

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 Existing Ordinary Shares before the Ex-entitlement Date, please send 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, this document 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, this document should not be forwarded to, or transmitted in or into, the United States.** If you have sold or otherwise transferred part only of your holding of Ordinary Shares, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read as a whole. You are recommended to read the whole of this document, but your attention is drawn specifically to the letter from the Executive Chairman of the Company to Shareholders which is set out in Part I of this document.

The Company and the Directors, whose names appear on page 4 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 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.

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. The Open Offer 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. The Open Offer Shares are expected to be admitted to AIM and to commence trading at 8.00 a.m. on 8 June 2018.



ACCROL PAPERS

Accrol Group Holdings plc

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

Open Offer of 12,901,200 New Ordinary Shares at a price of 15 pence per New Ordinary Share

Resolutions to approve certain matters regarding the Open Offer will be proposed at a General Meeting of Accrol Group Holdings plc to be held at 11.00 a.m. on 31 May 2018 at Addleshaw Goddard LLP, One St Peter's Square, Manchester, M2 3DE. A circular containing a notice convening that General Meeting was sent to Shareholders on 15 May 2018. That circular contains instructions as to how a Shareholder may vote on the resolutions to be proposed at that General Meeting. A copy of that circular is available on the Company's website (www.accrol.co.uk) or can be obtained by calling the Registrar on 0371 664 0300.

The Open Offer referred to in this document is the Open Offer referred to in the resolution numbered 3 in the Notice of General Meeting.

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. The distribution of this document 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.

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, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, subject to certain exceptions, 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, the Republic of South Africa, the Republic of Ireland 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.

This document includes "forward looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded 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 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 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.

In accordance with the AIM Rules, this document will be available to Shareholders on the Company's website at www.accrol.co.uk from the date of this document, free of charge.

CONTENTS

	<i>Page</i>
KEY STATISTICS	3
DIRECTORS AND ADVISERS	4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS REGARDING THE OPEN OFFER	5
DEFINITIONS	6
PART I LETTER FROM THE EXECUTIVE CHAIRMAN OF ACCROL GROUP HOLDINGS PLC	11
PART II RISK FACTORS	22
PART III TERMS AND CONDITIONS OF THE OPEN OFFER	29
PART IV TAXATION	51

KEY STATISTICS

Number of Existing Ordinary Shares	129,012,002
Number of Open Offer Shares to be issued	Up to 12,901,200
Basis of the Open Offer	One Open Offer Share for every ten Existing Ordinary Shares held at the Record Date
Issue Price	15 pence
Number of Ordinary Shares in issue immediately following the Placing (excluding the Open Offer Shares)*	182,345,336
Number of Ordinary Shares in issue following the Placing and the Open Offer**	195,246,536
Percentage of Enlarged Share Capital represented by the Open Offer Shares**	6.6%
Gross proceeds of the Open Offer**	£1.935 million
Estimated net proceeds of the Open Offer**	c.£1.8 million
Market capitalisation of the Company immediately following the Open Offer at the Issue Price**	£29.3 million

* Assumes the Placing is completed prior to the Open Offer completing

** Assumes that the Placing has completed and the Open Offer is fully subscribed

DIRECTORS AND ADVISERS

Directors:	Daniel Patrick Wright (<i>Executive Chairman</i>) Gareth Paul Jenkins (<i>Chief Executive Officer</i>) Angus Martin Leitch (<i>Interim Chief Financial Officer</i>) Joanne Carolyn Lake (<i>Independent Non-Executive Director</i>) Stephen Hammett (<i>Independent Non-Executive Director</i>) All of whose business address is Delta Building, Roman Road, Blackburn, Lancashire, BB1 2LD
Company Secretary:	Richard Douglas Almond
Registered Office:	Delta Building Roman Road Blackburn Lancashire BB1 2LD
Company Website:	www.accrol.co.uk
Nominated Adviser and Broker:	Zeus Capital Limited 82 King Street Manchester M2 4WQ 10 Old Burlington Street London W1S 3AG
Lawyers to the Company:	Addleshaw Goddard LLP One St Peter's Square Manchester M2 3DE
Lawyers to the Nominated Adviser and Broker:	DWF LLP 1 Scott Place 2 Hardman Street Manchester M3 3AA
Registrar:	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving Agent:	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

EXPECTED TIMETABLE OF PRINCIPAL EVENTS REGARDING THE OPEN OFFER

Record Date for entitlement to participate in the Open Offer	5.00 p.m. on 18 May 2018
Announcement of the Open Offer	22 May 2018
Dispatch of this Circular and, to certain Qualifying Non-CREST Shareholders, the Application Form	22 May 2018
Expected Ex-entitlement Date for the Open Offer	22 May 2018
Basic Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	23 May 2018
General Meeting	11.00 a.m. on 31 May 2018
Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 31 May 2018
Latest time for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 1 June 2018
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 4 June 2018
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 6 June 2018
Announcement of results of the Open Offer	7 June 2018
Admission and commencement of dealings in the Open Offer Shares on AIM	8.00 a.m. on 8 June 2018
Open Offer Shares in uncertificated form expected to be credited to accounts in CREST (uncertificated holders only)	8 June 2018
Expected date of dispatch of definitive share certificates for Open Offer Shares in certificated form (certificated holders only)	15 June 2018
TIDM	ACRL
Basic Entitlement ISIN	GB00BF0RGR40
Excess Application ISIN	GB00BF0RH048
LEI	213800MC56M5G69RJ226

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 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 dispatched 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, 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 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 the Receiving Agent on 0371 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. and 5.30 p.m. from Monday to Friday, excluding public holidays in England and Wales. Please note that the Receiving Agent 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:

