

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Existing Ordinary Shares prior to the Ex-entitlement Date, please send this Document, together with its accompanying documents, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, the distribution of this Document and/or any accompanying documents into a jurisdiction other than the United Kingdom or the Republic of Ireland may be restricted by law or regulation and therefore such documents should not be distributed, forwarded to or transmitted in or into the United States of America, Canada, Australia, or Japan nor in or into any other jurisdiction where the extension of the Open Offer would breach any applicable law or regulation. If you have sold or transferred part of your holding of Existing Ordinary Shares prior to the Ex-entitlement Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the accompanying Application Form.

Neither the Placing nor the Open Offer constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this Document does not constitute a prospectus for the purposes of the Prospectus Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the Financial Conduct Authority (“FCA”) pursuant to section 85 of FSMA.

GAN PLC

(incorporated in England and Wales with registration number 03883658)

Conditional Placing and Open Offer of £2,001,483 9% Convertible Unsecured Loan Notes 2022

Davy, which is authorised and regulated in Ireland by the Central Bank of Ireland, is acting as nominated adviser, ESM adviser and broker to the Company in connection with the matters described in this Document. Persons receiving this Document should note that Davy is acting exclusively for the Company in connection with arrangements described in this Document and is not acting for any other person and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Davy or for advising any other person on the arrangements described in this Document. Davy has not authorised the contents of, or any part of, this Document and no liability whatsoever is accepted by Davy for the accuracy of any information or opinion contained in this Document or for the omission of any information.

The Open Offer is being made to Qualifying Shareholders, being holders of Existing Ordinary Shares as set out on the register of members of the Company on the Record Date other than Qualifying Shareholders in any of the Restricted Jurisdictions. If you are a Qualifying Shareholder, the procedure for participating in the Open Offer is set out in paragraph 4 entitled “*Procedure for application and payment for Qualifying Shareholders*” of Part III: “*Terms and Conditions of the Open Offer*” of this Document.

The Company’s Ordinary Shares are currently admitted to trading on AIM and the ESM. Application will be made to the London Stock Exchange and the Irish Stock Exchange respectively upon the exercise of the conversion rights of the Convertible Notes for the resulting Ordinary Shares to be admitted to trading on AIM and the ESM. If the Convertible Notes are so converted, the resulting Ordinary Shares will, on their respective admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

AIM and the ESM are each markets designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM and ESM securities are not admitted to the Official List of the United Kingdom Listing Authority or the Official List of the Irish Stock Exchange. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange, the Irish Stock Exchange nor the UKLA has examined or approved the contents of this Document. The AIM Rules for Companies are less demanding than those of the Official List of the UKLA and the ESM Rules for Companies are less demanding than those for the Official List of the Irish Stock Exchange.

This Document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this Document and to the Risk Factors in Part II of this Document.

The latest time for acceptance and payment under the Open Offer is 11 am on 27 April 2017. The procedure for application is set out in Part III of this Document and in the Application Form.

This Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy Convertible Notes and/or Open Offer Entitlements to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia or Japan or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Convertible Notes and/or Open Offer Entitlements may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia or Japan or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Convertible Notes and the Open Offer Entitlements have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia or Japan and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia or Japan or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada or Japan or to any US person (within the definition of Regulation S made under the US Securities Act 1933 (as amended)).

This Document contains (or may contain) certain forward-looking statements with respect to the Company and certain of its goals and expectations relating to its future financial condition and performance which involve a number of risks and uncertainties. No forward-looking statement is a guarantee of future performance and actual results could differ materially from those contained in any forward-looking statements. Such forward-looking statements may use words such as “aim”, “anticipate”, “target”, “expect”, “estimate”, “plan”, “goal”, “believe”, “will”, “may”, “should”, and other words having a similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of changes in interest rates and foreign exchange rates, changes in legislation, changes in consumer habits and other factors outside the control of the Company, that may cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward looking statements. All forward-looking statements contained in this Document are based upon information available to the Directors at the date of this Document and the posting or receipt of the document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	5 pm on 5 April 2017
Announcement of the Placing and Open Offer, publication and posting of this Document and posting of the Application Forms to Qualifying Shareholders holding certificated Ordinary Shares	10 April 2017
Ex-Entitlement Date for the Open Offer	10 April 2017
Open Offer Entitlements enabled in CREST and credited to stock accounts of Qualifying CREST Shareholders in CREST	11 April 2017
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Convertible Notes from CREST	4.30 pm on 20 April 2017
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 pm on 21 April 2017
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 pm on 24 April 2017
Latest time and date for acceptance of the Open Offer and receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 am on 27 April 2017
Announcement of the results of the Open Offer	28 April 2017
Entry of each Noteholder's entitlement in the Convertible Notes register	28 April 2017
Despatch of Convertible Note certificates	5 May 2017

If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service. All references are to London time unless stated otherwise.

PLACING AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares currently in issue	70,051,924
Offer Price per Note	£1.00
Number of Convertible Notes (subject to claw-back)	2,001,483
Basic entitlement under the Open Offer	One Convertible Note for every Thirty-Five Existing Ordinary Shares
Conversion Price for the Convertible Notes	45.5 pence
Gross proceeds from the Placing and Open Offer	£2,001,483

DEFINITIONS

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

“Act”	Companies Act 2006 (as amended)
“AIM”	the AIM market operated by London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and guidance notes as published by the London Stock Exchange from time to time
“Application Form”	the personalized application form by which Qualifying Shareholders may apply for Convertible Notes under the Open Offer
“Board” or “Directors”	the directors of the Company as at the date of this Document
“Capita Asset Services”	A trading name of Capita Registrars Limited, receiving agent to the Open Offer
“Company”	GAN plc, a public limited company incorporated in England and Wales with company number 03883658
“Convertible Notes”	the convertible loan notes the subject of the Placing and the Open Offer further details of which are set out in Part IV of this Document
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Manual”	the rules governing the operation of Euroclear consisting inter alia of the “CREST Reference Manual”, “CREST Central Counterparty Service Manual”, “CREST International Manual”, “CREST Rules”, “CREST CCSS Operations Manual” and “CREST Glossary of Terms”
“CREST member”	a person who has been admitted to CREST as a system- member (as defined in the CREST Manual)
“CREST participant”	a person who is, in relation to CREST, a system- participant (as defined in the CREST regulations)
“CREST participant ID”	shall have the meaning given in the CREST Manual issued by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“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

"Davy"	J&E Davy, trading as Davy including its affiliate Davy Corporate Finance and other affiliates, or any of its subsidiary undertakings
"Document"	this circular to Shareholders containing the Open Offer
"ESM"	the Enterprise Securities Market operated by the Irish Stock Exchange
"ESM Rules"	the ESM Rules for Companies and guidance notes as published by the Irish Stock Exchange from time to time
"EU"	the European Union
"Euroclear"	Euroclear UK & Ireland Limited
"Ex-entitlement Date"	the date on which the Existing Ordinary Shares are marked "ex" for entitlement under the Open Offer
"Excess Application Facility"	the arrangement pursuant to which Qualifying Shareholders may apply for additional Convertible Notes in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer and being equal to the total number of Convertible Notes being offered pursuant to the Open Offer, less the Qualifying Shareholder's Open Offer Entitlement
"Excess CREST Open Offer Entitlement"	in respect of each Qualifying Shareholder, the entitlement (in addition to his Open Offer Entitlement) to apply for Convertible Notes pursuant to the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full (or should he have less than thirty-five Ordinary Shares and otherwise would have no Open Offer Entitlement) and which may be subject to scaling back in accordance with the provisions of this Document
"Excess Open Offer Entitlement"	in respect of each Qualifying Shareholder, the entitlement (in addition to his Open Offer Entitlement) to apply for Convertible Notes pursuant to the Excess Application Facility, which is conditional on him taking up his Open Offer Entitlement in full
"Excess Convertible Notes"	Convertible Notes applied for by Qualifying Shareholders under the Excess Application Facility
"Existing Ordinary Shares"	the 70,051,924 Ordinary Shares in issue on the date of this Document
"FCA"	the Financial Conduct Authority
"FSMA"	Financial Services and Market Act 2000 (as amended)

"Irish Stock Exchange"	Irish Stock Exchange plc
"London Stock Exchange"	London Stock Exchange plc
"Mandatory Offer"	An offer for all of the Ordinary Shares in which the offeror is not interested required pursuant to Rule 9 of the UK City Code on Takeovers and Mergers
"Money Laundering Regulations"	Money Laundering Regulations 2007 and other applicable UK money laundering regulations
"Noteholders"	Means the holders of the Convertible Notes
"Offer Price"	£1.00 (one pound sterling) per Convertible Note
"Open Offer"	the conditional invitation made to Qualifying Shareholders to apply to subscribe for the Convertible Notes at the Offer Price on the terms and subject to the conditions set out in Part III of this Document and in the Application Form
"Open Offer Entitlement"	the entitlement of Qualifying Shareholders to subscribe for Convertible Notes allocated to Qualifying Shareholders on the Record Date pursuant to the Open Offer
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company as at the date of this document
"Overseas Shareholders"	a Shareholder with a registered address outside the United Kingdom
"Placee"	means Sir Michael Smurfit
"Placing"	the conditional placing by the Company of the Convertible Notes with the Placee, otherwise than on a pre-emptive basis, at the Offer Price
"Placing Letter"	the letter between the Company and the Placee in respect of the Placing
"Qualifying Shareholders"	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date who are not the Placee (but excluding any Overseas Shareholder who has a registered address in the United States of America or any Restricted Jurisdiction) and for the purposes of the Excess Application Facility only shall include those Shareholders who on the Record Date held less than 35 Ordinary Shares
"Record Date"	5pm on 5 April 2017 in respect of the entitlements of Qualifying Shareholders under the Open Offer
"Regulatory Information Service"	has the meaning given in the AIM Rules for Companies
"Restricted Jurisdiction"	US, Canada, Australia or Japan

“Securities Act”	US Securities Act of 1933 (as amended)
"Special Resolution"	means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these Provisions by a majority consisting of not less than 75% of the persons voting at such meeting upon a show of hands or if a poll is demanded on the resolution then by a majority consisting of not less than 75% of the votes given on such poll
“Shareholders”	the holders of Existing Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
"UKLA"	the UK Listing Authority
“United States”, “United States of America” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction

LETTER FROM THE CHAIRMAN OF THE COMPANY

(Incorporated and registered in England and Wales with registered no. 03883658)

Registered office:
125 Kensington High Street
London
W8 5SF

Directors:

Seamus McGill	Non-Executive Chairman
Dermot Smurfit	Chief Executive
Desmond Glass	Chief Financial Officer
Michael Smurfit Jnr.	Non-Executive Director
Roger Kendrick	Non-Executive Director

Dear Shareholder

Conditional Placing and Open Offer of £2,001,483 9% Convertible Unsecured Loan Notes 2022

1 Introduction

The Board is pleased to announce the issue of two million and one thousand, four hundred and eighty-three Convertible Notes by way of a conditional Placing and Open Offer of the two million and one thousand, four hundred and eighty-three Convertible Notes at one pound (£1.00) each to raise two million and one thousand, four hundred and eighty-three pounds (£2,001,483) before expenses. In order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the fundraising, the Company is providing all Qualifying Shareholders with the opportunity to subscribe, at the Offer Price, for the Convertible Notes, on the basis of one Convertible Note for every thirty-five Existing Ordinary Shares payable in full on acceptance. The Placing will be subject to claw-back depending on the acceptance levels under the Open Offer.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the Convertible Notes on a pre-emptive basis whilst providing the Company with additional capital to invest in the business of the Group.

The purpose of this Document is to explain the background to the Placing and Open Offer and to set out the reasons why your Board believes that the Placing and Open Offer is in the best interests of the Company and Shareholders.

2 Reasons for the Placing and Open Offer

The Board has determined there exists a requirement for additional capital in order that the Company has available to it suitable financial resources to respond to the opportunities the Board believes will be available to the Company in newly regulated intra-State Internet gaming markets in the United States, currently specifically in Pennsylvania, together with the opportunity to commence a US patent licensing program and for other general working capital purposes. Having considered such opportunities, the Board considers the amount sought by way of the Convertible Notes to be the appropriate amount and that capital in the terms of the Convertible Notes is the most suitable form of capital available and is in the best interests of the Company.

