniel Wright ( <i>Executive Chairman</i> )<br>Gareth Jenkins ( <i>Chief Executive Officer</i> )<br>Euan Hamilton ( <i>Independent Non-Executive Director</i> )<br>Simon Allport ( <i>Independent Non-Executive Director</i> )<br><br>All of whose business address is Delta Building, Roman Road,<br>Blackburn, Lancashire, BB1 2LD |
| <b>Company Secretary</b>                                  | Richard Douglas Almond   |
| <b>Registered Office</b>                                  | Delta Building<br>Roman Road<br>Blackburn<br>Lancashire<br>BB1 2LD   |
| <b>Company Website</b>                                    | <a href="http://www.accrol.co.uk">www.accrol.co.uk</a>   |
| <b>Nominated Adviser and Joint Broker</b>                 | <b>Zeus Capital Limited</b><br>82 King Street<br>Manchester<br>M2 4WQ  |
| <b>Joint Broker</b>                                       | <b>Liberum Capital Limited</b><br>25 Ropemaker Street<br>London<br>EC2Y 9LY  |
| <b>Lawyers to the Company</b>                             | <b>Addleshaw Goddard LLP</b><br>One St Peter's Square<br>Manchester<br>M2 3DE  |
| <b>Lawyers to the Nominated Adviser and Joint Brokers</b> | <b>DWF Law LLP</b><br>1 Scott Place<br>2 Hardman Street<br>Manchester<br>M3 3AA  |
| <b>Registrars</b>   | <b>Link Group</b><br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU   |
| <b>Receiving Agents</b>                                   | <b>Link Group</b><br>Corporate Actions<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU  |
| <b>PR</b>   | <b>Belvedere Communications Limited</b><br>Enterprise House<br>25 Finsbury Circus<br>London<br>EC2M 7EE  |

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2020

|   |                           |
|---|---------------------------|
| Record Date for the Open Offer  | 2 November                |
| Announcement of the Acquisition, the Placing, the Option Exercise and the Open Offer  | 3 November                |
| Dispatch of the Circular and to certain Qualifying Non-CREST Shareholders, the Application Form   | 4 November                |
| Expected Ex-entitlement Date for the Open Offer   | 4 November                |
| Basic Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders   | 5 November                |
| Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements from CREST                                  | 4.30 p.m. on 13 November  |
| Latest time for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST   | 3.00 p.m. on 16 November  |
| Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)  | 3.00 p.m. on 17 November  |
| Latest time and date for receipt of proxies   | 10.00 a.m. on 18 November |
| Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate) | 11.00 a.m. on 19 November |
| General Meeting   | 10.00 a.m. on 20 November |
| Announcement of result of General Meeting, Placing and Open Offer   | 20 November               |
| Admission and commencement of dealings in the Placing Shares and Open Offer Shares  | 23 November               |
| CREST members' accounts credited in respect of Placing Shares and Open Offer Shares in uncertificated form  | 23 November               |
| Dispatch of definitive share certificates for the Placing Shares and Open Offer Shares (if required)  | 27 November               |

### Notes

1. The ability to participate in the Open Offer is subject to certain restrictions relating to Qualifying Shareholders with registered addresses or who are located or resident in countries outside the UK (particularly the Excluded Overseas Shareholders), details of which are set out in paragraph 6 of Part III of this document. Subject to certain exceptions, Application Forms will not be despatched to, and Open Offer Entitlements will not be credited to the stock accounts in CREST of, Shareholders with registered addresses in any of the Restricted Jurisdictions.
2. Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company (with the agreement of the Joint Brokers), in which event details of the new times and dates will be notified to the London Stock Exchange and the Company will make an appropriate announcement to a Regulatory Information Service.
3. References to times in this document are to London times unless otherwise stated.
4. Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Existing Ordinary Shares through a CREST member or other nominee, that person may set an earlier date for application and payment than the dates noted above.
5. If you require assistance please contact Link Group on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## DEFINITIONS

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

|   |   |
|---|---|
| <b>“Accrol Group MIP” or “MIP”</b>        | the Accrol Group Management Incentive Plan  |
| <b>“Acquisition”</b>                      | the acquisition by the Company of the entire issued share capital of Parent, of which LTC will become a wholly owned subsidiary immediately thereafter  |
| <b>“Acquisition Agreements”</b>           | the Supplemental Agreement, the Unconditional SPAs, the Preference Share Agreement, the Parent Acquisition Agreement and the Notice to Complete   |
| <b>“Acquisition Completion”</b>           | completion of the Acquisition Agreements (excluding the Notice to Complete) in accordance with their terms  |
| <b>“Act”</b>                              | the Companies Act 2006 (as amended)   |
| <b>“Admission”</b>                        | admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies  |
| <b>“Aggregate Limit”</b>                  | the principle that no Qualifying Shareholder may receive in excess of such number of Open Offer Shares as would result in their aggregate interest in Ordinary Shares exceeding 29.9 per cent. of the entire issued share capital of the Company immediately after Admission, such principle being a term of the Open Offer |
| <b>“AIM”</b>                              | the market of that name operated by the London Stock Exchange   |
| <b>“AIM Rules”</b>                        | the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers (as the context may require)  |
| <b>“AIM Rules for Companies”</b>          | the rules of AIM as set out in the publication entitled “AIM Rules for Companies” published by the London Stock Exchange from time to time  |
| <b>“AIM Rules for Nominated Advisers”</b> | the rules of AIM as set out in the publication entitled “AIM Rules for Companies” published by the London Stock Exchange from time to time  |
| <b>“Application Form”</b>                 | the application form accompanying this document to be used by Qualifying Non-CREST Shareholders under the Open Offer (including under the Excess Application Facility)  |
| <b>“Basic Entitlement”</b>                | the number of Open Offer Shares which a Qualifying Shareholder is entitled to subscribe for on the basis of one Open Offer Share for every 21 Existing Ordinary Shares held by that Qualifying Shareholder as at the Record Date  |
| <b>“Basic Entitlement Shares”</b>         | the Open Offer Shares which comprise a Shareholder’s Basic Entitlement  |
| <b>“Board” or “Directors”</b>             | the board of directors of the Company, whose names are listed on page 6 of this document  |
| <b>“Brexit”</b>                           | the departure of the United Kingdom from the EU   |
| <b>“Business Day”</b>                     | a day on which banks in the City of London are open for business (excluding Saturdays, Sundays and public holidays in England)  |

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| <b>“certificated”</b> or <b>“in certificated form”</b> | the description of an Ordinary Share or other security which is not in uncertificated form (that is not in CREST)  |
| <b>“Circular”</b> or <b>“this document”</b>            | this circular of the Company giving (amongst other things) details of the Placing, the Option Exercise and the Open Offer and incorporating the Notice of General Meeting  |
| <b>“Closing Price”</b>                                 | the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange  |
| <b>“Company”</b> or <b>“Accrol”</b>                    | Accrol Group Holdings plc, a public limited company incorporated in England and Wales under registered number 09019496   |
| <b>“Consideration Shares”</b>                          | the new Ordinary Shares which may be issued to the LTC Vendors in satisfaction of the Deferred Consideration, subject to the terms of the Acquisition Agreements and the Put and Call Agreement  |
| <b>“CREST”</b>   | the relevant system (as defined in the Regulations) which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)            |
| <b>“CREST Manual”</b>                                  | the compendium of documents entitled “CREST Manual” by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CREST CCSS Operating Manual and the CREST Glossary of Terms |
| <b>“CREST member”</b>                                  | a person who has been admitted to CREST as a system-member (as defined in the CREST Manual)  |
| <b>“CREST member account ID”</b>                       | the identification code or number attached to a member account in CREST  |
| <b>“CREST participant”</b>                             | a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations)  |
| <b>“CREST participant ID”</b>                          | shall have the meaning given in the CREST Manual issued by Euroclear   |
| <b>“CREST payment”</b>                                 | shall have the meaning given in the CREST Manual issued by Euroclear   |
| <b>“CREST Regulations”</b>                             | the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)   |
| <b>“CREST sponsor”</b>                                 | a CREST participant admitted to CREST as a CREST sponsor   |
| <b>“CREST sponsored member”</b>                        | a CREST member admitted to CREST as a sponsored member   |
| <b>“Daily Official List”</b>                           | the AIM section of the London Stock Exchange Daily Official List   |

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| <b>“Deferred Consideration”</b>              | up to £6.8 million of deferred consideration which may become payable by the Group in 2021, in cash and/or through the issue of new Ordinary Shares in accordance with the terms of the Acquisition Agreements, if certain performance criteria have been achieved by the LTC Group within a specified period |
| <b>“Discounters”</b>                         | retailers operating in the discount market sector with whom the Group has current contracts   |
| <b>“EBITDA”</b>                              | earnings before interest, tax, depreciation and amortisation  |
| <b>“Enlarged Group”</b>                      | the Group following Acquisition Completion, including the LTC Group   |
| <b>“Enlarged Share Capital”</b>              | the entire issued share capital of the Company following completion of the Placing and the Open Offer on Admission, assuming no other Ordinary Shares are issued between the date of this document and Admission (save for the Option Shares)   |
| <b>“EU”</b>                                  | the European Union  |
| <b>“Euroclear”</b>                           | Euroclear UK & Ireland Limited  |
| <b>“Excess Application Facility”</b>         | the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer  |
| <b>“Excess CREST Open Offer Entitlement”</b> | in respect of each Qualifying CREST Shareholder, his entitlement (in addition to his Open Offer Entitlement) to apply for Open Offer Shares in accordance with the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full                                      |
| <b>“Excess Shares”</b>                       | Open Offer Shares applied for by Qualifying Shareholders in accordance with the Excess Application Facility   |
| <b>“Excluded Overseas Shareholders”</b>      | other than as agreed by the Company and the Joint Brokers or as permitted by applicable law, Shareholders who are located in or have registered offices in a Restricted Jurisdiction  |
| <b>“Ex-entitlement Date”</b>                 | the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 4 November 2020  |
| <b>“Existing Issued Share Capital”</b>       | the entire issued share capital of the Company as at the Latest Practicable Date, comprising the Existing Ordinary Shares   |
| <b>“Existing Ordinary Shares”</b>            | the 195,246,536 Ordinary Shares in issue at the date of this document being the entire issued share capital of the Company prior to the Placing, the Option Exercise and the Open Offer   |
| <b>“FSMA”</b>                                | Financial Services and Markets Act 2000 (as amended)  |
| <b>“General Meeting”</b>                     | the general meeting of the Company to be held at 10.00 a.m. on 20 November 2020, notice of which is set out at the end of this document   |
| <b>“Group”</b>                               | the Company, its subsidiaries and subsidiary undertakings   |
| <b>“Group’s Lender”</b>                      | HSBC (UK) Bank plc  |

|                                       |   |
|---------------------------------------|---|
| <b>“Initial Consideration”</b>        | the consideration of £35,000,000 (subject to a customary locked box mechanism) on a cash free, debt free basis, which is to be satisfied (including the payment of £26,382,105 in cash), by the Group under the Acquisition Agreements at Acquisition Completion  |
| <b>“Issue Price”</b>                  | 44 pence per New Ordinary Share   |
| <b>“Joint Brokers”</b>                | Zeus Capital and Liberum Capital  |
| <b>“Latest Practicable Date”</b>      | means 5.00 p.m. on 3 November 2020, being the latest practicable date prior to the publication of this document   |
| <b>“Liberum Capital”</b>              | Liberum Capital Limited, a company incorporated in England and Wales with company number 05912554, authorised and regulated by the Financial Conduct Authority  |
| <b>“Lock-in Deeds”</b>                | the lock-in deeds between each of Gareth Jenkins, Mark Dewhurst and Graham Cox (1), the Company (2) and the Joint Brokers (3) in relation to the Residual Option Shares to be retained by the relevant Selling Shareholder  |
| <b>“London Stock Exchange”</b>        | London Stock Exchange plc   |
| <b>“Long Stop Date”</b>               | 11 December 2020  |
| <b>“LTC”</b>                          | Leicester Tissue Company Limited, a company incorporated in England and Wales with company number 8786053   |
| <b>“LTC Group”</b>                    | Parent, its subsidiaries and subsidiary undertakings  |
| <b>“LTC Vendors”</b>                  | Amirali Sharif Tejani, Ayaz Tejani, Aly Tejani, Aamira Tejani and Ambereen Tejani- Sharif   |
| <b>“Money Laundering Regulations”</b> | the Money Laundering Regulations (SI 2007 No. 2157), as amended, and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017  |
| <b>“New Ordinary Shares”</b>          | the new Ordinary Shares to be issued pursuant to the Primary Placing, the Option Exercise and the Open Offer  |
| <b>“Notice of General Meeting”</b>    | the notice of General Meeting, set out at the end of this document  |
| <b>“Notice to Complete”</b>           | a notice from the Parent to the LTC Vendors requiring all of those parties to complete the Unconditional SPAs (and which states the consideration payable by Parent for the ordinary share capital of LTC)  |
| <b>“Open Offer”</b>                   | the conditional invitation by the Company to the Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and in the case of the Qualifying Non-CREST Shareholders only, the Application Form               |
| <b>“Open Offer Entitlement”</b>       | the entitlement of Qualifying Shareholders to subscribe for Open Offer Shares allocated to Qualifying Shareholders on the Record Date pursuant to the Open Offer calculated on the basis of one Open Offer Share for every 21 Existing Ordinary Shares held by that Qualifying Shareholder on the Record Date |