“Accrol Group MIP” or “MIP”	the Accrol Group Management Incentive Plan, as described in paragraph 11 of Part I of this document
“Act”	the Companies Act 2006, as amended
“Admission”	admission of the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers (as the context may require)
“AIM Rules for Companies”	the rules of AIM and guidance notes as set out in the publication entitled “AIM Rules for Companies” published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules of AIM and guidance notes as set out in the publication entitled “AIM Rules for Nominated Advisers” published by the London Stock Exchange from time to time
“Application Form”	the application form accompanying this document to be used by Qualifying Non-Crest Shareholders under the Open Offer (including under the Excess Application Facility)
“Basic Entitlement”	the Open Offer Shares which a Qualifying Shareholder is entitled to subscribe for on the basis of one Open Offer Share for every ten Existing Ordinary Shares held by that Qualifying Shareholder as at the Record Date
“Board” or “Directors”	the board of directors of the Company, whose names are listed on page 4 of this document
“Brexit”	the term used commonly to refer to the departure of the United Kingdom from the European Union following a referendum held on 23 June 2016
“Business Day”	a day on which banks in the City of London are open for business (excluding Saturdays, Sundays and public holidays in England)
“certificated” or “in certificated form”	an Ordinary Share or other security recorded on a company’s share register as being held in certificated form (that is not in CREST)
“Circular” or “this document”	this circular of the Company giving (amongst other things) details of the Open Offer
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
“Company” or “Accrol”	Accrol Group Holdings plc, a public limited company incorporated in England and Wales under registered number 09019496
“CREST”	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 is the Operator (as defined in the Regulations)

“CREST Manual”	the compendium of documents entitled “CREST Manual” published 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
“CREST member”	a person who has been admitted to CREST as a system-member (as defined in the CREST Regulations)
“CREST member account ID”	the identification code or number attached to a member account in CREST
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations)
“CREST participant ID”	has the meaning given in the CREST Manual issued by Euroclear
“CREST payment”	has the meaning given in the CREST Manual issued by Euroclear
“CREST Regulations” or “Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“December 2017 Placing”	the placing of 36,000,000 Ordinary Shares completed by the Company on 21 November 2017 and the admission of such shares to trading on AIM on 11 December 2017
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Enlarged Share Capital”	the entire issued share capital of the Company immediately after admissions of the Placing Shares and the Open Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules, assuming that the Open Offer is fully subscribed and that no Ordinary Shares other than the Placing Shares and the Open Offer Shares are issued between the date of this document and those admissions
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the Operator of CREST (as defined in CREST Regulations)
“Excess Application Facility”	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
“Excess CREST Open Offer Entitlement”	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
“Excess Shares”	Open Offer Shares applied for, or eligible to be applied for, by Qualifying Shareholders in accordance with the Excess Application Facility

“Excluded Overseas Shareholders”	other than as agreed by the Company or as permitted by applicable law, Shareholders who are located in or have registered offices in a Restricted Jurisdiction
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer by the London Stock Exchange, which is expected to be 22 May 2018
“Existing Ordinary Shares”	the 129,012,002 Ordinary Shares in issue on the Latest Practicable Date, all of which are admitted to trading on AIM
“Form of Proxy”	the form of proxy accompanying the Placing Circular for use by Shareholders in relation to the General Meeting
“FSMA”	the Financial Services and Markets Act 2000
“FY17”	the financial year ended 30 April 2017
“FY18”	the financial year ended 30 April 2018
“FY19”	the financial year ending 30 April 2019
“FY20”	the financial year ending 30 April 2020
“FY21”	the financial year ending 30 April 2021
“General Meeting”	the general meeting of the Company to be held at 11.00 a.m. on 31 May 2018, notice of which is contained in the Placing Circular
“Group”	the Company, its subsidiaries and subsidiary undertakings
“Group’s Lender”	HSBC Bank plc
“HSE”	the Health and Safety Executive
“Issue Price”	15 pence per Open Offer Share
“ID Facility”	the Group’s invoice discounting facility with the Group’s Lender, details of which are set out in paragraph 6 of Part I of this document
“Individual Shareholder Limit”	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 admissions of the Placing Shares and such total number of Open Offer Shares as are subscribed for under the Open Offer to trading on AIM becoming effective in accordance with the AIM Rules, such principle being a term of the Open Offer
“Latest Practicable Date”	5.00 p.m. on 21 May 2018, being the latest practicable date prior to the publication of this document
“London Stock Exchange”	London Stock Exchange plc
“Money Laundering Regulations”	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
“New Ordinary Shares”	the new Ordinary Shares to be issued pursuant to the Open Offer
“Notice of General Meeting”	the notice of General Meeting contained in the Placing Circular

“Open Offer”	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for the 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
“Open Offer Entitlement”	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 ten Existing Ordinary Shares held by that Qualifying Shareholder on the Record Date
“Open Offer Proceeds”	the gross proceeds of the issue of the Open Offer Shares pursuant to the Open Offer
“Open Offer Resolutions”	the resolutions numbered 3 and 4 in the Notice of General Meeting
“Open Offer Shares”	the 12,901,200 New Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer
“Ordinary Shares”	ordinary shares of £0.001 each in the capital of the Company
“Overseas Shareholder”	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)
“Parent Reel”	large tissue reels used as raw materials by the Company
“Placing”	the conditional placing by Zeus Capital (on behalf of the Company) of the Placing Shares at the Issue Price which was announced by the Company on 15 May 2018, further details of which are contained in the Placing Circular
“Placing Admission”	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Placing Agreement”	the conditional agreement dated 15 May 2018 relating to the Placing made between the Company and Zeus Capital
“Placing Circular”	the circular of the Company dated 15 May 2018 which gives (amongst other things) details of the Placing and contains the Notice of General Meeting
“Placing Proceeds”	the gross proceeds of the issue of the Placing Shares pursuant to the Placing
“Placing Resolutions”	the resolutions numbered 1 and 2 in the Notice of General Meeting
“Placing Shares”	53,333,334 new Ordinary Shares which have been conditionally placed for cash with investors in accordance with the terms of the Placing Agreement and whose allotment and issue is conditional (amongst other things) on the passing of the Placing Resolutions
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares in the register of members of the Company on the Record Date are held in uncertificated form

“Qualifying Non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form
“Qualifying Shareholders”	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
“RCF”	the Group’s revolving credit facility with the Group’s Lender, details of which are set out in paragraph 6 of Part I of this document
“Receiving Agent”, “Registrar” or “Link”	Link Asset Services, a trading name of Link Market Services Limited, a company incorporated in England and Wales with registered number 2605565 and having its registered office at The Registry, Beckenham, Kent, BR3 4TU
“Record Date”	5.00 p.m. on 18 May 2018
“Regulatory Information Service” or “RIS”	has the meaning given in the AIM Rules for Companies
“Resolutions”	the resolutions to be proposed at the General Meeting set out in the Notice of General Meeting comprising the Placing Resolutions and the Open Offer Resolutions
“Restricted Jurisdictions”	each of Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa and the United States
“Shareholders”	the holders of Ordinary Shares for the time being, each individually a “Shareholder”
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “uncertificated form”	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
“USE instruction”	has the meaning given in the CREST Manual
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Securities Act”	the US Securities Act of 1933, as amended
“Zeus Capital”	Zeus Capital Limited, a company incorporated in England and Wales with company number 04417845, authorised and regulated by the Financial Conduct Authority