3 Details of the Convertible Notes

The key terms of the Convertible Notes are outlined in Part IV of this Document and the full instrument

creating the Convertible Notes can be viewed via the web-site of the Company (www.gan.com). Whilst Shareholders should read the instrument creating the Convertible Notes in full, Shareholders will note that the terms of the Convertible Notes include:

- A principal amount of £2,001,483 split into denominations of £1.00 per Convertible Note.
- An interest rate of 9% per annum accrued daily and payable quarterly in arrears.
- That the Convertible Notes are repayable in full during their term at the election of the Company on one month's notice (with an additional one year's interest then being due) and must be repaid in full with accrued interest on 27 April 2022.
- That the Convertible Notes can be converted into Ordinary Shares at a conversion price of 45.5 pence per Ordinary Share provided Noteholders pass a Special Resolution resolving to convert them.
- That the Convertible Notes are not transferable.

4 Details of the Placing

The Company has conditionally placed all of the Convertible Notes with Sir Michael Smurfit. The issue of the Convertible Notes to Sir Michael is entirely conditional on the take up by Qualifying Shareholders under the Open Offer. Accordingly, Sir Michael is effectively underwriting the Open Offer and will only receive Convertible Notes to the extent they are not taken up under the Open Offer.

5 Details of the Open Offer

In order to allow Qualifying Shareholders to participate in the fundraising on the same terms, the Company is proposing to issue the Convertible Notes under the Open Offer at the Offer Price, payable in full on acceptance. Any entitlements to Convertible Notes not subscribed for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility. The Placing will be clawed back according to the level of acceptances under the Open Offer.

Qualifying Shareholders may apply for Convertible Notes under the Open Offer at the Offer Price on the following basis:

One Convertible Note for every Thirty-Five Existing Ordinary Shares

and so in proportion for any number of Existing Ordinary Shares held on the Record Date save that any resulting entitlement to less than a whole Convertible Note shall be rounded down to the next whole Convertible Note. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholder but will be made available under the Excess Application Facility. Such fractional entitlements include the entitlements of Shareholders who hold less than 35 Ordinary Shares who consequently will not have an Open Offer Entitlement but who may nonetheless seek to apply for Convertible notes under the Excess Application Facility. Only Shareholders who are not the Placee will be Qualifying Shareholders. Further, Qualifying Shareholders who are located in, or are citizens of, or have a registered office in a Restricted Jurisdiction will not qualify to participate in the Open Offer. The attention of all Overseas Shareholders is drawn to paragraph 7 of Part III of this Document.

Subject to availability, the Excess Application Facility enables Qualifying Shareholders to apply for excess Convertible Notes through the Excess Application Facility. Qualifying Shareholders whose Ordinary Shares are held in certificated form who wish to apply to subscribe for more than their Open Offer Entitlements should complete the relevant sections on the Application Form.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements as shown on the Application Form. Applicants can apply for less or more than their entitlements under the Open Offer but the Company cannot guarantee that any application for excess Convertible Notes under the Excess Application Facility will be satisfied as this will depend in part on the extent to which other Qualifying Shareholders apply for less than or more than their own Open Offer Entitlements. The Company may satisfy valid applications for excess Convertible Notes of applicants in whole or in part

but reserves the right not to satisfy any excess above any Open Offer Entitlement. The Board may claw-back applications made in excess of Open Offer Entitlements on such basis as it reasonably considers appropriate.

The Convertible Notes must be paid for in full on application. The latest time and date for receipt of completed Application Forms and payment or settlement in CREST, as relevant, in respect of the Open Offer is 11am on 27 April 2017. The Open Offer is not being made to certain Overseas Shareholders, as set out in paragraph 7 of Part III of this Document.

Qualifying Shareholders should note that the Convertible Notes which Qualifying Shareholders do not apply for will not be sold in the market for the benefit of Qualifying Shareholders who do not apply for Convertible Notes. The Application Form is not a document of title and cannot be traded or otherwise transferred.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part III of this Document and on the accompanying Application Form (for those Qualifying Shareholders who hold their Ordinary Shares in certificated form).

The Convertible Notes will be issued free of all liens, charges and encumbrances. The Convertible Notes will not be transferable so, accordingly, admission to trading on any stock market will not be sought for the Convertible Notes. Should the Convertible Notes be converted then the Ordinary Shares that will result from that conversion will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after the date of their issue. Application will be made to the London Stock Exchange and the Irish Stock Exchange for the admission of such shares to trading on AIM and the ESM, or such stock market on which the Ordinary Shares are then traded. Further information as to the terms of the Convertible Notes are set out in Part IV of this Document and the Convertible Note instrument can be viewed via the website of the Company (www.gan.com).

6 Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons, (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this Document or the Application Form to such persons, is drawn to the information which appears in paragraph 7 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 of America), 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 under the Open Offer.

7 Effect of the conversion of the Convertible Notes

The Convertible Notes as at today, if converted, would result in the issue of Ordinary Shares representing 6.27% (approximately) of the current issued share capital of the Company.

8 Risk Factors

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

9 Related Party Transaction

Sir Michael Smurfit is a related party for the purposes of the AIM Rules and the ESM Rules and accordingly the placing of the Convertible Notes with him comprises a related party transaction. The Directors consider, having consulted with Davy the nominated adviser to the Company, that the terms of the Placing and Open Offer and the Convertible Notes are fair and reasonable in so far as

Shareholders are concerned.

10 Action to be taken

Qualifying Shareholders that hold Ordinary Shares in certificated form will receive a personalised Application Form, which is enclosed with this Document for such Qualifying Shareholders. If you are a Qualifying Shareholder that holds Ordinary Shares in certificated form and you wish to accept the Open Offer, you should follow the instructions set out in paragraph entitled "*Procedure for application and payment for Qualifying Shareholders (NON-CREST)*" in Part III of this Document. Qualifying Shareholders that hold Ordinary Shares in certificated form who do not want to apply for the Convertible Notes under the Open Offer should take no action and should not complete or return the Application Form.

If you are a Qualifying Shareholder that holds Ordinary Shares in CREST and you wish to accept the Open Offer, you should follow the instructions set out in paragraph entitled "*Procedure for application and payment for Qualifying Shareholders (CREST)*" in Part III of this Document.

If you have any questions relating to this Document, including the completion and return of the Application Form and payment, please telephone Capita Asset Services 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 am and 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Seamus McGill
Non-Executive Chairman

PART II

RISK FACTORS

The Convertible Notes should be regarded as a speculative investment and an Investment in the Convertible Notes should only be made by those with the necessary expertise to fully evaluate the investment.

The Directors believe that the following risks should be considered carefully by investors before acquiring Convertible Notes. Prospective investors are advised to consult an independent adviser authorised by the FCA, or its equivalent where applicable.

If any of the risks described in this Document actually occur, the Company may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Convertible Notes could be lost. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

1 Risks relating to the online gaming regulatory environment

1.1 Legislative interpretation may result in criminality of activities

- (a) The Company generates the majority of its income through licensing its proprietary Internet Gaming System to enable gaming operators to provide gaming services to customers where such services are dependent on that software and the functionality it provides. One of the consequences of the Company's supply of operational gaming software to licensees, in return for a share of revenue, is the potential regulatory risk associated with doing so. Whilst in many jurisdictions laws and regulations may not specifically apply to supplies by gaming software licensors (as distinct from its licensees' supplies to customers), this is not universally the case and, indeed, a number of jurisdictions have sought to regulate or prohibit such supply explicitly.
- (b) Furthermore, the Company relies on the continuity of supply by its licensees to their customers using the gaming related software and technology which the Company licenses. Laws and regulations relating to the supply of gaming services are complex, inconsistent and evolving and the Company may be subject to such laws either directly through explicit service provision or indirectly insofar as it has assisted the supply to licensees who are themselves subject to such laws.
- (c) Operators within the remote gaming industry have sought, in the past, to justify their activities by asserting that if remote gaming is permitted from the country of origin (i.e. from the point of supply) then the laws in the country of receipt would have to specifically outlaw the activity of the customer (remotely accessing online gaming services) or an entity in that jurisdiction or have the authority to implement laws that impacted outside the jurisdiction in order to render the activity illegal, or entitle the country of receipt to assert jurisdiction. Operators have sought to reduce any associated risks of jurisdictions forming a contrary view by limiting or omitting to have physical presence in such jurisdictions where any connected activities are not clearly legal. There are a number of jurisdictions that consider this rationale to be unjustified. Indeed in some territories, laws have been passed to expressly criminalise the provision of (and sometimes the participation in) gaming, irrespective of where the operator is located and licensed. For the greater part, these laws have not been tested. Some jurisdictions seek to regulate gaming; others seek to prohibit it. Contrasts in culture and socio-economics have created inconsistencies in the way in which gaming is both perceived and the way in which it is regulated, sometimes creating seemingly artificial distinctions between different gaming products. There is a corresponding, continuing risk to any participant in the gaming industry (be they an operator, supplier or other service provider) that jurisdictions in which customers are located may seek to argue that such a participant was acting illegally in accepting or assisting in the acceptance of wagers from its citizens or in the manner in which it operates gaming

networks. This could lead to actions being brought against licensees which, in turn, could have a detrimental effect on the financial performance and the reputation of the Company. Similarly, where supply by the Company to the Licensee is critical to the gaming transaction, one cannot rule out the risk that direct enforcement action will be taken against the Company or any of its Directors.

- (d) Many jurisdictions have not updated their laws to address the supply of remote gaming, which by its nature is a multi-jurisdictional activity. Moreover, the legality of online gaming and the provision of software, services and gaming network management is subject to uncertainties arising from differing approaches by legislatures, regulators and enforcement agents including in relation to determining in which jurisdiction the gaming takes place and therefore which law applies. This uncertainty creates a risk for the Company that even in instances where older laws have not been updated to address new technology, courts may interpret older legislation in an unfavourable way and determine licensees' and/or the Company's activities to be illegal. This could lead to actions being brought against licensees and/or the Company or any of its Directors, all or any of which may, individually or collectively, have a detrimental effect on the financial performance and the reputation of the Company.
- (e) The Company monitors legal and regulatory developments in all of its material markets closely and generally seeks to keep abreast of legal and regulatory developments affecting the gaming industry as a whole. However, the Company does not necessarily monitor, on a continuous basis, the laws and regulations in every jurisdiction where its licensees derive business and, correspondingly, from where the Company may derive revenue share. The Company adapts its regulatory policy and, therefore, the scope of its ongoing monitoring on the basis that an individual market's materiality to both any relevant Licensee and to the Company may change. The Company may continue to receive a revenue share from licensees' dealing in jurisdictions where the Company may be unaware of the full extent of enforcement risk.
- (f) The Directors of the Company are not located, nor does the Company have tangible assets or physical presence, in jurisdictions where the Directors are aware of any material legal or regulatory risk associated with such location, nor does the Company conduct activities where its support of licensees is also explicitly illegal. Where appropriate, the Company takes the additional precautionary step of blocking wagers from such jurisdictions. The Company regularly sense-tests the regulatory rationale of licensees but, given that day-to-day management of operational risk will remain in the purview of licensees, the Company protects itself through contractual mechanisms allowing it to suspend or terminate services.
- (g) Despite the monitoring undertaken by the Company and the precautions it takes as to the location of employees or assets, there remains a prospect that, in the event of legislation being interpreted in an unfavourable or unanticipated way, such measures are not sufficient and result in actions being brought against the Company or its Directors, all of which would have a detrimental effect on the financial performance and the reputation of the Company. Furthermore, similar actions could be brought against licensees with the consequence that revenue streams from such licensees may be frozen or traced at the behest of authorities even if no the Company entity is made a party to any legal proceedings against any such Licensee. Customers may face problems in legitimately moving monies in and out of certain jurisdictions which will impact upon payments to licensees. Finally, there is also a risk that Directors or employees of the Company or individuals engaged by it (or directors, employees or individuals connected to any Licensee) may face extradition, arrest and/or detention in (or from) such territories even if they are only temporarily present.
- (h) With respect to the Company's B2C business, which directly provides gaming products to end-users (i.e. players), the Company's determination as to whether or not to permit players in a given jurisdiction to access any one or more of the Company's products and whether or not to engage in different types of operations, marketing activity and player contact is made based on a number of factors which include:

the laws and regulations of the jurisdiction, in particular, the way in which such laws and regulations apply to the regulation of specific gaming products and systems and specific types of related activity;

the approach to the application or enforcement of such laws and regulations by regulatory and other authorities, including the approach of such authorities to the extraterritorial application and enforcement of such laws and regulations and the willingness or ability (or absence thereof) of such authorities to take enforcement action;

state, federal or supra-national law, including EU law, if applicable; and

any changes to these factors.