|   |  |
|---|--|
| <b>“Open Offer Shares”</b>                | up to 9,297,454 New Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer  |
| <b>“Option Exercise”</b>                  | the conditional exercise of options over the Option Shares by the Optionholders in accordance with the terms of the MIP  |
| <b>“Option Shares”</b>                    | 19,310,642 New Ordinary Shares to be issued (in aggregate) to the Optionholders pursuant to the Option Exercise  |
| <b>“Optionholders”</b>                    | Daniel Wright, Gareth Jenkins, Mark Dewhurst, Graham Cox, Gary Earle and John Pilkington, being those employees of the Group who shall complete the Option Exercise  |
| <b>“Ordinary Shares”</b>                  | ordinary shares of £0.001 each in the capital of the Company   |
| <b>“Overseas Shareholder”</b>             | a Shareholder who has a registered address outside the United Kingdom, or who is a citizen or resident of, or is incorporated or registered in, a country other than the United Kingdom, or who is holding Ordinary Shares for the benefit of such a person (including, without limitation and subject to certain exceptions, custodians, nominees, trustees and agents) |
| <b>“Parent”</b>                           | LTC Parent Ltd, a company incorporated in England and Wales with company number 12471299   |
| <b>“Parent Acquisition Agreement”</b>     | the agreement dated 2 November 2020 and made between the Company (1) and the LTC Vendors (2) pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Parent   |
| <b>“Parent Reels”</b>                     | large tissue reels which are raw materials typically weighing between 1 and 1.5 tonnes and “Parent Reel” means any one of them   |
| <b>“Placing”</b>                          | together the Primary Placing and the Secondary Placing   |
| <b>“Placing and Open Offer Agreement”</b> | the conditional agreement dated 2 November 2020 relating to the Primary Placing, the Secondary Placing and the Open Offer, between the Company (1), the Selling Shareholders (2), Zeus Capital (3) and Liberum Capital (4)   |
| <b>“Placing Shares”</b>                   | together the Primary Placing Shares and the Secondary Placing Shares   |
| <b>“Preference Share Agreement”</b>       | the agreement to be entered into on Acquisition Completion between Parent (1) and one of the LTC Vendors (2) pursuant to which Parent has agreed to acquire the entire issued preference share capital of LTC  |
| <b>“Primary Placing”</b>                  | the proposed conditional placing by Zeus Capital and Liberum Capital (on behalf of the Company) of the Primary Placing Shares at the Issue Price   |
| <b>“Primary Placing Shares”</b>           | 87,500,000 New Ordinary Shares conditionally placed for cash with investors pursuant to the Primary Placing in accordance with the terms of the Placing and Open Offer Agreement and whose allotment and issue is conditional (amongst other things) on the passing of the Resolutions   |
| <b>“Proposals”</b>                        | the Primary Placing, the Option Exercise, the Secondary Placing, the Open Offer, the Acquisition and Admission   |

|  |  |
|--|--|
| <b>“Put and Call Agreement”</b>                                | the put and call option agreement to be entered into on Acquisition Completion between the Company (1) and the LTC Vendors (2) pursuant to which the LTC Vendors have granted to the Company a call option over the LTC Vendors’ right to receive the Deferred Consideration and the Company has granted to the LTC Vendors a put option over the same right |
| <b>“Qualifying CREST Shareholders”</b>                         | Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in uncertificated form  |
| <b>“Qualifying Non-CREST Shareholders”</b>                     | Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form  |
| <b>“Qualifying Shareholders”</b>                               | holders of Existing Ordinary Shares on the register of members of the Company at the Record Date with the exception (subject to certain exceptions) of Excluded Overseas Shareholders  |
| <b>“Receiving Agent”, “Registrars”, “Link” or “Link Group”</b> | Link Market Services Limited, a company incorporated in England and Wales with registered number 02605568 and having its registered office at The Registry, Beckenham, Kent, BR3 4TU   |
| <b>“Record Date”</b>   | 5.30 p.m. on 2 November 2020   |
| <b>“Regulations”</b>   | the UK Uncertificated Securities Regulations 2001 (SI 2001 No.3755), as amended  |
| <b>“Regulatory Information Service” or “RNS”</b>               | has the meaning given in the AIM Rules for Companies   |
| <b>“Residual Option Shares”</b>                                | the 12,855,974 Option Shares (in aggregate) retained by the Optionholders and which are not the subject of the Secondary Placing   |
| <b>“Resolutions”</b>   | the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting  |
| <b>“Restricted Jurisdictions”</b>                              | each of Australia, New Zealand, Canada, Japan, the Republic of South of South Africa and the United States and <b>“Restricted Jurisdiction”</b> means any one of them  |
| <b>“Secondary Placing”</b>                                     | the proposed conditional placing by Zeus Capital and Liberum Capital (on behalf of the Selling Shareholders) of the Secondary Placing Shares at the Issue Price  |
| <b>“Secondary Placing Shares”</b>                              | 6,454,668 of the Option Shares, which are to be conditionally placed for cash with investors pursuant to the Secondary Placing in accordance with the terms of the Placing and Open Offer Agreement  |
| <b>“Selling Shareholders”</b>                                  | Gareth Jenkins, Mark Dewhurst, Graham Cox John Pilkington and Gary Earle, all employees of the Group, who are each selling the Secondary Placing Shares following them receiving Option Shares as a result of the Option Exercise, further details of which is contained in paragraph 10 of Part I of the Circular   |
| <b>“Shareholders”</b>  | the holders of Ordinary Shares from time to time, each individually a <b>“Shareholder”</b>   |

|  |   |
|--|---|
| <b>“Supplemental Agreement”</b>                  | the agreement dated 2 November 2020 and made between Parent (1) and the LTC Vendors (2) which is supplemental to the Unconditional SPAs   |
| <b>“UK” or “United Kingdom”</b>                  | the United Kingdom of Great Britain and Northern Ireland  |
| <b>“uncertificated” or “uncertificated form”</b> | recorded on the relevant register or other record of the Ordinary Shares or other security concerned as being held in uncertificated form in CREST and, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST  |
| <b>“Unconditional SPAs”</b>                      | each of the unconditional share purchase agreements made between Parent (1) and the LTC Vendors (2) on 9 March 2020 pursuant to which Parent agreed to acquire the entire issued share capital of LTC (excluding the preference shares) from the LTC Vendors, as supplemented by the Supplemental Agreement |
| <b>“USE instruction”</b>                         | has the meaning given in the CREST Manual   |
| <b>“US” or “United States”</b>                   | the United States of America, its territories and possessions, any state of the United States and the District of Columbia  |
| <b>“US Securities Act”</b>                       | the US Securities Act of 1933, as amended   |
| <b>“Zeus Capital”</b>                            | Zeus Capital Limited, a company incorporated in England and Wales with company number 04417845, authorised and regulated by the Financial Conduct Authority   |

## PART I

### LETTER FROM THE EXECUTIVE CHAIRMAN OF THE COMPANY

# Accrol Group Holdings plc

*(Incorporated and registered in England and Wales with registered no. 09019496)*

#### Directors:

Daniel Wright, *Executive Chairman*  
Gareth Jenkins, *Chief Executive Officer*  
Euan Hamilton, *Independent Non-Executive Director*  
Simon Allport, *Independent Non-Executive Director*

Delta Building  
Roman Road  
Blackburn  
Lancashire  
BB1 2LD

4 November 2020

Dear Shareholder

**Primary Placing of 87,500,000 New Ordinary Shares at a price of  
44 pence per New Ordinary Share**  
**Secondary Placing of 6,454,668 New Ordinary Shares at a price of  
44 pence per New Ordinary Share**  
**Open Offer of up to 9,297,454 New Ordinary Shares at a price of  
44 pence per New Ordinary Share**  
**Notice of General Meeting  
and  
Acquisition of Leicester Tissue Company Limited**

#### 1. Introduction

The Company announced on 3 November 2020 that it had conditionally raised gross proceeds of £38.5 million (before expenses) through a Primary Placing through the issue of 87,500,000 Primary Placing Shares at the Issue Price on a non-pre-emptive basis.

Conditional on Admission, and to enable other Shareholders not able to participate in the Primary Placing an opportunity to subscribe for additional Ordinary Shares, the Company is proposing to raise up to approximately £4.1 million (before expenses) by way of an Open Offer made to Qualifying Shareholders of up to 9,297,454 Open Offer Shares at the Issue Price on the basis of:

**one Open Offer Share for every 21 Existing Ordinary Shares held  
on the Record Date payable in full on acceptance**

The net proceeds from the Primary Placing Shares will be used, primarily, to fund the Acquisition, announced on 2 November 2020, further details of which are set out below under the heading "Details of the Acquisition". The net proceeds of the Open Offer will be used primarily for additional working capital and to further strengthen the Company's balance sheet.

As the Primary Placing was oversubscribed, in order to meet investor demand for further Ordinary Shares, the Optionholders agreed to effect the Option Exercise and, conditional on Admission, the Selling Optionholders agreed to sell 6,454,668 of the Option Shares (in aggregate) that will be conditionally issued to the Optionholders pursuant to the Option Exercise, at the Issue Price to placees. Further details of the Option Exercise and the Secondary Placing are set out in paragraph 9 below. The net proceeds of the Secondary Placing will be received by the Selling Shareholders.

The Issue Price represents a discount of c.1.1 per cent. to the Closing Price on 2 November 2020, being the date of the announcement of the proposed Placing and Open Offer. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will occur on or around 23 November 2020.

The Placing Shares have been conditionally placed with certain existing and new institutional and other professional investors.

The Proposals are conditional, *inter alia*, on the passing of the Resolutions at the General Meeting and/or Admission. The Primary Placing and the Secondary Placing, are not, in each case, however, conditional on the Open Offer proceeding or on any minimum take-up under the Open Offer. The Secondary Placing is conditional, *inter alia*, on Admission and the Option Exercise. The Open Offer is also conditional on Admission.

**The purpose of this document is to set out the background to, and the reasons for, the Placing and the Open Offer. It explains why the Directors consider the Placing and the Open Offer to be in the best interests of the Company and its Shareholders as a whole. It also recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do themselves in respect of their own beneficial shareholdings.**

Shareholder approval will be sought in respect of the Placing, the Open Offer and the allotment of Ordinary Shares to satisfy the Deferred Consideration at the General Meeting, which, in light of current Government guidance in relation to COVID-19, is convened to be held as a closed meeting at Delta Building, Roman Road, Blackburn, Lancashire BB1 2LD at 10.00 a.m. on 20 November 2020.

**Neither the Placing, nor the Open Offer nor the Acquisition can proceed unless the Resolutions are passed at the General Meeting.**

Your attention is drawn to:

- (i) the Risk Factors set out in Part II of this document; and
- (ii) Part III of this document which sets out the actions to be taken by Qualifying Shareholders seeking to participate in the Open Offer; and
- (iii) the Notice of General Meeting contained in Part V of this document and paragraphs 24 and 25 of this letter which explain the purpose of the General Meeting and action to be taken by you in order to vote at that General Meeting.

## **2. Overview of Accrol**

Accrol is based in Lancashire and is a leading independent tissue converter, producing toilet roll, kitchen roll and facial tissue products for many of the UK's major grocery retailers and many of the large Discounters. The business imports Parent Reels from around the world and converts them into finished goods, employs 395 people and operates from four sites in Lancashire:

- A manufacturing, storage and distribution facility in Blackburn
- A storage and administrative centre in Blackburn
- A facial tissue plant, also in Blackburn
- A manufacturing, storage and distribution facility in Leyland

The Group's vision is to deliver the best possible value to the UK consumer on essential everyday tissue products. The "Brand Killers" growth strategy is simple: take market share from established brands by providing consumers with the best value products and its customers with great service, whilst ensuring it is the lowest cost operator. Accrol currently has circa.13 per cent. of the UK's £1.7 billion tissue market, which makes it the fourth largest operator in the UK by revenue.

The business was recently subject to a highly complex and successful turnaround, initiated and completed by the Group's current senior management team. This involved the simplification of all the Group's operations, delivering gross margin improvement of 49 per cent. over the last two years, from 14.7 per cent. to 21.9 per cent., and a much reduced cost base, down by 37 per cent. over the same period. With output

capacity increased by 243 per cent. and profitability restored, the management team's attention is now focused on further strengthening and broadening the business to create a diversified Group of size and scale, capable of delivering substantial Shareholder returns.

### 3. Information on LTC Group

LTC, founded in 2014, is an independent supplier of private label toilet tissue and kitchen towel to supermarket multiples and value retailers across the UK. Like Accrol, LTC converts Parent Reels to toilet tissue and kitchen towels using conversion plant machinery, delivering the finished goods through third party logistics providers.

LTC has delivered revenue CAGR of circa.70 per cent. between 2017 and 2019. Revenue in the year ended 30 September 2019 was £19.4 million, generating adjusted<sup>1</sup> EBITDA of £1.6 million. In the unaudited year ended 30 September 2020, LTC generated revenues of £28.0 million and adjusted<sup>2</sup> EBITDA of £4.5 million. This represents a further c.44 per cent. revenue growth and c.181 per cent. growth in adjusted<sup>3</sup> EBITDA from the financial year ended 30 September 2019.