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

PART I

LETTER FROM THE EXECUTIVE CHAIRMAN OF ACCROL GROUP HOLDINGS PLC



ACCROL PAPERS

Accrol Group Holdings plc

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

Directors:

Daniel Patrick Wright, *Executive Chairman*
Gareth Paul Jenkins, *Chief Executive Officer*
Angus Martin Leitch, *Interim Chief Financial Officer*
Stephen Hammett, *Independent Non-Executive Director*
Joanne Carolyn Lake, *Independent Non-Executive Director*

Registered Office:

Delta Building
Roman Road
Blackburn
Lancashire
BB1 2LD

22 May 2018

Dear Shareholder

Open Offer of 12,901,200 New Ordinary Shares at a price of 15 pence per New Ordinary Share

1. Introduction

On 15 May 2018, the Company announced that it had conditionally raised £8.0 million (before expenses) by way of a Placing of 53,333,334 Placing Shares with certain investors at an issue price of 15 pence per Placing Share. The Company made a further announcement today confirming its intention to raise up to a further £1.935 million (before expenses) by way of a conditional open offer to Shareholders (other than certain Overseas Shareholders) pursuant to which those Shareholders would be invited to subscribe for up to 12,901,200 Open Offer Shares in aggregate, each Open Offer Share being offered at the same issue price as the Placing Shares were subscribed for in the Placing and on the basis of:

one Open Offer Share for every ten Ordinary Shares held on the Record Date.

Shareholder approval will be sought in respect of the share capital authorities required in order to effect the Open Offer at the General Meeting which has already been convened for 11.00 a.m. on 31 May 2018 at Addleshaw Goddard LLP, One St Peter's Square, Manchester, M2 3DE.

The purpose of this document is to make the Open Offer to Qualifying Shareholders and the purpose of this letter is to set out the background to, and the reasons for, the Open Offer. It explains why the Directors consider the Open Offer to be in the best interests of the Company and its Shareholders as a whole. It also reiterates the Board's recommendation, which was contained in the Placing Circular, that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as those Directors who are Shareholders intend to do themselves in respect of their own beneficial shareholdings.

The Open Offer is conditional on the passing of all of the Resolutions at the General Meeting and on Placing Admission taking place.

Your attention is drawn to:

- (i) Part II of this document, which sets out certain risk factors;
- (ii) Part III of this document, which sets out the terms and conditions of the Open Offer, including the actions to be taken by Qualifying Shareholders seeking to participate in the Open Offer; and
- (iii) Part IV of this document, which relates to UK taxation.

2. Background and strategy

Background

Accrol is an AIM-quoted independent tissue converter, manufacturing toilet rolls, kitchen rolls and facial tissue products to supply retailers throughout the UK. Accrol imports Parent Reels from around the world and converts them into finished goods at three manufacturing centres, two of which are located in Blackburn and one is located in Leyland.

As announced on 19 March 2018, the Group's trading performance in FY18 was significantly impacted by three major issues, namely an escalation in internal costs, input costs and adverse foreign exchange hedging. The Group has been and is continuing to make important progress in terms of improving operational efficiency, winning new business and pricing.

Accrol has a strong platform on which to build. It has a strong market position in the UK, supplying major discounters and grocery retailers. The Directors believe that the Group enjoys an excellent reputation for innovative products that outperform many of the branded competitors in independent market comparisons.

Accrol has strengthened its leadership and governance over recent months with the appointment of a new CEO in September 2017, a new COO in October 2017 and a new Executive Chairman in February 2018. In addition, the Company is in the process of recruiting a new permanent CFO.

Accrol is also progressing its intention to exit its highly fragmented away from home ("AFH") business due to the non-core nature of the work.

Strategy

The Company's strategy is to simplify and strengthen its core business in order to deliver recovery and growth. The Directors' objective is for the business to become a more focused own-label company, generating sustainable free cash flow and continuing to grow through its market share position in what they consider to be a fast growth segment of the tissue market. Accrol is progressing its strategy, driving greater disciplines in how it operates and focusing the business on its core consumer growth markets. The Directors are confident that, with its focus on being a leading manufacturer with the lowest operational cost base, the business will deliver enhanced performance through increased business simplification, efficiency and standardisation.

Accrol has an established market position and its key strategic priority is to focus on the attractive, growing and profitable markets. Its market share position in the discount sector is particularly favourable, as the business grows on the back of its customers' own growth. The Directors believe they can strengthen Accrol's customer offering further:

- by extending its practice of securing longer terms contracts;
- by including indexation in its customer agreements where appropriate, discussions for which are progressing; and
- by increasing its portfolio of products to include pocket packs, nappies and feminine hygiene products.

The Directors believe that, by building on the Group's strong customer portfolio, the business can become the leading supplier of own-label paper-based products to discounters and grocery retailers.

3. Recent developments

Accrol has recently secured some major growth volume wins notified by new and existing customers that will positively impact revenue in the core consumer sector from August 2018.

Accrol has also agreed non-legally binding heads of terms to exit its onerous central distribution hub in Skelmersdale, which the Directors believe will result in savings of at least £5 million per annum. In addition, the business is progressing well in its restructuring programme, which the Directors expect will result in further reductions in its operational costs by August 2018.

The simplification process of the business is progressing well. The SKU range is expected to reduce from over 500 to less than 130 by July 2018 which, in conjunction with the exit from AFH and in the Directors'

opinion, positions the core Accrol business well for continued growth due to its revised cost base and machine capability.

Accrol has agreed in principle a sole distribution agreement with one of its major suppliers for the distribution of one of its consumer products in the UK. Discussions to supply a range of other tissue related products are also underway.

It is anticipated that the new tissue line investment in Leyland once commissioned (scheduled to happen by August 2018) will be filled to the majority of its capacity through new committed volumes. As the simplification process continues to progress, the Directors expect the business to increase its capacity to enable further growth. This additional tissue line is expected to be part-funded by a finance lease, details of which are set out below.