If the Company should fail to have adequate regard to these (and other) factors when determining whether or not to permit players in a given jurisdiction to access any one or more of the Company's products and whether or not to engage in different types of operations, this could have a material adverse effect on the Company's operations, financial performance and prospects.

- (i) As a result of social, political and legal differences between jurisdictions, successful operation and marketing in a new jurisdiction often involves local adaptations to the Company's overall strategy. In particular, the Company's marketing strategy in new geographic markets may not be well received by end-users or may not otherwise be socially acceptable in that jurisdiction. The Company may be unable to successfully deal with a new and different local operating environment and may be subject to unfamiliar restrictive local laws and regulations which may include specific technological requirements that are incompatible with the Company's technology or business model. The Company may also face local state monopolies or other local vested interests that oppose the entry of new operators or already have substantial local market share. Each of these could have a material adverse effect on the Company's operations, financial performance and prospects.
- (j) The Company may be unable to secure new licences on acceptable terms (where required) in order to access end-users and licensees in any given jurisdiction. This could have a material adverse effect on the Company's operations, financial performance and prospects.

1.2 Revocation or amendment of licences

- (a) Gaming operators use a variety of third party software products as the technical foundation of the services they supply. In certain territories, such suppliers are required themselves to obtain and maintain local licences. The Company is obliged, given the nature of the technology it supplies, to obtain such licences in a number of territories. Insofar as any of these licences are withdrawn or not renewed on equivalent terms (e.g. where there is a change in view as to what equipment needs to be located locally) it could have a material adverse effect upon the viability of those business ventures.
- (b) There are a number of jurisdictions in which licensees may have customers where it may be unlawful or may become unlawful for individuals to engage in online gaming. In these circumstances, any attempt in the future by regulatory authorities to take enforcement action against such individuals could significantly affect demand for the products and services supplied to licensees by the Company and have a detrimental effect on its financial performance and reputation.

1.3 Perception of gaming operators and suppliers, and their respective regulatory risk

- (a) Whilst from an enforcement perspective, operators that directly provide gaming services to their customers are generally perceived to be exposed to a greater degree of enforcement risk than their suppliers, in some jurisdictions laws extend to directly impact such gaming suppliers. Furthermore, a supplier's nexus with a particular

jurisdiction may expose it to specific enforcement risks, irrespective of whether there has been an attempt to bring proceedings against any supported operator.

- (b) The online gaming market has developed such that the nature of some of the services undertaken by suppliers on behalf of operators places them closer to the actual customer transaction, arguably rendering them quasi-operators in their own right. A number of fundamental points have begun to emerge from these market developments. Suppliers cannot claim ignorance of, or indifference to, the origin of an operator's business. Indeed, enforcement proceedings brought against an operator may result in action being taken against a supplier (and even brought in the absence of the former). From a reputational and risk perspective, therefore, it is not sufficient for a supplier to avoid evaluating the risks associated with the businesses of the entities it supplies.
- (c) Any income streams may prove vulnerable to freezing or tracing claims if an operator's wagering activity is construed as illegal.
- (d) The fact that the Company receives a revenue share may, in the view of some regulators, enhance culpability, given that the contractual arrangement enshrines a concept of risk and reward.
- (e) Ultimately, the market may view, or in the future may view, the regulatory risk associated with the business of supplying software and services to gaming operators as being comparable with the regulatory risk attaching to operators themselves. In such circumstances, there is an associated risk that investors may apply valuation methods to any such supplier that are the same as the valuation methods used to value operators, and which build in the same regulatory risk even though, in many territories, such suppliers would be considered sufficiently removed from the transactional activity to warrant the application of a discrete risk analysis.

1.4 Popularity and adoption of online gaming

- (a) Online gaming is a relatively new phenomenon and the success of the Company is and will be dependent on its continued popularity. The online gaming industry is highly competitive and the Company will need to develop other online gaming products and services that will continue to attract and retain a broad range of customers. As a result, the Company must continue to invest significant resources in research and development in order to enhance its Internet Gaming System, technology and its existing products and services and introduce new high-quality products and services that will appeal to customers across a wide range of platforms, including mobile phones and tablets, and to appeal to a broader demographic.
- (b) To the extent that the Company is unable to predict user preferences or industry changes, or is unable to modify products and services on a timely basis, the Company may lose customers. The Company's operating results would also suffer if its innovations are not responsive to the needs of customers or are not appropriately timed with market opportunity or are not effectively brought to market. As technology continues to develop, the Company's competitors may be able to offer products that are, or that are perceived to be, substantially similar to or better than those of the Company, which could have a material adverse effect on the Company's operations, financial performance and prospects.
- (c) The Company's business strategy includes an intention to be a 'first mover' into new, regulated online gaming markets, such as New Jersey in the US. The Company expects there to be an opportunity to grow revenue by being among the first operators and systems providers to obtain a licence to operate online gaming systems in markets where end-users historically have been reliant on unregulated online gaming. However, there is no guarantee that end-users who are currently engaging in unregulated online gaming (in the US or elsewhere) will transition away from unregulated gaming to regulated gaming in the wake of regulation, which is itself uncertain as to timing and scope of regulation and varies on a jurisdiction by jurisdiction basis. The Company's ability to influence end-user tastes and habits is limited, and if the introduction of

regulation fails to result in a migration of end-users from unregulated gaming to regulated gaming (from which the Company currently derives and is expected to derive revenue both directly and through revenue sharing arrangements with its licensees) this may have an adverse impact on the operations, financial performance and prospects of the Company.

1.5 Evolving nature of gaming regulation in the EU

- (a) The application of European laws designed to enshrine EU-wide trade freedoms is the subject of ongoing and developing jurisprudence which, ultimately, may result in a regulatory environment that impacts negatively on multi-national stakeholders in the gaming industry such as the Company and its licensees.
- (b) The Treaty on the Functionality of the European Union embodies the principle that, within the European Union, each Member State and their constituent citizens can freely trade with other Member States and their constituent citizens. It arguably follows that restrictions on supply and movement of goods, services, people and capital are not permitted unless certain justifications are evident. Accordingly, if a gaming operator is prohibited from freely operating in Europe by an EU Member State's domestic law, such an approach may be unlawful under EU law (which is supreme over a Member State's domestic law). However, Member States are permitted to derogate from such principles and to legislate and impose discriminatory restrictions where to do so would be justifiable to achieve the aim of safeguarding public interest. The ability for Member States to introduce or seek to maintain such restrictive legal systems or to introduce punitive tax or duty regimes alongside new regulation of online gaming, with respect to gaming activities, could impede the financial growth of licensees and, by implication, the Company.
- (c) A number of Member States have recently introduced local licensing regimes, some as a result of pressure brought by the European Commission. However, the way in which national laws are evolving is unpredictable and in some instances laws have appeared to have been fully implemented by certain Member States in contravention of the jurisprudence of the European Court of Justice and in contravention of guidance given to Member States by the European Commission following review and comment on draft laws and regulations. As a result, the Company and its licensees remain subject to ongoing uncertainty and to the associated risks that such laws may, ultimately, be interpreted and implemented in a disadvantageous way.

1.6 Evolution of local gaming licensing regimes

- (a) The law and regulation pertaining to gaming is in a constant state of change. Various jurisdictions have recently implemented (or are in the process of implementing) changes to their markets by introducing competitive licensing and regulatory frameworks. Whilst these developments may provide growth opportunities such new licensing regimes may evolve in such a way as to prove commercially disadvantageous.
- (b) New licensing regimes may impose licensing conditions, such as the requirement to locate significant technical infrastructure within the relevant territory or establish and maintain real-time data interfaces with the regulator, that present operational challenges. The effect on licensees' businesses may be exacerbated by commercially onerous taxes or the requirement to pay retrospective taxes, as a condition of licence grant. Further, regulations may restrict licensees' ability to offer certain of the Company's key products or may limit licensees' scope to market such products in the way they would wish to do so, all of which may deter a Licensee from committing to an emerging local licensing regime. Further, licensees may face a potential loss of competitiveness to the extent that restrictions are imposed on customer choice (e.g. deposit caps and pay-out limits). Those restrictions may combine with an incoherent and inconsistent policy of enforcement against entities without a licence, so as to reduce the perceived value of such a licence. Moreover, licensing regimes may require licensees to ring-fence player liquidity, as has happened in the development of the

Italian and Spanish licensing regimes.

- (c) The opening of new markets, and the clarification of restrictions surrounding online gaming in other markets where the legal position is currently unclear, may attract new entrants to the online gaming sector or strengthen the position of competing suppliers. A significant failure by the Company to attract new entrants to a new market or failures by its existing licensees to obtain a licence or compete effectively in a new market may have adverse effect on the operations, financial performance and prospects of the Company.
- (d) Local licence application procedures can be onerous. A degree of business disruption would likely be caused by the requirement on licensees to obtain any number of licences. Licensees' revenues could also be impacted by the imposition of licence fees and additional indirect taxes (including retrospective taxes) and, depending upon how the Company's revenue share arrangements with individual licensees is calculated, such costs could impact the Company's revenues. Regulations can also be ill-considered, exposing licensees to double taxation for the same transaction (in some jurisdictions the requirement to pay tax is determined where the customer is based and in others where critical equipment and functions are carried out). In addition, in some jurisdictions there is a requirement to register to pay taxes with retrospective effect, before an entity can qualify to apply for a licence. Even if this requirement is of questionable validity, it is a difficult one to challenge where an entity wishes to obtain a licence. Moreover, there is likewise no guarantee that the retrospective period currently required will not be extended.
- (e) Conversely, to the extent that local licences are not obtained by licensees (whether through a strategic decision or as a result of limited availability), such licensees may risk heightened enforcement exposure from local authorities in the relevant jurisdictions (not least in light of the probability of legislation expressly banning the offering of unauthorised online gaming locally, thereby removing all ambiguity in preceding legislation). This may impact materially upon revenues and reputation where actions are brought directly against the Company and/or licensees to prevent any unauthorised supplies.
- (f) In addition, the ongoing compliance costs associated with any licensing requirements may be significant. Sums may be required by way of bonds (which under the Spanish licensing regime, for example, can run to millions of Euros, depending upon which products are required to be licensed), and the requirement to provide security for customer deposits will likely become standard.
- (g) The evolution of local licensing regimes, in any number of territories, may prove to be detrimental to the financial performance of licensees and/or the Company on the basis of operational requirements and associated restrictions.

1.7 **Exposure to local laws and regulations**

- (a) In addition to the laws and regulations relating to gaming, the Company is subject to a wide variety of laws and regulatory requirements, non-compliance or deemed non-compliance with which could result in serious financial and other penalties for the Company. Compliance with all such laws and regulations is complex and expensive.
- (b) For example, the Company must comply with data protection and privacy laws. In the event that confidential information is wrongfully used or misappropriated by the Company or by its affiliates or intermediaries, the Company could face legal sanctions. It is possible that laws in various jurisdictions may be introduced or interpreted in a manner which is inconsistent with the Company's existing data practices, and which could, therefore, have a material adverse effect on the Company.
- (c) European legislation may develop to have a bearing on delivery of services and content by certain media channels, even if there may be no EU directive specific to remote

gaming for the foreseeable future. Competition laws may impact upon the Company's business model and any acquisition strategy that the Company may choose to adopt in the future, depending on how the gaming market is analysed for competition purposes and particularly where convergence between bricks and mortar and remote delivery will significantly enhance customer penetration and potential overlap. In short, there is a risk that the most commercially sustainable growth strategy may be limited by such laws and regulations.

- (d) Regulation of gaming generally, and in particular online gaming, in the US is still evolving. The states of Delaware, Nevada and New Jersey have approved certain forms of real-money online gaming, but the industry perception is that (with the exception of New Jersey) these markets will be viewed more as a barometer by which to measure the relative success or failure of regulation. A number of other US states are in the process of regulating online gaming but there can be no guarantee that regulation in other states in the US will (i) occur in accordance with the Company's estimate of the timeline and scope for regulation, or (ii) occur at all.