Over £25 million has been invested in LTC's business since its incorporation, including into a purpose-built 110,000 sq. ft facility into which the company relocated in 2018. A 50,000 sq. ft warehouse was added in 2019. LTC's operations are strategically located in central England, in Leicester, just nine miles from the M1 motorway.

The LTC business employs around 80 people, c.70 of whom are production and warehouse operatives. It has four fully automated converting lines with a combined capacity of £68 million. The most recent line was commissioned in February 2020 and the oldest in 2014.

LTC secured significant contract wins at the end of FY19 with a supermarket multiple and value retailer and it has a strong pipeline of new opportunities. Its customer portfolio contains one of the UK's leading supermarket multiples and one of the largest value retailers.

Core products include a luxury range, and products are sold with either LTC branding or as private label for the retailer to add their own branding. The toilet roll range includes 2 and 3 ply rolls, luxury, super-soft, quilted and fragranced. Own brands comprise Soooo, Quantum and Quilted Softpockets. The kitchen towel range includes 2 and 3 ply and Grime Buster, Splash Buster and Soooo own brands.

### 4. Strategic rationale for the Acquisition, the Primary Placing and the Open Offer

With a strong and experienced leadership team in place and an improved operational cost base, the Directors believe Accrol has the right foundations on which to begin building an organisation of size and scale, which is less exposed to input cost fluctuations.

The management team is focused on expanding the Group's capacity and market share in its core markets, through greater penetration of the luxury tissue segment. The Group has already made good progress on this strategy, supported by the strength of its existing customer relationships and through successful R&D in tissue material and processes.

The Board believes that the Acquisition delivers significant growth opportunities, compelling financial returns and strategic opportunities for the Group, which are wholly aligned with its "Brand Killers" strategy. These opportunities include the following:

- **Building market share, with more to gain:** the Acquisition will increase Accrol's share of the UK retail tissue market to approximately 16 per cent. of the £1.7 billion UK industry;
- **Consolidating Accrol's leading position in private label:** the Acquisition will boost Accrol's position as one of the leaders in the private label retail tissue market by increasing its share of the private label market;

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1 Adjustments include director salary costs which are not expected to continue and certain other non-recurring costs.

2 Ibid.

3 Ibid.

- **Earnings enhancing:** the Acquisition is expected to be immediately earnings enhancing and is expected to deliver a minimum of 10 per cent. earnings enhancement during the first full year of ownership;
- **Significant synergies:** the Acquisition is expected to deliver in excess of £1.0 million annualised cost synergies in the first full year from procurement and operational efficiencies;
- **Strengthened logistics network:** LTC's central England location provides an opportunity to optimise the Group's UK logistics network – c.48 per cent. of Accrol sales are delivered south of Leicester;
- **Access to new customers:** the Acquisition will create a strong customer network for the Group, as LTC brings new and complementary customers with a limited overlap, which is expected to deliver increased commercial strength to the Group; and
- **Additional capacity:** LTC is a well invested business with four, high-quality, modern converting lines with significant capacity. This increased capacity enables the postponement of Accrol's £5 million capital investment in new converting machinery previously scheduled for Q4 FY21 until Q4 FY22.

In order to integrate the LTC business and deliver the expected synergies, the Board expect to incur c.£1.0 million of exceptional costs in relation to the movement of work and general restructuring of the Enlarged Group.

The Acquisition represents a further milestone in Accrol's journey after completing its turnaround, which has provided a simplified platform on which to build scale. As a close strategic fit to Accrol, operating in the same sector and undertaking the same production processes, LTC provides a key opportunity to build scale in the UK tissue, kitchen roll and facial tissue market. The Acquisition would increase Accrol's scale and production capacity, whilst further supporting potential future opportunities such as a paper mill development.

## 5. Details of the Acquisition

### Key terms of the Acquisition

On 2 November 2020, the Company entered into a conditional agreement to acquire the LTC Group, via its acquisition of the entire issued share capital of Parent from the LTC Vendors for a maximum total consideration of up to £41.8 million, to be satisfied as follows:

- the Initial Consideration which represents 7.8x LTC's adjusted EBITDA\* of £4.5 million for the unaudited 12-month period to 30 September 2020. The Initial Consideration will be satisfied on Acquisition Completion; and
- up to a further £6.8 million of deferred consideration payable to the LTC Vendors, contingent on LTC achieving up to £3.1 million incremental EBITDA contribution on revenue generated from certain new contracts between March 2021 and the end of June 2021 (with the opportunity for this period to be extended up to the end of September 2021 in the event of any delay in respect of one specified contract). The Deferred Consideration, to the extent it becomes payable, may be satisfied in cash and/or by the issue of new Ordinary Shares (at the Group's discretion) to the LTC Vendors at the relevant time, subject to and in accordance with the terms of the Acquisition Agreements. The relevant share price of any new Ordinary Share so issued will be confirmed by the Joint Brokers at the relevant time, based on the average middle market quotation of one Ordinary Share based on the Daily Official List for the 3 consecutive Business Days ending on the third Business Day immediately prior to the date of the payment of the Deferred Consideration.

Post a 12 month transition period following Acquisition Completion, none of the LTC Vendors are expected to continue their involvement with or engagement in the LTC Group's business. The LTC Vendors have agreed to abide by non-compete covenants for a three year period post-Acquisition Completion. It is intended that the current operating management team of LTC will continue in the LTC Group's business under the leadership of the Board.

The LTC Vendors have also agreed to give customary warranties and a tax covenant, backed by buy-side warranty and indemnity insurance.

Acquisition Completion is conditional on Admission and will take place after the receipt of the Initial Consideration by the LTC Vendors, which will be paid from the proceeds of the Primary Placing. If that condition is not satisfied on or before 11 December 2020, the Acquisition will not proceed.

During the period from 2 November 2020 and Acquisition Completion, the LTC Vendors have agreed to operate and manage the LTC Group in the ordinary course and they are required to seek the Company's prior written consent before carrying out, or not carrying out, certain acts which may give rise to any liability for, or otherwise impact, the business of the LTC Group.

### **Structure of the Acquisition**

On 9 March 2020, Parent entered into the Unconditional SPAs to acquire the entire issued share capital of LTC from the LTC Vendors, save for the preference shares in the capital of LTC, which will be transferred by the relevant LTC Vendor to Parent under the Preference Share Agreement upon Acquisition Completion.

On 2 November 2020, the Company entered into a conditional agreement to acquire the entire issued share capital of Parent from the LTC Vendors, being the Parent Acquisition Agreement.

On 2 November 2020, Parent also entered into the Supplemental Agreement which supplements the Unconditional SPAs and includes the customary warranty coverage and tax covenant given by the Sellers to Parent, as referred to above.

Pursuant to the Unconditional SPAs (as supplemented by the Supplemental Agreement and the Notice to Complete), Parent is obliged to pay the LTC Vendors the Deferred Consideration, the governing provisions of which are set out in the Notice to Complete.

The LTC Vendors and the Company will also enter into the Put and Call Agreement on Acquisition Completion, under which, when the amount of the Deferred Consideration (if any) is determined (which is likely to be in 2021), the Company will acquire the right of the LTC Vendors to receive payment of the Deferred Consideration, in exchange for the Company issuing the Consideration Shares to the LTC Vendors and/or paying them cash. Both Parent and the Company have the right to satisfy any Deferred Consideration payable to the LTC Vendors (fully or partly) in cash instead of, or in combination with the Consideration Shares at their discretion at the relevant time.

## **6. Further considerations**

As set out in the Recommendation section below, the Directors believe the Proposals are in the best interests of the Company and its Shareholders as a whole. In making this statement, the Directors have spent time, and have taken appropriate advice, in considering the Proposals and the method by which the Company will seek to raise the net proceeds of the Primary Placing.

The Directors have concluded that the Primary Placing, accompanied by a conditional Open Offer, is the most appropriate structure to raise funding for the Company for the following reasons:

- the Placing enables the Company to attract a number of new investors to its shareholder register, which the Directors expect will improve liquidity going forward, and also to provide an element of funding certainty; and
- the Open Offer of up to approximately £4.1 million enables all Shareholders to participate in the fundraising on the same terms as institutional and new investors but without the time and costs associated with a fully pre-emptive offer. A fully pre-emptive offer, either via a rights issue or an open offer above €8 million, would have required the Company to have produced a prospectus which would have taken significant time and cost.

The Issue Price represents a discount of c.1.1 per cent. to the Closing Price on 2 November 2020, being the date of the announcement of the proposed Placing and Open Offer. Upon completion of the Primary Placing and the Open Offer, the Primary Placing Shares and the Open Offer Shares will represent approximately 31.1 per cent. of the Enlarged Share Capital (assuming the Open Offer is subscribed in full).

The Directors confirm that the Issue Price, and therefore potential dilution for Shareholders, has been a consideration in setting the amount raised as part of the fundraising exercise and the decision to undertake

an Open Offer. The Issue Price was established as part of a book building process undertaken by the Joint Brokers.

## **7. Use of proceeds**

The Directors intend to use the proceeds of the Primary Placing and the Open Offer to:

- pay the Initial Consideration;
- meet the expenses related to the Acquisition, the Primary Placing and the Open Offer;
- provide additional working capital for the Group; and
- reduce the Group's net debt.

The Company will not receive any proceeds in respect of the Secondary Placing, which will be received by the Selling Shareholders.

## **8. Current trading and outlook**

The Group entered the new financial year in a strong position and is on track to deliver results in line with management's expectations for FY21. This has been achieved despite the impact to volumes across the private label sector, which were impacted in Q1, as panic buying unwound. The Group's margins, however increased ahead of expectations in this period, as the product mix improved. Consumer shopping habits normalised in Q2, with private label sales bouncing back to pre-COVID-19 levels. All Discounters are expected to address their online shopping service capability over the next 12 months. The outlook for volumes in this market remains strong, with significant expansion plans being accelerated, as the UK economy adjusts to the wider impact of the COVID-19 pandemic.

With c. 13 per cent. of the total UK tissue market prior to the Acquisition and a strong infrastructure for growth taking shape, the Directors believe Accrol is well positioned to benefit in a value-conscious, post COVID-19 world. We will continue to invest in our people, automation and our impact on the environment to ensure the sustainability of the business throughout its planned growth.

Whilst mindful of the ongoing risks of COVID-19, the Board is confident in the prospects for the Group and its ability to capitalise on opportunities in both its core markets, and the wider new personal hygiene and household sector.

## **9. Banking update**

As noted in the Company's results announcement published on 2 September 2020, the Company improved and extended its banking facilities to August 2023, providing greater accessibility, flexibility and headroom for the business, as it pursues its growth strategy. Upon Acquisition Completion, the existing hire purchase banking facilities of LTC will be retained and an invoice discounting facility repaid in full.

## **10. Details of the Placing, the Option Exercise and the Open Offer**

### ***Structure***

The Directors have given careful consideration as to the structure of the proposed fundraising and have concluded that the Placing and the Open Offer are the most suitable options available to the Company and its Shareholders at this time.

### ***Primary Placing***

87,500,000 Primary Placing Shares will be issued through the Primary Placing at the Issue Price to raise gross proceeds of £38.5 million for the Company.

### ***Secondary Placing***

As the Primary Placing was oversubscribed, in order to meet investor demand for further Ordinary Shares, the Optionholders agreed to effect the Option Exercise and, conditional on Admission, the Selling

Optionholders agreed to sell 6,454,668 of the Option Shares (in aggregate) that will be conditionally issued to the Optionholders pursuant to the Option Exercise, at the Issue Price to places.

Following the Option Exercise, the Company will issue to the Optionholders 19,310,642 Option Shares (in aggregate). The Secondary Placing Shares (representing approximately 33.4 per cent. of the Option Shares) will then be sold, conditional on Admission, through the Secondary Placing at the Issue Price on behalf of the Selling Shareholders. The Company will not receive any of the proceeds of the Secondary Placing.

Pursuant to the terms of the Lock-in Deeds, the Selling Shareholders (excluding Gary Earle and John Pilkington) have each agreed that the Residual Option Shares retained by them will be subject to lock-in arrangements to be released in two tranches: the first tranche being subject to lock-in until the release by the Company of its half-year results for the six months ended 31 October 2020 (expected in January 2021) (**First Lock-in**) and the second tranche being subject to lock-in until 1 August 2021 (**Second Lock-in**), as set out in the table below (the "**Lock-in Arrangements**").

| <i>Name of Optionholder</i> | <i>Number of Option Shares Subject to the Lock-in arrangements</i> | <i>Number of Option Shares Subject to the First Lock-in</i> | <i>Number of Option Shares Subject to the Second Lock-in</i> |
|-----------------------------|--|---|--|
| Gareth Jenkins              | 4,959,108  | 1,333,000   | 3,626,108  |
| Mark Dewhurst               | 1,424,327  | 444,000   | 980,327  |
| Graham Cox                  | 683,970  | 333,000   | 350,970  |
| <b>Total</b>                | <b>7,067,404</b>   | <b>2,110,000</b>  | <b>4,957,404</b>   |

Pursuant to the Secondary Placing, the number of Option Shares being sold by each of the Optionholders and the number of Residual Option Shares retained by them are also set out as follows:

| <i>Name of Optionholder</i> | <i>Number of Option Shares</i> | <i>Number of Secondary Placing Shares to be sold</i> | <i>Number of Residual Option Shares to be retained</i> |
|-----------------------------|--------------------------------|--|--|
| Daniel Wright               | 5,700,738                      | Nil  | 5,700,738  |
| Gareth Jenkins              | 9,396,544                      | 4,437,436  | 4,959,108  |
| Mark Dewhurst               | 2,750,944                      | 1,326,617  | 1,424,327  |
| Graham Cox                  | 1,295,990                      | 612,020  | 683,970  |
| Gary Earle                  | 83,213                         | 39,297   | 43,916   |
| John Pilkington             | 83,213                         | 39,298   | 43,915   |
| <b>Total</b>                | <b>19,310,642</b>              | <b>6,454,668</b>                                     | <b>12,855,974</b>                                      |

Further details of the effect of the Secondary Placing and the aggregate interests of each of the Optionholders in the share capital of the Company is contained in paragraph 20 of this Part I.