In line with its simplification strategy, Accrol continues to reduce its product range in line with its customer requirements which has seen a c.50 per cent. reduction since the end of 2017. These changes have helped to drive operational and working capital efficiencies throughout the business.

4. Current trading

The Directors confirm that they continue to expect that Accrol's underlying EBITDA for FY18 will be in line with market expectations.

5. Reasons for the Placing and the Open Offer

The Company is undertaking the Placing and the Open Offer in order to raise funds to continue to support the Group's programme of simplification, aid its recovery and provide more working capital. The proceeds of the Placing and the Open Offer will enable Accrol to continue delivering on its business recovery and support its plan of becoming the leading supplier of own-label paper-based products to discounters and grocery retailers.

6. Banking update

Facilities

The Group currently has a revolving credit facility (the "**RCF**") of £16 million, drawn at c.£15 million, which is committed until 10 June 2021. As announced on 1 May 2018, the scheduled reduction in the limit of the RCF by £2 million to £14 million, which was due to occur on 30 April 2018, has been deferred until 31 October 2018.

The Group also has an Invoice Discounting facility (the "**ID Facility**") of £23 million. The ID Facility is committed for a three month rolling period and the advance rate against fundable debtors in relation to the ID Facility is subject to change, pursuant to the terms of the facility. To the extent the advance rate reduces, this would decrease the level of funding available to the Group under the ID Facility.

In addition, indicative terms have been established for the finance lease funding of the new tissue line, which is scheduled to be commissioned at the Leyland plant in August 2018, which will allow the business to service new business wins.

Covenants

As announced on 1 May 2018, the EBITDA covenant tests in respect of the periods ended 30 April 2018 and ending 31 July 2018 have been waived.

The Group's Lender has also agreed to work with the Group following completion of the Placing to agree appropriate revised financial covenants, and a revised RCF reduction profile, in respect of FY19, FY20 and FY21. These are intended to be set with reference to Board approved versions of the Group's latest forecasts, after taking into account a reasonable view of financial sensitivity headroom.

Notwithstanding the above, the remainder of the Group's existing banking covenants remain unaltered for the time being. These comprise standard liquidity (minimum cash balance) and asset coverage covenants,

together with a covenant based on minimum EBITDA levels. The current covenant tests can be summarised as follows:

<i>Date of test</i>	<i>Adjusted EBITDA</i>
31 October 2018 for previous 6 months	£1,116,000
31 January 2019 for previous 9 months	£2,381,000
30 April 2019 for previous 12 months	£4,125,000

Note – see paragraph 7 below in relation to the steps being taken to revise these covenant tests.

These minimum adjusted EBITDA levels are subject to upward revision in the event that there are upgrades to analyst forecasts.

It should be noted that delays in the operational restructuring of the business could also impact forecast FY19 EBITDA performance.

Any breach of the minimum adjusted EBITDA covenant would trigger a 90 day standstill period (commencing not later than the 15th day following the date of test), during which time the Group's Lender will not be able to withdraw its facilities or enforce its security, as long as the Company complies with its obligations during that period.

7. Proposed amendments to covenants

As referred to above, following the completion of the Placing, the Group's Lender has agreed to work with the Company with a view to amending the longer term financial covenants contained in its facilities to bring them in line with the Company's latest financial forecasts, incorporating a reasonable view of financial sensitivity headroom. Following a number of discussions with the Group's Lender, which remain ongoing at this time, the Directors believe that these covenants will be reset at appropriate levels within a reasonable timeframe and, in any event, ahead of the next covenant test dates.

Whilst the Directors believe that discussions with the Group's Lender in this regard have been positive to date, and the Group's Lender has agreed to act reasonably and in good faith to agree revised covenants post the Placing, there can be no guarantees that this will be achieved with the level of headroom desired by the Directors, or achieved at all.

8. Use of proceeds

In light of the factors described above, the Directors intend to use the Placing Proceeds, together with any proceeds under the Open Offer, to:

- (i) continue the implementation of the restructuring programme to improve operational efficiencies;
- (ii) support the future working capital requirements of the Group; and
- (iii) pay the costs associated with the Placing and the Open Offer.

9. Working capital position

The Directors believe, having taken into account the net proceeds of the Placing (and disregarding any potential proceeds under the Open Offer), that the Group will have sufficient working capital for its short term requirements. However, the Board is unable to make any confirmations about the sufficiency of working capital beyond this due to the Group's working capital being highly sensitive to, amongst other things, Parent Reel pricing, foreign exchange fluctuations, the level of turnover and the pace of progress on the Group's ongoing operational restructuring.

As such, whilst the Directors have undertaken work to understand the potential impact which the factors referred to above may have on the business, and potential mitigating strategies which may be available in this regard, they are not in a position to confirm that the net proceeds of the Placing, together with any net proceeds of the Open Offer and the available bank and other facilities that will be in place following Admission, will be sufficient for the Group's requirements for the next 12 months. It remains possible that the Group may require further funds to be raised during this period to secure the Company's longer term future.

10. Outlook

The Directors look forward with confidence to the new financial year. On an adjusted basis, the business is expected to return to profitability by the end of the first half of FY19, with the impact of the restructuring programme expected to deliver positive financial results in the second half of FY19.

The net debt position of the Company on Admission, taking into account the net proceeds of the Placing of c.£7.5 million, is expected to be c.£25.5 million.

As mentioned above, the Group's trading performance is extremely sensitive to a number of key variables which could have a significant effect (positive or negative) on the Company's profitability, which could in turn lead to a breach of the trading covenant detailed in paragraph 6 above (noting that it is currently envisaged that covenants will be reset post-Placing). These sensitivities, which underpin the Company's expected financial performance for FY19 and beyond, include:

- Parent Reel pricing;
- the exchange rate between Sterling and US\$; and/or
- level of turnover.

11. Management incentive arrangements

In order to incentivise the delivery of key performance measures over the longer term, a new management incentive scheme, the Accrol Group Management Incentive Plan, will be introduced following completion of the Placing. A summary of the main terms of the MIP is set out below.