1.8 Continued inconsistency of legislation or the introduction of new legislation

- (a) Legislation that aims to prohibit or restrict financial transactions with remote gaming operators will have a detrimental effect on the businesses of licensees and/or the Company. Such prohibition or restrictions may be imposed as a result of concerns relating to fraud, unauthorised payment processing and money laundering or may follow the introduction of specific legislation aimed at preventing the supporting of financial transactions with gaming operators who do not possess the relevant jurisdictional licence. Not all such jurisdictions, however, will have implemented a licensing regime and yet may pressurise banks and other financial institutions to block wagering transactions as a crude and limited way of protecting incumbent monopolies or similar. Some licensees may rely on improperly coded transactions in an attempt to circumvent such blocking and therefore may be exposed to monies being misappropriated by unreliable payment processors, which would reduce revenue. Furthermore, in some instances, the use of certain payment processing mechanisms may give rise to allegations that any related proceeds are tainted. Where payment processors adopt methods to circumvent blocking initiatives, this could give rise to tracing activity by enforcement agencies, which may lead to business disruption for any suppliers of an implicated operator. Where the Company is required, as such a supplier, to assist with such investigations, this may have a detrimental effect on the reputation of the Company.
- (b) Some licensees additionally may rely upon syndicates or agents to generate business in certain markets. Underpinning these arrangements are cash transfers and credit structures (both of which can typically occur in a licensed betting office) which may give rise to potential money laundering issues in an online environment, where there is no way to guard against the anonymity of participants, particularly in jurisdictions where such arrangements are the norm. Whilst this is primarily an operator risk, there is a risk that any action taken against any licensees will impact upon the Company through tracing and freezing claims.
- (c) The introduction of legislation or regulations requiring Internet service providers in any jurisdiction to block access to the licensees' websites may restrict the ability of customers to utilise the Company's products. Any such developments will have a detrimental effect on the financial performance of licensees and hence on the Company.

1.9 Reliance on technological blocking systems

- (a) There is no guarantee that the technical blocks the Company implements and which its licensees implement will be effective. These systems and controls are intended to ensure that the Company does not accept bets from customers located in those jurisdictions where it has made a decision not to offer all or certain of its products and services. This may result in violations of applicable laws or regulations. Any claims in

respect of any such violations could have cost, resource, and, in particular if successful, reputational implications, as well as implications on the ability of the Company to retain, renew or expand its portfolio of licences, and so have a material adverse effect on the operations, financial performance and prospects of the Company.

- (b) Moreover, there is an additional, ongoing risk that the current list of jurisdictions from which the Company and its licensees must block access is enlarged, as there is a possibility that regulators who grant licences to licensees and/or the Company will require the blocking of specific additional jurisdictions. Similarly, jurisdictions may update their laws and regulations in such a way as to render the supply of gaming services into that jurisdiction legally unsustainable. In all such circumstances, additional blocking activity may have a detrimental effect on the financial position of the Company.

1.10 Introduction or amendment of gaming taxation legislation

- (a) Generally speaking, regulated gaming activities will not only be subject to direct corporate taxation, but also indirect taxes and gaming duties. As the regulatory environment has developed, it is becoming clear that the taxation environment may become less favourable, as jurisdictions seek to impose their own regulation and taxation regimes on what was, traditionally, an offshore activity. Specifically, licensees of the Company with significant customer bases in two of the Company's markets, the US and Italy, may become subject to less favourable tax regimes in the short-to-medium term. As a consequence of an increased taxation burden affecting licensees and/or the Company, the Company may see a reduction in related revenue share or a pressure to re-negotiate with key licensees.
- (b) Furthermore, although in many jurisdictions gaming winnings are currently not subject to income tax or are taxed at low rates, this is not the case universally and future regulatory regimes may introduce such taxation and make participation in the Group's products, as supplied by licensees, less attractive for players in those jurisdictions.
- (c) The Company provides its Simulated Gaming™ product to licensees principally in the US market. Simulated Gaming™ involves the sale of virtual credits to end users allowing access to the licensees online social casino product where these virtual credits can be consumed. The revenues from this product are not currently subject to either gaming duties or indirect taxes in the US market but there is no guarantee that these revenues will continue to be exempt in future periods.

1.11 Expectations of shift to regulated online gaming

The Company's business strategy includes an intention to be a 'first mover' into new, regulated online gaming markets, such as New Jersey in the US. The Company expects there to be an opportunity to grow revenue by being among the first operators and systems providers to obtain a licence to operate online gaming systems in markets where end-users historically have been reliant on unregulated online gaming. However, there is no guarantee that end-users who are currently engaging in unregulated online gaming (in the US or elsewhere) will transition away from unregulated gaming to regulated gaming in the wake of regulation, which is itself uncertain as to timing and scope of regulation and varies on a jurisdiction by jurisdiction basis. The Company's ability to influence end-user tastes and habits is limited, and if the introduction of regulation fails to result in a migration of end-users from unregulated gaming to regulated gaming (from which the Company currently derives and is expected to derive revenue both directly and through revenue sharing arrangements with its licensees) this may have an adverse impact on the operations, financial performance and prospects of the Company.

1.12 Global economic uncertainty

Demand for the Company's products and services is influenced by general economic and consumer trends beyond the Company's control. There can be no assurance that its business and corresponding financial performance will not be adversely affected by general economic or consumer trends.

2 Risks relating to the Company's business

2.1 Competition may affect the Company's financial performance

- (a) The online gaming industry is extremely competitive and so is the related software and services industry that supports it. Failure to compete effectively may result in the loss of licensees and also the inability to attract new licensees.
- (b) Such a competitive environment can lead to pressure from licensees in respect of the royalty rates and other fees charged by the Company. In addition, licensees might choose, when contractually permitted to do so, to migrate to competing software providers. New software providers may also enter the market, thereby increasing competition.
- (c) Furthermore, the regulatory constraints to which the Company is subject and imposes on itself are not universally applicable and, for various reasons, some of the Company's competitors may choose to assist their respective licensees with wagering with citizens in jurisdictions that the Company would not support. Whilst the Directors do not believe any such jurisdictions would be key in terms of potential revenues for licensees (and consequently the Company), there is a risk that, if such competitors of the Company do not impose similar restrictions, then restrictions imposed by the Company on its licensees may adversely affect its ability to retain existing licensees or to attract new licensees which, consequently, would have an adverse impact on the Company's financial position and growth prospects.
- (d) The on-going evolution of gaming regulation could lead to increased competition, over time, as large land-based operators, games companies and other online entertainment companies may seek to enter the remote gaming market. Such organisations, with long established and trusted brands, may buy or build capabilities to allow them to effectively compete with the Company and/or its licensees. This could lead to a reduction in licensees' revenue and profitability, which would in turn negatively impact upon the Company's financial performance.

2.2 The Company must continue to innovate in order to compete

- (a) The online gambling industry is highly competitive and the Company and its licensees must offer and develop new products and services that will continue to attract and retain a broad range of players. The Company must continue to invest significant resources in research and development in order to enhance its Internet Gaming System, Gaming Content Platform, products and ancillary services. If the Company is unable to adapt its technology products to satisfy player demand, it may lose the confidence of licensees who may choose to concentrate marketing efforts on products offered by the Company's competitors. Failure to adapt to changing market needs and developing opportunities will hamper the Company's ability to attract new licensees or retain existing licensees and the sustained loss of licensees could lead to a reduction in revenues and profitability which would negatively impact upon the Company's financial performance.
- (b) With the emergence and development of new products, new technologies, or new player practices, there is a risk that the Company's existing services and products and proprietary technology may be considered obsolete. The Company's ability to compete in the market and its financial position would suffer were it unable to respond to technological advances, emerging industry standards or player tastes in a timely and cost-effective manner. Furthermore, the Company's existing Internet Gaming System technology is complex, and business expansion may lead to additional layers of complexity being added to the Internet Gaming System, or to the establishment of other technologies which may present new challenges and risks to the Company or may result in short term or long term diseconomies of scale which could have a material adverse effect on the financial position of the Company.

2.3 The Company is reliant on a small number of licensees

The top licensees (in terms of gross income generated) are relatively few in number. To the extent that the businesses of these licensees deteriorate, or are adversely affected by any of the issues described in this section, the Company's revenue stream from these sources may also be adversely impacted. Furthermore, if any of these licensees were to migrate to a competitor, this would have an adverse effect on the financial position of the Company.

2.4 The Company is reliant on its key personnel and employees

- (a) Whilst the Company has entered into employment arrangements with each of its executive directors, senior management and key personnel with the aim of securing their services, the Company's future success depends in large part on their continued service, the retention of which cannot be guaranteed. In particular, the loss of the Group's Chief Executive Officer, Chief Financial Officer and certain other members of senior management could materially adversely affect the Company's business. The loss of any such member could harm or delay the plans of the business either whilst management time is directed to finding suitable replacements (who, in any event, may not be available to the Company), or, if not, covering such vacancy until suitable replacements can be found. In either case, this may have a material adverse effect on the future of the Company's business.
- (b) The Company's ability to compete effectively in the markets in which it operates depends upon its ability to retain and motivate its existing workforce. The loss of a significant number of its employees or any of its key employees, or any increased costs that the Company may incur in order to retain any such employees, may adversely affect the business of the Company.
- (c) The workings and technical requirements of each newly developed version of the Internet Gaming System are not recorded on a version-by-version basis. Rather, the Internet Gaming System is updated on an on-demand basis, in response to Licensee requirements and internally developed updates, which respond quickly to changing needs. As a result of this approach a material part of the knowledge of the workings and development of the Internet Gaming System is held by certain key employees as opposed to being fully held on an up to date basis within a suite of hard copy manuals or other documents. The Company does operate a source and revision control system which includes the provision of comments for each change which is made to the Internet Gaming System as part of its development, but this is not currently fully comprehensive. The move to such a system of manual record will be time consuming pending which eventuality certain, potentially material information will be held within the minds of a relevant member or members of staff, the retention of whom cannot be guaranteed, albeit the employment contracts of such staff contain protections applicable to such circumstances. The loss of any such member could harm or delay the ongoing provision and future development of the Internet Gaming System and could result in management time being directed to finding suitable replacements (who, in any event, may not be available to the Company), or, if not, covering such vacancy until suitable replacements can be found. In either case, this may have a material adverse effect on the future of the Company's business.

2.5 The Company may not be able to protect its intellectual property rights and could be at risk of infringing third party intellectual property rights

- (a) The Company's ability to compete effectively depends, amongst other things, on its ability to protect, register and enforce, (as appropriate), its intellectual property rights, including, in particular, its intellectual property rights relating to its proprietary software and its patents and trade mark rights. The Company's inability to protect these rights could have an adverse impact on the operations, financial performance and prospects of the Company.
- (b) The Company faces the risk that its intellectual property rights may be infringed by a third party, and there can be no assurance that the Company will successfully prevent or restrict any such infringing activity. The costs incurred in bringing or defending any infringement actions may be substantial, regardless of the merits of the claim, and an

unsuccessful outcome for the Company may result in royalties or damages being payable and/or the Company being required to cease using any infringing intellectual property or embodiments of any such intellectual property (such as software). If any of the Company's intellectual property is held to be infringing, there can be no assurance that the Company will be able to develop or obtain (on favourable terms or at all) alternative non-infringing intellectual property.

- (c) The Company may receive, from time to time, letters from patent holders alleging that certain of its products and services infringe their patent rights. Some of these may result in litigation proceedings being commenced against any member of the Company and its directors, or settlements for amounts that may be material to the Company. The Company will need to divert resources to address any such claims that may arise.
- (d) There can be no assurance that third parties will not independently develop or have not so developed similar or equivalent software to the Company's proprietary software (such as the Internet Gaming System), or will not otherwise gain access to the Company's source code, software or technology.
- (e) There can be no assurance that the Company's registered intellectual property is valid or enforceable and such intellectual property may be subject to challenge or circumvention by third parties. The Company has not registered all intellectual property rights that are registrable and which are material to its business and no assurance can be given that any applications for registration made by the Company will be successful, as applied for or at all.
- (f) The Directors consider the Company's know-how, copyright in software, copyright in data and other intellectual property to be a competitive advantage and key to its success to date and future prospects. The Company takes prudent steps to protect its intellectual property and know-how. However, the Company's failure or inability to protect its intellectual property rights, including its rights in know-how or trade secrets, and in particular intellectual property relating to its Internet Gaming System technology and proprietary code could have a material adverse effect on the Company's operations, financial performance and prospects.