### **Open Offer**

Conditional on Admission, up to 9,297,454 Open Offer Shares will be issued through the Open Offer at the Issue Price to raise gross proceeds of up to approximately £4.1 million (assuming full take-up under the Open Offer).

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

The Company is proposing to issue 87,500,000 Primary Placing Shares pursuant to the Primary Placing. In accordance with the terms of the Placing and Open Offer Agreement, the Joint Brokers have, as agents for the Company, conditionally placed, with institutional and other investors, the Primary Placing Shares and, as agents for the Selling Shareholders, the Secondary Placing Shares, in each case, at the Issue Price. The Primary Placing will raise gross proceeds of approximately £38.5 million for the Company. The Secondary Placing will raise gross proceeds of approximately £2.8 million for the Selling Shareholders.

Neither the Primary Placing nor the Secondary Placing is being underwritten.

The Placing Shares are not subject to clawback and are not part of the Open Offer.

Under the Placing and Open Offer Agreement, the Company has agreed to pay to the Joint Brokers a fixed sum together with commissions based on the aggregate value of the Primary Placing Shares and the Open Offer Shares placed at and/or subscribed for at the Issue Price and the costs and expenses of the Placing together with any applicable VAT. Each Selling Shareholder has agreed to pay to the Joint Brokers a fixed commission based on the aggregate value of the Secondary Placing Shares to be sold by that Selling Shareholder.

### ***Principal terms of the Open Offer***

The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by both subscribing for their respective Basic Entitlements and by subscribing for Excess Shares under the Excess Application Facility, subject to availability.

Pursuant to the Open Offer, Qualifying Shareholders will be given the opportunity to subscribe for one Open Offer Share for every 21 Existing Ordinary Shares held on the Record Date.

If fully subscribed, the Open Offer will raise gross proceeds of up to approximately £4.1 million.

The Issue Price represents a c.1.1 per cent. discount to the Closing Price of 44.5 pence per Ordinary Share on 2 November 2020, being the date of the announcement of the proposed Placing and Open Offer.

### ***Basic Entitlement***

Qualifying Shareholders are invited, on and subject to the terms and conditions of the Open Offer, to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility and subject to the Qualifying Shareholder's Aggregate Limit) at the Issue Price. Qualifying Shareholders have a Basic Entitlement of:

#### **one Open Offer Share for every 21 Existing Ordinary Shares**

registered in the name of the relevant Qualifying Shareholder on the Record Date.

Basic Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer will not exceed 9,297,454 Ordinary Shares.

### ***Allocations under the Open Offer***

In the event that valid acceptances are not received in respect of all of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares will be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility, subject always to the relevant Qualifying Shareholder's Aggregate Limit.

### ***Excess Application Facility***

Subject to availability and assuming that a Qualifying Shareholder has accepted his Basic Entitlement in full, the Excess Application Facility enables a Qualifying Shareholder to apply for any whole number of Excess Shares in addition to his Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer, less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the Aggregate Limit.

Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete the relevant sections on the Application Form and should refer to paragraph 4.1 of Part III of this document for further information. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2 of Part III of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Excess Applications may be allocated in such manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

### **Application procedure under the Open Offer**

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to above. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown in Box 2 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Entitlements.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlement and also in respect of their Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 5 November 2020.

Application will be made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The Basic Entitlements and Excess CREST Open Offer Entitlements will also be enabled for settlement in CREST as soon as practicable after 8.00 a.m. on 5 November 2020. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part III of this document and, where relevant, on the Application Form.

## **11. Conditionality**

The Primary Placing, the Secondary Placing and the Open Offer are conditional, among other things, upon the following:

- the passing, without amendment, of the Resolutions at the General Meeting;
- Admission occurring by no later than 8.00 a.m. on 23 November 2020 (or such later time and/or date as may be agreed between the Company and the Joint Brokers, being no later than 8.00 a.m. on the Long Stop Date); and
- the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms.

If the conditions set out above are not satisfied or waived (where capable of waiver), the Primary Placing, the Secondary Placing and the Open Offer will lapse; and

- the Primary Placing Shares will not be issued and the Secondary Placing Shares will not be transferred and all monies received from investors in respect of the Placing Shares will be returned to them (at the investors' risk and without interest) as soon as possible thereafter;
- any Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will, after that time and date, be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter; and

- the Acquisition will not be completed and the Company must pay to the LTC Vendors a break fee of £500,000 (inclusive of VAT).

## **12. Application for Admission**

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Admission is expected to take place, and dealings on AIM are expected to commence, at 8.00 a.m. on 23 November 2020 (or such later time and/or date as may be agreed between the Company and the Joint Brokers, being no later than 8.00 a.m. on the Long Stop Date). No temporary document of title will be issued.

The Primary Placing Shares, the Secondary Placing Shares and the Open Offer Shares, will following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of this document and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the New Ordinary Shares after Admission (as the case may be).

## **13. Important notice**

**Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and that the net proceeds will be retained for the benefit of the Company.**

**The Primary Placing, the Option Exercise, the Secondary Placing and the Open Offer are separate and distinct transactions with the Primary Placing, the Option Exercise and the Open Offer involving the issue of New Ordinary Shares.**

**Qualifying Shareholders are being invited to participate in the Open Offer and (subject to certain exceptions) will have received an Application Form with this document. However, Qualifying Shareholders are not entitled to participate in the Primary Placing or the Secondary Placing, unless expressly invited by the Company and the Joint Brokers to do so.**

**In issuing this document and structuring the Placing and the Open Offer in this manner, the Company is relying on the exemption from issuing a prospectus in section 85(5) and paragraph 9 of Schedule 11A of FSMA and on paragraphs 43 and 60 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).**

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to the date on which the shares are marked 'ex-entitlement' is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.

## **14. Effect of the Primary Placing and the Open Offer**

Upon completion of the Primary Placing and the Open Offer, the Primary Placing Shares and the Open Offer Shares will together represent approximately 31.1 per cent. of the Enlarged Share Capital (assuming the Open Offer is subscribed in full).

## **15. Risk factors**

The attention of Shareholders is drawn to the risk factors set out in Part II.

## **16. The Placing and Open Offer Agreement**

Pursuant to the terms of the Placing and Open Offer Agreement, the Joint Brokers, have, as agents for the Company in respect of the Primary Placing and, as agents for the Selling Shareholders in respect of the

Secondary Placing, agreed to use their reasonable endeavours to procure subscribers or purchasers for the Placing Shares at the Issue Price. The Placing and Open Offer Agreement is conditional upon, among other things, the conditions set out above (please see 'Conditionality' in paragraph 11 of this Part I) and none of the warranties or undertakings given to the Joint Brokers prior to Admission being or becoming untrue, inaccurate or misleading.

The Placing and Open Offer Agreement contains customary warranties given by the Company in favour of the Joint Brokers in relation to, amongst other things, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify the Joint Brokers (and its affiliates) in relation to certain liabilities which they may incur in respect of the Placing and the Open Offer.

In addition, the Selling Shareholders have given customary warranties in favour of the Joint Brokers, in relation to, amongst other things, their title and capacity to the shares to be sold by them pursuant to the Secondary Placing and the accuracy of the information contained about them and the shares to be sold by them in this document.

The Joint Brokers have the right to terminate the Placing and Open Offer Agreement in certain circumstances prior to Admission. In particular, in the event of breach of the warranties or a material adverse change or if the Placing and Open Offer Agreement does not become unconditional.

## **17. Action to be taken in respect of the Open Offer**

### ***Qualifying Non-CREST Shareholders (i.e. holders of Existing Ordinary Shares who hold their Existing Ordinary Shares in certificated form)***

If you are a Qualifying Non-CREST Shareholder you will receive an Application Form which gives details of your Basic Entitlement under the Open Offer (as shown by the number of Basic Entitlements set out in Box 2 of the Application Form). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in paragraph 4 of Part III of this document and on the Application Form itself.

Qualifying Non-CREST Shareholders who wish to subscribe for more than their Basic Entitlement should complete Boxes 3, 4 and 5 on the Application Form. Completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4 of Part III of this document, should be posted using the accompanying reply-paid envelope (if posted from the UK only) or returned by post or by hand (during normal business hours only) to Link Group, Corporate Actions Department, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 19 November 2020. If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form.

### ***Qualifying CREST Shareholders (i.e. holders of Existing Ordinary Shares who hold their Existing Ordinary Shares in uncertificated form)***

If you are a Qualifying CREST Shareholder you will not be sent an Application Form. You will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement under the Open Offer and also an Excess CREST Open Offer Entitlement for use in connection with the Excess Application Facility. You should refer to the procedure for application set out in paragraph 4 of Part III of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4.2 of Part III of this document by no later than 11.00 a.m. on 19 November 2020.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an appropriately qualified independent professional adviser.

## **18. Overseas Shareholders**

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, subject to certain exceptions, custodians,

nominees, trustees and agents), or who have a contractual or other legal obligation to forward this document and an Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part III (Terms and Conditions of the Open Offer) of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including, without limitation, the United States or any other Restricted Jurisdiction) should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Open Offer.

## 19. Taxation

Your attention is drawn to the taxation section contained in Part IV of this document.

This information is intended only as a general guide to the current UK tax position. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser immediately.

## 20. Directors' and Selling Shareholders' interests

The interests (all of which are beneficial unless stated otherwise) of the Directors and the other Selling Shareholders and their immediate families and of persons connected with them (within the meaning of section 252 of the Act) in the Existing Issued Share Capital (but excluding any interests of the Directors under the Accrol Group MIP) and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director or other Selling Shareholder as at the Latest Practicable Date and as they are so expected to be upon Admission (assuming full take-up under the Open Offer) are as follows:

|  | <b>As at the Latest<br/>Practicable Date</b> |  | <b>Immediately following<br/>Admission</b> |   |
|--|--|--|--|---|
|  | <i>Number of<br/>Ordinary<br/>Shares</i>     | <i>Percentage<br/>of Existing<br/>Issued<br/>Share<br/>Capital</i> | <i>Number of<br/>Ordinary<br/>Shares</i>   | <i>Percentage<br/>of Enlarged<br/>Share<br/>Capital</i> |
| <b>Directors</b>                         |  |  |  |   |
| Daniel Wright                            | 4,077,808                                    | 2.09%  | 9,778,546                                  | 3.14%   |
| Gareth Jenkins                           | 610,000                                      | 0.31%  | 5,569,108                                  | 1.79%   |
| <b>Non-Director Selling Shareholders</b> |  |  |  |   |
| Mark Dewhurst                            | 65,648                                       | 0.03%  | 1,489,975                                  | 0.48%   |
| Graham Cox                               | –  | n/a  | 683,970                                    | 0.22%   |
| Gary Earle                               | –  | n/a  | 43,916                                     | 0.01%   |
| John Pilkington                          | –  | n/a  | 43,915                                     | 0.01%   |

## 21. Irrevocable voting commitments from certain Directors

Daniel Wright and Gareth Jenkins, being Directors who in aggregate hold 4,687,808 Existing Ordinary Shares, representing approximately 2.4 per cent. of the Existing Ordinary Shares, have irrevocably undertaken to vote (and where such Existing Ordinary Shares are registered in the name of any other persons have irrevocably undertaken to use reasonable endeavours to procure that those persons will vote) in favour of the Resolutions at the General Meeting.

## 22. Related party transactions

Schroder Investment Management Limited, a substantial shareholder in the Company (and therefore a related party of the Company for the purposes of the AIM Rules) has conditionally subscribed for 10,893,917 Placing Shares. Therefore, the participation of this party in the Placing constitutes a related party transaction under Rule 13 of the AIM Rules.

In the case of the above transaction, all Directors are deemed to be independent. Therefore, having consulted with the Company's nominated adviser and broker, Zeus Capital, Schroder Investment Management Limited's participation in the Placing is considered, by the Directors, to be fair and reasonable insofar as Shareholders are concerned.

### **23. Intentions of the Directors in relation to the Open Offer**

The Directors do not intend to subscribe for any Open Offer Shares. Accordingly, Excess Shares will be available for other Qualifying Shareholders under the Excess Application Facility.