Participants in the MIP

The initial participants will be Daniel Wright (Executive Chairman), Gareth Jenkins (CEO) and Don Coates (COO). In addition, it is expected that the new CFO (whom the Company is in the process of recruiting) will also participate in the MIP following such appointment. There are three sets of awards, each one being conditional on targets based on the Company's EBITDA performance in FY19, FY20 and FY21 (the "**3 Awards**" and each an "**Award**").

Vesting targets

The vesting criteria of each of the 3 Awards is based on adjusted EBITDA targets for FY19, FY20 and FY21 (the "**EBITDA Targets**") and the Company not breaching any of its banking covenants.

Each Award has its own EBITDA vesting target. In each case, there are normal EBITDA Targets (the "Normal Targets") and stretched EBITDA Targets (the "**Stretched Targets**") which dictate the number of shares which vest in relation to each Award, with no awards for failing to achieve the bottom of the target range and 100 per cent. being awarded for achieving the top of the target range in relation to both the Normal Targets and the Stretched Targets. These EBITDA Targets are as follows:

Award 1

adjusted EBITDA FY19

Normal Target = £2 million — £6 million

Stretched Target = £6 million — £10 million

Award 2

adjusted EBITDA FY20

Normal Target = £4 million — £8 million

Stretched Target = £8 million — £16 million

Award 3

adjusted EBITDA FY21

Normal Target = £6 million — £10 million

Stretched Target = £10 million — £20 million

If the EBITDA Target is achieved for the relevant financial year, and banking covenants have not been breached, the Award will vest and become exercisable as set out below. If, however, the EBITDA Target is

not met in full in FY19 or FY20, the Award will not lapse at that point. If the Normal Target or Stretched Target is met in FY20 or FY21, the earlier Awards will then vest, depending on the extent to which those targets have been met. This is designed to ensure that participants continue to be motivated throughout the period. Following an assessment of the FY21 results, any outstanding Awards that have not vested will lapse at that point.

Timing of vesting and exercise

In each case, if the relevant EBITDA Targets are met, the Awards vest following the accounts being published for the relevant financial year, with 70 per cent. exercisable at this time, and the remaining 30 per cent. becoming exercisable 1 year later.

On a takeover, depending on the price per Ordinary Share at which a takeover offer is accepted, certain of the Awards will immediately vest.

Size of awards and dilution

If the Normal Targets are met in each year, the total dilutive impact of the Awards is c.9.1 per cent. (on a fully diluted basis). If the Stretched Targets are met in each year, the total dilutive impact of the Awards is c.14.2 per cent. (on a fully diluted basis).

The current management team do not participate in any other share options in the Company, and all previous awards have lapsed due to participants no longer being employees of the Company.

12. Details of the Open Offer

Structure

The Directors have given careful consideration as to the structure of the Placing and the Open Offer and have concluded that they are the most suitable options available to the Company and its Shareholders at this time. The Board considers it important that Qualifying Shareholders have the opportunity to subscribe for Ordinary Shares at the same price as the Placing, and the Directors have concluded that the Open Offer is the most suitable means of achieving that.

The Open Offer provides an opportunity for all Qualifying Shareholders to subscribe for their respective Basic Entitlements and for Excess Shares under the Excess Application Facility, subject to availability.

Pursuant to the Open Offer, Qualifying Shareholders have the opportunity to subscribe for one Open Offer Share for every ten Existing Ordinary Shares held on the Record Date.

If fully subscribed, the Open Offer will raise gross proceeds of £1.935 million (estimated net proceeds of circa £1.8 million).

The Issue Price represents a 38.14 per cent. discount to the Closing Price of 24.25 pence per Ordinary Share on the Latest Practicable Date.

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 Individual Shareholder Limit) at the Issue Price. Each Qualifying Shareholder has a Basic Entitlement of:

one Open Offer Share for every ten Existing Ordinary Shares

registered in the name of the 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 12,901,200 New 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 Individual Shareholder 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 Individual Shareholder 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(c) 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(c) 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.

Shareholders with less than ten Existing Ordinary Shares held at the Record Date will not be able to participate in the Open Offer or make any application under the Excess Application Facility.

Application procedure under the Open Offer

Qualifying Shareholders may apply for any whole number of Open Offer Shares, subject to the limits 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 7 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 23 May 2018.

Application will be made for Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. 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 23 May 2018. 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 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.

Conditionality

The Open Offer is conditional upon the following:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) Placing Admission taking place by 8.00 a.m. on 1 June 2018 (or such later time and/or date as is agreed by the Company and Zeus Capital, not being later than 8.00 a.m. on 30 June 2018); and
- (c) Admission taking place no later than 8.00 a.m. on 8 June 2018 (or such later time and/or date as may be specified by the Company, being no later than 8.00 a.m. on 30 June 2018).

If the conditions set out above are not satisfied or waived by the Company (where capable of waiver), the Open Offer will lapse and:

- (a) the Open Offer Shares will not be issued and all monies received from investors in respect of the Open Offer Shares will be returned to them (at the investors' risk and without interest) as soon as possible thereafter; and
- (b) 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 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.

Application for Admission

Application will be made to the London Stock Exchange for the Open Offer 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 8 June 2018 (or such later time and/or date as may be specified by the Company, being no later than 8.00 a.m. on 30 June 2018). No temporary document of title will be issued.

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

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 Placing and the Open Offer are separate and distinct transactions involving the separate issue of, respectively, the Placing Shares and the Open Offer 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.

In issuing this document and structuring 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, as 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.

13. 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 7 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 4.1 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 2, 3, 4 and 5 on the Application Form. Completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4.1 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 Asset Services, Corporate Actions, The Registry, 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 6 June 2018. 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 4.2 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 6 June 2018.

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.

14. Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of, or incorporated or registered in, countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation and subject to certain exceptions, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward this document, the Form of Proxy or (if applicable) an Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part III 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.

15. 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.