2.6 The Company's trade mark protection position may adversely impact the Company's business

The Company may not be able to obtain trade mark registrations in all parts of the world, although it may have acquired common law rights in the Company name in the jurisdictions in which it operates through its use of the Company brand. The absence of a registered trade mark may make it more difficult for the Company to prevent others from using the same or a similar name.

2.7 The Company's business is dependent on the continued growth and maintenance of the Internet

- (a) The Company's business is dependent on the Internet and on the continued growth and maintenance of the Internet infrastructure. There can be no assurance that the Internet infrastructure will continue to be able to support the demands placed on it by continued growth in the number of users of and amount of traffic on the Internet. The success of licensees' businesses depends upon the continued growth and maintenance of Internet infrastructure together with the Company continuing to remain abreast of changes in technology in order to meet licensees' and their customer's needs.
- (b) To the extent that the Internet infrastructure is unable to support the demands placed upon it, licensees' businesses may be adversely affected. For example, the Internet has experienced outages and delays, and future interruptions could harm relationships that licensees have with their customers.
- (c) The Company may also suffer from the adverse effect of the delay or cancellation of government programmes designed to expand broadband access. The reduction in the

growth of, or a decline in, broadband and Internet access poses a risk to licensees and, by proxy, to the Company and could adversely affect its ability to support wagering in the corresponding markets.

2.8 The Company relies on the ongoing stability of its products and the technology needed to support them

- (a) The Company's ability to provide its software to licensees depends upon the integrity, reliability and operational performance of its systems, including the Internet Gaming System. Any major systems failure, including network, software, Internet or hardware failure which causes material delay or interruption in the operation of the Company's systems, or of the software, could have an adverse effect on the licensees' business (including a possible reduction in licensees' revenues), which would in turn negatively impact upon the Company's financial performance. In addition, licensees could have a direct claim against the Company as a result of such systems failure.
- (b) The Company has in place business continuity procedures, data and disaster recovery systems and security measures in the event of a failure or disruption of, or damage to, the Company's network or IT systems. Such procedures may not, however, be sufficient to ensure that the Company is able to carry on its business in the ordinary course if they fail or are disrupted, such that the Company may not be able to anticipate, prevent or mitigate any material adverse effect of any failure on its operations or financial performance.
- (c) The Company may at any time be required to expend significant capital or other resources (including staff and management time and resources) to protect itself against network or IT failure or disruption or unauthorised access, including the replacement or upgrading of its existing business continuity systems, procedures and security measures. If replacements, expansions, upgrades and/or other maintenance are not implemented successfully or completed efficiently or there are operational failures, the quality of the Company's product portfolio and Internet Gaming System experienced by its licensees will be adversely impacted. If, as a result, licensees were to reduce or stop their use of the Company's products and services (including the Internet Gaming System), this could have a material adverse effect on the Company's operations, financial performance and prospects.
- (d) 3G or 4G access and Wifi Internet penetration may be negatively affected by various factors, including the introduction of new media or communications channels or the growth of existing alternative channels. In addition, 3G or 4G access and Wifi Internet penetration may be adversely affected by difficult global economic conditions or the cancellation of government programs to expand broadband access. There is a significant risk that a reduction in the growth of, or a decline in, 3G or 4G access and Wifi Internet penetration, could materially adversely affect the Company's operations, financial performance and prospects.

2.9 Vulnerability to hacking, DDOS attacks, malicious acts and other cybercrime

- (a) The businesses of licensees may be adversely affected by activities such as system intrusions, distributed denial of service attacks, virus spreading, and other forms of cybercrime. Such activities can disrupt Internet sites, cause system failures, business disruption and may damage the computer equipment of licensees' and/or their customers, as well as harming the computer systems of the Company itself. Furthermore, as a provider to certain licensees of technical support services, such as hosting or provision of other operational infrastructure, such cybercrime may lead to contractual claims by affected licensees.
- (b) The Company adopts industry-standard protections to detect any intrusion or other security breaches, together with preventative measures safeguarding against sabotage, hackers, viruses and cybercrime. However, there can be no assurances that the Company, nor its licensees will not be damaged by malicious viruses or worms, nor that intrusions and attacks will or can be prevented in the future. If efforts to combat

these attacks are unsuccessful, it may cause delay and business interruption, financial loss or damage to the Company or its licensees' reputations and customer relationships, which could damage the Company's reputation in the markets in which it operates and have a material effect on its relationships with its licensees and therefore on its financial performance.

2.10 Restricted ability to enforce contracts in certain jurisdictions

The Company has entered into certain agreements, and may be expected to enter into agreements in the future, with Native Americans and Native American governments on Indian Lands (defined by the US National Indian Gaming Commission "as all lands within the limits of any Indian reservation and any lands title to which is either held in trust by the United States for the benefit of any Indian tribe or individual or held by any Indian tribe or individual subject to restriction by the United States against alienation and over which an Indian tribe exercises government power in the US"). The regulatory framework, ways of working and conduct of business affairs in such jurisdictions can differ from what may be considered as standard market practice in other jurisdictions in which the Company operates. To the extent that such agreements may be subject to any default, dispute or enforcement action, the Company's recourse to local courts or other enforcement bodies to enforce its rights under such agreements may be limited by virtue of the perceived closed nature of such businesses and communities. The Company has sought to mitigate such risks in the course of commercially settling the existing relevant contracts and will seek to do so in any future relevant contract being mindful of the circumstance as a matter of prudential business conduct however any inability of the Company to enforce its contracts could have a direct effect on the revenue generated under such contracts. Furthermore, any deterioration, for any reason, in the strong business relationships which the Company currently enjoys with counterparties on Indian Lands could harm the Company's business reputation and have a material adverse effect on the operations, financial performance and prospects of the Company.

2.11 Loss of existing licences

The gaming licences held by the Company and by its partners, through which the Company operates, may not be renewed or may be revoked. Such revocation or non-renewal may materially adversely affect the operations, financial performance and prospects of the Company. The revocation or non-renewal of a gaming licence could result in reputational damage to the Company, may cause the Company's other licences to be subject to review or revocation and could materially adversely affect the operations, financial performance and prospects of the Company. Moreover, any renewal of the Company's licences may be on terms that are less favourable.

2.12 Impact of licensees operations in unregulated jurisdictions

Certain of the Company's licensees may, from time to time, provide online gaming services to end-users in unregulated markets. This activity by licensees does not necessarily amount to an infringement of laws or regulation in a given jurisdiction, but it is not uncommon for licensees to cease providing online gaming services in an unregulated market in response to changes or intimated changes to laws or regulation. The risk of the Company being considered by a regulatory body in such a jurisdiction as infringing the laws or regulations of that jurisdiction are considered by the Company as being low on the basis that the Company provides a service (e.g. the Internet Gaming System) to the Licensee and not to the end-user and the Company does not hold any end-user data as part of this service provision. Furthermore, the Company considers its licensees to be of good standing and covenant and evaluates the risk of such a Licensee being found to have infringed local laws or regulation in an unregulated jurisdiction as being low, particularly given the Company's licensees maintain close regulatory monitoring procedures to avoid such an infringement. However, if a Licensee is found to have infringed laws or regulations in an unregulated jurisdiction this could materially adversely affect the operations, financial performance and prospects of the Company.

2.13 Reliance on third party suppliers

- (a) The Company and its licensees all rely on hosting providers, marketing support services, communications carriers and other third parties for payment processing, telecommunications, advertising, technology, banking and other services. The willingness of such suppliers to provide their services to the Company may be affected

by various factors. Changes in law or regulation in any jurisdiction in which the Company operates may make the provision of key services to the Company unlawful in such jurisdictions. To the extent that third party suppliers are unwilling or unable to provide services to the Company, this may have an adverse impact on the operations, financial performance and prospects of the Company.

- (b) Any failure by one or more of these third parties may jeopardise the business and operations of the Company and/or its licensees. In turn, this would affect the licensees' customers' ability to access the products supplied by the Company and may have a material adverse impact on its financial performance.

2.14 **Further international expansion cannot be assured**

- (a) The majority of the Company's revenue is generated from outside the UK. A key element of the Company's strategy involves expanding its business principally within the US and Italian markets and internationally. However, there can be no assurance that these marketing efforts will continue to be successful and that its services will maintain current levels of international revenue or generate significant additional international revenues.
- (b) The Company also faces other risks related to international expansion, including delays in the acceptance of the Internet as a medium of commerce and gaming in international markets and difficulties in managing international operations due to distance, language and cultural differences. In addition, international expansion exposes the Company to risks associated with tariffs and trade barriers and limitations on fund transfers; exchange rate fluctuations; potential adverse tax consequences; challenges of developing, maintaining and supporting local language and currency capabilities; greater risk of chargebacks and higher levels of fraud in some countries; legal and regulatory restrictions; currency exchange rate fluctuations; foreign exchange controls that might prevent the Company from repatriating cash; political and economic instability and export restrictions; and higher costs associated with doing business internationally. Any of these risks could harm the Company's international expansion efforts, which would in turn have a material adverse effect on its business, revenue and financial position.
- (c) The planned expansion of the Company's business will place additional demands on the Company's management, software development, customer support, marketing, administrative and technological resources. The Directors cannot be certain that they will be able to manage successfully the Company's anticipated growth. If the Company is unable to manage its growth effectively, its business, financial condition or results of operations could be adversely affected.
- (d) In relation to unregulated markets which the Company is monitoring in order to execute its strategy of being the first-mover upon the anticipated regulation of online gaming in a given jurisdiction, there can be no guarantee that existing unregulated markets, once regulated, will develop in line with the Company's expectations, in terms of market size, revenue generation and level of adoption of products and services by end-users. These factors are outside of the control of the Company and in the event that regulation of online gaming in a given jurisdiction does not result in market-wide or the Company-specific success, this could have a negative impact on the Company's business, revenue and financial position.

2.15 **The Company's business could suffer financial loss if licensees experienced high levels of payment default by customers or payment service providers**

- (a) The Company is subject to risks of payment default by its licensees' customers. Chargebacks on credit (or some debit) cards occur when cardholders, card issuers or payment service providers seek to void a card or other payment transaction by challenging the validity of the transaction. Typical reasons for such action include:

the unauthorised use of cardholder's details; or

a cardholder's claim that a merchant failed to perform.

- (b) In the licensees' business, there is the possibility of customers seeking to reverse a losing stake by falsely claiming that they did not authorise the use of their credit card. The risk of chargeback transactions is greater in certain markets. Although there are generally control procedures to limit chargebacks, these procedures may not be effective. If any licensees' chargeback rates become excessive, credit card associations could levy additional costs or fines or even withdraw their service to that Licensee. Any such actions could reduce licensees' net revenues and, consequently, the revenue of the Company.
- (c) A licensees' ability to accept bets placed by their customers and transfer funds internationally is dependent on global payments and multi-currency processing systems. If a major Licensee's current arrangements for the provision of such systems were to be terminated there is no guarantee that multi-currency and international funds transfer capability could be sourced from other providers, or that the quality of the services would remain the same. Certain governments may also take the view that any use of its currency in any jurisdiction where there are doubts in relation to the legality of the underlying activity render such sums vulnerable to forfeiture.
- (d) In addition, if there is any deterioration in quality of the payment processing services, or any interruption to the services provided by third parties, or if such services are unable to cope with demands placed upon them, or if any increased processing charges for services are imposed, potential customers may be deterred from using the licensees' products.
- (e) Online transactions may be subject to sophisticated schemes or collusion to defraud, launder money or other illegal activities, and there is a risk that the Company's products or systems may be used for those purposes. Whilst the Company makes continuing efforts to protect itself and its customers from such activities, including anti-money laundering procedures and protection from fictitious transactions and collusion, the controls and procedures the Company has implemented may not be effective in all cases.
- (f) Failure to protect itself and its customers from fraudulent activity by customers could result in reputational damage to the Company and could materially adversely affect the Company's operations, financial performance and prospects. In addition, failure to adequately monitor and prevent money laundering and other fraudulent activity could result in civil or criminal liability for the Company.