### **24. General Meeting**

The General Meeting of the Company, notice of which is set out at the end of this document, is to be held, given Government guidance in light of the COVID-19 pandemic as a closed meeting, at Delta Building, Roman Road, Blackburn, Lancashire BB1 2LD, at 10.00 a.m. on 20 November 2020. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions in order to approve the Placing and the Open Offer.

A summary and explanation of the Resolutions is set out below. Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice of General Meeting in Part V of this document.

#### ***Resolution 1: Authority to allot shares***

This ordinary resolution will grant the Directors authority to allot the New Ordinary Shares for the purposes of the Primary Placing and the Open Offer. The authority given by this Resolution will expire 90 days after the passing of this Resolution.

#### ***Resolution 2: Disapplication of pre-emption rights***

Conditional on the passing of Resolution 1, Resolution 2 disappplies the statutory pre-emption rights in respect of the allotment of the New Ordinary Shares to be allotted pursuant to Resolution 1 in connection with the Primary Placing and the Open Offer. The authority given by this Resolution will expire 90 days after the passing of this Resolution.

#### ***Resolution 3: Authority to allot shares in connection with the Acquisition***

This ordinary resolution will grant the Directors authority to allot the Consideration Shares (if any) for the purposes of satisfying its obligations in connection with the Deferred Consideration, to the extent that the Company does not elect to satisfy the Deferred Consideration in cash. The authority given by this Resolution will expire on 31 October 2025.

### **25. Action to be taken**

In accordance with our ongoing paperless strategy and in order for your vote to be effective, we ask that your proxy vote is submitted online. Whilst nominating a proxy would not ordinarily preclude Shareholders from attending, speaking and voting in person at the General Meeting should they so wish, Shareholders are reminded that, following the UK Government's public health guidance in respect of COVID-19, including to limit public gatherings, the Board will be implementing the following measures in respect of the General Meeting:

- No other Directors will be present in person at the meeting.
- Shareholders will not be allowed to attend the General Meeting and will be refused entry.

For Qualifying Non-CREST Shareholders, we ask that you submit your proxy vote online at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Registrars not less than 48 hours before the time appointed for the General Meeting or any adjournment of it. By registering on the Signal shares portal at [www.signalshares.com](http://www.signalshares.com), you can manage your shareholding, including: (i) casting your vote; (ii) changing your dividend payment instruction; and (iii) updating your address.

CREST members appointing the Chairman as proxy for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar, Link Group, (ID:RA10), no later than 10.00 a.m. on 18 November 2020 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting, excluding any part of a day that is not a Business Day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

If you require a form of proxy in an alternative format, please contact the Company’s Registrars, Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**The Board strongly advises all Shareholders to submit their proxy votes, appointing the Chairman of the General meeting as proxy.**

The situation regarding COVID-19 is evolving regularly and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the General Meeting (including any change to the location of the General Meeting) will be communicated to Shareholders before the General Meeting through the Company’s website [www.accrol.co.uk](http://www.accrol.co.uk) and, where appropriate, by an announcement made by the Company to a Regulatory information Service.

## **26. Recommendation**

**The Directors consider that the Placing, the Open Offer and the passing of the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of all of the Resolutions, as they intend to do in respect of their beneficial holdings, amounting, in aggregate, to 4,687,808 Existing Ordinary Shares, representing approximately 2.4 per cent. of the Existing Issued Share Capital.**

**The Placing and the Open Offer are conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Placing, the Open Offer and the Acquisition will not proceed.**

Yours faithfully

**Daniel Wright**  
*Executive Chairman*

## PART II

### RISK FACTORS

**Potential investors should carefully consider the risks described below before making a decision to invest in the Company. This Part II contains what the Directors believe to be certain of the principal risk factors associated with an investment in the Company. It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Group's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the New Ordinary Shares could decline and an investor may lose all or part of their investment. There can be no certainty that the Group will be able to implement successfully the strategy set out in this document or documents referred to in this document. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Group.**

This document contains forward looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Group and subject to Acquisition Completion, the Enlarged Group which are described below and elsewhere in this document. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

The Group's principal activity is tissue conversion for the manufacture of toilet rolls, kitchen rolls and facial tissues. As with any business in this sector, there are risks and uncertainties relevant to the Group's business. Certain of these risk factors affect the majority of businesses, some are common to businesses in this sector and others are more specific to the Group.

#### **Specific risk factors**

The following sets out some of the risks relating to the Group and the Enlarged Group. If any of the following risks are borne out in reality, the Group's and/or the Enlarged Group's business, financial condition or results of operations could be seriously affected.

#### **Risk factors related to the Acquisition**

##### ***The Acquisition may not complete***

Completion of the Acquisition is conditional, *inter alia*, on Admission and so the Acquisition may not complete if all such conditions are not fulfilled and/or waived.

##### ***The Enlarged Group may not be able fully to realise the anticipated benefits of the Acquisition***

The Enlarged Group's success will partially depend upon the Company's ability, following the Acquisition, to integrate the businesses of the Group and the LTC Group without significant disruption to the respective businesses. The integration may divert management's attention from the ordinary operations of the relevant business, raise unexpected issues and may take longer or prove more costly than anticipated. Although the Directors believe that such disruption is unlikely, issues may come to light during the course of integrating the Enlarged Group that may have an adverse effect on the financial condition and results of operations of the Enlarged Group.

The Group is targeting significant synergies from the Acquisition and the Group's financial planning is based in part on realising these synergies. There is no assurance that the Enlarged Group will realise the potential benefits of the Acquisition including, without limitation, attracting additional customers and recurring revenue to the extent and within the time frame contemplated. There is a risk that synergy benefits from the Acquisition may fail to materialise or they may be lower than have been estimated. If the Group and the LTC

Group are unable to integrate successfully into the Enlarged Group, then this could have a negative impact on the results of the operations and/or financial condition of the Group and the Enlarged Group as a whole. In addition, the cost of funding these synergies may exceed expectations and such eventualities may have a material adverse effect on the financial position of the Enlarged Group.

The Enlarged Group's success will partially depend on there being no adverse change in the businesses of the Group and the LTC Group between the date of this document and Acquisition Completion.

***The Acquisition will have a dilutive effect on proportionate shareholdings***

As a result of the issuance of the Placing Shares, the Open Offer Shares and the Consideration Shares (if any), the Shareholders will experience dilution of their holdings and voting interests in the Company, in comparison to their holdings and voting interests in the Company prior to Admission.

***The costs of Acquisition may exceed expectations***

The Group's transaction-related costs may exceed expectations. The Enlarged Group will also incur a number of costs in relation to the Acquisition, including integration and post-Acquisition Completion costs in order to successfully combine the operations of the Group and the LTC Group. In addition, the Group will incur legal, accounting and other fees and costs relating to the Acquisition, some of which are payable by the Group whether or not Acquisition Completion occurs.

***Operational and integration risks may occur post-Acquisition***

Operating and combining two established businesses together is a complex exercise and carries associated risks. If not managed carefully, the operational effectiveness and efficiency of the Accrol and LTC businesses could be negatively affected, impacting upon profitability and cash generation, as well as relations with key stakeholders.

***The protections for the Company in the Acquisition Agreements may be inadequate***

Whilst legal, tax, financial and insurance due diligence has been conducted on the LTC Group, there can be no guarantee that the Acquisition does not involve or include any hidden liabilities, issues or defects and that the warranties and indemnities obtained under the Acquisition Agreements will provide an adequate remedy for the Group to seek compensation for any loss or liability arising therefrom.

***Change of control provisions in customer and supplier contracts***

A number of contracts entered into between members of the LTC Group and various third parties require the consent of those third parties to the change of control of the LTC Group, pursuant to their underlying terms. The Group has not been able to approach these third parties for their consent to the change of control pre-Acquisition Completion. Accordingly, there can be no guarantee that all the third parties will provide their consent and any such failure to obtain consent may result in the Enlarged Group not enjoying the full benefit of the relevant contracts post-Acquisition Completion.

***Health and safety***

There have been 7 reported incidents in relation to the Group and one reported incident in relation to the LTC Group to the Health and Safety Executive (HSE) within the last 12 months. Whilst there has been no further communication from the HSE at this time in respect of those incidents, there can be no guarantee that there will be no further investigations or prosecutions made by the HSE or local authority in respect of such reported incidents, inspections or investigations which may result in further fines. The Enlarged Group will continue to cooperate with the HSE. In addition, the Group has recently strengthened the internal management of the Group to develop further and manage the Enlarged Group's current health and safety policies and procedures as a whole. In the event of any further breach, there is a risk that the HSE may scrutinise the Enlarged Group more closely.

***Failure to adhere to regulatory requirements (such as, health and safety and fire safety regulations in particular)***

If the Enlarged Group did not comply with applicable health and safety regulations, this could result in large fines, possible litigation and reputational damage. Further, a failure to adhere to health and safety and fire

safety regulations may have a significant impact on the Enlarged Group, particularly as a major fire at one of the Enlarged Group's sites would also lead to production loss and even factory loss. Due to the inflammable nature of tissue and the dust created during the converting process, the Enlarged Group is at a greater risk of fire than many other industries.

***Failure to adhere to environmental laws and regulatory requirements***

The Enlarged Group may not have been and may not be at all times in complete compliance with environmental laws, regulations and permits, and the nature of the Enlarged Group's operations expose it to the risk of liabilities or claims with respect to environmental, regulatory and worker health and safety matters. If the Enlarged Group violates or fails to comply with environmental laws, regulations and permits, it could be subject to penalties, fines, restrictions on operations or other sanction, and the Enlarged Group's operations could be interrupted or suspended.

***Parent Reels price volatility***

The Group and the LTC Group sources their Parent Reels from external suppliers and consider that Parent Reel prices are subject to price volatility as, amongst other things, prices are linked to both international supply and demand dynamics, as well as underlying pulp prices. If Parent Reel prices were to rise above the Enlarged Group's expectations and the Enlarged Group was unable to offset such increases through cost savings or price increases that could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

***The Enlarged Group is exposed to foreign exchange risks***

The Enlarged Group sources supplies from overseas, mainly in US dollars and Euros. As a result, the Enlarged Group is exposed to the risk that adverse exchange rate movements cause its costs to increase (relative to its reporting currency), resulting in reduced profitability.

***The working capital position of the Group is believed to be sufficient for its short-term requirements. The Enlarged Group may need additional capital in the longer term to grow and develop its business. However, this additional capital may not be available***

The Group is not able to provide any confirmation about its long-term working capital requirements. Therefore, the Enlarged Group may need to seek additional capital over and above that raised in the Primary Placing and the Open Offer and the finances made available through the Group's existing banking facilities, whether from further equity issues, the issue of further debt instruments or additional bank borrowings to finance its investments or other business purposes in the longer term. No assurance can be given as to the availability of such additional capital at any future time or, if available, whether it would be available on acceptable terms.

Although the Directors believe that the Group's financial facilities are on reasonable terms, there can be no guarantee that future financing will be available on terms that the Enlarged Group considers acceptable. Whilst the Group has reached agreement with the Group's Lender for its revolving credit facility to remain committed until August 2023 and its factoring facility is committed for a 3 month rolling period, the advance rate against fundable debtors is subject to change. Therefore, to the extent the advance rate is reduced, this would decrease the level of funding available. The Enlarged Group may have difficulty in repaying, renewing, extending or refinancing its existing financing facilities or the terms of any new facilities entered into by the Enlarged Group in the future could be more onerous than the terms of the Group's existing financing facilities. In addition, a higher level of indebtedness increases the risk that the Enlarged Group may default on its obligations, be unable to fund its operations or be unable to pay dividends to Shareholders. If the Enlarged Group seeks to raise additional capital or refinance its existing debt facilities and it is not successful in doing so, this may have a material adverse effect on the Enlarged Group's business, financial condition and prospects and/or operating results.

***The Group is subject to financial covenants on its borrowings***

The Group recently concluded negotiations with its lenders and has committed facilities until August 2023. These facilities contain covenants relating to interest cover and adjusted net leverage. The performance of the business is subject to a number of risks, an adverse combination of which could impact the Group's ability to comply with the covenant levels in place. In the event of a breach of such covenants, the Group's

Lender would have the right (subject to certain standstill periods) to declare an event of default. Such a declaration could have a material adverse effect on the Enlarged Group's financial condition and working capital position.

***The Group and the LTC Group have a concentrated customer base and rely on a number of key customers***

Due to the nature of the industry in which the Group and the Enlarged Group operates, they have a number of key customer relationships. The loss of any of these key customer relationships could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

***The Group relies on the retention of key business relationships. Some of these relationships are not formally contracted and contracted relationships do not guarantee orders***

Whilst the Group has established terms and conditions with some of its top 10 customers, such agreements do not provide for minimum order volumes. As a result, the Group is exposed to the risk that any of those customers could cease or reduce their purchases from the Group and/or seek to change the terms and conditions on which they trade with the Group without any prior notice, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Enlarged Group acquires a large customer contract***

In the event that the Enlarged Group acquires a large customer contract, the size and demand of such contract could absorb all of the Enlarged Group's headroom and could lead to supply issues if not reviewed, analysed and managed closely.