16. Directors' interests

The interests (all of which are beneficial unless stated otherwise) of the Directors and each of their immediate families and of persons connected with them (within the meaning of section 252 of the Act) in the Existing Ordinary Shares (but excluding any interests of the Directors and persons connected with them under the Accrol Group MIP) and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the Latest Practicable Date and as they are so expected to be upon Placing Admission are as follows:

<i>Name</i>	<i>Title</i>	<i>Number of Ordinary Shares currently held</i>	<i>Number of Ordinary Shares following the Placing*</i>	<i>% of Enlarged Share Capital**</i>
Daniel Wright	Executive Chairman	415,168	1,748,501	0.90%
Gareth Jenkins	Chief Executive Officer	100,000	600,000	0.31%
Martin Leitch	Interim Chief Financial Officer	Nil	266,666	0.14%
Joanne Lake	Non-Executive Director	35,000	68,333	0.03%
Stephen Hammett	Non-Executive Director	40,000	40,000	0.02%

* assumes the Placing is completed and Placing Admission occurs

** assumes the Placing completes, the Open Offer is fully subscribed and none of the Directors acquire any Open Offer Shares

17. General Meeting

The Directors do not currently have authority to allot all of the Placing Shares and Open Offer Shares and, accordingly, the Board is seeking approval of Shareholders to allot the Placing Shares and the Open Offer Shares at the General Meeting.

The General Meeting of the Company, notice of which is contained in the Placing Circular, is to be held at 11.00 a.m. on 31 May 2018 at Addleshaw Goddard LLP, One St Peter's Square, Manchester, M2 3DE. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions in order to approve the authorities required to allot and issue the Placing Shares and the Open Offer Shares.

A summary and explanation of the Resolutions is set out in paragraph 18 of Part I of the Placing Circular.

Enclosed with the Placing Circular was a Form of Proxy for use at the General Meeting. **Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy to the Company's Registrar, Link, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 29 May 2018.**

Further information regarding attendance and voting at the General Meeting is contained in the Placing Circular. If you do not have a copy of the Placing Circular and/or the Form of Proxy, please call the Registrar on 0371 664 0300.

18. Importance of voting

If Shareholder approval of the Placing Resolutions is not achieved, neither the Placing nor the Open Offer will proceed, and the Company is at risk of not being able to continue trading as a going concern. Under such circumstances, Shareholders could lose all or a substantial amount of the value of their investment in the Company. Accordingly, the Directors believe that the successful completion of the Placing represents the best option available to the Company and Shareholders.

If Shareholder approval of the Open Offer Resolutions is not achieved, the Open Offer will not proceed.

The Placing is not conditional on the Open Offer proceeding or any minimum subscription under the Open Offer being achieved.

19. Recommendation

The Directors consider that the Placing, the Open Offer and the passing of all 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 those Directors who are Shareholders intend to do in respect of their beneficial holdings of an aggregate of 590,168 Existing Ordinary Shares, representing approximately 0.46 per cent. of the Existing Ordinary Shares.

The Open Offer is conditional upon the Placing Admission taking place and the passing of all of the Resolutions at the General Meeting. Shareholders should be aware that if any Resolution is not passed at the General Meeting, the Open Offer 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 Open Offer 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 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. If any of the following risks are borne out in reality, the Group's business, financial condition or results of operations could be seriously affected.

Health and safety

There have been four reported incidents to the HSE within the last 12 months. Whilst there has been no 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 Group will continue to cooperate with the HSE. In addition, it has recently strengthened its internal management to develop further and manage the 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 Group more closely.

Parent Reels price volatility

The Group sources its Parent Reels from external suppliers and considers 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 Group's expectations and the Group was unable to offset such increases through cost savings or price increases, that could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to foreign exchange risks

The Group sources supplies from overseas, mainly in US dollars and Euros. As a result, the 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 Group's financial covenants are subject to a number of sensitivities and proposed amendment

The Company is subject to a number of financial covenants, including a trading covenant which is calculated by reference to minimum adjusted EBITDA levels. These minimum adjusted EBITDA levels are highly sensitive to the following factors: Parent Reel pricing, foreign exchange fluctuations and level of turnover. Minor changes in any of these areas could affect significantly the Group's ability to comply with the covenant levels in place. Delays in the operational restructuring of the business could also 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 the standstill period described in paragraph 6 of Part I of this Circular) to declare an event of default. Such an event could have a material adverse effect on the Group's financial condition and working capital position.

Following the completion of the Placing and the Open Offer, it is hoped that certain of the covenants will be revised to bring them in line with the Group's latest financial forecasts and incorporate a reasonable view of financial sensitivity headroom. However, there can be no guarantees that the Group's Lender will agree to amend the covenants and no guarantee that if they are amended, that they will be amended to reflect what the Directors consider to be appropriate levels to bring them in line with the Group's financial forecasts.

The working capital position of the Group is believed to be sufficient for its short term requirements. The 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 Group may need to seek additional capital over and above that raised in the 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 for 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 financings are on reasonable terms, there can be no guarantee that future financing will be available on terms that the Group considers acceptable. Whilst the Group has reached agreement with the Group's Lender for its RCF to remain committed until 10 June 2021 and its ID 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 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 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 Group may default on its obligations, be unable to fund its operations or be unable to pay dividends to Shareholders. If the 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 Group's business, financial condition and prospects and/or operating results.

Negotiations with the incumbent third party warehouse and logistics provider at the Skelmersdale site to repatriate activities to the Blackburn and Leyland plants may not be concluded in line with Company expectations

The planned restructuring of the Group's activities include the repatriation of warehousing and logistics activities from Skelmersdale. This will require the amendment of an existing long term agreement with an incumbent service provider. Heads of terms have been agreed for the revision of the arrangements. In the event that negotiations for the amendment of existing arrangements are not concluded as expected, then there could be adverse financial consequences for the Group.

The Group has a concentrated customer base and relies on a number of key customers

The Group has a number of key customer relationships. The top 10 customers contributed c.72 per cent. of the Group's revenues in FY18. The loss of any of these key customer relationships could have a material adverse effect on the 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 approximately half of its top 10 customers, the agreements which the Group does have in place with the top 10 customers do not provide for minimum orders 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 Group may be exposed to future cost inflation including products, employees and/or other fixed costs

Any change in the costs of operating the Group could impact on the 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 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 Group operates in the discount sector of the market, gross margins are lower which provides less flexibility for the Group's pricing strategy if operational costs were to rise.

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

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

Key competitors could increase their share of the market and compete more effectively with the 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 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 Group is able to. Additionally, if any of the Group's major competitors seek to gain market share by reducing prices, the 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 Group's business. If the Group is unable to respond effectively to these multiple sources of competition then the Group could lose market share, which could adversely impact the Group's ability to retain existing customers and to compete for new customers.

The 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 may result in the Group being unable to anticipate effectively the quantity of Parent Reels required. This could result in the 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 Group's ability to fulfil customer orders).