2.16 The Company and its licensees are vulnerable to player fraud and need to have effective internal controls

The online gaming industry may be vulnerable to attack by customers through collusion and fraud. Such attempts, if not detected and stopped, could result in a loss in confidence in the customer base of such websites. This could lead to customers leaving a site in favour of a competitor. The Company has implemented detection and prevention controls to minimise the opportunities for fraudulent play, but is aware of the need to continually monitor and develop such protections. In addition, the Company is reliant on licensees having effective internal controls to prevent fraud as it derives the majority of its revenue from royalty arrangements with its licensees that would be adversely impacted by such activities. The Company cannot ensure that its licensees financial processes and reporting systems provide reliable financial reports and effectively prevent fraud.

2.17 The Company is reliant on licensees maintaining and enhancing their brands

The Company's future success is dependent upon the licensees' performance, maintenance and further building of their brands. Maintaining and enhancing these brands require significant expense. As the market becomes more competitive, the value of these brands may not be maintained or enhanced.

2.18 Reputational challenge of dealing in the gaming industry

- (a) The gaming industry is subject to negative publicity relating to perceptions of underage gaming, exploitation of vulnerable customers and the historic link of the gaming industry to criminal enterprise. As a supplier to the industry, such negative publicity can affect the reputation and correspondingly affect the financial performance of the Company.
- (b) Typically, the Company and its licensees are required under the terms of the various regulatory licences they maintain to ensure their services are not accessible by minors and that they take steps to prevent individuals with actual or suspected gaming addiction from participating in their services. To the extent that the Company's or its licensees' sites are accessed by minors and/or problem gamblers, brand reputation could be tarnished. Situations can arise where minors or compulsive gamblers could access the Company's or its Licensee's websites. Where they do so, as well as negative publicity and potential regulatory censure, litigation by way of class action could ensue, all of which would have a corresponding detrimental effect on the Company.

2.19 Integration of future acquisitions, investments and joint ventures may not go as planned and could cause the Company to lose licensees

- (a) As part of the Company's business strategy, it may make significant investments in complementary businesses and/or enter into joint venture partnerships in regulated markets or otherwise. Any such acquisitions, investments or joint ventures will be accompanied by risks, including the difficulty of integrating the operations and personnel of the acquired business, the inability to obtain a return from the investment or joint venture and the impairment of relationships with employees and licensees as a result of poor integration of such businesses.
- (b) If the Company decides in the future to make acquisitions or investments or to enter into joint venture arrangements, the Company may lose licensees (or compromise its ability to attract new licensees) if they consider the Company to be competing with them. Furthermore, in such circumstances, the Company will face similar risks to those outlined in this section as being faced by licensees or other service providers.

2.20 Foreign exchange risks

The Company's reporting currency and primary cost base is in pounds sterling while it generates revenues predominantly in US dollars and Euros. As such the Company is subject to foreign exchange risk. Whilst the Company's policy is not to enter into any currency hedging transactions, the Directors believe that the Company maintains appropriate treasury policies to manage currency fluctuations.

2.21 The taxation regimes that the Company is subject to may change and adversely affect the Company's business

- (a) There can be no assurance that the levels of taxation to which the Company is subject will not be increased or changed, which could have a material adverse effect on the amount of tax payable by the Company and its financial condition and results of operations.
- (b) The licensees' customers are located in a number of different jurisdictions. Revenues earned from customers located in a particular jurisdiction may give rise to the imposition of direct, indirect or turnover taxes in that jurisdiction. In addition, as licensees need to continue to obtain local licences to enable them to target specific markets, they may be obliged to pay non-gaming local taxes too. This potentially could erode licensees' margins for particular markets, which in turn may affect the financial viability of a specific market, and/or result in the Licensee wishing to re-negotiate its arrangements with the Company.
- (c) If a member of the Group is found to be, or to have been, tax resident in any jurisdiction other than that in which it is incorporated or domiciled or to have a taxable permanent establishment or other taxable presence elsewhere, this may have a material adverse effect on the amount of tax payable by the Company.

- (d) Any change in any member of the Company's tax status or in taxation legislation, practice or its interpretation, could adversely affect the post-tax returns to shareholders.

2.22 Confidentiality of customer information and data protection

- (a) The Company and its partners process sensitive personal customer data (including name, address, age, bank details and betting and gaming history) as part of their businesses and therefore will be required to comply with strict data protection and privacy laws in all jurisdictions in which they operate. Such laws will restrict the ability of the Company to collect and use personal information relating to players and potential players including the marketing use of that information. The Company relies on third party contractors and employees to maintain its databases and seeks to ensure that procedures are in place to comply with the relevant data protection regulations. Notwithstanding such efforts, the Company is exposed to the risk that these data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on behalf of the Company. If the Company or any of the third party service providers on which the Company relies fails to transmit customer information and payment details online in a secure manner, or if any such loss of personal customer data were otherwise to occur, the Company could face liability under data protection laws. This could also result in the loss of the goodwill of the Company's customers and deter new customers from the Company's end-user gaming products which would have a material adverse effect on the Company's businesses, financial condition and results of operations. Furthermore, it is possible that laws in various jurisdictions may be introduced or interpreted in a manner which is inconsistent with the existing data practices of the Company, and which could, therefore, have a material adverse effect on the Company.
- (b) Furthermore, the Company is dependent on suppliers who have access to customer information, such as affiliates. This requires such suppliers to comply with confidentiality obligations as well as data protection requirements. If such suppliers were to use such customer information for purposes other than those permitted by the relevant supply agreements or by law, or if such suppliers allowed others to access such customer information either inadvertently or otherwise, claims may be made against the Company. Any such claims may have a material adverse effect on the Company's financial position.

2.23 Risk of litigation

- (a) The Company operates in an industry where there is a risk of litigation. There can be no way of ascertaining the potential impact of future litigation on the performance of the Company.
- (b) Litigation relating to the Company's intellectual property, whether instigated by the Company to protect its rights or arising out of alleged infringement of third party rights, might result in substantial costs and the diversion of resources and management attention.
- (c) the Company is dependent upon certain third parties defending any challenges to their intellectual property; any litigation that arises as a result of such challenge could materially impact upon the Company's business and, even if legal actions were successfully defended, disrupt the Company's business in the interim, divert management time and result in significant cost and expense for the Company.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

Introduction

As explained in the letter from the Chairman set out in Part I of this Document, the Company is proposing to raise £2,001,483 (approximately £1,920,000 net of expenses) by way of the Placing and Open Offer. The purpose of this Part III is to set out the terms and conditions of the Open Offer. The Convertible Notes are all available to be acquired through the Open Offer. Qualifying Shareholders are being offered the right to subscribe for Convertible Notes in accordance with the terms of the Open Offer. To the extent the Open Offer is not taken up the Convertible Notes have been placed with the Placée.

The Record Date for entitlements under the Open Offer for Qualifying Shareholders was 5pm on 5 April 2017. Application Forms are being posted to Qualifying Shareholders who hold their Ordinary Shares in certificated form with this Document. Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for Excess Convertible Notes.

The latest time and date for receipt of a completed Application Form and payment in full under the Open Offer is 11am on 27 April 2017.

This Document and the Application Form (in respect of Qualifying Shareholders who hold their Ordinary Shares in certificated form) contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 (NON-CREST) and paragraph 5 (CREST) of this Part III "Terms and Conditions of the Open Offer" which gives details of the relevant procedure for application and payment for the Convertible Notes and any excess Convertible Notes applied for pursuant to the Excess Application Facility.

The Open Offer is an opportunity for Qualifying Shareholders to participate in the fundraising on the same terms as those offered pursuant to the Placing and apply for the Convertible Notes pro rata (except fractional entitlements) to their current holdings at the Offer Price in accordance with the terms of the Open Offer.

Qualifying Shareholders are also being offered the opportunity, as long as they have taken up their Open Offer Entitlement in full (or if their holding of Ordinary Shares is too small to qualify for any Open Offer Entitlement), to apply for additional Convertible Notes in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlement in full. The Excess Application Facility enables Qualifying Shareholders to apply for excess Convertible Notes in excess of their Open Offer Entitlement as at the Record Date.

The Convertible Notes will be issued free of all liens, charges and encumbrances. The Convertible Notes will not be transferable so, accordingly, admission to trading on any stock market will not be sought for the Convertible Notes. Should the Convertible Notes be converted then the Ordinary Shares that will result from that conversion will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after the date of their issue. Application will be made to the London Stock Exchange for the admission of such shares to trading on AIM and the ESM, or such stock market on which the Ordinary Shares are then traded following the conversion of the Convertible Notes. Qualifying Shareholders should also note that the Convertible Notes are redeemable at the election of the Company on one month's notice at any time. Further information as to the terms of the Convertible Notes is set out in Part IV of this Document and the Convertible Note instrument can be reviewed in full via the website of the Company (www.gan.com).

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible.

1 The Open Offer

Subject to the terms and conditions set out below (and in the Application Form being posted to Qualifying Shareholders who hold their Ordinary Shares in certificated form), Qualifying Shareholders

are being given the opportunity under the Open Offer to subscribe for Convertible Notes at the Offer Price pro rata to their holdings, payable in full on application.

Qualifying Shareholders each have a basic entitlement of:

One Convertible Note for every Thirty-Five Existing Ordinary Shares

registered in their name on the Record Date. Entitlements under the Open Offer will be rounded down to the nearest whole number of Convertible Notes with fractional entitlements being aggregated and made available under the Excess Application Facility.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full (or if their holding of Ordinary Shares is too small to qualify for any Open Offer Entitlement), to apply for further Convertible Notes in excess of their Open Offer Entitlement.

If applications under the Excess Application Facility are received for more than the total number of Convertible Notes available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or at all. Please refer to paragraphs 4 and 5, as applicable, of this Part III “Terms and Conditions of the Open Offer” for further details of the Excess Application Facility.

Qualifying Shareholders should note that their respective Application Forms are not negotiable documents and cannot be traded. Convertible Notes not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer. Any Convertible Notes which are not applied for by Qualifying Shareholders under the Open Offer will be issued to the Placee under the Placing.

The attention of Overseas Shareholders is drawn to paragraph 7 of this Part III.

2 Conditions and further terms of the Open Offer

The Open Offer is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated.

Accordingly, if this condition is not satisfied 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. No temporary documents of title will be issued in respect of Convertible Notes.

Definitive certificates in respect of Convertible Notes taken up are expected to be posted to those Qualifying Shareholders who have validly applied under the Open Offer by 5 May 2017.

3 Procedure for application and payment

Qualifying Shareholders that hold Ordinary Shares in certificated form will receive a personalised Application Form, which is enclosed with this Document for such Qualifying Shareholders. The Application Form shows the number of Existing Ordinary Shares held by them at the Record Date. It will also show their then Open Offer Entitlement. Such Qualifying Shareholders who do not want to apply for the Convertible Notes under the Open Offer should take no action and should not complete or return the Application Form. If you are a Qualifying Shareholder that holds Ordinary Shares in certificated form and you wish to accept the Open Offer, you should follow the instructions set out in paragraph 4 below entitled “*Procedure for application and payment for Qualifying Shareholders (NON-CREST)*”.

If you are a Qualifying Shareholder that holds Ordinary Shares in CREST and you wish to accept the Open Offer, you should follow the instructions set out in paragraph 5 below entitled “*Procedure for application and payment for Qualifying Shareholders (CREST)*”.