***The Enlarged Group may be exposed to future cost inflation including products, employees and/or other fixed costs***

Any change in the costs of operating the Enlarged Group could impact on the Enlarged Group's profitability. Such cost increases could be incurred from the increased cost of supplies (including, amongst other things, raw materials, labour and energy costs) or increased costs incurred due to regulatory change. Although such costs are accounted for, where these can be estimated, in financial forecasts for the Enlarged Group, not all cost increases are capable of being estimated accurately in advance and price increases with customers are also difficult to achieve in such a competitive market. Additionally, because the Enlarged Group operates in the discount sector, gross margins are lower which provides less flexibility for the Enlarged Group's pricing strategy if operational costs were to rise.

***The Enlarged Group may be unable to agree price rises with its customers***

The Enlarged Group's financial model includes some acceptance of price increases across the Enlarged Group's customer base. However, there is no guarantee that such price increases will be accepted by all of the Enlarged Group's customers. Additionally, in the event of future costs increases of raw materials purchased by the Enlarged Group, the Directors may wish to increase prices of the Enlarged Group's products. There is a risk that such further price increases will not be accepted by the Enlarged Group's customers which could have a material adverse effect on the Enlarged Group's profits. Further, the Enlarged Group may lose certain of its customers if it is not able to agree new prices and the Enlarged Group takes the view that such customer contracts would therefore be unprofitable for the Enlarged Group. Even if price increases are accepted by customers, there is a risk that there could be some form of reduction in the volume of sales generated by these customers. Collectively, this could have a material adverse effect on the Enlarged Group's financial condition, profitability and turnover.

***Key competitors could increase their share of the market and compete more effectively with the Enlarged Group***

Mergers and acquisitions in the sector could lead to the emergence of new, larger competitors which may be able to utilise efficiencies of scale in order to compete more effectively with the Enlarged Group. Similarly, smaller new entrant competitors may be able to respond more quickly to changing circumstances in the sector which may enable them to respond to new opportunities more quickly than the Enlarged Group is able to. Additionally, if any of the Enlarged Group's major competitors seek to gain market share by reducing prices, the Enlarged Group may need to reduce its prices in order to remain competitive. This may require

a change in operating strategies and could result in a decrease in profitability of the Enlarged Group's business. If the Enlarged Group is unable to respond effectively to these multiple sources of competition then the Enlarged Group could lose market share, which could adversely impact the Enlarged Group's ability to retain existing customers and to compete for new customers.

***The Enlarged Group may not be able to utilise its production capacity efficiently due to variability in customer demand or unexpected events***

The Group places orders for Parent Reels on the basis of expected levels of customer demand and manufacturing output. Variability in customer demand and/or unexpected events in the Group and/or the LTC Group may result in the Enlarged Group being unable to anticipate effectively the quantity of Parent Reels required. This could result in the Enlarged Group purchasing more Parent Reels than necessary (which may harm profitability, increase storage costs and increase working capital funding requirements) or fewer Parent Reels than required (which could affect the Enlarged Group's ability to fulfil customer orders).

***The Enlarged Group's operations may be subject to disruptions in production and IT systems***

The Group has two manufacturing, storage and distribution centres in Blackburn, Lancashire, together with a manufacturing facility in each of Leyland and Preston. Any material disruption in its production systems at either Blackburn, Leyland or Preston could have a material adverse effect on the Enlarged Group's ability to fulfil customer orders which could affect how the Enlarged Group is perceived by its customers and may hinder the Enlarged Group's ability to compete effectively. Additionally, the Group uses IT systems to monitor its stock levels, production lines and enterprise resource planning. Any sustained interruption in the Group's existing production or IT systems or any upgrade or replacement thereof could therefore have a material adverse effect on the Enlarged Group's efficiency, profitability and ability to compete effectively.

***The Enlarged Group may not be able to accurately predict or fulfil customer preferences***

The Enlarged Group intends to continue to launch new products in order to support its strategy of growth in order to meet customer preferences and demand. However, there is no guarantee that the Enlarged Group will be able to develop new products sufficiently quickly or of sufficient quality to satisfy its customers. Additionally, there is no guarantee that any new product created by the Enlarged Group would fulfil sufficiently customer preferences and new product lines may have lower margin than current products or may be loss making when considered individually. The Enlarged Group's revenues and profits may be materially adversely impacted should any new product lines be unsuccessful.

***The Enlarged Group's sales and profits are concentrated in key markets which could shrink or grow at a slower rate than expected***

The Enlarged Group's products are concentrated in the toilet roll, kitchen roll and facial tissue markets. Should there be adverse movement in these markets, certain or all of the Enlarged Group's customers could reduce or cancel orders, which could have a detrimental impact on the Enlarged Group's sales and profits.

***There is no assurance that the Enlarged Group's growth strategies will be successful***

The Enlarged Group has set out a strategy for growth and there can be no certainty that the Enlarged Group will be able to implement successfully its growth strategy. The ability of the Enlarged Group to implement those strategies in a competitive market will require effective management planning and operational controls and there is a risk that the Enlarged Group may be unable to deliver effectively its growth strategy.

***Restructuring, decommissioning and/or the need for unexpected maintenance or improvements at its plants may require the Enlarged Group to incur significant costs***

Should the Enlarged Group's facilities become damaged or require restructuring, decommissioning or unexpected maintenance or improvements, the ability of the Enlarged Group to generate revenue may be adversely affected and/or the Enlarged Group may incur significant costs in remedying such damage or carrying out such restructuring, decommissioning, maintenance or improvements, which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

***The Enlarged Group's ability to raise further equity or debt finance is subject to the impact of general economic conditions on, and the volatility of, the Company's share price***

Market conditions may affect the ultimate value of the Company's share price, regardless of operating performance. The Enlarged Group could be affected by unforeseen events outside its control, including natural disasters, terrorist attacks and political unrest and/or government legislation or policy, variations in operating results, announcements of technological innovations or new products and services by the Enlarged Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Enlarged Group's markets and other factors outside the Enlarged Group's control. Market perception of companies in this sector may change, which could impact on the value of investors' holdings and on the ability of the Enlarged Group to raise funds by an issue of further shares in the Company. Further, general economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates may have an impact on the Enlarged Group's cost of raising and maintaining debt financing should it seek to do so in the future. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares may have limited liquidity.

***The advance rate against fundable debtors under the Group's factoring facility is subject to amendment by the Group's Lender***

The advance rate available to the Group in relation to its debtors is subject to change. Any reduction of funding available to the Group under this facility would have the effect of reducing the financial liquidity available to the Group. Accordingly, any reduction of the advance rate against the fundable debtors could have a negative impact on the Enlarged Group's financial condition and working capital position.

***The Enlarged Group is subject to certain risks associated with Brexit***

The nature of the Group's business means that Parent Reels are purchased in foreign currencies with significant purchases in US Dollars and Euros. If no trade deal is secured in relation to Brexit, then the security and certainty around trading within the EU may be severely affected potentially resulting in a shortage of key raw materials to meet customer orders. If, as a result of a no deal outcome the exchange rates move in an unfavourable manner, the impact will increase raw material costs which could have a material adverse impact on the Enlarged Group's business, financial condition and results of operation if it is not able to increase its retail prices to customers.

***The Group depends on the performance and retention of the Directors and its executive management team***

The Group's success depends on the continued services of the Directors and the Group's executive management team, who have extensive experience and knowledge of the Group, its business and strategy and on the establishment and operation of appropriate central finance and administrative functions. The Group has a relatively small senior management team and the loss of any key individual or the inability to attract appropriate personnel could have a negative impact on the ability of the Group to implement effectively its strategy. Service agreements do not prevent employees from terminating their employment at any time and whilst key individuals' service agreements contain restrictive covenants designed to prevent them from competing against the Group for a period, there can be no certainty that they will be enforceable.

***The ongoing COVID-19 pandemic could have a material adverse effect on the Enlarged Group's results and financial condition***

The recent outbreak of COVID-19 (commonly referred to as coronavirus) has had a negative impact on economic conditions globally and there are concerns for a prolonged tightening of global financial conditions. The COVID-19 outbreak could result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism and manufacturing supply chains. In particular, in March 2020, the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide.

Although the Group and the LTC Group are taking measures to mitigate the broader public health risks associated with COVID-19 to its business and employees, including through self-isolation of employees where possible in line with the recommendations of relevant health authorities, the full extent of the COVID-19 outbreak and the adverse impact this may have on the Enlarged Group's workforce is unknown.

Given the fast-moving nature of the outbreak and ongoing government restrictions, there can be no assurances that there will not be adverse effect on the Enlarged Group's results of operations and financial condition.

## **General Risk Factors**

### ***Quotation on AIM, liquidity and possible price volatility***

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Enlarged Group's sector and other events and factors outside of the Enlarged Group's control.

In addition, stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their Ordinary Shares in the Company may be influenced by a number of factors, some of which may pertain to the Enlarged Group and others which are extraneous. These factors could include the performance of the Enlarged Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Enlarged Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Enlarged Group encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore, an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the UK Listing Authority. In addition, there can be no guarantee that the Company's Ordinary Shares will continue to trade on AIM in the future or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

### ***Legislation and tax status***

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Enlarged Group or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

### ***Economic, political, judicial, administrative, taxation or other regulatory matters***

In addition to the impact of the downturn of the world's economies, the Enlarged Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

### ***Taxation***

The tax rules and their interpretation relating to an investment in the Company may change during its life.

Representations in this document concerning the taxation of the Enlarged Group and its investors are based upon current UK tax law and practice which is, in principle, subject to change.

### ***Dividends***

The Company's ability to pay dividends will depend on the level of distributions, if any, received from its operating subsidiaries. The Company's subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions to the Company, including foreign exchange limitations and regulatory, fiscal and other restrictions. The Company's ability to pay dividends will also depend upon the availability of distributable reserves which, in turn, will be impacted by the carrying value of its "Investments in

Subsidiaries". There can be no assurance that such restrictions will not have a material adverse effect on the Company's ability to pay dividends.

***Forward looking statements***

All statements other than statements of historical fact included in this Circular, including, without limitation, those regarding the Group's and/or LTC Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to Shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Enlarged Group's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements.

Such forward looking statements are based on numerous assumptions regarding the Group's and the LTC Group's present and the Enlarged Group's future business strategies and the environment in which the Enlarged Group will operate in the future.

These forward looking statements speak only as of the date of this Circular. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Group's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

## PART III

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in Part I of this document, the Company proposes to issue up to 9,297,454 Open Offer Shares at the Issue Price in order to raise approximately £4.1 million (before expenses) by way of the Open Offer (assuming that the Open Offer is subscribed in full).

The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer. Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Basic Entitlements to the extent that other Qualifying Shareholders do not take up their Basic Entitlement in full.

The Open Offer has not been underwritten. There may be no more than 9,297,454 Open Offer Shares issued under the Open Offer.

The Open Offer Shares to be issued pursuant to the Open Offer will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 4 November 2020, when the Existing Ordinary Shares are marked “ex” the entitlement to the Open Offer, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.

The Open Offer is not conditional upon the level of applications made to subscribe under the Open Offer or upon any minimum level of proceeds being raised. For the purposes of section 578 of the Act, the Open Offer is being made on the basis that the Open Offer Shares subscribed for will be allotted in any event. Accordingly, even if the Open Offer is not fully subscribed, Open Offer Shares will be issued to Qualifying Shareholders who have applied (subject to the terms and conditions set out in this document and the Application Form).

A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Non-CREST Shareholders, the Application Form contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part III which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part III.

#### 2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility and subject to their individual Aggregate Limit) at the Issue Price (payable in full on application and free of all expenses) and will have a Basic Entitlement of:

#### **one Open Offer Share for every 21 Existing Ordinary Shares**

registered in the name of each Qualifying Shareholder on the Record Date. Valid applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements.

Basic Entitlements will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders with fewer

than 21 Existing Ordinary Shares will not be able to apply for Open Offer Shares or for Excess Shares. Qualifying Shareholders may apply to acquire less than their Basic Entitlement should they so wish.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have at least 21 Existing Ordinary Shares and have taken up their Basic Entitlement in full, to apply for further Open Offer Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer, less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the Aggregate Limit.

Please refer to paragraphs 4.1(c) and 4.2(c) of this Part III for further details of the Excess Application Facility.

Please note that holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Basic Entitlements, as will holdings under different designations and in different accounts.

Qualifying CREST Shareholders will have their Basic Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraphs 4.2(a) to 4.2(l) of this Part III and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to above. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 7 on the Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST.

The Excess Application Facility enables Qualifying Shareholders who have at least 21 Existing Ordinary Shares and have taken up their Basic Entitlement in full, to apply for any whole number of Excess Shares in addition to their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer, less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the Aggregate Limit. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete Boxes 2, 3, 4 and 5 on the Application Form. Excess Applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer (including under the Excess Application Facility) is 9,297,454 Open Offer Shares.

**Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and that the net proceeds will be retained for the benefit of the Company. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.**

**Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 4 November 2020 is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.**

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such New Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application will be made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Basic Entitlements and Excess CREST Open Offer Entitlements are expected to be admitted to CREST with effect from 5 November 2020.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

### **3. Conditions and further terms of the Open Offer**

The Open Offer is conditional, *inter alia*, upon the following:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) Admission becoming effective by not later than 8.00 a.m. on 23 November 2020 (or such later time and/or date as may be agreed between the Company and the Joint Brokers, being no later than the Long Stop Date); and
- (c) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the conditions relating to Admission) and not having been terminated in accordance with its terms.