The advance rate against fundable debtors under the Group's ID 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 Group's financial condition and working capital position.

The 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 Leyland, Preston and a central warehouse in Skelmersdale. Any material disruption in its production systems at either Blackburn or Leyland could have a material adverse effect on the Group's ability to fulfil customer orders which could affect how the Group is perceived by its customers and may hinder the 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 Group's efficiency, profitability and ability to compete effectively.

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

The 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 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 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 Group's revenues and profits may be materially adversely impacted should any new product lines be unsuccessful.

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

The 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 Group's customers could reduce or cancel orders, which could have a detrimental impact on the Group's sales and profits.

The Group may be unable to implement successfully its strategic and operational review

As part of the Group's strategic and operational review, the Group intends to pursue and is in the course of pursuing a restructuring of the Group's operations. Such restructuring may have a destabilising effect on the Group's activities, including engagement of the Group's employees and other stakeholders, particularly in the event of more wide scale changes and a reduction of employee headcount. Therefore, there can be no guarantee that such changes will result in an immediate positive impact on the business or its financial condition.

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

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

Should the Group's facilities become damaged or require restructuring, decommissioning or unexpected maintenance or improvements, the ability of the Group to generate revenue may be adversely affected and/or the 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 Group's business, financial condition and results of operations.

The Group's ability to generate sales is subject to general economic conditions and volatility

Market conditions may affect the ultimate value of the Company's share price, regardless of operating performance. The 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 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 Group's markets, and other factors outside the 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 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 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 Group is subject to certain risks associated with Brexit

The UK voted to leave the EU in a referendum held on 23 June 2016 and the Group faces risks associated with the political and economic instability associated with this decision. The UK exit from the EU may materially change the legal and regulatory framework that would be applicable to the Group's operations in the future and could lead to restrictions on opportunities for further funding in addition to the Group's ability to trade. It could have a direct impact on the Group due to unfavourable movements in exchange rates, particularly the British Pound which could weaken significantly against overseas currencies, including the US Dollar and the Euro. The Group purchases the majority of its Parent Reels in foreign currencies, with significant purchases in US Dollars and Euros. Should exchange rates move in an unfavourable manner as a result of the UK leaving the EU, the impact of this will be an increase in raw material costs which could have a material adverse impact on the 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 its 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 competing against the Group for a period, there can be no certainty that they will be enforceable.

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 Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the 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 Group and others which are extraneous. These factors could include the performance of the Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the 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 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 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 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 document, including, without limitation, those regarding the 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 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 present and future business strategies and the environment in which the Group will operate in the future.

These forward looking statements speak only as of the date of this document. 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 12,901,200 Open Offer Shares at the Issue Price in order to raise approximately £1.935 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 own Basic Entitlement in full.

The Open Offer has not been underwritten. There may be no more than 12,901,200 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 before 8.00 a.m. on 22 May 2018, 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, in the case of Qualifying Non-CREST Shareholders, 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) 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 ten 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 ten Existing Ordinary Shares will not be able to apply for Open Offer 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 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 Individual Shareholder 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. 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 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 Individual Shareholder 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 12,901,200 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 before 8.00 a.m. on 22 May 2018 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 23 May 2018.

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 upon the following:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) Placing Admission taking place by 8.00 a.m. on 1 June 2018 (or such later time and/or date as is agreed by the Company and Zeus Capital, not being later than 8.00 a.m. on 30 June 2018); and
- (c) Admission taking place by 8.00 a.m. on 8 June 2018 (or such later time and/or date as may be specified by the Company, not being later than 8.00 a.m. on 30 June 2018).

Accordingly, if any of these conditions are not satisfied or waived by the Company (where capable of waiver) by 8.00 a.m. on 8 June 2018 (or such later time and/or date as may be determined by the Company, being no later than 8.00 a.m. on 30 June 2018), 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 15 June 2018. 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 8 June 2018.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 8 June 2018, 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 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. However, Shareholders who are eligible to vote at the General Meeting are encouraged to do so by attending in person or by completing and returning the Form of Proxy enclosed with the Placing Circular.

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 ten Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than ten 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 the Individual Shareholder 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 made on or before 3.00 p.m. on 4 June 2018.

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 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 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 the Qualifying Non-CREST Shareholder has accepted his Basic Entitlement in full, a Qualifying Non-CREST Shareholder may apply to acquire Excess Shares using the Excess Application Facility, should he wish. A Qualifying Non-CREST Shareholder 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 the Qualifying Non-CREST Shareholder's Basic Entitlement, subject always to the Individual Shareholder 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 applications for Excess Shares. Such 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 an application is not in excess of the relevant Qualifying Non-CREST Shareholder's Individual Shareholder 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 (if posted from the UK only) or returned by post or by hand (during normal office hours only) to Link Asset Services (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 6 June 2018, 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 Market Services 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 it is 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 6 June 2018; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 6 June 2018 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 is 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 Company or 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 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 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 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 that, in making the application, he is not relying and has not relied on the Company or any Director, employee or adviser of or to it in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (v) confirms to the Company 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;
- (vi) represents and warrants to the Company that he is the Qualifying Shareholder originally entitled to the Basic Entitlement or that he received such Basic Entitlement by virtue of a *bona fide* market claim;
- (vii) represents and warrants to the Company that if he has received some or all of his Basic Entitlement from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Basic Entitlement 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 for the time being;
- (ix) represents and warrants to the Company 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 or any of its 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 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.

For all enquiries in connection with the procedure for application and completion of the Application Form, please contact the Receiving Agent on 0371 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 from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Please note that the Receiving Agent 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. However, Qualifying Non-CREST Shareholders who are eligible to vote at the General Meeting are encouraged to do so by attending in person or by completing and returning the Form of Proxy enclosed with the Placing Circular.