4 Procedure for application and payment for Qualifying Shareholders (NON-CREST)

THIS PARAGRAPH 4 OF THIS PART III APPLIES TO QUALIFYING SHAREHOLDERS WHO HOLD THEIR ORDINARY SHARES IN CERTIFICATED FORM ONLY. QUALIFYING SHAREHOLDERS WHO HOLD THEIR ORDINARY SHARES IN CREST SHOULD REFER TO PARAGRAPH 5 OF THIS PART III

(a) *General*

Subject to paragraph 7 of this Part III “*Terms and Conditions of the Open Offer*” in relation to Overseas Shareholders, all Qualifying Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date. It also shows the Open Offer Entitlement allocated to them. If applicable, entitlements to Convertible Notes are rounded down to the nearest whole number and any fractional entitlements to Convertible Notes will be aggregated and made available under the Excess Application Facility. The amount required to be paid in order to take up the Open Offer Entitlement in full is also stated. The Company has the discretion to allow for applications in excess of the Open Offer Entitlement; Qualifying Shareholders may apply for less than their entitlement should they wish to do so.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full or if they have less than thirty-five Ordinary Shares and therefore would otherwise have no Open Offer Entitlement, Qualifying Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. The Excess Application Facility enables Qualifying Shareholders to apply for excess Convertible Notes in excess of their Open Offer Entitlement as at the Record Date. The excess Convertible Notes may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

(b) *bona fide market claims*

Applications to acquire Convertible Notes may only be made on the Application Form and may only be made by the Qualifying 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 sold, assigned, transferred or split, except to satisfy bona fide market claims up to 3.00pm on 24 April 2017. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying 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 contact his broker or other professional adviser authorised by the FCA through whom the sale or purchase was effected as soon as possible, as the invitation to acquire Convertible Notes under the Open Offer may be a benefit which may be claimed by the purchaser(s) or transferee(s).

Qualifying Shareholders who have sold all or part of their registered holding should complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into any Restricted Jurisdiction, nor in or into any other jurisdiction where the extension of the Open Offer would breach any applicable law or regulation. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form.

(c) *Application procedures*

Qualifying Shareholders wishing to apply to acquire Convertible Notes (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Shareholders may only apply for excess Convertible Notes if they have agreed to take up their Open Offer Entitlements in full or if they have less than thirty-five Ordinary Shares and therefore

would otherwise have no Open Offer Entitlement. The excess Convertible Notes may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Completed Application Forms should be posted in the accompanying pre-paid envelope (if sent within the UK) or otherwise returned by post or by hand (during normal business hours only), to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by Capita Asset Services, Corporate Actions by no later than 11am on 27 April 2017, after which time Application Forms will not be valid. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. The Company further reserves the right (but shall not be obliged) to accept either Application Forms or remittances received after 11am on 27 April 2017. Qualifying Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

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

- (i) Application Forms received after 11am on 27 April 2017; or
- (ii) Applications in respect of which remittances are received before 11am on 27 April 2017 from authorised persons (as defined in FSMA) specifying the Convertible Notes applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

All documents and remittances sent by post by, to, from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

(d) *Payments*

The method of payment in respect of the Open Offer is set out in the Application Form for Qualifying Shareholders who hold their Ordinary Shares in certificated form (i.e. non-CREST).

If Convertible Notes have already been allotted to a Qualifying Shareholder and such Qualifying Shareholder's payment is not cleared or is reversed for any reason such that it is or becomes invalid, Capita Asset Services, shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Shareholder's Convertible Notes to the Placee 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. Neither Capita Asset Services, nor the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Shareholders.

(e) *Incorrect Sums*

If an Application Form is accompanied by a payment for an incorrect sum, the Company through Capita Asset Services, reserves the right

- (i) to reject the application in full and return or refund the payment to the Qualifying Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Convertible Notes as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for

all of the Convertible Notes referred to in the Application Form, refunding any unutilised sums to the Qualifying Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

All monies received by Capita Asset Services, Corporate Actions in respect of Convertible Notes will be held in a non-interest bearing separate account.

(f) *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full or if they have less than 35 Ordinary Shares on the Record Date, the Excess Application Facility enables a Qualifying Shareholder to apply for Convertible Notes in excess of their Open Offer Entitlement. Accordingly all Qualifying Shareholders who have taken up their Open Offer Entitlement in full and those Shareholders who, on the Record Date, held less than 35 Ordinary Shares are entitled to apply under the Excess Application Facility for Convertible Notes.

If applications under the Excess Application Facility are received for more than the total number of Convertible Notes available following take up of Open Offer Entitlements, the excess Convertible Notes may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Qualifying Shareholders who wish to apply for excess Convertible Notes must complete the Application Form in accordance with the instructions set out on the Application Form.

If the Open Offer becomes unconditional and applications for excess Convertible Notes exceeds the excess Convertible Notes available, resulting in a claw-back of applications, each Qualifying Shareholder who has made a valid application for excess Convertible Notes and from whom payment in full for the excess Convertible Notes has been received will receive a pounds sterling amount equal to the number of excess Convertible Notes applied and paid for but not allocated to the relevant Qualifying Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

(g) *Effect of application*

All documents and remittances sent by post by, to, from, or on behalf of or to an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk. 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 Convertible Notes 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 contracts resulting there from, and any non-contractual obligations related thereto, 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 Company other than that 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 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 Company contained in this Document (including information incorporated by reference);
- (iv) represents and warrants to the Company that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement;
- (v) represents and warrants to the Company that if he has received some or all of his Open

Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim;

- (vi) requests that the Convertible Notes, to which he will become entitled to have issued to him on the terms set out in this Document and the Application Form;
- (vii) represents and warrants to the Company that he is not, nor is he applying on behalf of any person who is, in the United States or 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 other jurisdiction in which the application for Convertible Notes is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Convertible Notes which are the subject of his 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 other jurisdiction in which the application for Convertible Notes is prevented by law (except where proof satisfactory to the Company has been provided to the Company that application in the United States or to, or for the benefit of, a person who 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 (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Convertible Notes under the Open Offer;
- (viii) 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 the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (ix) confirms that in making the application he is not relying and has not relied on the Company or any person affiliated with the Company in connection with any investigation of the accuracy of any information contained in this Document or his investment decision

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or you can contact Capita Asset Services 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 am and 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(h) *Money Laundering Regulations*

To ensure compliance with the Money Laundering Regulations, Capita Asset Services, 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 Capita Asset Services. 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 Capita Asset Services, to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Convertible Notes as is referred to therein (for the purposes of this paragraph (h) the “*relevant Convertible Notes*”) shall thereby be deemed to agree to provide Capita Asset Services, with such information and other evidence as they may require to satisfy the verification of identity requirements.

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

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

The verification of identity requirements will not usually apply

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));
- (ii) if the acceptor is a regulated United Kingdom 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 Convertible Notes is less than €15,000 (approximately £13,000). 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 United Kingdom 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 Capita Registrars Limited Re GAN plc Open Offer A/C in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form; or
 - (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (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 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 Capita Asset Services. If the agent is not such an organisation, it should contact Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Capita Asset Services 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 am and 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services 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 Convertible Notes with an aggregate subscription price of £13,000 or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Convertible Notes is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11am on 27 April 2017, Capita Asset Services, has not received evidence satisfactory to it as aforesaid, Capita Asset Services, 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 account at the payee bank from which such monies were originally debited (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 Procedure for application and payment for Shareholders (CREST)

THIS PARAGRAPH 5 OF THIS PART III APPLIES TO QUALIFYING SHAREHOLDERS WHO HOLD THEIR ORDINARY SHARES IN CREST ONLY. QUALIFYING SHAREHOLDERS WHO HOLD THEIR ORDINARY SHARES IN CERTIFICATED FORM SHOULD REFER TO PARAGRAPH 4 OF THIS PART III

(a) Introduction

Subject to what is provided in paragraph 7 entitled "*Overseas Shareholders*" of this Part III: "*Terms and Conditions of the Open Offer*" in relation to Overseas Shareholders, each Qualifying Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Convertible Notes for which he is entitled to apply under the Open Offer and also an Excess CREST Open Offer Entitlement equal to their Record Date holding of Ordinary Shares. Entitlements to Convertible Notes will be rounded down to the nearest whole number and any fractional Open Offer Entitlement will therefore also be rounded down.

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

If for any reason the Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying Shareholders cannot be credited, by 5pm on 11 April 2017 or such later time as the Company may decide, an Application Form will be sent out to each such Qualifying Shareholder in substitution for the Open Offer Entitlements credited to his stock account in CREST. In these circumstances, the expected timetable in this Document will be adjusted by the Board as it considers to be appropriate.

A Qualifying Shareholder who wishes to apply for some or all of his entitlements to Convertible Notes should refer to the CREST Manual for further information on the CREST procedures referred to below. Should a Qualifying Shareholder need advice with regard to these procedures, please contact Capita Asset Services 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 am and 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If a Qualifying Shareholder is a CREST sponsored member he should consult his CREST sponsor if he wishes to apply for some or all of his entitlements to Convertible Notes as only his CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) Excess Applications Facility

Provided they choose to subscribe for their Open Offer Entitlement in full or if they have less than 35 Ordinary Shares on the Record Date, the Excess Application Facility enables a Qualifying Shareholder

to apply for Convertible Notes in excess of their Open Offer Entitlement. Accordingly all Qualifying Shareholders who have taken up their Open Offer Entitlement in full and those Shareholders who, on the Record Date, held less than 35 Ordinary Shares are entitled to apply under the Excess Application Facility for Convertible Notes. Such Qualifying Shareholders may apply for Convertible Notes in excess of their Open Offer Entitlements up to a maximum number equal to the total number of Convertible Notes being offered pursuant to the Open Offer, less the Qualifying Shareholder's Open Offer Entitlement. If applications under the Excess Application Facility are received for more than the total number of Convertible Notes available following subscription for Open Offer Entitlements, such applications will be scaled back pro rata to each subscriber for such additional Convertible Notes under the Excess Application Facility, based on their Record Date holding.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject to what is provided in paragraph 7 entitled "Overseas Shareholders" of this Part III: "Terms and Conditions of the Open Offer" in relation to certain Overseas Shareholders, the CREST accounts of Qualifying Shareholders are being credited with an Excess CREST Open Offer Entitlement in order for any applications for excess Convertible Notes to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give you a right to the Convertible Notes attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this Document. To apply for excess Convertible Notes pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "*cum*" the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying Shareholder cease to hold all of his Existing 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 an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement. Should the Open Offer become unconditional and applications for Convertible Notes by Qualifying Shareholders and Qualifying Shareholders under the Open Offer exceed 20,001,483 Convertible Notes, resulting in a scale back of applications under the Excess Application Facility, each Qualifying Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement and from whom payment in full for the excess Convertible Notes has been received, will receive a pounds Sterling amount equal to the number of Convertible Notes validly applied and paid for but which are not allocated to the relevant Qualifying Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant's sole risk although amounts less than £1.00 will be retained for the benefit of The Company. Fractions of Convertible Notes will not be issued under the Excess Application Facility and fractions of Convertible Notes will be rounded down to the nearest whole number.

(c) *Bona fide market claims*

The Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholders originally entitled or entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as "*cum*" the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and the Excess CREST Open Offer Entitlements will afterwards be transferred accordingly.

(d) *USE instructions*

A Qualifying Shareholder who wishes to apply for Convertible Notes in respect of all or some of his Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST must send (or, if he is a CREST sponsored member, procure that his 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 Capita Asset Services under the participant ID and member account ID specified below, with a number of Open Offer Entitlements and the Excess CREST Open Offer Entitlements corresponding to the number of Convertible Notes applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of Capita Asset Services in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Convertible Notes referred to in (i) immediately above.

(e) *Content of USE instructions*

In respect of Open Offer 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 Convertible Notes comprised in the relevant pro rata entitlement for which application is being made (and hence that part of the pro rata entitlement to Convertible Notes being delivered to Capita Asset Services);
- (ii) the ISIN of the Open Offer Entitlement which is GB00BD4H7S40;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of Capita Asset Services, Corporate Actions, in its capacity as CREST receiving agent: this is 7RA33;
- (vi) the member account ID of Capita Asset Services, Corporate Actions, in its capacity as CREST receiving agent: this is 29092GAN;
- (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 Convertible Notes referred to in (i) immediately above;
- (viii) the intended settlement date; this must be on or before 11am on 27 April 2017; and
- (ix) the corporate action number for the Open Offer; this will be available by reviewing the relevant corporate action details in CREST.

In respect of Excess CREST Open Offer 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 Excess CREST Open Offer Entitlements for which application is being made (and hence that part of the Excess CREST Open Offer Entitlements being delivered to Capita Asset Services);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement which is GB00BD4H7T56;
- (iii) the participant ID of the accepting CREST member;
- (iv) the 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 Capita Asset Services, in its capacity as CREST receiving agent: this is 7RA33;
- (vi) the member account ID of Capita Asset Services, in its capacity as CREST receiving agent: this is 29092GAN;
- (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 Convertible Notes referred to in (i) immediately above;
- (viii) the intended settlement date: this must be on or before 11am on 27 April 2017; and
- (ix) the corporate action number for the Open Offer: this will be available by reviewing the relevant corporate action details in CREST.