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver) by 8.00 a.m. on 23 November 2020 (or such later time and/or date as may be agreed between the Company and the Joint Brokers, being no later than 8.00 a.m. on the Long Stop Date), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. Revocation of applications for Open Offer Shares cannot occur after dealings have begun.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form on or before 27 November 2020. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on 23 November 2020.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission of the Open Offer Shares is expected to occur on 23 November 2020, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate non-interest bearing bank account opened solely for the Open Offer.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

### **4. Procedure for application and payment**

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his Basic Entitlement or a Qualifying Shareholder has Basic Entitlements and Excess CREST Open Offer Entitlements credited to his CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form (that is, not in CREST) will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in uncertificated form (that is, in CREST) will be allotted Open Offer Shares in

uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Basic Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(g) of this Part III.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by appointing the Chairman to vote as their proxy.**

#### 4.1 ***If you have an Application Form in respect of your entitlement under the Open Offer***

##### (a) *General*

Subject as provided in paragraph 6 of this Part III in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows the number of Open Offer Shares which represents their Basic Entitlement under the Open Offer, as shown by the total number of Basic Entitlements allocated to them set out in Box 7. Box 8 shows how much they would need to pay if they wish to take up their Basic Entitlement in full. Qualifying Non-CREST Shareholders wishing to take up their Basic Entitlement in full should complete Boxes 2, 4 and 5.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Non-CREST Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Any Qualifying Non-CREST Shareholders with fewer than 21 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than 21 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.1(c) of this Part III). Qualifying Non-CREST Shareholders may apply for less than their Basic Entitlement should they wish to do so. Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares representing less than their Basic Entitlement may do so by completing Boxes 2, 4 and 5 of the Application Form. Subject to availability, and assuming that Qualifying Shareholders have accepted their Basic Entitlement in full, Qualifying Non-CREST Shareholders may also apply for any whole number of Excess Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer, less an amount equal to a Qualifying Non-CREST Shareholder's Basic Entitlement, subject always to their Aggregate Limit, by completing Boxes 2, 3, 4, and 5 of the Application Form (see paragraph 4.1(c) of this Part III). Qualifying Non-CREST Shareholders may hold such an Application Form by virtue of a *bona fide* market claim (see paragraph 4.1(b) of this Part III).

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

##### (b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 17 November 2020.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the

entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to either the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the Receiving Agent in accordance with the instructions set out in the accompanying Application Form. Subject to certain exceptions, the Application Form should not, however, be forwarded to or transmitted in or into a Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2(b) of this Part III.

(c) *Excess Application Facility*

Subject to availability, and assuming that Qualifying Non-CREST Shareholders have at least 21 Existing Ordinary Shares and have accepted their Basic Entitlement in full, Qualifying Non-CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares, up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Non-CREST Shareholder's Basic Entitlement, subject always to the Aggregate Limit, may do so by completing Boxes 2, 3, 4, and 5 of the Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any Excess Applications. Excess Applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full, or where fractional entitlements have been aggregated and made available under the Excess Application Facility and where such Excess Application is not in excess of the relevant Qualifying Non-CREST Shareholder's Aggregate Limit. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Non-CREST Shareholders will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

(d) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying reply-paid envelope or returned by post or by hand (during normal office hours only) to Link Group (who will act as Receiving Agent in relation to the Open Offer), so as to be received by the Receiving Agent by no later than 11.00 a.m. on 19 November 2020, after which time Application Forms will not be valid (subject to certain exceptions described below). Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided.

Completed Application Forms should be returned with a cheque or banker's draft drawn in sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on the application.

Cheques should be drawn on a personal account in respect of which the Qualifying Shareholder has sole or joint title to the funds and should be made payable to "Link Registrars Limited Re: Accrol Group Holdings plc Open Offer A/C" and crossed "A/C Payee Only". Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds by completing the account name on the back of the cheque or draft and adding the branch stamp) may not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 19 November 2020; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 19 November 2020 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted and issued to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, the Joint Brokers or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(e) *Effect of application*

By completing and delivering an Application Form, the applicant:

- (i) represents and warrants to the Company and the Joint Brokers that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and the Joint Brokers that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England;
- (iii) confirms to the Company and the Joint Brokers that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have

any liability for any such information or representation not so contained herein and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Group contained in this document;

- (iv) confirms to the Company and the Joint Brokers that in making the application he is not relying and has not relied on the Company or the Joint Brokers or any other person affiliated with the Company or the Joint Brokers in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (v) confirms to the Company and the Joint Brokers that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or the Joint Brokers;
- (vi) represents and warrants to the Company and the Joint Brokers that he is the Qualifying Shareholder originally entitled to the Basic Entitlements or that he received such Basic Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to the Company and the Joint Brokers that if he has received some or all of his Basic Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a *bona fide* market claim;
- (viii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form, subject to the articles of association of the Company;
- (ix) represents and warrants to the Company and the Joint Brokers that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor any person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (x) confirms that the Open Offer Shares have not been offered to the applicant by the Company, the Joint Brokers or any of their affiliates, by means of any: (a) “directed selling efforts” as defined in Regulation S under the US Securities Act; or (b) “general solicitation” or “general advertising” as defined in Regulation D under the US Securities Act; and
- (xi) represents and warrants to the Company and the Joint Brokers that he is not, and nor is he 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 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

All enquiries in connection with the procedure for application and the Application Form, please contact Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Non-CREST Shareholders are, however,**

**encouraged to vote at the General Meeting by appointing the Chairman as proxy to vote on their behalf.**

**4.2 If you have Basic Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer**

(a) *General*

Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST in respect of his Basic Entitlement and also in respect of his Excess CREST Open Offer Entitlement (an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the Aggregate Limit) (see paragraph 4.2(c) of this Part III for further details). Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlement and will be aggregated and made available under the Excess Application Facility. Any Qualifying CREST Shareholders with fewer than 21 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than 21 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.2(c) of this Part III).

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If, for any reason, the Basic Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by 3.00 p.m. on 5 November 2020, or such later time and/or date as may be agreed between the Company and the Joint Brokers, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(b) *Bona fide market claims*

Each of the Basic Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and the Excess CREST

Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the Excess CREST Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *Excess Application Facility*

Subject to availability, and assuming that Qualifying CREST Shareholders have accepted their Basic Entitlement in full, Qualifying CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer, less an amount equal to a Qualifying CREST Shareholder's Basic Entitlement, subject always to the Aggregate Limit.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred.

Subject as provided in paragraph 6 of this Part III in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 4.2(f) below and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess CREST Open Offer Entitlement.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility, subject always to the Aggregate Limit. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's sole risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

(d) *USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Basic Entitlement and Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Basic Entitlements and/or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in

the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 4.2(d)(i) above.

(e) *Content of USE instruction in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Basic Entitlement. This is GB00BMCK9599;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST Receiving Agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as CREST Receiving Agent. This is 20927ACC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 4.2(e)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 19 November 2020; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 19 November 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 19 November 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 23 November 2020 (or such later time and/or date as may be agreed between the Company and the Joint Brokers, being no later than 8.00 a.m. on 11 December 2020), the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BMCK9607;
- (iii) the CREST participant ID of the accepting CREST member;

- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST Receiving Agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST Receiving Agent. This is 20927ACC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 4.2(f)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 19 November 2020; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 19 November 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 19 November 2020 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 23 November 2020 (or such later time and/or date as may be agreed between the Company and the Joint Brokers, being no later than 8.00 a.m. on 11 December 2020), the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(g) *Deposit of Basic Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer can be applied for through an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 19 November 2020. After depositing their Basic Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements or Excess CREST Open Offer Entitlements in CREST, is 8.00 a.m. on 4 November 2020 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements

or Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 13 November 2020, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements and the Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements or in respect of the Excess CREST Open Offer Entitlements, as the case may be, prior to 11.00 a.m. on 19 November 2020. CREST holders inputting the withdrawal of their Basic Entitlement from their CREST account must ensure that they withdraw both their Basic Entitlement and the Excess CREST Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 4 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it is/they are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 19 November 2020 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

**CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 19 November 2020. In this connection, CREST members and (where applicable) their CREST sponsors are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question, without payment of interest;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question, without payment of interest; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

(k) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to the Company that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees with the Company and the Joint Brokers that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms to the Company and the Joint Brokers that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained herein and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Group contained in this document;
- (v) confirms to the Company and the Joint Brokers that in making the application he is not relying and has not relied on the Company, the Joint Brokers or any other person affiliated with the Company or the Joint Brokers in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (vi) confirms to the Company and the Joint Brokers that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or the Joint Brokers;
- (vii) represents and warrants to the Company and the Joint Brokers that he is the Qualifying Shareholder originally entitled to the Basic Entitlements and Excess CREST Open Offer Entitlements or that he has received such Basic Entitlements and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) represents and warrants to the Company and the Joint Brokers that if he has received some or all of his Basic Entitlements and Excess CREST Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Basic Entitlements and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;
- (ix) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association of the Company;
- (x) represents and warrants to the Company and the Joint Brokers that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a

non-discretionary basis nor any person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (xi) confirms that the Open Offer Shares have not been offered to the applicant by the Company, the Joint Brokers or any of their affiliates, by means of any: (a) “directed selling efforts” as defined in Regulation S under the US Securities Act; or (b) “general solicitation” or “general advertising” as defined in Regulation D under the US Securities Act; and
  - (xii) represents and warrants to the Company and the Joint Brokers that he is not, and nor is he 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 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.
- (l) *Company’s discretion as to the rejection and validity of applications*
- The Company may in its sole discretion but with the prior consent of the Joint Brokers:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
  - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

## **5. Money Laundering Regulations**

### **5.1 Holders of Application Forms**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “acceptor”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5, the “relevant Open Offer Shares”) and shall thereby be deemed to agree to provide the Receiving Agent with such information

and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

**Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent and the Company from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.**

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with 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); or
- (ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £13,500 as at the Latest Practicable Date).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the UK of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, should be made payable to "Link Registrars Limited Re: Accrol Group Holdings plc Open Offer A/C" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only" in each case. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, the Republic of Korea, the Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such

evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at [operationalsupportteam@linkgroup.co.uk](mailto:operationalsupportteam@linkgroup.co.uk).

To confirm the acceptability of any written assurance referred to in paragraph 5.1(b) above, or in any other case, the acceptor please contact Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,500 as at the Latest Practicable Date) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 19 November 2020, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## 5.2 **Basic Entitlements and Excess CREST Open Offer Entitlements in CREST**

If you hold your Basic Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

## 6. **Overseas Shareholders**

The making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 6.1 **General**

**The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident**

**in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.**

No action has been or will be taken by the Company or the Joint Brokers or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or application forms) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the UK.

Receipt of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the Restricted Jurisdictions and certain commercial considerations, Application Forms will not be sent to, and neither Basic Entitlements nor Excess CREST Open Offer Entitlements will be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements.

In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company or the Joint Brokers (nor any of their respective representatives) is making any representation to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST

is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for Open Offer Shares unless the Company and the Joint Brokers determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Basic Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part II and specifically the contents of this paragraph 6.

Subject to paragraphs 6.2 to 6.8 below, any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for Open Offer Shares must satisfy himself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and pay any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Excluded Overseas Shareholder or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.8 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder who is an Excluded Overseas Shareholder to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such an Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Excluded Overseas Shareholders will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Basic Entitlements or Excess CREST Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of a Basic Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## 6.2 **United States**

Subject to certain exceptions, this document is intended for use only in connection with offers of Open Offer Shares outside the United States and neither this document nor any Application Form is to be sent or given to any person within the United States. The Open Offer Shares offered hereby are not being registered under the US Securities Act, for the purposes of sales outside of the United States.

This document may not be transmitted in or into the United States and may not be used to make offers or sales to US holders of Existing Ordinary Shares.

Subject to certain exceptions, the Open Offer Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the US Securities Act.

Each person to which the Open Offer Shares are distributed, offered or sold outside the United States will be deemed by its subscription for the Open Offer Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing the Open Offer Shares, as the case may be, that:

- (i) it is acquiring the Open Offer Shares from the Company in an “offshore transaction” as defined in Regulation S under the US Securities Act; and
- (ii) the Open Offer Shares have not been offered to it by the Company, the Joint Brokers or any of their affiliates by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act.

Each subscriber acknowledges that the Company and the Joint Brokers will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber by its subscription for the Open Offer Shares are no longer accurate, it shall promptly notify the Company and the Joint Brokers. If such subscriber is subscribing for the Open Offer Shares as a fiduciary or agent for one or more investor accounts, each subscriber represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Each subscriber acknowledges that it will not resell the Open Offer Shares without registration or an available exemption or safe harbour from registration under the US Securities Act.

## 6.3 **Canada**

This document is not, and is not to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or the merits of the Open Offer Shares, and any representation to the contrary is an offence.

In addition, the relevant exemptions are not being obtained from the appropriate provincial authorities in Canada. Accordingly, the Open Offer Shares are not being offered for subscription by persons resident in Canada or any territory or possessions thereof. Applications from any Canadian Person who appears to be or whom the Company has reason to believe to be so resident or the agent of any person so resident will be deemed to be invalid. Neither this document nor an Application Form will be sent to and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a stock account in CREST of any Shareholder in the Company whose registered address is in Canada. If any Application Form is received by any Shareholder in the Company whose registered address is elsewhere but who is, in fact, a Canadian Person or the agent of a Canadian Person so resident, he should not apply under the Open Offer.