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 Individual Shareholder 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 ten Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than ten 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 his Basic Entitlement and Excess CREST Open Offer Entitlement 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 23 May 2018, or such later time and/or date as may be determined by the Company, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlement and Excess CREST Open Offer Entitlement 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 the Receiving Agent on 0371 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 from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Please note that the Receiving Agent 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 Entitlement and the Excess CREST Open Offer Entitlement will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Basic Entitlements and 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 the Qualifying CREST Shareholder has accepted his Basic Entitlement in full, a Qualifying CREST Shareholder may apply to acquire Excess Shares using the Excess Application Facility, should he wish. The Excess Application Facility enables a Qualifying CREST Shareholder to apply for Excess Shares in excess of 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 the Qualifying CREST Shareholder's Basic Entitlement, subject always to the Individual Shareholder 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 Entitlement 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 Individual Shareholder 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 GB00BF0RGR40;
- (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 Entitlement is to be debited;
- (v) the participant ID of Link Asset Services in its capacity as Receiving Agent. This is 7RA33;
- (vi) the member account ID of Link Asset Services in its capacity as Receiving Agent. This is 29695ACC;
- (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 11.00 a.m. on 6 June 2018; 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 6 June 2018.

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 in order to be valid is 11.00 a.m. on 6 June 2018. In the event that the Open Offer does not become unconditional by 8.00 a.m. on 8 June 2018 (or such later time and/or date as may be specified by the Company, being no later than 8.00 a.m. on 30 June 2018), 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 GB00BF0RH048;
- (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 Link Asset Services in its capacity as Receiving Agent. This is 7RA33;

- (vi) the member account ID of Link Asset Services in its capacity as Receiving Agent. This is 29696ACC;
- (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 11.00 a.m. on 6 June 2018; 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 6 June 2018.

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 in order to be valid is 11.00 a.m. on 6 June 2018. 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 8 June 2018 (or such later time and/or date as may be specified by the Company, being no later than 8.00 a.m. on 30 June 2018), 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 Entitlement 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 6 June 2018. 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 3.00 p.m. on 1 June 2018 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 31 May 2018, 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 6 June 2018. 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 3 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 6 June 2018 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 6 June 2018. 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 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 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 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 he 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 that, in making the application, he is not relying and has not relied on the Company or any Director, employee or adviser to it in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (vi) confirms to the Company 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;
- (vii) represents and warrants to the Company 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 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 for the time being;
- (x) represents and warrants to the Company 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 or any of its 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 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:
- (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 Registrar in connection with CREST.

5. Money Laundering Regulations

5.1 Holders of Application Forms

In order 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 dispatch 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 the Receiving Agent and the Company by 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);
- (ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (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 £13,148 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 Market Services 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 back of 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 telephone the Receiving Agent on 0371 664 0321.

In order to confirm the acceptability of any written assurance referred to in paragraph 5.1(b) above, or in any other case, the acceptor should telephone the Receiving Agent on 0371 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 from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Please note that the Receiving

Agent 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 £13,148 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 6 June 2018, 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 Shareholder who is 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 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.

Neither the Company nor any of its 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 determines 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 III 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 an offer 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 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 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. If such subscriber is subscribing for the Open Offer Shares as a fiduciary or agent for one or more investor accounts, each subscriber represents to the Company 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 whose registered address is in Canada. If any Application Form is received by any Shareholder 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, 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, without limitation, 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, any Shareholder with a registered address in, or to any resident 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 accounts 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 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 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 Open 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;
- (ii) 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
- (iii) 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 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. 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 7 June 2018. Application will be made to AIM for admission to trading of the Open Offer Shares. It is expected that, subject to 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 8 June 2018.

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

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 6 June 2018 (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 8 June 2018, 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 8 June 2018). 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 Registrar 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 dispatched by post on 15 June 2018. 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 via 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 dispatched 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 via 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 the Application Form.

PART IV

TAXATION

The following information is given in summary form and as a general guide only and is based on tax legislation and, where relevant, current HM Revenue & Customs 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 Qualifying Shareholders holding Open Offer Shares who are resident and domiciled in the United Kingdom for tax purposes and who hold their Open Offer Shares as an investment.

The statements below do not constitute advice to any Qualifying 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). This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for Qualifying Shareholders holding Open Offer Shares. Any Qualifying Shareholder or potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for Open Offer Shares.

Inheritance tax relief

The Ordinary Shares are treated as unquoted shares for UK inheritance tax (“IHT”) purposes. 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 that all 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 Qualifying 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 ending 5 April 2019, 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 still count towards the basic, higher and additional rate thresholds). 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.

Corporation tax

With certain exceptions for traders in securities, a holder of Open Offer 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) Under current HM Revenue & Customs practice, the subscription by a Qualifying Shareholder for shares under the Open Offer up to his Basic Entitlement is expected to be treated as a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. To the extent that it is so treated, a Qualifying Shareholder should not be treated as disposing of the Existing Ordinary Shares already held by him in the Company and the Open Offer Shares should be treated as acquired at the same time as the Existing Ordinary Shares held by that Qualifying Shareholder in respect of which the Open Offer 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. Any subscription by a Qualifying Shareholder for shares under the Open Offer in excess of his Basic Entitlement should be treated as a new acquisition outside the scope of the rules on reorganisations of share capital. As a matter of UK tax law, the acquisition of Open Offer Shares may not, strictly speaking, constitute a reorganisation of share capital, and there is no guarantee that the HM Revenue & Customs practice mentioned above will be followed, particularly where an Open Offer is not made to all Shareholders.

- (b) A UK resident individual Qualifying Shareholder who disposes of, or who is deemed to dispose of, their Ordinary Shares may be liable to capital gains tax in relation thereto. To the extent that any chargeable gain thereby realised, when aggregated with taxable income arising in the tax year of disposal, does not exceed the upper limit of the basic rate income tax band, such chargeable gain will be charged at a flat rate of 10 per cent. (in the tax year ending 5 April 2019 and after taking into account any applicable reliefs and exemptions). To the extent that any such chargeable gains, when aggregated with taxable income arising in a tax year, exceed the upper limit of the basic rate income tax band, the chargeable gain will, instead, be charged at a flat rate 20 per cent. (in the tax year ending 5 April 2019 and after taking into account any applicable reliefs and exemptions). In computing the gain, the Qualifying Shareholder should be entitled to deduct from proceeds the cost to him of the Ordinary Shares (together with incidental costs of acquisition and disposal).
- (c) A UK resident corporate Qualifying Shareholder disposing of its Ordinary Shares 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 Qualifying Shareholder should be entitled to deduct from the disposal proceeds the cost to it of the Ordinary Shares, together with incidental costs of acquisition, as increased by indexation allowance (calculated up to 31 December 2017 only), 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 the Open Offer 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.

Qualifying 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.