In order for an application under the Open Offer by a Qualifying Shareholder for all or part of his entitlement to Convertible Notes 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 11am on 27 April 2017. In order to assist prompt settlement of the USE instruction a CREST Member (or his sponsor, where applicable) may consider adding the following non-mandatory fields to his USE Instruction:

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

A Qualifying Shareholder, and in the case of a CREST sponsored member, his CREST sponsor, should note that the last time at which a USE instruction may settle on 27 April 2017 is 11am on that date. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11am on 27 April 2017 (the latest date for applications under the Open Offer). Notwithstanding this or any other provision of this Document or the Application Form, the Company reserves the right to send an Application Form to Qualifying Shareholders instead of crediting the relevant stock account with Open Offer Entitlements or to issue any Convertible Notes in certificated form for any reason. In normal circumstances this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or the facilities and/or systems operated by Capita Asset Services, in connection with CREST. This right may be exercised if CREST member account details held by Capita Asset Services, on behalf of Shareholders are incorrect or if Capita Asset Services, is unable for any reason to credit the CREST member account.

(f) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11am on 27 April 2017 will constitute a valid application under the Open Offer.

(g) *CREST procedures and timings*

A Qualifying Shareholder and (where applicable) his CREST sponsor 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 is necessary to ensure that a valid application is made as stated above by 11am on 27 April 2017. In this connection, a CREST member and (where applicable) his CREST sponsor are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(h) *Incorrect sum*

If a USE instruction includes a CREST payment for an incorrect sum, The Company, through Capita Asset Services, reserves the right

- (i) to reject the application in full and refund the payment to the CREST member in question (with any interest retained for the benefit of The Company);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Convertible Notes as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question without interest, save that any sums of less than £1.00 will be retained for the benefit of The Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Convertible Notes referred to in the USE instruction, refunding any unutilised sums to the CREST member in question without interest, save that any sums of less than £1.00 will be retained for the benefit of The Company.

(i) *Effect of valid application*

A Qualifying Shareholder who makes or is treated as making a valid application for some or all of his entitlement to Convertible Notes in accordance with the procedures will thereby:

- (i) represent and warrant 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 there from and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Convertible Notes or acting on behalf of any such person on a non-discretionary basis;
- (ii) 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 Capita Asset Services, 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) request that the Ordinary Shares representing Convertible Notes to which he will become entitled be issued to him;
- (iv) agree that all applications under the Open Offer and contracts resulting from it shall be governed by, and construed in accordance with, the laws of England;
- (v) represent and warrant that he is not, nor is he applying on behalf of any person who is located or a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Restricted Jurisdictions and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Convertible Notes which are the subject of his application in any Restricted Jurisdiction, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Restricted Jurisdictions, nor acting on behalf of any such person on a non-discretionary basis (except where proof satisfactory to the Company, in its sole and absolute discretion, has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company, in its sole and absolute discretion, regards as unduly burdensome);
- (vi) confirm that in making such application he is not relying on any information or representation in relation to the Company other than that contained in this Document and, accordingly, he agrees that no person responsible solely or jointly for this Document or any part of it or involved in the preparation of it, shall have any liability for any information or representation not contained in this Document and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this Document (including documents incorporated by reference);

- (vii) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement or that he has received such Open Offer Entitlement by virtue of a bona fide market claim; and
- (viii) represent and warrant that if the Qualifying Shareholder has received some or all of his Open Offer Entitlement from a person other than the Company, he is entitled to apply under the Open Offer in relation to his Open Offer Entitlements by virtue of a bona fide market claim.

(j) *Company's discretion as to rejection and validity of applications*

The Board 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: "*Terms and Conditions of the Open Offer*";
- (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 as not constituting a valid application if, at the time at which Capita Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction or afterwards, either The Company or Capita Asset Services, as Capita Asset Services have 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. The 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) the CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Convertible Notes 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 Capita Asset Services, in connection with CREST.

6 Deposit of Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements in the personalised Application Form may be converted into Open Offer Entitlements in respect of Ordinary Shares representing Convertible Notes, that is 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, Open Offer Entitlements and Excess CREST Open Offer Entitlements in respect of Ordinary Shares representing Convertible Notes held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form in respect of Convertible Notes. 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 is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11am on 27 April 2017. In particular, having regard to normal processing times in CREST and on the part of Capita Asset Services, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to convert the entitlement under the Open Offer for

Convertible Notes set out in such Application Form into Open Offer Entitlements for Ordinary Shares representing Convertible Notes in CREST, is 3pm on 21 April 2017, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting the withdrawal of Open Offer Entitlements in respect of Ordinary Shares representing Convertible Notes from CREST is 4.30pm on 20 April 2017, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the conversion 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 Open Offer Entitlements prior to 11am on 27 April 2017.

Delivery of an Application Form with the CREST deposit form duly completed either in respect of a conversion of Open Offer Entitlements for Convertible Notes to Open Offer Entitlements for Ordinary Shares either 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, Capita Asset Services, Corporate Actions by the relevant CREST member that he is not in breach of the representations, warranties, acknowledgements and confirmations in the Application Form or the provisions of the section headed "Instructions for depositing entitlements under the Open Offer into CREST", in the Application Form, and a declaration to the Company, Capita Asset Services from the relevant CREST member that he is not a citizen or resident of an Restricted Jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member is entitled to apply under the Open Offer by virtue of the bona fide market claim.

7 Overseas Shareholders

The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

7.1 General

The distribution of this Document and the making or acceptance of the Open Offer to or by 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 United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of 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 Convertible Notes 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 form(s) relating to the Convertible Notes) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this Document and/or an Application Form will not constitute an invitation or offer of securities for subscription, sale or purchase in whose 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.

Application Forms will not be sent to persons with registered addresses in the United States or a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form 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) outside the United

Kingdom wishing to apply for Convertible Notes under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company nor any of their respective representatives, is making any representation to any offeree or purchaser of the Convertible Notes regarding the legality of an investment in the Convertible Notes 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 in connection with the Open Offer or otherwise, should not distribute or send either of those documents 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 is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Convertible Notes in respect of the Open Offer 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 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 "*Terms and Conditions of the Open Offer*" and specifically the contents of this paragraph 7.

The Company reserves the right to treat as invalid any application or purported application for Convertible Notes that 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 other 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 Convertible Notes in a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this Document or the relevant Application Form, the Company reserves the right to permit any person to apply for Convertible Notes in respect of the Open Offer 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 Convertible Notes should note that payment must be made in sterling denominated cheques or banker's drafts. Due to restrictions under the securities laws of the Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any other Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form. No public offer of Convertible Notes is being made by virtue of this Document or the Application Forms into the United States or any other Restricted Jurisdiction. Receipt of this Document and/or an Application Form 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.

7.2 *United States*

The Convertible Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this Document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Convertible Notes in the United States. Subject to certain exceptions, neither this Document nor an Application Form will be sent to any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application

Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Convertible Notes and wishing to hold such Convertible Notes in registered form must provide an address for registration of the Convertible Notes issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Convertible Notes will be deemed to have declared, warranted and agreed, by accepting delivery of this Document or the Application Form and delivery of the Convertible Notes, that they are not, and that at the time of acquiring the Convertible Notes they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States. The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Convertible Notes, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located in the United States and is not acquiring the Convertible Notes with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Convertible Notes in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to allot or issue any Convertible Notes to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Convertible Notes may be transferred. In addition, until 45 days after the commencement of the Open Offer, an offer, sale or transfer of the Convertible Notes within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the Securities Act.

7.3 Other Restricted Jurisdictions

Due to restrictions under the securities laws of the Restricted Jurisdictions other than the United States and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form. The Convertible Notes 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 or invitation to apply for Convertible Notes is being made by virtue of this Document or the Application Forms into any Restricted Jurisdiction.

7.4 Other overseas territories

Qualifying Shareholders in jurisdictions other than the United States or the other Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Convertible Notes under the Open Offer in accordance with the instructions set out in this Document and the Application Form (in respect of Qualifying Shareholders). Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Convertible Notes in respect of the Open Offer.

7.5 Representations and warranties relating to Overseas Shareholders

Any person completing and returning an Application Form or requesting registration of the Convertible Notes comprised therein represents and warrants to the Company and Capita Asset Services, Corporate Actions 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 Convertible Notes from within the United States or any other Restricted Jurisdiction;
- (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Convertible Notes in respect of the Open Offer 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 Convertible Notes with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Convertible Notes into any of the above territories. The Company and/or Capita Asset Services, Corporate Actions may treat as invalid any acceptance or purported acceptance of the allotment of Convertible Notes comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or a Restricted Jurisdiction for delivery of the share certificates of Convertible Notes (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this paragraph.

7.6 Waiver

The provisions of this paragraph 7 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 7 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 7 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 7 shall apply to them jointly and to each of them.

8 Times and Dates

The Company shall, after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Document and, in such circumstances, shall notify the London Stock Exchange and make an announcement via a Regulatory Information Service but Qualifying Shareholders may not receive any further written communication.

If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

9 Taxation

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.

10 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, English law.

The courts of England and Wales 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. By taking up Convertible Notes, by way of the Open Offer Entitlement and the Excess Application Facility (as applicable), 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 Wales 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.

PART IV

OUTLINE TERMS OF THE CONVERTIBLE NOTES

Principal Amount	<ul style="list-style-type: none">■ £2,001,483 in denominations of £1.00
Term/Repayment	<ul style="list-style-type: none">■ Repayable at the election of the Company at any time on one month's notice such repayment to include all principal and interest accrued up to the date of repayment and if repaid prior to 27 April 2021 shall also include an early repayment charge of one year's interest on the principal amount.■ Mandatory repayment in full on 27 April 2022 or the prior insolvency or winding up of the Company■ Repayment shall be in full only and not in part■ Repayment in sterling only
Interest	<ul style="list-style-type: none">■ Fixed rate of 9% per annum■ Interest shall accrue on a daily basis. The first interest payment after the issue of the Convertible Notes shall be on 1 January 2018 and thereafter interest shall be payable quarterly in arrears on 1 April, 1 July, 1 October and 1 January of each year each such quarterly payment date being an "interest payment date"■ Interest not paid shall not be an event of default but shall be rolled up and carried over
Conversion	<ul style="list-style-type: none">■ Conversion price of 45.5 pence per Ordinary Share■ The notes shall, provided the Company has not elected to repay them as provided above, be convertible at the election of the Noteholders having resolved by Special Resolution in a meeting of Noteholders to convert them. Conversion shall be in respect of all Convertible Notes only and not in respect of part of them save where it would be the case that conversion of the Convertible Notes will result in a Noteholder being required to make a Mandatory Offer in which case conversion shall take place in respect of the maximum amount of Ordinary Shares that would not give rise to an obligation to make a Mandatory Offer and the remainder of the Convertible Notes following such conversion shall be repaid by the Company.■ The notes shall automatically convert upon a takeover offer for all of the Company's issued shares■ A customary adjustment mechanism shall apply, subject to a fair and reasonable assessment by the auditors of the Company, in cases of a further issue of shares by the Company by way of capitalisation of profits or reserves, any alteration of the nominal value of each share subject to a de-minimis limitation such that no adjustment shall be made where it is assessed the conversion rate should be adjusted by less than 5%■ Shares issued on conversion shall be admitted to trading on the public stock market on which the Ordinary Shares are then traded
Transferability	<ul style="list-style-type: none">■ The notes shall not be transferable

Meetings of Noteholders

- Meetings may be called by request of 10% of the Noteholders
- Meetings shall take place on 14 clear days' notice save where a Special Resolution is required which will require 21 clear days' notice
- The quorum shall be 25% of the outstanding notes
- Any resolution to convert the notes shall require a Special Resolution
- Customary provisions as to the mechanics of passing resolutions, taking of polls, adjournments and appointing proxies shall apply

Governing Law

- The Convertible Notes shall be governed by and interpreted in accordance with English law and be subject to the exclusive jurisdiction of the English courts
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10 April 2017