For the purposes of this paragraph 6.3, “Canadian Person” means a citizen or resident of Canada, including the estate of any such person or any corporation, partnership or other entity created or organised under the laws of Canada or any political sub-division thereof.

#### 6.4 **Australia**

Neither this document nor the Application Form has been lodged with, or registered by, the Australian Securities and Investments Commission. A person may not: (i) directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell, the Open Offer Shares; or (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale, in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such a corporation or entity located outside Australia). Accordingly, neither this document nor any Application Form will be issued to, and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a CREST stock account of, Shareholders in the Company with registered addresses in, or to residents of, Australia.

#### 6.5 **Other Restricted Jurisdictions**

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

#### 6.6 **Other overseas territories**

Application Forms will be sent to Qualifying Non-CREST Shareholders and Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares.

#### 6.7 **Representations and warranties relating to Overseas Shareholders**

##### (a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, the Joint Brokers and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or

- (i) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or
- (ii) purports to exclude the representation and warranty required by this sub-paragraph 6.7(a).

(b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company and the Joint Brokers that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a non- discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

## 6.8 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion with the prior consent of the Joint Brokers. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

## 7. **No withdrawal rights**

An application under the Open Offer once made is irrevocable and cannot be withdrawn or changed.

## 8. **Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 20 November 2020. Application will be made to AIM for admission to trading of the Open Offer Shares. It is expected that, subject to the Placing and the Open Offer becoming unconditional in all respects (save for Admission), Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 23 November 2020.

Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 19 November 2020 (being the latest practicable date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for the Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 23 November 2020, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be on 23 November 2020). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Basic Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post on 27 November 2020. No temporary documents of title will be issued and, pending the issue of definitive certificates transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 of this Part III, and the Application Form.

The result of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

## **9. Times and dates**

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall make an announcement on a Regulatory Information Service.

## **10. Taxation**

Certain statements regarding United Kingdom taxation in respect of the Open Offer Shares and the Open Offer are set out in Part IV of this document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

## **11. Share option schemes**

The Open Offer is not being extended to the holders of share options, save to the extent that any such share options are or have been validly exercised and Ordinary Shares have been allotted in consequence of such exercise prior to the Record Date.

## **12. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, where applicable, the Application Form Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive 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.

## **13. Further Information**

Your attention is drawn to the further information set out in this document and also to the terms, conditions and other information printed on any Application Form.

## **PART IV**

### **TAXATION**

The following information is given in summary form and as a general guide only and is based on current UK tax legislation as applied in England and, where relevant, current HM Revenue & Customs published practice, at the date of this document. Such legislation and practice is liable to change (in some cases with retrospective effect). The information relates to the tax position of holders of New Ordinary Shares in the capital of the Company who are resident and domiciled in (and only in) the United Kingdom for tax purposes.

The statements below do not constitute advice to any Shareholder or potential investor on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or holding the shares as trustees, or United Kingdom insurance companies or persons holding shares in connection with their employment). This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of New Ordinary Shares. Any Shareholder or potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for New Ordinary Shares.

#### **Inheritance tax relief**

The Company's shares should be treated as unquoted shares for UK inheritance tax (IHT) purposes (on the basis that they will be traded on AIM and not listed on a recognised stock exchange). Individuals and trustees subject to IHT may be entitled to business property relief of up to 100 per cent. after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

#### **Taxation of dividends**

##### ***Income tax***

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

Individual shareholders resident in the UK receiving dividends from the Company may be liable to income tax on such dividends, subject to any applicable reliefs and exemptions. In the tax year 2020/2021, no income tax is payable in respect of the first £2,000 of dividend income received from all sources in the tax year (although such income would form part of the shareholder's total income for income tax purposes and will represent the highest part of that income). For dividends received above £2,000 in a tax year, the dividend income would be taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively. In determining whether and, if so, to what extent the relevant dividend income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the shareholder's total taxable dividend income for the tax year in question (including the exempt amount of £2,000) will, as noted above, be treated as the highest part of the Shareholder's total income for income tax purposes.

##### ***Corporation tax***

With certain exceptions for traders in securities, a holder of New Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom and receives a dividend paid by the Company, should generally not be subject to tax in respect of the dividend.

##### ***Taxation of chargeable gains***

- (a) As a matter of UK tax law, the acquisition of Open Offer Shares by a Qualifying Shareholder pursuant to the Open Offer may not, strictly speaking, constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. The published practice of HMRC to date has been to treat any subscription of shares by an existing shareholder which is equal to, or less than, the shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. As Shareholders with registered addresses, or who are located, in a Restricted Jurisdictions are not eligible to participate in the Open Offer, the Open Offer is not made to all

Shareholders. HMRC's treatment of the Open Offer cannot be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Open Offer Shares is regarded as a reorganisation, a Shareholder should not be treated as disposing of the shares already held by him in the Company; the shares issued should be treated as acquired at the same time as the Existing Ordinary Shares held by that Shareholder in respect of which the new shares were offered, and the cost of acquisition of the new shares should be pooled with the expenditure allowable on the relevant Existing Ordinary Shares for the purposes of determining the amount of any chargeable gain arising on a subsequent disposal.

If, or to the extent that, the acquisition of Open Offer Shares is not regarded as a reorganisation of the Company's share capital, the Open Offer Shares will, for UK tax purposes, be treated as a new acquisition outside the scope of the rules on reorganisations of share capital and the price paid for those Open Offer Shares will constitute their base cost. For both corporate and individual Qualifying Shareholders, the Open Offer Shares should be pooled with the Qualifying Shareholder's Existing Holdings and the share identification rules will apply on a future disposal.

- (b) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 10 per cent. (in the tax year 2020/2021), of any chargeable gain thereby realised (after taking into account any applicable reliefs and exemptions). To the extent that any chargeable gains or part thereof, aggregated with taxable income arising in a tax year, exceed the upper limit of the basic rate income tax band, capital gains tax will be charged at 20 per cent. (in the tax year 2020/2021). In computing the gain, the Shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal). Each individual Shareholder has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020-2021.
- (c) A UK resident corporate shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 19 per cent.). In computing the chargeable gain liable to corporation tax, the Shareholder should be entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

### **Stamp Duty and Stamp Duty Reserve Tax**

No United Kingdom stamp duty should be payable on the issue by the Company of New Ordinary Shares. No stamp duty or stamp duty reserve tax should be payable on transactions in shares traded on AIM where the shares are not also listed on a recognised stock exchange.

**Shareholders and/or potential investors who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser. Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.**

## NOTICE OF GENERAL MEETING

# Accrol Group Holdings plc

*(Incorporated and registered in England and Wales with registered no. 09019496)*

**Notice is hereby given that a General Meeting of Accrol Group Holdings plc (the “Company”) will be held as a closed meeting at Delta Building, Roman Road, Blackburn, Lancashire BB1 2LD at 10.00 a.m. on 20 November 2020, for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 3 will be proposed as ordinary resolutions and Resolution 2 will be proposed as a special resolution.**

### ORDINARY RESOLUTION

1. That the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**2006 Act**”), in addition to all existing authorities to the extent unused, to exercise all the powers of the Company to allot ordinary shares in the Company up to an aggregate nominal amount of £100,000.00 on, and subject to, such terms as the directors may determine. This authority, unless renewed, extended, varied or revoked by the Company in a general meeting, shall expire 90 days after the passing of this resolution, save that the Company may, prior to the expiry of such period, make an offer or agreement which would or might require shares to be allotted in the Company after such expiry and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.

### SPECIAL RESOLUTION

2. That, subject to the passing of resolution 1, the directors of the Company be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 (the “**2006 Act**”) to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash pursuant to the authority conferred by resolution 1 above as if section 561 of the 2006 Act did not apply to any such allotment. This power, unless renewed, extended, varied or revoked by the Company in general meeting, shall expire 90 days after the passing of this resolution save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot the relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

### ORDINARY RESOLUTION

3. That, subject to Acquisition Completion and the Parent being obliged to procure the allotment and issue of ordinary shares in the Company pursuant to Part 2 of the Notice to Complete or the Company being obliged to allot and issue such shares pursuant to clause 4 of the Put and Call Agreement (Acquisition Completion, Parent, Notice to Complete and Put and Call Agreement having the respective meanings given to them in the circular containing the notice convening this meeting), the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**2006 Act**”), in addition to all existing authorities to the extent unused, to exercise all the powers of the Company to allot ordinary shares in the Company up to an aggregate nominal amount of £34,000.00 in order to discharge such obligation(s), subject to such terms as the directors may determine at the relevant time. This authority, unless renewed, extended, varied or revoked by the Company in a general meeting, shall expire on 31 October 2025, save that the Company may, prior to the expiry of such period, make an offer or agreement which would or might require shares to be allotted in the Company after such expiry in order to discharge such obligation(s) and the directors may allot shares in the Company in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.

By Order of the Board

**Richard Almond**  
*Company Secretary*  
4 November 2020

*Registered Office*

Delta Building  
Roman Road  
Blackburn  
Lancashire  
BB1 2LD

## NOTES TO THE NOTICE OF GENERAL MEETING

1. In light of the UK Government's response to COVID-19, which includes guidance regarding the limitation of large public gatherings, the Board has determined that the Resolutions shall be voted on a show of hands. Accordingly, Shareholders are advised to appoint a proxy, naming the Chairman, rather than attend the meeting. A proxy must vote in accordance with the any instructions given by the member by whom the proxy is appointed. In accordance with the Company's articles of association, whilst nominating a proxy would not ordinarily preclude Shareholders from attending, speaking and voting in person at the General Meeting should they so wish, Shareholders are reminded that to do so may be contrary to UK Government guidance related to the containment and control of COVID-19. You can only appoint a proxy using the procedures set out in these notes.
2. In accordance with our ongoing paperless strategy and in order for your vote to be effective, we ask that your proxy vote is submitted online. For Qualifying Non-CREST Shareholders, we ask that you submit your proxy vote online at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Registrars not less than 48 hours before the time appointed for the General Meeting or any adjournment of it. By registering on the Signal shares portal at [www.signalshares.com](http://www.signalshares.com), you can manage your shareholding, including: (i) casting your vote; (ii) changing your dividend payment instruction; and (iii) updating your address.
3. CREST members appointing the Chairman as proxy for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrars, Link Group, (ID:RA10), no later than 10.00 a.m. on 18 November 2020 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting, excluding any part of a day that is not a Business Day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

A proxy form is also available for download, for submission by post, on the Company's website at [www.accrol.co.uk](http://www.accrol.co.uk). In order to be valid, any proxy forms submitted by post need to be received by the Registrars, Link Group, no later than 10.00 a.m. on 18 November 2020 (or, if the General Meeting is adjourned, no later than 48 hours before the time of any adjourned meeting, excluding any part of a day that is not a Business Day).

If you have any questions, please contact Link Group on +44 (0) 371 664 0321 or the Company Secretary, Richard Almond (by e-mail to: [richard@almondco.uk](mailto:richard@almondco.uk)). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

4. To direct your proxy how to vote on the Resolutions, please mark the appropriate box next to each Resolution with an 'X'. If no voting instruction is given, your proxy will vote or abstain from voting as he sees fit in his absolute discretion on relation to each resolution and any other matter which is put before the General Meeting.
5. In the case of joint holders of a share, the vote of the senior who tenders a vote by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the Company's register of members in respect of the joint holding.
6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member; provided that each representative is appointed to exercise the rights attached to a different share or shares held by the member.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only those members registered on the Register of Members at 6.00 p.m. on 18 November 2020 (the "**Specified Time**") (or if the General Meeting is adjourned to a time more than 48 hours after the Specified Time, taking no account of any part of a day that is not a working day, by 6.00 p.m. on the day which is two working days prior to the time of the adjourned meeting) shall be entitled to attend and vote thereat in respect of the number of shares registered in their name at that time. If the General Meeting is adjourned to a time not more than 48 hours after the Specified Time (taking no account of any part of a day that is not a working day), that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the Register after the relevant deadline shall be disregarded in determining rights to attend and vote.

**Termination of proxy appointments**

8. In order to terminate the authority of a proxy, or a corporate representative of a corporation, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke such appointment to the Registrars. To be effective, the notice of termination must be received by the Registrars by the method outlined in notes 2 and 3 above no later than 10.00 a.m. on 19 November 2020.

**Voting Rights**

9. As at 3 November 2020, being the latest practicable date prior to the printing of this Notice, the Company's issued capital consisted of 195,246,536 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 3 November 2020 are 195,246,536.

**Communications**

10. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the Meeting as at 3 November 2020, being the latest practicable date prior to the printing of this Notice, will be available on the Company's website [www.accrol.co.uk](http://www.accrol.co.uk).
11. Except as provided above, members who have general queries about the annual general meeting or voting by proxy, should contact Link Group on +44 (0) 371 664 0321 or the Company Secretary, Richard Almond (by e-mail to: [richard@almondco.uk](mailto:richard@almondco.uk)). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. No other methods of communication will be accepted. Any electronic address provided either in this Notice or in any related documents may not be used to communicate with the Company for any purposes other than those expressly stated.

